

**A FUTURE WITHOUT PUBLIC HOUSING?
EXAMINING THE TRUMP ADMINISTRATION'S
EFFORTS TO ELIMINATE PUBLIC HOUSING**

HEARING
BEFORE THE
SUBCOMMITTEE ON HOUSING,
COMMUNITY DEVELOPMENT,
AND INSURANCE
OF THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
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**A FUTURE WITHOUT PUBLIC HOUSING?
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EFFORTS TO ELIMINATE PUBLIC HOUSING**

Wednesday, February 5, 2020

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING,
COMMUNITY DEVELOPMENT,
AND INSURANCE,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 2:03 p.m., in room 2128, Rayburn House Office Building, Hon. William Lacy Clay [chairman of the subcommittee] presiding.

Members present: Representatives Clay, Velazquez, Beatty, Heck, Vargas, Lawson, Tlaib, Axne; Stivers, Luetkemeyer, Huizenga, Tipton, Zeldin, Kustoff, Gonzalez of Ohio, Rose, Steil, and Gooden.

Ex officio present: Representative Waters.

Also present: Representative Garcia of Illinois.

Chairman CLAY. The Subcommittee on Housing, Community Development, and Insurance will come to order. Without objection, the Chair is authorized to declare a recess of the subcommittee at any time. Also, without objection, members of the full Financial Services Committee who are not members of this subcommittee are authorized to participate in today's hearing.

Today's hearing is entitled, "A Future Without Public Housing? Examining the Trump Administration's Efforts to Eliminate Public Housing."

I now recognize myself for 4 minutes for an opening statement.

It is no secret that since taking office, President Trump, along with his chosen operator, Secretary Ben Carson, has been on a mission to end public housing as we know it. This Administration has taken decisive steps to get rid of public housing, laying out a blueprint for a future without any. In every single budget request the Trump Administration has put out, it has proposed massive spending cuts to programs that allow public housing authorities to address their most pressing capital needs and rehabilitate their housing stock.

Thankfully, Congress has largely ignored these requests, but that has not stopped this Administration from finding other ways to eliminate public housing using the euphemistic term, "repositioning." This Administration is pushing PAJs to eliminate their public housing altogether and replace it with vouchers or other

forms of assistance. Advocates and academics say that public housing cannot and should not be replaced because the benefits of public housing cannot be fully replicated in other forms of assistance.

For example, public housing is more likely to be accessible to people with disabilities than apartments that are available to Housing Choice voucher holders. Additionally, landmark participation in the Housing Choice voucher program is generally voluntary, and households with vouchers often face challenges finding landlords who will accept them.

However, despite the importance of public housing, funding for the public housing program has decreased significantly over the past few decades. In 2018, funding for the Capital Fund had fallen 36 percent since the year 2000. While Congress recently increased funding for public housing in Fiscal Years 2018 and 2019, overall funding for the program is still 17 percent lower than the Fiscal Year 2010 funding level.

As a result of this chronic underfunding, there is an estimated \$70 billion backlog in needed capital repairs to fix tenants' homes due to substandard and unsafe conditions and more than 10,000 public housing homes are lost each year, due to disrepair. We cannot afford to lose any of these units, given the fact that our country is facing an affordable housing crisis. According to the National Low Income Housing Coalition, there is a shortage of 7 million homes that are affordable and available to America's poorest families.

In my district, Missouri's 1st District, which I represent, there are just 3 affordable homes available for every 10 of the lowest-income renter households. Because of this shortage, most of these families are spending over half of their earnings on rent each month. Severe housing cost burdens can have negative consequences for families' physical and mental well-being. These households forego healthy food or delay healthcare or medications to pay the rent. In the worst cases, they become homeless.

That is why I'm working on legislation now to address evictions and stop homelessness, and I am pleased to join Chairwoman Waters' Housing is Infrastructure Act of 2019, which would invest a total of \$100 billion into our affordable housing infrastructure, including \$70 billion for public housing. I am hopeful that we will learn from this conversation the ways in which we can ensure that America is inspired to reinvest in public housing, one of the best investments in our nation's history.

At this time, I recognize the ranking member of the subcommittee, Mr. Stivers of Ohio.

Mr. STIVERS. Thank you, Chairman Clay. I appreciate you calling this hearing today. I think it is important that we explore the challenges confronting our public housing stock, specifically, the million units that are directly owned and managed by over 3,000 public housing agencies across the country. A majority of the households served by these folks are elderly or disabled. Many of these individuals are not able to work, and about 38 percent of them have children.

These Americans rely on a Federal safety net to keep them off the streets. And Members on both sides of the aisle are committed to preserving that safety net. We have thousands of public housing

authorities, serving a diverse range of communities across the country. Some are well-managed, and some are not. But unfortunately, it has clearly been demonstrated that much of the public housing stock is failing HUD's mandate to be decent and safe and sanitary, even to the point of endangering residents.

Now that the decent and safe standard is the cornerstone of public policy, I should mention that I think that's an incomplete standard. That is because federally-assisted housing should be more than about just putting a roof over people's heads. It should be about improving outcomes for residents, based on their individual needs and aspirations. The old model concentrated poverty in large, costly buildings that were intentionally isolated from their surrounding communities, and in some cases, even kept our neighborhoods segregated.

Residents continue to struggle with that legacy, and we need to ask ourselves, how do we smartly invest in public housing so that we achieve our public policy goals for the future? If you propose to double down on the old model with significant sums of money, I think you will encounter bipartisan resistance from a lot of Members who worry that that will not actually result in better outcomes from that model. A better model would be to prioritize investment in models that work or demonstrate promise.

That being said, I do believe we should encourage innovation and innovative ways to finance this transition from the existing public housing stock, including HUD's current Rental Assistance Demonstration (RAD) program. In my neighborhood of Columbus, Ohio, the Columbus Metropolitan Housing Authority has basically run its entire portfolio of public housing through the RAD program. And now, they serve more people. They serve more disabled people. They serve more veterans. They serve more elderly people. And they do not have problems with needs for unmet capital because they have accessed and leveraged private capital. They use HUD as a partner, not as a dependent; they are not dependent on HUD anymore, or a sole dependent on HUD.

I think it is important to recognize that we have to look at this in a holistic way, and I am glad we are talking about this. I think this is one part of what we have to deal with. The memo that the Majority put forward for today's hearing made some important points about the flaws of the Housing Choice voucher program, namely that in competitive markets it can take an individual sometimes days before they find a suitable place to live. But that does not disprove that a more market-based model empowers residents to choose a home in a community in which they want to live, without concentrating poverty.

Instead, I think it begs the question of why there is a shortage of properties participating in the housing market in the first place. A shortage of the housing supply is a key contributor to this problem and that is an issue that our committee is focused on. But there are other, I think, programmatic deficiencies that are keeping quality properties out of the program. And I think it is worth exploring ways we can fix that, like H.R. 1122, the Housing Choice Voucher Mobility Demonstration Act, that is championed by my colleague, Emanuel Cleaver, who is the co-Chair of the Public Housing Caucus.

Lastly, I think it is fitting that one of our witnesses authored a book on public housing reforms in Chicago that was entitled, I believe, “No Simple Solutions.” There are no simple solutions, and I know that we want to listen to the folks in the field. These are difficult problems that we are trying to solve. They require creative and innovative and collaborative approaches. So I’m looking forward, Mr. Chairman, to hearing from the witnesses today. I appreciate them being here. And I ask unanimous consent to submit some testimony for the record from our Full Committee Ranking Member, Mr. McHenry.

Chairman CLAY. Without objection, it is so ordered.

Mr. STIVERS. Thank you. I yield back.

Chairman CLAY. And I thank the ranking member for his comments.

We have been joined by the gentlewoman from California, the chairwoman of the Full Committee, Chairwoman Waters, who is recognized for one minute.

Chairwoman WATERS. Thank you very much, Mr. Chairman. I have long been an advocate, as you know, for public housing, and I’m so deeply troubled by the actions of the Trump Administration to dismantle the program under the direction of Secretary Carson. HUD has made it clear that it wants to eliminate public housing by proposing extreme budget cuts and pushing public housing agencies to convert their units into vouchers.

I oppose these efforts and will continue to fight to preserve the homes of public housing residents. That’s why I introduced my bill, HR 5187, the Housing is Infrastructure Act of 2019, to provide over \$100 billion in new funding for affordable housing, including \$70 billion to fully address the public housing capital backlog. Let’s be clear: Affordable housing is infrastructure. As the House moves closer to considering an infrastructure package, we cannot forget America’s affordable housing needs.

Let me just say, Mr. Chairman, I know that you’ve worked so much in St. Louis, particularly Wellston, and I know that you have achieved some success in getting, I think, new units there. I’m from St. Louis also, so I know all about Wellston, and I’m very pleased if something positive is going on there. But I still have problems with the HUD Secretary, as you know.

Chairman CLAY. Yes. And I thank the chairwoman for her comments. What we were able to achieve in Wellston was because it was a community-wide effort. We had input from stakeholders, from tenants, from advocates of those tenants, and from local government, as well as our U.S. Senator, Roy Blunt. Because we worked together with the local housing authority, with the regional HUD office, and with the U.S. Department of Housing and Urban Development, we were able to get a success story. And we think it could be a way for the nation to move forward in that manner. So, thank you for your interest.

At this time, we will welcome the testimony of our witnesses. Joining us, we have: Ann Gass, director of strategic housing initiatives for the Housing Authority of the City of Austin; Bobby Collins, executive director of the Housing Authority of the City of Shreveport, Louisiana; Susan Popkin, who is a senior fellow at the Urban Institute; Kate Walz, vice president of advocacy at the

Shriver Center on Poverty Law; and rounding us out is someone with whom I am familiar, Eugene Jones, Jr., president and chief executive officer of the Atlanta Housing Authority. Welcome to you all.

Let me remind you that your oral testimony will be limited to 5 minutes. And without objection, your written statements will be made a part of the record.

Ms. Gass, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF ANN BRENNAN GASS, DIRECTOR, STRATEGIC HOUSING INITIATIVES, HOUSING AUTHORITY OF THE CITY OF AUSTIN (HACA)

Ms. GASS. Chairman Clay, Ranking Member Stivers, and members of the subcommittee, thank you for the opportunity to testify on behalf of the Housing Authority of the City of Austin, also known as HACA.

My name is Ann Gass, and I am the director of strategic housing initiatives for HACA. I've been with the agency for almost 20 years and have served in a variety of roles throughout the organization. For the last 4 years, I've served as the director of strategic housing initiatives, overseeing the conversion to HUD's Rental Assistance Demonstration program or RAD.

The Housing Authority of the City of Austin has been around as long as public housing has been around. Home to some of the oldest public housing in the country, the first of which was built in the 1930s, HACA has continued to innovate and adapt, and to maintain and improve 1,839 units of public housing, as well as over 6,000 Housing Choice and other rental assistance vouchers. Maintaining our housing assets is crucial, as the demand for affordable housing continues to increase.

The latest projections are that Austin will need 60,000 units over the next 10 years to keep up with demand. HACA alone has more than 10,000 individuals on our public housing, Project-Based Rental Assistance, and Housing Choice voucher waiting lists. These HUD programs remain at risk, subject to elimination or reduction. The Rental Assistance Demonstration program or RAD seeks to address some of the volatility and history of inadequate funding.

Since 2012, HUD has overseen the conversation of almost 130,000 public housing units under this demonstration, which addresses the backlogs of capital needs by allowing Public Housing Authorities or PHAs to leverage their aging, yet valuable, assets to make much-needed capital improvements. RAD allows the private market to invest and make reasonable returns, while helping to fund these needs and to improve the look and feel of these assets.

It also allowed us to go a step further and increase the supply of affordable housing by combining RAD with other affordable housing tools that have been around for many years, like the Low-Income Housing Tax Credit and the Section 18 Disposition program. One of the primary reasons HACA chose to pursue RAD is that the old public housing funding platform has failed our residents in its inadequacy and inconsistency of funding.

Public housing subsidy comes from two sources: operating funds; and capital funds. Operating funds are meant to fund operations,

salaries, maintenance, and insurance. Capital funds are meant to cover capital needs. When RAD came to being in 2012, there was a more than \$26 billion backlog of capital repairs in public housing nationwide, which has continued to grow. This backlog demonstrates how underfunded capital funds have been for decades now.

The operating funds were also underfunded through routine prorations, meaning whatever it cost a PHA to operate a property was prorated, 85 percent, 90 percent, not enough to properly run an apartment complex. This instability ultimately impacted the most vulnerable participants in the program, the people we are meant to serve, the reason that everyone at HACA and PHAs across the country come to work each day: the residents.

RAD has allowed us to improve their quality of life in countless ways. In the properties we've rehabbed, residents now enjoy all new appliances, flooring, paint, kitchens, and bathrooms. We've been able to add new amenities to many units that most of us take for granted: air conditioning; dishwashers; garbage disposals; and even washers and dryers. These modern amenities that are given in many market-rate complexes are new to our public housing residents and we would not have been able to do it without RAD.

We chose RAD not to devolve ourselves of public housing, but to reinforce our ability to work towards our mission and serve our residents, the same residents we served under the public housing program. I must acknowledge that the RAD conversion is by no means perfect or easy for residents or staff. In fact, this is likely the hardest thing HACA has undertaken in 80 years.

The task has been made easier working with an outstanding team of professionals at HUD, people like Tom Davis and Greg Byrne, who are among the strongest I've worked with. Removed from politics and with significant experience and knowledge of the inner workings of HUD, Tom and his team at HUD's Office of Recapitalization have been creative, forward-thinking, and solutions-oriented. Their help navigating this program has been invaluable.

Now, as we look back at more than 1,700 units we've converted to RAD, with fewer than 100 to go, we can quantify the impact RAD has had: \$80 million invested in the local economy through construction projects, \$35 million in reserves set aside for future capital repair needs; almost 500 units rehabilitated and brought up to modern standards; 118 units, some built as many as 80 years ago with no central air or handicap accessibility or modern amenities, have been demolished to be replaced by 276 brand new, mixed-income units that have brought much-needed affordable housing units to Austin. And most importantly, a better quality of life for hundreds of families in Austin.

Thank you for your efforts to support housing authorities across the country. It's been an honor to represent the Housing Authority of the City of Austin and to discuss our efforts to improve and increase affordable housing in Austin. Thank you.

[The prepared statement of Ms. Gass can be found on page 43 of the appendix.]

Chairman CLAY. Thank you. Mr. Collins, you are now recognized for 5 minutes.

**STATEMENT OF BOBBY R. COLLINS, EXECUTIVE DIRECTOR,
HOUSING AUTHORITY OF THE CITY OF SHREVEPORT, LOU-
ISIANA**

Mr. COLLINS. Good afternoon, Chairman Clay, Ranking Member Stivers, and members of the subcommittee. I am Bobby Collins, the executive director of the Housing Authority of the City of Shreveport, and the Housing Authority of the City of Winnfield, both in Louisiana. Thank you for the opportunity to appear before you to discuss the vital importance and preservation of affordable and public housing.

As you know, public housing has served as a vital resource for the working poor for nearly a century. In this same tradition, many public housing units are coupled with self-sufficiency programs and have income rules that encourage wage growth for residents by allowing flat rent. As this stock has aged, Federal funding for capital improvements has not kept pace.

The latest estimates suggest the current national backlog of unmet capital to be \$70 billion. While other sources are available to affordable housing at large, each of these sources are scarce, often competitive, and outside capital is unavailable to public housing programs because of restrictions placed in the annual contributions contract and the declaration of trust.

Recognizing this challenge, the Obama Administration developed the Rental Assistance Demonstration program, a voluntary program aimed at preserving public housing as an affordable housing resource by converting existing capital funds and operating subsidies to a Project-Based Section 8 platform. Although this does not introduce additional funding from HUD, it does remove these restrictions, allowing former public housing sites to access private and public financing resources available to other affordable housing providers.

This has represented more than \$7.95 billion in affordable housing investment. Similarly, the Obama Administration created the Choice Neighborhoods Initiative, which developed both a framework and a limited competitive stream for comprehensive neighborhood redevelopment for low-income communities that include dilapidated or obsolete public or assisted housing sites.

Through this program, successful grantees are provided grant funds to redevelop mixed-income communities and housing with either project-based vouchers or public housing replacement units mixed in with units for other income or subsidy types. Through this program, residents receive targeted case management services, are engaged through the planning and the implementation process, and are guaranteed a right of return.

These programs have been fully embraced by the current Administration, along with the introduction and expansion of other repositioning tools, such as Section 18 and streamlined, voluntary conversion. While these programs remain voluntary, the Administration has strongly encouraged housing authorities to pursue repositioning, with RAD being the predominant alternative.

While RAD is an effective and necessary tool, it does have flaws. RAD largely relies on equity from Low-Income Housing Tax Credit programs as a source of outside capital, which can be limited, competitive, very complex, and can vary from State to State. And be-

cause of the inherent complex nature of layered financing, many smaller housing authorities that lack in-house development and finance capacity are left at a stark disadvantage and have become all too reliant on for-profit developers and HUD for assistance.

While these programs can certainly be improved, they are a much better alternative than continuing to watch our public housing decline and disappear with no action while waiting on adequate funding from public housing through capital funds and operating subsidies. The most effective means of addressing the backlog of unmet needs for public housing programs is to provide adequate funding to stabilize and preserve existing public housing properties, as proposed by Chairwoman Waters in HR 5187, the Housing is Infrastructure Act of 2019, and its companion measure introduced by Senator Harris in the United State Senate.

This would place housing authorities in a better position to serve their communities, meet their affordable housing needs, and focus more of their time on the creation of new affordable housing opportunities and resources. Additionally, as more families are transitioned to the Housing Choice Voucher program as a result of RAD and streamlined, voluntary conversions, it is increasingly important to permanently stabilize the funding of the administrative fees used to properly administer the program.

Currently, PHAs receive only 80 cents on the dollar for their administrative fees. This proration has been below 70 cents on a dollar in recent years. This greatly impairs the ability to plan and properly administer the HCV program. Absent these sweeping actions, however, Congress can continue to refine and develop asset repositioning programs and tools, including the RAD program, in order to ensure that they are more dynamic, that they allow local agencies to make local decisions, and that they provide additional financial resources to ensure the successful preservation of all affordable housing resources through technical assistance and grants.

I hope the foregoing information has shed some light on the current status of the public housing program and ignites a fruitful conversation and subsequent action to address this great need. I appreciate the opportunity to appear before this subcommittee, and I look forward to answering any questions you may have.

[The prepared statement of Mr. Collins can be found on page 38 of the appendix.]

Chairman CLAY. I thank the gentleman for his testimony.

At this time, we will recognize Dr. Popkin for 5 minutes.

STATEMENT OF SUSAN J. POPKIN, DIRECTOR OF THE URBAN INSTITUTE'S HOST INITIATIVE, AND INSTITUTE FELLOW AT THE METROPOLITAN HOUSING AND COMMUNITIES POLICY CENTER

Ms. POPKIN. Chairman Clay and Ranking Member Stivers, thank you for inviting me to testify today. The views I express today are my own and should not be attributed to the Urban Institute, its trustees or its funders. I'm honored to summarize the evidence and research on the role and future of public housing in the United States.

First, public housing provides stability for more than 1 million, extremely-low-income households. The majority of these households

are older adults or people with disabilities. The rest are families with children. Next, I will speak to the deteriorating state of the nation's public housing stock. And, finally, I'll address the need to strengthen the policy tools that can ensure public housing is preserved for the future.

The United States is facing the worst affordable housing crisis in a generation, with more households competing for an increasingly limited supply of rental housing. Three-quarters of low-income renters, those with incomes under \$15,000, are severely cost-burdened and pay more than half of their income for housing, and the shortage of low-cost units continues to grow.

Public housing plays a critical role in the rental housing market, serving some of the lowest-income Americans. Public housing is the oldest housing subsidy program. Other major programs include Housing Choice Vouchers and Project-Based Rental Assistance. Together, these programs serve only 20 percent of those who are eligible. But housing assistance is not an entitlement in the United States and the supply of housing subsidies is not large enough to meet the growing need.

Despite its important role, our nation's public housing program faces an uncertain future. Most public housing in the United States is at least 40 years old, built before 1975, and needs major capital repairs to keep it operational. The cost for these repairs is in the billions. Decades of funding cuts, poor management, and weak oversight from HUD have left many housing authorities to face the hard reality that they may not be able to keep their buildings open.

More recently, the current Administration has repeatedly proposed substantial cuts to the public housing operating and capital funds. And while Congress ultimately increased these funds, these resources are not enough to address the need. RAD has helped fund repairs and revitalization, but the program requires strengthening to ensure that the funds are adequate and that resident protections are consistently enforced.

Unfortunately, HUD has encouraged housing agencies to remove projects from the public housing inventory. The Section 18 Demolition and Disposition Program and voluntary conversions do not require replacing lost public housing subsidies. They also include few protections for tenant rights. Continued underfunding of the public housing program will cause more developments to deteriorate. Housing agencies will have little choice but to demolish or sell them. This has already occurred with more than 200,000 public housing units since the 1990s. Evidence from our research shows that the current implementation of Section 18 is likely to lead to a significant loss of public housing inventory.

Finally, preserving public housing will require more resources and stronger policy tools. The RAD program, while controversial, can transform public housing and preserve units by converting them to Project-Based Section 8 contracts. Our recent evaluation of RAD showed generally encouraging results. Housing authorities have leveraged billions of dollars in private loans, tax credits, and other non-public housing funds to address capital needs.

However, current law caps per-unit RAD subsidies too low to adequately fund all the renovations needed at many properties. In particular, properties with large capital backlogs or those in loca-

tions where attracting private capital is difficult means RAD leaves some major needs unaddressed. Plus, RAD includes substantial tenant protections that other programs lack, including the right to return, a Choice mobility option that allows tenants to move with a voucher after a year or two.

The Choice Neighborhoods Initiative launched in 2009 is intended to address the shortcomings of the Hope 6 program. It is aimed at severely distressed properties, but has only provided grants for a modest number of properties thus far. We are currently evaluating the program's impact on residents and the surrounding neighborhoods.

In conclusion, public housing provides safe, stable housing for some of the most vulnerable Americans, including an increasing number of older adults. Preserving this resource is especially important in light of the current and unprecedented shortage of affordable housing. However, underfunding, poor management, and weak oversight have left the nation's public housing stock at risk.

Our current policy tools need strengthening if we are to avoid losing more deeply subsidized units. Thank you for the opportunity to share these insights with you today, and I look forward to your questions.

[The prepared statement of Ms. Popkin can be found on page 59 of the appendix.]

Chairman CLAY. Thank you for your testimony.

Ms. Walz, you are now recognized for 5 minutes.

**STATEMENT OF KATHERINE WALZ, VICE PRESIDENT OF
ADVOCACY, SHRIVER CENTER ON POVERTY LAW**

Ms. WALZ. Chairman Clay, Ranking Member Stivers, and members of the subcommittee, thank you for the opportunity to testify today on the topic of the nation's critically vital supply of public housing. I'm the vice president of advocacy at the Shriver Center on Poverty Law, a national nonprofit law and policy organization based in Chicago.

For the past 18 years, I have represented thousands of public housing residents fighting to save their homes and communities and seeking to improve their living conditions. Most importantly, they seek a say in any decision to be made about their futures.

In 2016, public housing residents, who lived in two-family developments operated by the Alexander County Housing Authority in Cairo, Illinois, reached out to my office for assistance. They were experiencing deplorable housing conditions, including pervasive mold and a severe rat and mouse infestation. HUD took over the housing authority in 2016, placing it into administrative receivership. However, HUD's administrative receivership did not improve the housing conditions.

Indeed, in 2017, HUD announced it would close the developments and issue Housing Choice vouchers. This outcome meant not only that the families would lose their homes, but that other families in Cairo in need of and eligible for public housing would have no opportunity to secure it. As was documented in a July 24, 2018, report from HUD's Office of Inspector General (OIG), HUD appeared ill-prepared to do much more than move the public housing to demolition.

At the time OIG issued its report, approximately 50 other public housing authorities around the country were also designated as troubled. In November of 2018, HUD's Office of Public and Indian Housing sent a letter to PHAs outlining the agency's efforts to convert public housing or reposition it to other forms of assistance such as vouchers, impacting more than 200,000 public housing units throughout the country.

These repositioning efforts are deeply troubling, as they appear to come with pressure from HUD staff to move public housing developments into demolition or disposition before other options, including preservation, are considered, and as well, there is no consideration of the needs of the existing residents and the surrounding community.

One example of a housing authority pressured by HUD to demolish came from Wellston, Missouri. The Wellston Housing Authority was in HUD receivership for more than 20 years. Shortly after exiting receivership, HUD staff actively pushed for the housing authority to demolish all 201 units of public housing. Even though the community was in desperate need of affordable housing, and HUD's 2 decades-long receivership should have stabilized the housing authority, only after zealous advocacy by the tenants, their advocates, local officials, and Representative Clay and his staff did HUD agree to a plan that provides for a partial redevelopment of the affordable housing and project basing of the tenant-based vouchers. But not all housing developments and tenants have such champions. Nor does this victory signal a change in HUD's national repositioning policy.

So, what policies are needed to save this nation's important supply of public housing? First, H.R. 3160, the Public Housing Tenant Protection and Reinvestment Act of 2020 is a promising start. It would require one-for-one replacement of demolished or disposed public housing units. It would protect tenants through the process, including through relocation. And it would devise a system to allow housing authorities to attract private investment to rehabilitate public housing, which has long been underfunded by the Public Housing Capital Fund program.

Any effort to strengthen HUD's oversight of distressed public housing properties is also a priority, especially where HUD is taking a property into administrative receivership. The focus there should be on preservation, not disposition or demolition. And for the improvement of that housing, the Averting Crises in Housing Assistance Act is a promising start to that effort.

Finally, there must be a commitment to address the dire backlog of public housing capital funds, which housing authorities rely upon to preserve and maintain public housing. HR 5187, the Housing is Infrastructure Act of 2019, could fully address that backlog. Thank you.

[The prepared statement of Ms. Walz can be found on page 70 of the appendix.]

Chairman CLAY. I thank the witness for her testimony, and we will now hear from Mr. Jones for 5 minutes.

**STATEMENT OF EUGENE JONES, JR., PRESIDENT AND CHIEF
EXECUTIVE OFFICER, ATLANTA HOUSING AUTHORITY**

Mr. JONES. Thank you to this subcommittee for this wonderful opportunity. My statement will be brief. My name is Eugene Jones. I'm a 35-year veteran of public housing leadership, as a member of a HUD team sent to rescue and turn around ailing public housing authorities around this country. I am currently the president and CEO of the Atlanta Housing Authority, and for the last 5 years, I was the CEO of the Chicago Housing Authority, the nation's second-largest.

It is this body of experience that informs my remarks today. I have seen all sides of the coin. What happens when there is full investment in public housing, what happens when there is not, and what happens when you view public housing as an asset, and what happens when it is seen as a warehouse, or worse, as a blight, viewing these questions both in terms of impact on the individuals and on communities.

While I will reference a variety of communities and experiences, there is no question that Chicago's public housing presents the most complete case study of building, the fall, and the resurrection of public housing, its residents, and communities in which they live. I'm going to take a different tactic based on my colleagues because I agree, in most cases, about the lack of funding and so forth for all these years, these 3 decades of lack of funding, however, it takes a different view of how to manage, how to create, and how to keep the housing that you have existing, based on the limited resources.

It provides a way in which you have to use your different skill sets in order to work public/private partnerships to make the best of a bad situation. I have been blessed, or I have been lucky to work at housing authorities that have a funding mechanism that I can create, and I can maintain and acquire housing.

I've always said across this country, I think every housing authority should be Moving to Work (MTW), because it provides flexibility for my colleagues. It allows the smaller housing authorities, as well as the medium-sized and the large, to anticipate, to direct, and to assist in these public/private partnerships for flexibility in their funding that they get from HUD. It is grants. It comes in a bundle. You have fundability and you can provide the same amount of housing, but you can leverage those dollars and create better housing.

And also, with MTW, you can provide an opportunity to be innovative. In Chicago, we did three libraries, which had public housing on top of the libraries, to benefit the whole community. And it was a resounding success because we were able to be very innovative by using the State resources, using the City resources, and using the HUD resources that we received, and all of the other public/private partnerships and philanthropic agencies, so that we can pool our resources together and come up with a strategy that's best for our community.

I think it would be good if we worked much better with other agencies like the VA, Transportation, and HHS, because we're all in this together, and say, how can we meld or fund our different aspects of what we provide in housing, transportation, education,

and health? And how can we manage that in a holistic approach and provide a better housing situation for our communities?

Let us not forget that we're here as executive directors, CEOs, everyone who's on this panel, we are trying to protect the residents' rights. We're trying to protect the residents' well-being and the quality of life. I think with the resources that we have—I think they're limited, but I think with the resources that we do have, we can manage those resources to the best that we can and get the best product for our residents.

And that is the end of my presentation. Thank you.

[The prepared statement of Mr. Jones can be found on page 54 of the appendix.]

Chairman CLAY. I thank the gentleman, and I thank all of our witnesses for their testimony. We now recognize the gentlewoman from California, the Chair of the Full Committee, Chairwoman Waters, for 5 minutes.

Chairwoman WATERS. Thank you very much. I really appreciate your having this hearing. This is extraordinarily important, and I am very concerned about what is happening with public housing in this country. I am very worried about demolition of units and the non-replacement of units.

I am not yet convinced that RAD is an answer. We see the problems that we have with RAD now, and when we talk about the eventuality perhaps of public housing being in the control or in the hands of the private sector, that they will maintain affordable units, I do not trust all of this yet.

Let me ask Mr. Collins about RAD. Many of our legislators here have basically concluded that maybe RAD is something that we have to have because of the need that you guys have for upgrading and securing the properties that you manage. But are you convinced that RAD can be used in order to rehabilitate and renovate and do all of that without some of the issues that I have seen up on the screen here today, where people were not properly supported in getting moved out of their unit; there was no assurance that they would have decent housing, whether that's temporary or permanent; et cetera; et cetera? Tell me what you think about RAD to this point, and how you think it could be made better or why we should embrace it?

Mr. COLLINS. That is a great question, Chairwoman. And I would just respond by saying that so far, what we have seen in these conversions—let me say that RAD is an excellent tool in the toolbox. It is not an answer to all of our problems in public housing, but we are glad to have it in the toolbox.

I will say that there is a RAD rider, we have not seen how it works so far, to make sure that the units remain affordable after conversion. And so, again, it has not been tested yet, but it is pretty strong, and it is there. And my appreciation is it supersedes any mortgages or liens, so that would help assure that they remain affordable.

In terms of the relocation, there is some very strong language in there to protect the tenants. Now, I cannot speak to how well folks are adhering to it, but there is some very strong language in there to make sure the tenants are protected. There are funds provided to make that the relocation costs are covered.

I cannot speak to the adequacy of some of the units they are relocated to with other housing authorities.

Chairwoman WATERS. If I may just interrupt you for a moment?

Mr. COLLINS. Yes, ma'am.

Chairwoman WATERS. Who enforces the so-called rules of RAD to ensure that everything that is in the law about how RAD is to be operated—and I am looking here: received uninhabitable, temporary housing; permanently evicted from their homes; prohibited from organizing public housing authority. Who enforces that?

Mr. COLLINS. Yes, ma'am. I would just say that in preparing for this testimony, I did read the JO Report that came out in 2018, and I think even in that report, HUD acknowledges that there is some work to be done to make sure that those things are in place. I cannot speak to it directly. I am not in place to do that, but I think even they acknowledge there is some work to be done to make sure that those things that we need to have addressed, are addressed.

Chairwoman WATERS. The other thing that worries me is that RAD may be utilized to basically get rid of public housing in the future, that the final answer would be in the private sector. Banks, hedge funds, and private equity people would end up owning public housing and it could be converted into private housing. What do you think about my conclusion that that is a possibility?

Mr. COLLINS. Yes, ma'am. I can just say that the RAD rider also says that in the event of foreclosure, those kinds of things, and, again, we have not seen how those teeth are going to work down the road, but it is there. It says that a housing authority must maintain control. If not, then I think it goes next to a public entity. But it is in there.

And like I said, they have even acknowledged that those teeth have not been tested, but—

Chairwoman WATERS. But if you create the debt and you can't repay it to the entity that has invested in it, to whom does it belong?

Mr. COLLINS. There are foreclosure potentials. And the only thing I can say is that I see it in there, and I am not that expert to speak to it. But I see the language in there saying that that affordability rider will supersede any mortgage liens to the owner. So, that is all I can speak to. And I appreciate the concern.

Chairwoman WATERS. Thank you very much. I am very, very concerned, and very suspicious. Thank you.

I yield back.

Chairman CLAY. And I thank the chairwoman for her questions.

At this time, I recognize the ranking member of the subcommittee, the gentleman from Ohio, Mr. Stivers, for 5 minutes.

Mr. STIVERS. Thank you. I appreciate all of your testimony. And with all due respect to the academics on the panel, I am going to focus my questions to the practitioners, who have actually used the models, and so the three of you, Ms. Gass, Mr. Collins, and Mr. Jones.

I would like to talk to you about the RAD program. I think you all have given really important testimony. I think the RAD program is a great tool in your toolbox, to quote Mr. Collins. I do not think it is necessarily something we should mandate. I think you

need to figure out what is right for you. But there are really important riders, to address Chairwoman Waters' question, in there that protect public housing usage even under the RAD program.

So I actually think it is a great way to leverage private capital. I care less about who owns these projects, and more about taking care of the tenants and making sure we improve outcomes to deal with the aspirations, hopes, goals, and dreams to transition these people's lives.

As I said in my opening statement, I care less about just putting a roof over somebody's head. I want to improve their lives, and I think you do, too. So could the three of you maybe in turn talk about both the pros and the cons of the RAD program? And, frankly, I care more about what can we do to make it work better, to the extent there are issues with the RAD program.

The Obama Administration came up with it. I think it has been a good innovation. It leverages private capital. But what can we do to make that program work better? Do you want to start, Ms. GASS? And if you do not have any suggested improvements, that is okay, too. But if you could just tell us if you think it generally is effective, and, again, if there are things we can do better. That is what I think this hearing is all about: How do we improve the outcomes for the people who depend on public housing in this country? Thank you, Ms. GASS.

Ms. GASS. I will echo Mr. Collins' statement that RAD is not an appropriate tool for every housing authority. But it has been great for Austin.

I will also say that the RAD statute does require that housing authorities retain control of the property, and in Austin, we have gone so far as to retain ownership of the property through a ground lease. So, we understand the concerns that control of the site be maintained through the housing authorities, the housing authorities that have a mission to serve the residents that we are all here to serve today.

As far as improvements to the RAD program, I think that additional funding is something that we have to consider.

Mr. STIVERS. Okay.

Ms. GASS. The most recent revision to the RAD notice offers \$100 in additional rent per unit for properties in Opportunity Zones, and that is a great step in the right direction in that—

Mr. STIVERS. I would guess most of the properties that all of you own are in Opportunity Zones?

Ms. GASS. I can tell you that of our 18 public housing properties, only one was in an Opportunity Zone.

Mr. STIVERS. Really? I am surprised by that. Okay.

Ms. GASS. Yes. And we had already finished our conversion, so we missed the boat on that. However, it was a positive step for additional funding, and I think that if smaller housing authorities are going to be able to do it, and other housing authorities have not been able to, additional funding is going to have to be part of it.

Other than that, the only struggles that we have had have been on the programmatic, and our struggle is in moving from Section 9 of the Act to Section 8 of the Act.

Mr. STIVERS. Yes.

Ms. GASS. We have worked through that. But I will say that the Multifamily Office at HUD that we work with for the Project-Based Rental Assistance program has been open to talking about those concerns, and working through those with us.

Mr. STIVERS. If you want to detail those in writing to the committee, we would love to hear about that.

Ms. GASS. Absolutely.

Mr. STIVERS. Thank you.

Ms. GASS. I would be happy to do that. The other thing I will say is that resident protections in this program are key, and we have to make sure that those are strong and strengthened. At the Housing Authority of the City of Austin, we made sure that residents were involved in every part of the process and that they were fully protected through relocation.

Mr. STIVERS. And to the extent any of the issues with temporary relocation are issues any of you have seen, I think Republicans and Democrats would like to work on those issues, but I did not hear any of the actual housing authority people talk about it.

Ms. GASS. We made a considerable point to protect our residents throughout the process.

Mr. STIVERS. Thank you. And I only have 52 seconds, so if either Mr. Collins or Mr. Jones want to—Mr. Jones, do you have any ideas for improvement?

Mr. JONES. I just think that there is not a one-size-fits-all solution. I think it just depends on the community, the neighborhood, and so forth. I think there is a lack of understanding of the RAD program, especially when it comes to the housing authorities explaining it to the residents, the pros and the cons, because not every property needs a RAD.

Mr. STIVERS. Right.

Mr. JONES. Every property needs some assistance when it comes to capital improvements and so forth, but there are other options. I think RAD is a good option, but it should not be the only option that you use.

Mr. STIVERS. I agree.

Mr. JONES. I think the parameters in the RAD program are great. I think housing authorities should seriously look at it, but they should look at it in a way in which they understand the program, the outcomes, and the end results.

Mr. STIVERS. Thank you. Mr. Collins, I had hoped to give you a little more time. My time is out, but maybe somebody will yield me more time for you to talk about that, because I really care about what you have to say, too. And I do want to hear from the academics who have studied this. If you want to submit anything in writing, I would love to hear your ideas for improving the RAD program. I yield back, Mr. Chairman.

Chairman CLAY. The gentleman yields back. I will now recognize myself for 5 minutes.

I want to start with Ms. Walz. From your work and your background with the Wellston Community in St. Louis, could you talk about some of the implications of the current situation, and how a lack of funding very likely contributed to the conditions there? And you know the history of that housing authority being in receivership for 25 years with HUD. Go ahead?

Ms. WALZ. Thank you, Chairman Clay. You are likely the expert on Wellston, but my office did support Legal Services of Eastern Missouri in their representation of the public housing residents who lived there.

Chairman CLAY. Thank you for that.

Ms. WALZ. And what we saw and what we observed on that site and in similar, small, public housing authorities around the country is they have years' worth of deferred maintenance, due to insufficient capital funds. And as a result of that, residents are suffering. And so, both in Wellston and in the Alexander County Housing Authority case that I mentioned prior to that, they were dealing with severe housing conditions, where at that point it did appear, at least for Alexander County, that demolition was the only option.

What is the ideal scenario, both for the Wellston's of the world, of which there are many, and the Alexander Counties of the world, of which there are many, that are likely not eligible for RAD because they cannot access that private capital due to their conditions, due to their size, due to their financial situation, is to find another alternative there. It may start with increasing the capital fund program. It's also to shift HUD's priority here. Both with Alexander County and with Wellston and with other housing authorities we have seen in the Midwest, HUD's priority appears to be to demolish those developments.

And I think what gets lost in the conversation often is it's not just that the public housing residents there lose their homes, but all of the families in need in that community will not be able to access affordable housing. The public housing families will receive Housing Choice vouchers. That is true. But everyone else in need in that community is without an available option.

Chairman CLAY. Thank you for that, which takes me to my next question. Dr. Popkin, can you discuss a little bit of the history of the Ida B. Wells Housing Development in Chicago, which was torn down? I am interested in what happened to the people who used to live there. Where did they relocate, and did they have an option of coming back once rebuilding occurred?

Ms. POPKIN. That is research we did 10 years ago now, in the early days of the Chicago Housing Authority. We tracked some of the residents from Ida Wells. It was a different program. It did not have the same tenant protection. I think the tenant protections in RAD and Choice Neighborhood are reactions to what happened under Hope 6. And I remember when Choice Neighborhoods came in, that was one of the problems. But because there had been litigation in Chicago, the Chicago Housing Authority was obligated to track the residents, and we were actually hired by the MacArthur Foundation to track what happened.

The majority of residents did not return. Most of them took Housing Choice vouchers and moved to other areas of the City. It took a very long time for the development to be rebuilt. More people have returned over time. From some recent research we have, done we can see that. And most of the ones that we surveyed, the majority ended up in places where they felt they were safer and better off. That said, they came from some of the most miserable housing conditions they could have been living in. But in answer

to your question, there was not enough housing for them to return to, either. So, it was a different scenario.

Chairwoman WATERS. Will the gentleman yield, Mr. Chairman? He still has some time.

Chairman CLAY. No, I was going to go to Mr. Jones.

Chairwoman WATERS. Oh, okay.

Chairman CLAY. He was over the Chicago Housing Authority. Perhaps you have some light you can shed?

Chairwoman WATERS. Well, can he please include Cabrini-Greens with what happened with that?

Chairman CLAY. Yes, for sure.

Mr. JONES. Let me talk briefly on both of those developments.

Chairman CLAY. Talk about both of them.

Mr. JONES. Now, they are mixed-income developments. They are successful developments—one is in Brownsville, and Cabrini-Greens is in downtown Chicago. They have mixed incomes. They have great developments. In Brownsville, there's a Mariano's. Everything is community development working very well with the aldermen in those communities and so forth. So it is coming about. Less crime. People are working. And it is just a great community.

Chairman CLAY. What happened to the residents?

Mr. JONES. The residents? As Dr. Popkin stated, it took so long for them to rebuild the development that people who had vouchers, if they had children and so forth, they chose another place, and they are going to stay there, because they are more comfortable there.

Some of them do move back, but the majority of them do not move back, but they are all welcome. And in Chicago, they know where every one of those residents are to this day.

Chairman CLAY. I thank you all for your responses.

I now recognize the gentleman from Missouri, Mr. Luetkemeyer, for 5 minutes.

Mr. LUETKEMEYER. Thank you, Mr. Chairman. It has been an interesting discussion today. I appreciate everybody being here and the discussion. We have kind of centered on RAD for a little while here. And as I go through and look at some of the information and questions here, Mr. Collins, I think you made the comment a while ago, and I think, Mr. Jones, you followed up, I believe, with something similar to that, with pointing out a problem with regards to small housing units versus big housing units in the RAD program. Would either one of you like to elaborate on that just a little bit?

Mr. COLLINS. The point that I was making, actually, in my testimony is that larger housing authorities have the advantage of having in-house development folks and financial folks or being able to retain consultants. Eighty percent of the housing authorities in this nation do not have that kind of money to go out and get consultants or do not have that type of expertise in-house.

And so, that leaves them depending on the developers, which is kind of a fox watching the henhouse thing. And it leaves them dependent on developers and HUD to a limited degree. So, I just think we need to strengthen their ability to analyze their deals and have some objective input before they make some of these decisions to convert because they just do not have those resources, as the large housing authorities do.

Mr. LUETKEMEYER. Very good. I know, in looking at this situation, there are several ways of going about helping people afford housing. One of them is the RAD program. Another one is the voucher. And another one is housing credits to build low-income housing. What would be the preference? What do you think is the best way to do this? Mr. Jones? Ms. Gass? You all are in the business as well.

Mr. JONES. I think you need all different approaches if you can.

Mr. LUETKEMEYER. All different approaches?

Mr. JONES. It just depends on how large your community is, how small it is, and so forth, and what you can afford and who can you attract to develop some of these properties that we have. Not all of the properties that are vacant are buildable. But what do you do with those? And when are they buildable, can you make it a financial development that will strengthen the community and its surrounding community?

Once we build public housing, we have to make sure that the public housing not only is a seamless transition in the neighborhood, but that it fits in within the neighborhood. And so if you look at the RAD program, as my colleague had stated, it is difficult because a lot of them don't have the experience, like larger housing authorities do because they have a development staff that can understand how to do these RAD deals.

I think one of the things that we did in Chicago is we helped some of the smaller housing authorities that were coming to Chicago, and we would sit there, and we would sit, and we would talk about what a RAD deal would mean, what a tax credit deal would do, and just building self-development. So we are trying to help our smaller agencies, as well as we trying to build up the capacity so that they can make better-informed decisions.

Mr. LUETKEMEYER. Is one of the requirements with the RAD program to have a mixed-used structure there or does it continue to just exist, just continue to be all apartments, and just switch ownership and improve the building?

Mr. JONES. The housing authority has a fiduciary responsibility to make sure that development still continues to work.

Mr. LUETKEMEYER. Right.

Mr. JONES. And it provides the quality-of-life issues that we determine that we wanted to change it to a RAD development.

Mr. LUETKEMEYER. I used to Chair this subcommittee a couple of sessions ago, and we took a field trip down to New Orleans and saw the rebuild of New Orleans after Hurricane Katrina, and a lot of the new communities that they have actually built there. The way they have done this is to go in and actually have mixed-use structures, so that you have apartments, condos, and businesses all in the same building. And you basically build back a community there. It seemed to be very successful. I was wondering what your thoughts would be on that?

Mr. JONES. I was there before and after Hurricane Katrina. I was responsible for moving our staff, and finding our residents and relocating them to Houston, Dallas, and also Atlanta. And so, we had mixed-income developments. And the sad thing about it is, we had a big One Desire Project and a couple of Hope 6 sites that were devastated by the hurricane.

And after the hurricane, they did look at the same model that we had before the hurricane came to do mixed-income financed developments there, and they worked very well.

Mr. LUETKEMEYER. Ms. Gass, I have 30 seconds to go here, can you give me some quick responses to the questions I asked Mr. Jones?

Ms. GASS. Certainly. I think for Austin, one of the benefits of RAD was that we were able to address the needs of the property, based on the property. So we have a property where we have completely demolished 156 units, and we are rebuilding in its place 400 units. It is a low-density area. It is right next to downtown. It is a great place to do that.

We have had other properties where we have been able to make improvements throughout the years and they had fewer needs. And so, I think that flexibility in RAD is something that is good. In the property that I mentioned with the 400 units, we are also expanding resident service areas, so we can provide workforce development, education, job training, financial literacy courses, and digital literacy courses. And RAD enabled us to do that by adding additional space for services, as well as some retail. So, some mixed use.

Mr. LUETKEMEYER. Thank you very much.

Chairman CLAY. And I just wanted to point out to my fellow Missourian that after the tornado that devastated the City of Joplin, HUD, as well as other Federal agencies, came together and stood that town up pretty quickly because they focused on how to get them back going, just to make you aware.

Mr. LUETKEMEYER. Right. Thank you.

Chairman CLAY. Thank you.

I now recognize the gentlewoman from New York, who also happens to be the Chair of the House Committee on Small Business, Ms. Velazquez, for 5 minutes.

Ms. VELAZQUEZ. Thank you, Mr. Chairman, and Mr. Ranking Member, for holding this important hearing.

Director Gass, in your opening testimony you mentioned the potential capital benefits of RAD, such as new carpet, air conditioning, and appliances; however, RAD is only a one-time capital infusion. How are you intending to make additional repairs next time they are needed or when the 20-year PNA expires?

Ms. GASS. Thank you for your question, Congresswoman. In addition to the \$80 million that we have been able to put in as a resource now into physical repairs, we have \$35 million that is now set aside in a reserve for a placement account that is set aside exclusively to address the capital needs of these properties. It was done through a capital needs assessment, so we had to forecast out 20 years to make sure that we had the funds to address all of those capital needs.

If, at the expiration of the 20 years, a recapitalization is necessary, we are able to do that to address capital needs going forward. But to have the \$35 million set aside for 20 years is an attractive thing for us. We never had the resources to be able to address the capital needs in that way.

Ms. VELAZQUEZ. Okay. And, Directors Gass and Collins, I understand both of your PHAs are utilizing the RAD program. Would ei-

ther of your PHAs be using the RAD program if we were fully funding the Capital Fund in the way that is needed?

Mr. COLLINS. No, ma'am. There would be no need. This is to address deferred capital needs, and if it was fully funded, there would be no need. So, no.

Ms. VELAZQUEZ. Thank you.

Ms. Gass?

Ms. GASS. By and large, I agree. The one thing that RAD has given us the opportunity to do that I do not think would be allowed under the scenario that you are talking about is that we have been able to leverage Low-Income Housing Tax Credits with our RAD conversion. And so, again, the example that I used before, being able to go from 156 to 400 units, that was because we had the additional subsidy that came in in the form of tax credits, and that has allowed us to add affordable units, not subsidized units, but affordable units. So, I think that has been a big benefit to Austin.

Ms. VELAZQUEZ. But if Congress decided to fully fund the capital program—I do not see how we should make every effort not to go into the private sector and work out this type of financing, where we might be compromising tenant protections.

Just this week, the City, an online newspaper in New York, discussed what is happening in the only RAD development that exists in New York City, and that is in Congressman Meeks' district. And it is talking about how the private developer is moving to evict for nonpayment or late payment of rent.

The fact that today residents of a public housing development in New York could go to the website and check the status of repairs, closed tickets, and so forth, yet this private developer is not required to have a website where those residents can check and have any type of information, Dr. Popkin, what are your thoughts? Would programs like RAD be necessary if the Capital Fund was fully funded?

Ms. POPKIN. I would agree with my housing authority colleagues here on the panel, no. It was an attempt to find the funding that has been deferred for so long.

I think, however, one provision of RAD that I think is worth preserving is the Choice Mobility voucher option that people in the current public housing program do not have access to.

Ms. VELAZQUEZ. Okay. So, Dr. Popkin, how will converting from public housing to Section 8 affect the long-term affordability of public housing projects? What protections has HUD put in place to ensure a converted property remains affordable?

Ms. POPKIN. The RAD program currently requires that the rents be kept the same as public housing—that the leases be renewed after 16 years and kept affordable. Beyond that, there are not any. I think Mr. Collins was saying there is no guarantee if there is a foreclosure, and we do not know. We are currently evaluating the program, but it is still in the early days.

Ms. VELAZQUEZ. Thank you.

Ms. Walz, what additional protections are needed to ensure RAD is living up to its goal in preserving affordable housing? Given HUD's spotty track record in ensuring tenant protections and rights during RAD conversions, how can Congress make sure these rights and protections are being enforced?

Chairman CLAY. The gentlewoman's time has expired, but I am going to allow the witness to answer. Please respond.

Ms. VELAZQUEZ. Thank you so much.

Ms. WALZ. Thank you. There are protections within the public housing program, some of which are in the red program, but more could be there, including that there is a Right to Construct, a resident organization, democratically elected, and that they are a way for the residents to come together collectively to represent their interests.

There should be sufficient monitoring of the programs, particularly where relocation is involved. That is where we see tenants fall through the cracks the most. There needs to be assurance and monitoring that the same size units or the units that the residents need are actually rebuilt or redeveloped, and if these are accessible units, they continue to be accessible units. Those types of protections and monitoring, I think could greatly improve the RAD program and make it work for residents.

Ms. VELAZQUEZ. Thank you.

I yield back.

Chairman CLAY. Thank you.

The gentleman from Colorado, Mr. Tipton, is recognized for 5 minutes.

Mr. TIPTON. Thank you, Mr. Chairman. And I come at this from a slightly different view than what we have here on the panel. You point to very important issues in a lot of our metropolitan areas.

I happen to represent rural Colorado. And rural America is often forgotten in this conversation. On a per capita basis, often when you look into our communities, which typically have lower incomes, we probably, on a per capita basis, have a bigger problem on that per capita basis than a lot of our urban neighbors do.

I frequently talk to a lot of the hardworking folks in our district, and just given some of the challenges that we face there, in terms of property costs, in terms of some of the rules and regulations, not from the Federal Government, but are compounded at the city, the county, and the State level. We're seeing increasing costs that address a number of the concerns, actually, as a cost driver that we're pointing at in terms of some of the funding.

I toured one facility that was building affordable housing in Glenwood Springs. The cost is \$380,000 per unit. Where I come from, that is expensive. And it is going to be labeled as affordable housing to be able to actually achieve that. And so I think, through those regulatory processes, something that we do need to be able to define is if we are going to be able to get some of those costs down.

I think, Ms. Gass, you pointed to some good leveraging of dollars. To be able to expand in Austin from, I think you said 156 to 400-plus units that you were able to actually see expand. But I would like to be able to get maybe just a sense of, is RAD a good program that came in under the Obama Administration and maybe needs some tweaks to be able to follow through with? What are your thoughts? Would you label it as a good program?

Ms. GASS. It has been very good for Austin.

Mr. TIPTON. Okay. Mr. Jones, what is your sense?

Mr. JONES. It has been a very good program for the agencies that I have worked with in Chicago. Atlanta is doing it right now and some other places. Again, Congressman, I think it is not one-size-fits-all.

They really have to look at the opportunity that they have right now; it is just an alternative. It is not that you have to do a RAD in these larger housing authorities because they do have capital funding available to fix those elevators, fix those chillers, and those types of big ticket items, and so forth.

But I think, based on your portfolio, your physical needs assessments, and so forth, it tells you what you need to do, in what period of time, and how do you go over the next 5 to 10 years. But it is a good program.

Mr. TIPTON. I think that is something—every one of us know about the \$23 trillion debt in the country. There are not a lot of available resources that we are going to be able to dip into. So what is your assessment maybe of the private-public partnerships? Is this an opportunity to be able to create a win-win?

Mr. JONES. Say that again, Congressman?

Mr. TIPTON. With private-public partnerships in terms of affordable housing, is that an opportunity to be able to create a win-win, where we are not necessarily always using just taxpayer dollars, but getting that private investment to come in? Is that desirable?

Mr. JONES. Yes, absolutely.

Mr. TIPTON. What do you think, Ms. Walz?

Ms. WALZ. With sufficient tenant protections and with the opportunity to ensure that all PHAs, not just medium-sized and large PHAs or PHAs in metropolitan areas, are able to attract that private capital. There needs to be some re-envisioning of the RAD program, so that it is a bigger universe of PHAs that are eligible and able to secure that private capital.

And I think just to your point about rural America, Congressman, I will just say that the hard units are especially critical in rural America, where it is very hard to use a Housing Choice voucher. In Cairo, Illinois, it was about as rural as you could get on the southern tip of Illinois; residents had to move at least 50 miles to find a property owner who would take their Housing Choice voucher.

Mr. TIPTON. Yes, and frankly, in our district, part of it is the regulatory ends of it, not in my backyard (NIMBY), to be able to address that.

Mr. Jones, one other issue I would like to address is, and it struck me when you talked about the holistic approach, we have PHAs in my district and they deal with literacy training for financial issues, healthcare, their costs, parental guidance, and whatnot. Should we be looking at that whole picture, in terms of getting people really to the point where they will, hopefully, not need to have low-income assistance?

Mr. JONES. Absolutely. We need a holistic approach because that adds to the success of any public housing in their city and their jurisdiction and so forth. So if you piecemeal it, and you do onesies and so forth, it is not going to get there.

Mr. TIPTON. Right. Thank you.

Mr. Chairman, I yield back.

Chairman CLAY. The gentleman yields back. I now recognize the gentleman from Washington State, Mr. Heck, for 5 minutes.

Mr. HECK. Thank you, Mr. Chairman. Indeed, thank you for holding this very, very, very important hearing.

I think I want to direct a question to Mr. Jones and Ms. Gass, after using two words and then riffing a little bit on each of them, and asking a question about that to you. The two words are “supply” and “ecosystem.”

Supply: This nation is suffering from a housing supply crisis. By every objective measure, we are somewhere in the range of 5 to 7 million or more housing units short of what is needed to meet legitimate, 5 to 7 million. Now, that circumstance is felt throughout communities in America, all of America, but in varying degrees.

The reality is that if you want to buy an upper-end home, you are probably going to get your need met. Just about everywhere else within the range of housing unit availability, there is a crunch to one degree or another. The crunch is especially acute for what we would call starter homes for those seeking to grasp the first rung of equity building.

Now, let me use the second word, ecosystem. This circumstance of a housing supply shortage is felt throughout the entire housing unit delivery ecosystem. Let me use the example I did of starter units. If you have fewer starter units available, and we do, that is measurable. Builders are not building starter housing units, and what that means is if you are trying to get out of renting and into home ownership, you are having a tough time. Or if you are a Baby Boomer seeking to downsize, you are having a tough time.

So if you cannot get that rung, what happens? More people stay renting. If more people stay renting, occupancies go up. If occupancies go up, what happens? Rents go up. Supply and demand, pure and simple. More people become rent-burdened. More people are in need of public subsidy. And frankly, even more people become homeless because we have a housing supply crisis and because the provision of housing units is an ecosystem. That is the fact.

I think it should be noted the way in which this burdens households. Not only are more and more people spending more than 30 percent of their income on rent, but, in fact, in the last 15 years, the single largest increase in household budgets is not higher education, and it is not even healthcare; it is housing costs.

And as I like to preach in this committee, I have three other favorite words: pillow; blanket; and roof. If you don't have a pillow to lay your head down on, a blanket to keep you warm, and a roof over your head to keep the rain off of you, then any other issue that may be confronting you in life, be it unemployment or substance abuse or mental health, is not going to be successfully addressed. So this is a national crisis, due to lack of supply and how it reverberates throughout the ecosystem.

Mr. Jones, how does the lack of affordable housing supply impact your ability to serve your communities?

Mr. JONES. It is very difficult, and it is the cost—the cost of developing mixed-income developments is an extraordinary—it just goes over your head. As the Congressman had stated, you have a total development cost of about \$370,000 for one unit, maybe a one-bedroom, based on your locality. You can take that same amount

of money and probably build two homes in a different area and get a 2-for-1, but that is not how we work within the rules of the developments which we do.

Cost, cost, cost is always a burden with us. We have to look at every type of financing opportunity, which is tax credits, which is philanthropic dollars, which is historic tax credits, new market tax credits. We have to be a financial wizard when it comes to trying to finance some of these deals and still, we cannot get the best bang for our buck.

When we look at replacing 500 units, and based on total development costs and so forth, we may be able to do 275. And so the difficult—

Mr. HECK. And the need is?

Mr. JONES. Right. It is 500. And so the difficulty is, going back to those residents and saying, hey, look, I can only build 375. I can't build the 500. And so I am left with over 100 units that I do not know what I am going to do about. So now, I have to go to the next development and figure that out.

Mr. HECK. I see my time has expired. I apologize, Ms. Gass.

But let me close with this sentiment. I perceive the discussion thus far in this committee to be, unfortunately, an all-too-rare, but delightfully bipartisan tone and discussion. Every Member in Congress is suffering from this problem in their district. And it behooves us all to figure out ways to help solve it and mitigate it because of the profound and significant nature of it.

And thank you, Mr. Chairman. I yield back.

Chairman CLAY. The gentleman from Washington yields back.

At this time, I recognize the gentleman from Tennessee, Mr. Kustoff, for 5 minutes.

Mr. KUSTOFF. Thank you, Mr. Chairman.

And I thank the witnesses for appearing today. I think this issue, like so many others, a lot of us, or at least I fly over it at 30,000 feet. And so, it is good to hear from people on the ground who deal with this day-in and day-out.

And with that, Mr. Jones, in my district, and I represent part of Memphis and then a rural part of west Tennessee, we have about 10,000 homes that are served through the Housing Choice voucher program. From a real-world standpoint, can you talk to me in real terms about how easy or how hard it is for those individuals who participate in the program to, in fact, find housing?

Mr. JONES. It is very, very hard to find the house or the apartment or whatever your means of what you're trying to look for, it is very hard to find those accommodations. Residents are looking for quality-of-life issues. They are looking for better schools, better neighborhoods, and so forth, and opportunities for jobs.

The hard part is that a lot of these landlords will not accept Section 8. That is number one. And number two, they cannot find the quality unit that they are looking for because it costs too much.

You have to understand on the Section 8 voucher program, we have FMR, which is Fair Market Rents. We can only pay up to a certain amount, 100 percent or 120 percent. Now, if you want to live in a better neighborhood, the system will not allow you to move into the north, which may be more prosperous and so forth.

And so, HUD will not allow you to go over a certain amount of your FMR, unless you do reasonable accommodations and so forth.

There are so many parameters that fight against us, instead of trying to help us house people. Because at the end of the day, our business is to house individuals the best way we can, give them the best quality unit, and so forth. And so, it is just a matter of preference. A lot of residents have different needs, different requirements, accessibility issues, aids, and so forth when it comes to living conditions and so forth.

And, a lot of these homes have been built back in the 1950s and 1940s and so forth. They do have accessibility issues. They do not have ramps or those types of things, and that is always an issue. When you have to turn back a voucher because you cannot find adequate living conditions, that is really a sore aspect of what we do when we try to do our job the best that we can.

Mr. KUSTOFF. I thank you very much. If I could, along a different line, as far as matrixes in your experience, does HUD do a good job or an adequate job of tracking how individuals or families, whether, in fact, they do, in fact, exit these programs and, if not, do you have a solution?

Mr. JONES. Based on my experience, I think they do an adequate job. The issue is that we have to feed that information into HUD. And they do the matrixes on all the information. And at local housing authorities, we do our own matrix to make sure that we are fulfilling our HUD requirements and our regulations and so forth.

As I always say, the proof is in the pudding. I think, based on what we get from HUD and what we use locally, we merge the two together and I think we can somehow come up with a good explanation of where we should be at and where we should be going.

Mr. KUSTOFF. Thank you. Thank you, Mr. Jones.

With that, Mr. Chairman, I yield back.

Chairman CLAY. The gentleman yields back. I now recognize the gentleman from Florida, Mr. Lawson, for 5 minutes.

Mr. LAWSON. Thank you very much, Mr. Chairman, and witnesses, welcome to the committee.

Mr. Jones, I know that you are very familiar with and have worked for a long time on the housing situation in Atlanta. And I would like to tell you that many years ago when I was coaching at the college level, I spent a lot of time in those housing complexes in Atlanta recruiting athletes, because you had very good athletes in those areas.

The thing I would ask is, when the decisions are made that they are not going to repair these housing complexes, but they are going to tear them down and give vouchers to residents to find another place to stay, what kind of effect does this have on that community and whether they will be returning? And I will start right here with Ms. Gass, and go down the line.

Ms. GASS. In Austin, we did give residents vouchers for relocation and they were able to take those out in the private market. And we provided a lot of assistance to help them. As Mr. Jones said, it is not easy to use a voucher. We made sure that every resident who got a voucher to use for relocation was able to find a place that was adequate, decent, safe, and sanitary, and met their family's needs.

I will say that most of the residents who relocated from our housing projects have come back. The ones who have not, although we did not like to lose them from the community from which they came, we have to remember that when they were put in place at that property, they were not given a choice of, would you like to live at this property or this property? They were told, we have an opening at this property, you can move here, or you can move to the bottom of the list.

So getting that voucher and getting the choice to use it wherever their family chose to use it was actually a good thing for them. And when they found that place and they relocated and they found a new school or they found a new church, a new doctor, they were closer to their family and chose to stay there, we would have loved to have had them back, but for their family, that was the right choice. And I think one of the things that makes RAD great is it does give residents more choice and more control.

Mr. LAWSON. Mr. Collins?

Mr. COLLINS. I just want to say when you talk about demolition, I just want to make sure that we point out that at that point, you have had to illustrate obsolescence to HUD, which means that project would cost more than 60 percent of the total development cost, which means it is in really bad shape. So when you talk to a resident about moving out of a condition of that nature, it is an easier conversation.

But there are plenty of meetings. They are informed the whole way. They have relocation assistance. They have relocation budgets. And so for most of them, it is just a better opportunity for them, and it puts the housing authority in a better situation because you are providing higher-quality housing and you are able to better support that tenant.

Mr. LAWSON. Dr. Popkin?

Ms. POPKIN. The housing authority I have studied the most is Chicago. People who moved out have ended up in better housing in safer neighborhoods. I think that you asked the question, what does it mean for the community as well, not just for the people who moved out.

We know that because, as you said, the housing is obsolete. And in the case of Chicago and a lot of cities, it is really blighting the neighborhood around it. And we know that crime went down in the communities where the housing was removed and redeveloped.

I think the concern that I have, and a lot of people have is, what does that mean for the housing prices in the neighborhood, whether people will come back, and whether it is going to spur gentrification? And I think we are studying Choice neighborhoods and looking at that issue right now.

Mr. LAWSON. Ms. Walz?

Ms. WALZ. The tenants do receive notice under Section 18 if there is a proposed demolition or disposition of the site, but it is a foregone conclusion at that point. And so, the focus of that notice and the meetings with residents is that you will be moving. You will be receiving a Housing Choice voucher.

There is not a mandate on the type of relocation assistance or support residents receive and that is an ongoing problem and challenge. Oftentimes, it can be quite disruptive to the residents and

their families who have to move, potentially change schools and employment, and are oftentimes on their own looking for a landlord who would be willing, but not legally required, in most cases, to rent to them with a Housing Choice voucher. So, we do see that disruption.

I also note that it is particularly disruptive to seniors, who may intend to age in place in these public housing units, and moving into the Housing Choice voucher program is very hard on them.

Mr. LAWSON. I only have a few seconds.

Mr. JONES, what have you all done in the Simpson Road area?

Mr. JONES. It can be devastating, especially to the schools that are in that community and so forth. They may close down that elementary school or that middle school. That has a devastating effect.

But also, I would like to remind you that in bigger housing authorities, sometimes they may not accept a voucher. They may go to another public housing site that accommodates their various needs. So, there are options. They can stay on a public housing site if there is a vacancy, which they choose, or they can have a Housing Choice voucher.

Mr. LAWSON. Okay. I yield back.

Chairman CLAY. The gentleman yields back. The gentleman from Tennessee, Mr. Rose, is recognized for 5 minutes.

Mr. ROSE. Thank you, Chairman Clay, and thanks to Ranking Member Stivers.

And thank you to the panelists for being here today and for taking time to join us and share your wisdom with us.

When it comes to taxpayer dollars, we have a responsibility to ensure that every dollar spent by the Federal Government is used wisely, efficiently, and for its intended purpose. Once again, though, I fear that today, we are here discussing how we can solve our housing problems by throwing more money at them.

The Congressional Research Service has published estimates that Congress has appropriated nearly \$1.7 trillion to HUD since its creation in 1965. Public housing currently occupies some of the most expensive land in the nation, with concentrations in cities on the east and west coasts. Current stock is old and continues to age. More money may help alleviate some of the issues that face public housing today, but it will not fix many of the underlying problems.

Mr. Jones, both Republican and Democratic Administrations have expressed the view that public housing is an outdated model that, in many cases, concentrates poverty, is too expensive, and can be subject to mismanagement and neglect. Do you agree with those views?

Mr. JONES. I do.

Mr. ROSE. What is it about the current public housing model that lends itself to some of these issues?

Mr. JONES. There are numerous examples where public housing does not work. I will agree with my colleagues, it is lack of funding, lack of experience. Some of these housing agencies are mismanaged.

Then, there are a lot of individuals going in and out of housing. Different CEOs. There may be 5 CEOs in 5 years, and so forth. That is always disruptive. And so, they miss their motion, where

they want to go, their mission. So, it is an accumulation of a lot of things.

You have to have a good city, a partnership with your colleagues there. They have to work with you. If they are not working with you, then you have other community issues that you have with the councilmen and aldermen and so forth.

So, it is everything. Being in charge of a housing authority is a daunting task. We had to bring all elements of the community, the city, the aldermen, the councilmen, the Congressional staff, and so forth to talk about how do we do this best, and how can we use the best resources and not waste taxpayers' dollars? That is always a critical point. We want to make sure that we protect them, but we also may stop doing what we think we should do because we may be wasting taxpayers' dollars.

Mr. ROSE. I think we agree that we need smarter, more innovative solutions than the ones we have largely been discussing today. But there are some existing programs that have shown promise, and I would like to drill down on those a bit. The Moving to Work (MTW) demonstration program that was created by Congress in 1996 to give HUD and local public housing authorities the flexibility to test alternative policies for providing housing assistance is one. These alternative policies are intended to increase the cost-effectiveness of assisted housing programs, promote self-sufficiency, and increase housing choices for low-income families.

Mr. Jones, what has your experience been with the MTW program, and in your opinion, is it serving its intended purpose?

Mr. JONES. I think the Chicago model is a great model that everyone can use or take a look at. I am not saying that it is the best model. I think it is a great model, and I think it could be replicated in other places.

There are 39 MTW agencies right now. I think most of them are doing well. It gives us an opportunity to have flexibility and leverage our dollars. Developers, community, and so forth look at MTW agencies to be very innovative and be a part of a solution to provide more affordable housing and more opportunities in their communities.

The Atlanta Housing Authority—I have just been there for about 90 days and it is MTW, and they have done wonderful things over the 20 years that they have been on MTW, less than 20 years, but they have done pretty successful things, innovative things in Atlanta. And all of my other colleagues, I have heard great things about what they have done in MTW.

Mr. ROSE. I thank you, Mr. Chairman, and I yield back.

Chairman CLAY. The gentleman yields back. I now recognize the gentlewoman from Ohio, Mrs. Beatty, who is also the Chair of our Subcommittee on Diversity and Inclusion, for 5 minutes.

Mrs. BEATTY. Thank you so much, Mr. Chairman.

And thank you to all of the witnesses here. This has been an interesting dialogue for me, because my early experiences were with all public housing. Right out of college in Ohio, I was one of those individuals who had to go in and do the housing inspection for what you were allowed to have or not. I did not like that very much, so I moved onto doing other things with housing and then became a consultant, doing a lot of the relocation work.

It's funny how history repeats itself, because then we were relocating individuals out of public housing trying to get them to Section 8 vouchers because HUD was going through a transition for those properties, and the people got the checks for renovating and had full ownership. And those businesspeople made a lot of money. Then it transitioned, as you know—you are all nodding, so I can stop. You know that story.

So here we are today, and I am struggling. I am struggling because I do not believe that we are no longer living in a society of poverty, that we are no longer free from economic decay. While I wish all that was true, I do not believe it to be so by 2021 or 2025.

My community is very much like yours, Ms. Gass. We are, as the language goes, or your language goes, we are moving away from public housing and RAD is the savior of all of this. So help me understand, without RAD, what happens? We move people into transition. We get rid of all of our public housing.

Yet, I know there will be people still coming up who need public housing, because in Ohio we have thousands and thousands and thousands of people who are on the wait list for Section 8. And the transition has been, you wait, and you are so happy for housing, to get into public housing, and to bring your family with you.

Then I think, as we try to have our motto be, we want people to become self-sufficient or self-reliant, that was the language we used to use. And that meant you moved out of housing. You moved into Section 8. And then, you got into rentals on your own or home ownership.

So if we are taking away that foundation, we have a wait list with Section 8. What happens next year, no more RAD, no more public housing? Section 8 wait list all over the country, what happens? What should I be advocating for? We just heard how my colleague started on the other side about the land, about the cost. What happens? What should I do?

Mr. COLLINS. I just want to say that in Shreveport, Shreveport is a Choice community, which means we have a plan grant and an implementation grant. And that is going to afford us the opportunity to build almost 500 new units. And half of those units will be affordable. They will have vouchers attached to them that we still control.

Mrs. BEATTY. We just will not call them public housing?

Mr. COLLINS. Yes, ma'am.

Mrs. BEATTY. So we are really just changing the name, but with people still in poverty, still moving up? We will be in something; we just will not call it public housing.

Mr. COLLINS. Yes, ma'am. And I think that is what everybody is trying to paint; the affordability component of it is not going away, just the name is changing. We are doing those things and leveraging those resources that are available to make sure that we do not take away public housing, but make sure that we can reinforce affordable housing for folks.

So, it will be a replacement of that housing. And that what my appreciation is, of what the programs are designed to do. And in Shreveport, we see them effectively working. We have RAD conversions. We have Choice neighborhoods. We have our State finance

agency programs that are converting. But all of these things are creating more affordable housing. That is still our mission.

Mrs. BEATTY. And we have that too, but what about the smaller? There are only so many, like my public housing that are the large public housing. So somebody help me understand, what happens to the smaller public housing that does not have all of that to help with the infrastructure? And if we keep cutting money in HUD, to go back for some of the programs, like Family Unification and other things that help, what happens to this?

I am not concerned about the big public housing, because they have the resources. I am concerned with the smaller ones, like I am concerned with the people who find themselves at the bottom. For the people who are at the top, it is easier to get out of anything when you almost have your head above the water.

Mr. COLLINS. Can I just say, I think that is the challenge. That it is hard to put our arms around it because it is so dynamic from city-to-city, from organization-to-organization. What works for one, may not work for another.

Mrs. BEATTY. I am only concerned about the small, what happens to them?

Mr. COLLINS. The small ones, we are going to have to reinforce some of those programs to get them better assistance, so that they can evaluate those tools and better leverage those tools. So I agree with you, we need to do something to reinforce—

Mrs. BEATTY. I know my time is up, Mr. Chairman.

And please, let me know. I appreciate your work, Mr. Collins, and everyone else. I am trying to help, not be against you all.

Mr. COLLINS. No.

Mrs. BEATTY. Because what we do know, for the least of us, when we do not have the resources and we are not putting it back in and you have people in programs who do not have it, those are the individuals who lose. Thank you.

Chairman CLAY. The gentlewoman yields back. I now recognize the gentleman from Wisconsin, Mr. Steil, for 5 minutes.

Mr. STEIL. Thank you very much. And I appreciate my colleague from Ohio's remarks on the distinction between the big cities and the small cities.

I may come back to you, Mr. Collins, in just a moment because I want to follow up on that.

But I want to ask Mr. Jones a question first. I have family who live in the City of Chicago, and my commute down from Wisconsin as a kid would take me by Cabrini-Green. And so, I saw it regularly, kind of this whole journey through the 1980s, the 1990s, to what it is today, and the Marianos that is there today. I've stopped there and picked up groceries, which might not have been an opportunity presented to me about 20 to 30 years ago.

As you look at the evolution that Chicago saw in shifting from the model that it had to the model it has today, and I think maybe a lot of us in this room know, but I think it is good for the record as we discuss the terminology here. Public housing sometimes gets painted with a broad brush. When I am thinking of public housing in the context that it is direct management and ownership of housing units by publicly chartered entities funded by the Federal Government.

Sometimes, I see the term used more broadly to refer to all rental-assistance programs, Section 8 housing vouchers, Housing Choice vouchers. I am talking about public housing in the traditional sense of the word, which I think is a key distinction between the two. Can you just walk through a little bit of where you saw that evolution in Chicago, as it played out in safety, social, mobility, and the number of people served?

Mr. JONES. Well, I think the model in Chicago worked because of the MTW status and the plan for transformation. Because we were on a fast clip to either acquire, build, or provide housing shortage vouchers or project-based rental assistance to get to those 25,000 units that they tore down over the last 10 years or so.

And so, for that transformation and to put all of those resources together, HUD invested about \$2 billion in that plan for transformation. To get it from where it was, those high rises, and so forth, that were crime-ridden, maintenance was poor, there was no job opportunities, there was no camaraderie, there were no neighborhoods.

And they were isolated from all the other parts of the City of Chicago. The Chicago Housing Authority was the second-largest City in the State of Illinois, but they were so isolated from railroad tracks and other sites and so forth. And so when they broke down those barriers, then they became a seamless transition, so they fit into the neighborhood.

When you go down State Street and so forth in Chicago, you could never tell that this used to be Taylor Homes or anything else that was associated with public housing. It is a mixed-income development on both sides of the streets and so forth. And so that model does work, and it still works today with the Cabrini. Ida B. Wells has transformed to another development. All of the other different things that they have done over there are just amazing.

Mr. STEIL. I appreciate your comments. I also think it is interesting that the Brown Line of Chicago does not stop at Division; there is probably some history of which I am unaware, but that is clearly an issue when that was the traditional Cabrini-Green that it was, that residents who lived there did not have access to the mainstream Chicago public transit area that I am not an expert in.

Let me shift back over to Mr. Collins, if I can. While we are talking public housing, I want to just shift gears a little bit and discuss a little more broadly affordable housing solutions that might help families provide a platform for that social mobility. Specifically, I want to focus on how Federal financial assistance and Federal policies impact public housing authorities in small and mid-sized cities.

In particular, in my district, in the City of Racine, we have large areas of poverty, but without traditional public housing. But areas that have a lot of Federal assistance. When I have listened to your testimony today, I think a lot about how there are parallels between areas where you have worked, and the City of Racine in my district.

We have heard a lot about what works and does not work well in big cities. Can I just give you another minute to discuss some of the lessons that you have learned from your experience working in smaller cities?

Mr. COLLINS. I think in smaller cities and smaller housing authorities, of course, we are all used to adapting to change. I think you find that there is more of a reluctance to adapt to change. And so we just need to do a better job of educating those housing professionals in rural America on what their options are and making them feel more confident that they can leverage these programs, et cetera.

I just find that housing is so dynamic. You have these large agencies, and that is where policy seems to be focused. And I think that we need to kind of categorize this a little bit better, so that we can shift some of the policies and tailor it a little bit more to some of the smaller agencies and what some of their concerns are.

Mr. STEIL. I appreciate your comment, and I think it is really important that we stay focused in on the distinction between some of the problems that exist and some of our large urban areas and some of the struggles that we have in some of our smaller and midsize cities. I appreciate you being here.

And I yield back.

Chairman CLAY. The gentleman yields back. I now recognize the gentlewoman from Michigan, Ms. Tlaib, for 5 minutes.

Ms. TLAIB. Thank you, Mr. Chairman.

Thank you all so much for being here. One of the things in my district is many of the housing justice advocates have been focused on formulas, right? For years, we have been focusing on trying to increase funding and so forth and we do both. But right now is more and more, well, how do you define affordable housing? Is AMI working? Is this a form of legalized speculation, right?

So these structures and these formulas that are in place right now are not really translating into, I think, real affordable housing. It may have at the beginning, but somehow it has been, I use strong words like "hijacked" by the industry, to be able to move towards something much more lucrative, much more for profit, where others are left out.

And so, it cannot just be about funding anymore. I think there has been kind of an awakening among the housing justice community in that effort in saying, look, we have to look at it in a way that isn't going to stick, isn't going to be sustainable. In vulnerable communities like mine—13 District strong is the 3rd-poorest Congressional district. We have, I think, throughout Wayne County, the 12 communities, we have a shortage of about 36,000 affordable housing units for extremely-low-income renters.

And HUD is talking about, I think, eliminating about 125,000 units by 2020. We know that's not going to work. One of the things that has really been discussed, other than the approach of RAD, which some are thinking could be a legalized form of speculation, and I want to hear from you all about this, and when I say legalized speculation, is basically these for-profit, these kinds of so-called developers that get little fancy names. Whatever. These folks want to come in and make money on the backs of—allow us to subsidize and so forth. Make money on the backs of the public and the poor and then later be able to just keep it and own it and we see it over and over again in Detroit all the time.

But one of the things that we have been talking about is, instead of only using Section 8 housing vouchers for rental, expanding it

to use for home ownership. And yes, there is only a small portion of this. Can you all talk about that, because it is bizarre for me that we have not actually really dug deeper into, how do we increase home ownership and create economic stability for a family? We do it for the developer. They get to own it with our money, but we cannot give it to a mother and say here, we are going to give this to you and you are going to take it.

And so I really think it is critically important that we start thinking about, why can't we expand and say, look, here is a Section 8 voucher. Go become a homeowner. We are going to help you. Think just how bizarre that we do not see it that way. Instead, we want them to be renters forever, which is instability. We have to fight continually to keep it affordable for them, where we can actually get them into a home. So I want to hear from you all, what are you doing to push HUD towards expanding Section 8 vouchers towards home ownership?

Mr. JONES. Congresswoman, I was in the Detroit Housing Commission from 2007 to 2012, and we rebuilt a bunch of those Hope 6 sites at Old Herman Gardens. You have Emerald Springs on the Eastside and so forth. Home ownership, HUD has a program, a Section 8 program of rent-to-own. And so we specify because a rent-to-own is they are able to rent a unit and not become renters for life, but also use that rent money that they are paying for to pay down on eventually a house. And so, we have been supporting that.

And I know my colleagues who have a Section 8 program, we do, do the rent-to-own program and it has been very successful. In Chicago, we probably had about 600 people who have turned from a Family Self-Sufficiency program to a Rent-to-Own program to home ownership. The same thing in Atlanta. And so, a lot of our colleagues have been doing that. It has been small, and we want to increase it, but it takes time to mature a resident and a family to come through the program to build their credit back and so forth.

And we always encourage home ownership. If we can do it all day, every day, we would do it more often. And I am pretty sure my colleagues can agree with me on that.

Mr. COLLINS. I would just say, he is right on point. That is most of the time getting them to the point where they are able to purchase and qualify for mortgages. We have actually bought 10 lots. We are going to build houses at cost to make sure that the voucher can go as far as it can with affordability for those families that we do get ready. But we are handymen, who can only work with the tools that are in our toolbox. Those tools are limited. So, that is how I see it.

Ms. TLAIB. Thank you, Mr. Chairman. And I would like to submit questions for the record. I have some follow-up questions about qualifying for mortgages and so forth. Thank you so much.

Chairman CLAY. The gentlewoman's time has expired. I now recognize the gentleman from Ohio, Mr. Gonzalez, for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Mr. Chairman, for holding this hearing.

And thank you to the witnesses for participating today. For those who work directly in this industry, I think you have some of the most difficult jobs in the country, frankly. As Mr. Heck articulated, I think quite well, there is a housing supply crisis. We do not have

anywhere near the number of homes being built today. And, of course, it has been true for generations of Americans that having access to affordable starter homes that you can own and build equity is something that allows families to build wealth, generational wealth, and really get off on the right footing.

That being said, and I heard Ms. Tlaib mention it as well, home ownership is a key pillar. It is odd to me that there is a big push towards more public housing defined in the narrow sense that Mr. Steil defined it as because, of course, you do not own those. Those are owned by housing authorities. And so, I think if our goal is home ownership, to promote more spending on items that by their very nature do not lead to home ownership of that specific unit, I think, is misguided.

I guess my first question would be to Mr. Jones. I think you have obviously been around different cities and have seen different programs work, some better than others. I would like you to speak specifically about how we can get sort of more out of the RAD program. What can we do to make sure that the RAD program or other programs would be more successful when it comes to encouraging the end of homelessness, but also home ownership?

Mr. JONES. I think the way that occurs, the RAD program to expand a little bit, is to listen to the people who are at this table, who run these housing agencies, to look at some of the pitfalls from it. RAD is not turned over tomorrow. If you submit a RAD application, it takes a while. And the cumbersome nature of the paperwork and so forth. But once it is done, then the action starts. I think it is more of a mentor—

Mr. GONZALEZ OF OHIO. How long does that paperwork typically take?

Mr. JONES. It just depends.

Mr. GONZALEZ OF OHIO. Yes.

Mr. JONES. Sometimes you may not submit that right piece of paper and you have to start all over again or you have to amend it and so forth.

Mr. GONZALEZ OF OHIO. Yes.

Mr. JONES. HUD does work with you diligently because they know it is a matter of urgency that you are doing something with RAD because everything is financed, and everything is ready to close, so there is a matter of urgency. But how can we streamline it and make it quicker? To make it very appropriate, looking at the guidelines. Does it actually fit your needs? And if it does not, what is your alternative?

And listening to the lay people who do this work every day, I think that will start the better suggestions about how we can improve that program. How we can get more invested in it. The issue is that a lot of agencies do not understand the RAD program. They do not have the capacity to do it, and then they lean themselves over our trade association, NARA, PHADA, and CLPHA. They do a tremendous job, but to be there right next to them, holding that executive director's hand to show them the pluses and minuses of the program is much needed also.

Mr. GONZALEZ OF OHIO. Yes. And it sounds like HUD could do a better job in that regard as well. Would you agree?

Mr. JONES. Yes.

Mr. GONZALEZ OF OHIO. From both a streamlining, but also working with the agencies themselves?

Mr. JONES. They have been working diligently, but it is not perfect.

Mr. GONZALEZ OF OHIO. Right. Absolutely. And then just shifting gears a little bit, in Ohio, where I am from, we have two cities that are participating in HUD's Envision Center Demonstration program, that is designed to streamline government services and help more Americans become self-sufficient, sort of what we were just talking about. Do you or anybody on the panel have any feedback on this program to date and what else we can do on that front? Mr. Collins?

Mr. COLLINS. I think we are pretty close, based on the Secretary's office, to being designated an Envision Center, but the only thing I would add is it does not come with funding right now. You have to pool sources for funding. So I would think that at some point, it may need to be looked at to figure out how you can appropriately fund the mission of the Envision Center.

Mr. GONZALEZ OF OHIO. Great. And with that, I want to thank the panel again. You all are doing incredible work.

And I yield back.

Chairman CLAY. The gentleman from Ohio yields back. I want to thank Mr. Gonzalez for your line of questioning and your participation in this hearing, as well as thank the entire panel for your participation today to help inform us, the policymakers. I think this has been quite an eye-opening experience for us to get your testimony on the record in order for us to advise the agency of how they could move forward more efficiently and more proficiently on this issue. So, thank you all very much.

And I would like to thank our witnesses, again, for your testimony.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

This hearing is adjourned.

[Whereupon, at 3:59 p.m., the hearing was adjourned.]

A P P E N D I X

February 5, 2020

WRITTEN TESTIMONY OF BOBBY R. COLLINS, EXECUTIVE DIRECTOR, HOUSING AUTHORITY OF THE
CITY OF SHREVEPORT AND THE HOUSING AUTHORITY OF THE CITY OF WINNFIELD, LA
SUBCOMMITTEE ON HOUSING, COMMUNITY DEVELOPMENT, AND INSURANCE
COMMITTEE ON FINANCIAL SERVICES

FEBRUARY 5, 2020

“A Future Without Public Housing? Examining the Trump Administration’s Efforts to Eliminate Public Housing”

Good afternoon Chairman Clay, Ranking Member Stivers, and members of the Subcommittee. I am Bobby R. Collins, and I am the Executive Director of the Housing Authority of the City of Shreveport (HACS) and the Housing Authority of The City of Winnfield (HACW), Louisiana.

Thank you for the opportunity to appear before you to discuss the vital importance and preservation of affordable and public housing.

1. The Importance of Public Housing and How it is Distinct from Other Forms of Assistance

As you know, public housing has served as a vital resource for the working poor for nearly a century. Created on the tails of New Deal and slum-clearance programs in the early 1900s, much of this stock was developed in the post-war period. It provided working families, not only a safe place to lay their head, but also a place to take steps toward forming a career; a family; and a place in this world. In this same tradition, many public housing units are coupled with self-sufficiency programs and have income rules that encourage wage growth for residents by allowing flat rents.

2. How the Lack of Federal Funding has Affected PHAs’ Ability to Address their Capital Needs

As this stock has aged, federal funding for capital improvements has not kept pace. Latest estimates suggest the current national backlog of unmet capital needs to be more than \$70B. While public housing authorities do receive Capital Funds and Operating Subsidy from the U.S Department of Housing and Urban Development (HUD), these funding sources are unreliable, declining, and

woefully inadequate to address the overall need. While other sources are available to affordable housing at large – such as private/public debt, grants, or equity from Low-Income Housing Tax Credits – each of these sources are scarce, often competitive, and unavailable to the public housing program because of restrictions placed in the Annual Contributions Contract and Declaration of Trust. This further complicates the position for housing authorities, because despite a growing capital need and a declining source of funds, from HUD, they are restricted from accessing outside capital. Congress has underfunded public housing for decades. Funding for public housing has decreased significantly. Over the past two decades, funding for public housing repair has been reduced by over 50% and funding for public housing operations have been met with a similar fate. Even with the marginal funding increases in the last two fiscal years, funding is over 15% lower than 2010 funding levels. This has exacerbated the obsolescence, decay and disrepair. Both HACS and HACW were forced to address several million dollars of deferred capital needs by leveraging the RAD program and HUD's Section 18 program. These programs are the only options available to obtain debt and equity financing to fully address the millions of dollars in capital needs identified by the Physical Needs Assessments. HACS just recently completed a RAD conversion and rehabilitation of its first 132-unit property. Also, HACS recently received final permission from HUD to demolish a 184-unit property that is the oldest Public Housing Project in the City and relocate the residents using Tenant Protection Vouchers. The balance of the portfolio will be converted using either RAD or Voluntary Conversion, to again, address the millions of dollars of capital needs. HACW has received conditional approval for a RAD conversion and we are currently navigating the remaining logistics to 118 units in the HACW portfolio. HACW does not have a HCV program; therefore, the 118 vouchers will have to be managed by another Public Housing Authority. Ultimately this will represent the end of HACW's functional participation in Public Housing. HACW is indicative of most small and rural

Public Housing Authorities nationwide that endeavor to address their capital needs by leveraging the current programs.

3. How Federal Programs, such as the Rental Assistance Demonstration or Choice Neighborhoods Initiative are Serving or Not Serving the Needs of Residents and of PHAs in Addressing their Capital and Financial Needs

Recognizing this challenge, the Obama Administration developed the Rental Assistance Demonstration (RAD) program, which sought to provide a voluntary program aimed at preserving public housing as an affordable housing resource by converting existing Capital Funds and Operating Subsidy to a project-based voucher platform. Although this does not introduce additional funding from HUD, it does remove the restrictions, allowing former public housing sites to access private and public financing resources available to other affordable housing providers. This program has converted more than 129,150 public housing units since the program's inception in 2011. This has represented more than \$7.95 billion in affordable housing investment. Through this conversion, residents maintain rights, such as the right to organize a resident council, right to remain at the property post-conversion, right to assistance for temporary relocation, right to maintain the same percentage of tenant rent, and the right to request and receive priority for a tenant-based Housing Choice Voucher through Choice Mobility.

Similarly, the Obama administration created the Choice Neighborhoods Initiative (CNI), which developed both a framework and limited competitive funding stream for comprehensive neighborhood redevelopment for low-income communities that include dilapidated or obsolete public or assisted housing sites. Through this program, successful grantees are provided grant funds to redevelop mixed-income communities and housing with either project-based voucher or public housing replacement units mixed in with units for other income or subsidy types. Through this

program residents receive targeted case management services, are engaged through the planning and implementation process, and are guaranteed a right of return.

4. Recent Actions by the Trump Administration to Eliminate Public Housing

These programs have been fully embraced by the current administration, along with the introduction and expansion of other asset repositioning tools, such as Section 18 and Streamlined Voluntary Conversion. While these programs remain voluntary, the administration has strongly encouraged housing authorities to pursue asset repositioning, with RAD being the predominant alternative.

While RAD is an effective and necessary tool, it does have flaws. For instance, RAD is predominantly based on existing subsidies, which often creates contract rents that are much lower than those generated through the standard voucher program; RAD largely relies on equity from the Low-Income Housing Tax Credit (LIHTC) program as a source of outside capital, which can be limited, competitive, varied from state-to-state, and complex; and because of the inherent complex nature of layered financing, many smaller housing authorities that lack in-house development and finance capacity are left at a stark disadvantage and have become all too reliant on for-profit developers and HUD for assistance. While these programs can certainly be improved, they are a much better alternative than continuing to watch our public housing continue to decline and disappear with no action while waiting on adequate funding for Public Housing through Capital Funds and Operating Subsidy.

5. Comments or Recommendations for Legislation that Congress Should Pass to Help Preserve Public Housing

The most effective means of addressing the backlog of unmet needs for the public housing program is to provide adequate funding to stabilize and preserve existing public housing properties as proposed by Chairwoman Waters in H.R. 5187, the "Housing is Infrastructure Act of 2019" and its companion measure introduced by Senator Harris in the United States Senate. This would place housing authorities in a better position to serve their communities, meet their affordable housing needs, and focus more of their time on the creation of new affordable housing opportunities and resources. Additionally, as more families are transitioned to the Housing Choice Voucher (HCV) program as a result of the RAD and Streamlined Voluntary Conversions, it is increasingly important to permanently stabilize the funding of the Administrative fees used to properly administer the program. Currently this funding level is at 80% proration, meaning there is acknowledgement by HUD and Congress that it takes \$1 to properly administer the HCV program but it's being funded at \$0.80 on the dollar. This proration has been below \$0.70 on the dollar in recent years. This greatly impairs the ability to plan and properly administer the HCV program.

Absent these sweeping actions, however, Congress can continue to refine and develop asset repositioning programs and tools, including the RAD program, in order to ensure that they are more dynamic, that they allow local agencies to make local decisions, and that they provide additional financial resources to ensure the successful preservation of all affordable housing resources, through technical assistance and grants.

I hope the foregoing information has shed some light on the current status of the public housing program and ignites a fruitful conversation and subsequent action to address this great need. I appreciate the opportunity to appear before this Subcommittee. I look forward to answering any questions you may have.

**Written Testimony of Ann Brennan Gass
Director of Strategic Housing Initiatives
Housing Authority of the City of Austin (HACA)**

**Hearing before the House Financial Services Subcommittee on Housing, Community
Development and Insurance on the Rental Assistance Demonstration Successes in Austin, TX
February 5, 2020**

Chairman Clay, Ranking Member Stivers, and members of the Subcommittee, thank you for the opportunity to testify on behalf of the Housing Authority of the City of Austin, also known as HACA.

My name is Ann Gass, Director of Strategic Housing Initiatives for HACA. I have been with the agency for almost 20 years and have served in a variety of roles throughout the organization. For the last four years, I have served as Director of Strategic Housing Initiatives, overseeing HACA's conversion to HUD's Rental Assistance Demonstration program, or RAD.

The Housing Authority of the City of Austin has been around as long as public housing. Austin is home to some of the oldest public housing in the country under the 1937 US Housing Act, some of which was built in the late 1930's. The Housing Authority has continued to innovate and adapt to maintain and improve 1,839 units of public housing as well as manage over 6,000 housing choice (HCV) and other rental assistance vouchers.

We house more than 25,000 individuals every day, individuals who are among the most vulnerable Austinites and who would otherwise not be able to afford to live in the city. Ten percent are seniors over 62 years old, 25% are persons with disabilities, and approximately 50% are children.

Maintaining our housing assets is crucial, as the demand for affordable housing continues to increase. The latest projections are that Austin needs an additional 60,000 units over the next 10 years to keep up with demand. HACA alone has over 10,000 families on our various waiting lists. During our last Housing Choice Voucher waiting list opening in 2018, over 17,000 families submitted applications, with 2,000 randomly selected in the lottery process and ultimately added on the waiting list.

These HUD programs remain at risk, subject to reduction or elimination of funding. The Rental Assistance Demonstration Program, or RAD, seeks to address some of that volatility and history of inadequate funding.

RAD at HACA

RAD was the brainchild of the talented HUD staff led by Secretary Shaun Donovan during the Obama administration, and has continued through the tenures of Secretaries Julian Castro and Dr. Ben Carson. Since 2012, HUD has overseen the conversion of almost 130,000 public housing units under this demonstration, which addresses the backlog of capital needs by allowing Public

Housing Authorities (PHAs) to leverage their aging yet valuable assets to make much needed capital improvements. RAD allows the private market to invest and make reasonable returns while helping to fund these needs and to improve the look and feel of these assets. It also allowed us to go a step further and increase the supply of affordable housing by combining RAD with other affordable housing tools that have been around for many years, like the Low Income Housing Tax Credit and Section 18 Disposition programs.

HACA has used these tools to reposition our 1,839 public housing units and ensure the viability of the assets for decades to come. Those physical improvements, coupled with the reliability and stability of a long-term Section 8 contract with HUD that comes with RAD, means that RAD is a program that keeps public housing operational for the long term, albeit under a different platform. HACA is not privatizing public housing; we continue to retain ownership of the assets.

All of this combined bring us to the reason everyone at HACA, and PHAs across the country, come to work each day – the well-being of our residents. RAD has allowed us to improve their quality of life in countless ways. In the properties we have modernized, residents now have new appliances, flooring, paint, kitchens and bathrooms. More importantly, we have also been able to add amenities to many units that most of us take for granted, such as central air conditioning, dishwashers, garbage disposals, and even washers and dryers. These modern amenities, that are a given in a market rate apartment complex, are new to public housing residents, and we would not have been able to do it without RAD. The properties that we have completely rebuilt have also improved the surrounding community. The old public housing built in the 1930s is now being replaced by buildings and green spaces that look like the market rate properties around them. We have also doubled the number of accessible units for persons with disabilities and mobility needs.

Why RAD? Why now? To put it simply, the old public housing funding platform has failed our residents, in its inadequacy and inconsistency of funding. Public Housing subsidy came from two sources – operating funds and capital funds. Operating funds were meant to fund operations – salaries, maintenance expenses, insurance, etc. Capital funds were meant to cover capital improvement needs. When RAD came into being in 2012, there was a \$26B backlog of capital repairs in public housing nationwide, which has only continued to grow. This backlog demonstrates how underfunded Capital Funds have been – for decades now. The operating funds were also underfunded, through routine prorations – meaning whatever it cost a PHA to operate a property was prorated – 85%, 90% - not enough to properly run and maintain an apartment complex.

This instability ultimately impacts the surrounding community and the most vulnerable participants in this program - the people we are meant to serve – the residents to whom we are to provide a safe, decent, sanitary home.

HACA chose RAD, not to devolve ourselves of public housing, but to reinforce our ability to work towards our mission and serve our community and the same resident population we served under the public housing program. This reinforcement came in the form of the capital improvements I have already discussed and a long-term Section 8 contract through Project

Based Rental Assistance. This is stability and predictability we did not enjoy under the public housing program.

Resident Involvement throughout RAD Planning

Because they are the most impacted of all, HACA made residents the focal point of our planning efforts with RAD. We were determined to ensure that at every phase of planning and implementation, we did it in partnership with residents. This was done in a multitude of ways:

- Robust communication. We held many meetings with our families, at times even monthly or more. We also asked our resident leaders for time on every Resident Council's meeting agenda to ask for their participation and to get input on how to meaningfully involve residents. We held several on-property RAD office hours the day after meetings in case residents had follow up questions or concerns that were not expressed during the larger meeting
- We arranged for language translators and invested in translation equipment for every resident meeting to ensure that all residents understood the content of the meetings and could ask questions and engage in the discussions
- We created a dedicated HACA RAD website, established a toll-free HACA RAD hotline, and email address so residents could reach out with any questions or concerns
- We placed property-specific inserts in our monthly resident newsletters to keep families updated on upcoming meetings, focus groups and other pertinent RAD news
- We placed prominent signage at every RAD converting property's main office that kept residents apprised of meetings and planned improvements that residents had requested

We also recognized early on that we needed to put RAD into terms that the layperson could understand...something to make it clear how RAD would impact the day-to-day lives of our residents and neighbors. Rental Assistance Demonstration or RAD doesn't mean much, even to those of us in the industry, so we came up with PIC - Protections, Improvements and Choice.

RAD = PIC

"Protections" refers to the requirement that any resident who lives at a converting property the day before it converts, has the right to be a resident the day after it converts. This is especially important for residents who are temporarily relocated due to construction. They have an absolute right to return after construction is complete. "Protections" also refers to the resident's rent payment. The rent is still calculated based on 30% of the resident's monthly adjusted income.

"Improvements" refers to the physical improvements each property receives as part of the conversion. This is not limited to just unit improvements, but also common area and site improvements, including playscape improvements and shade canopies, new barbecue grills, benches and tables to name a few. The improvements were determined in partnership with residents through surveys, focus groups and discussions.

"Choice" refers to a RAD component called Choice Mobility, which gives residents the opportunity to be placed on a list for a Housing Choice Voucher after two years of residing in a

RAD converted PBRA property. HACA's first round of conversions hit the two-year mark in December 2017. About 15% of the residents who were eligible for a voucher applied for one. Based on the level of excitement over Choice Mobility when we first introduced it, we expected more residents would take advantage of it. We take pride in the fact that most residents decided to stay in their newly renovated properties. This indicates that the improvements we made, informed by resident involvement and input, have indeed helped to improve their quality of life, which was our ultimate goal in implementing this program.

We used this acronym, PIC, at every resident meeting – and there were scores of them. We used small group discussions, power points, surveys and a lot of question and answer sessions to bring the residents into the planning process. We also brought researchers and scholars who study mixed-income developments. All of these things contributed to what we now understand so clearly about this process. It's not revolutionary or extraordinary; in fact, it's quite simple. The people who live it every day, the residents of the property and the people who work with them every day should be the architects of this change. Through RAD and PIC, HACA has done its best to reinforce this mantra every day.

This is most evident in our Resident Protection Team (RPT), or as we like to call it, our "Give HACA Hell" department.

Led by a HACA staff member and a local community and tenant advocate, this team is made up of every stakeholder we could think of – resident leaders, the local utility companies, the school district, the transportation authority, county mental health service provider, after school programs like Boys and Girls Clubs of Austin, Meals on Wheels – all of whom play a role in our residents' lives. The group meets once a month alongside our resident relocation consultants to discuss the impact of RAD on our residents and find solutions to resolve any potential negative impact identified.

This has been particularly helpful with the temporary relocation of residents that is necessary when performing deep rehabilitation or a full redevelopment. For example, the school district helped us get transportation for students whose families were temporarily relocated. The utility company worked with residents to transfer utilities, and allowed them to complete the transfer seamlessly. The Resident Protection Team has been an extremely effective tool in making what is at best an inconvenient process, into a more bearable experience. This model was even awarded an industry award of merit by NAHRO for its effectiveness in resident relocation efforts.

CONCLUSION

I must acknowledge that RAD conversion is by no means perfect or easy. It has been challenging, on residents and staff alike. In fact, this is likely the hardest thing HACA has undertaken in its 80 years. We did it, not to devolve ourselves of public housing, but to reinforce our ability to serve our residents – the same residents we served under the public housing program. This reinforcement came in the form of capital improvements and a long-term Section 8 contract – stability that was absent from the public housing program.

The task has been made easier by an outstanding team at HUD. The leadership that has worked on RAD since the beginning, made up of a core group of professionals like Greg Byrne and Tom Davis, is one of the strongest I have worked with. Removed from politics, and with significant experience and knowledge of the inner workings of HUD, Tom and his team at HUD's Office of Recapitalization have been creative, forward thinking and solutions oriented. Their help navigating this program has been invaluable.

Now, as we look back at the 1,739 units we have converted under RAD, with fewer than 100 units to go, we can quantify the impact RAD has had.

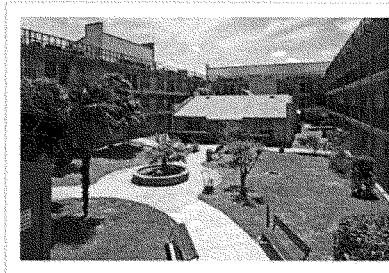
- \$80M invested in the local economy through construction projects
- \$35M in reserves set aside for future capital repair needs.
- Almost 500 units significantly rehabilitated and brought up to modern standards.
- 118 units, some built as many as 80 years ago, with no central air or handicapped accessibility or modern amenities, have been demolished – to be replaced by 276 brand new, mixed-income units that will bring much-needed additional affordable units to Austin .
- Most importantly – a better quality of life for hundreds of families in Austin and their surrounding communities.

Thank you for your efforts to support Housing Authorities throughout the country. It has been an honor to represent the Housing Authority of the City of Austin to testify on our efforts to improve resident quality of life, ensure meaningful resident engagement and increase affordable housing in Austin.

SAMPLING OF HACA'S RAD ACTIVITIES IN PHOTOS

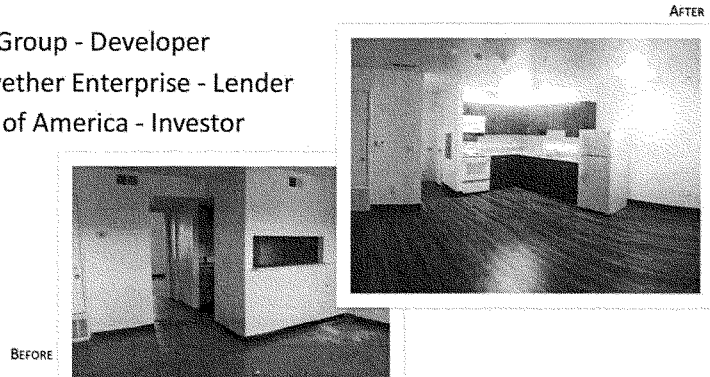
4% LIHTC Rehab – Gaston Place

- 100 units
- \$7.5 million in rehab
- RAD Scope
 - Full Interior Unit Rehab
 - Common Area Rehab
 - New Roof/Paint/Siding

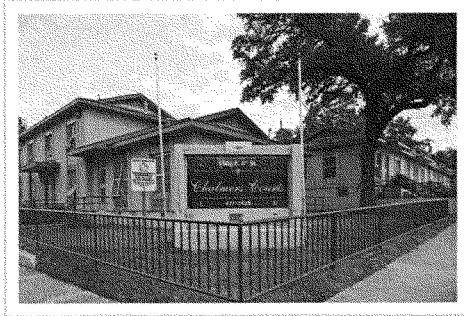


4% LIHTC Rehab – Gaston Place

- ITEX Group - Developer
- Bellwether Enterprise - Lender
- Bank of America - Investor



9% LIHTC Reconstruction
Pathways at chalmers courts



158 Units
in Central East Austin.
Built in 1939.

TEAM
Carleton Residential
Trey more Construction
Nelsen Architects

9% LIHTC new construction – chalmers courts

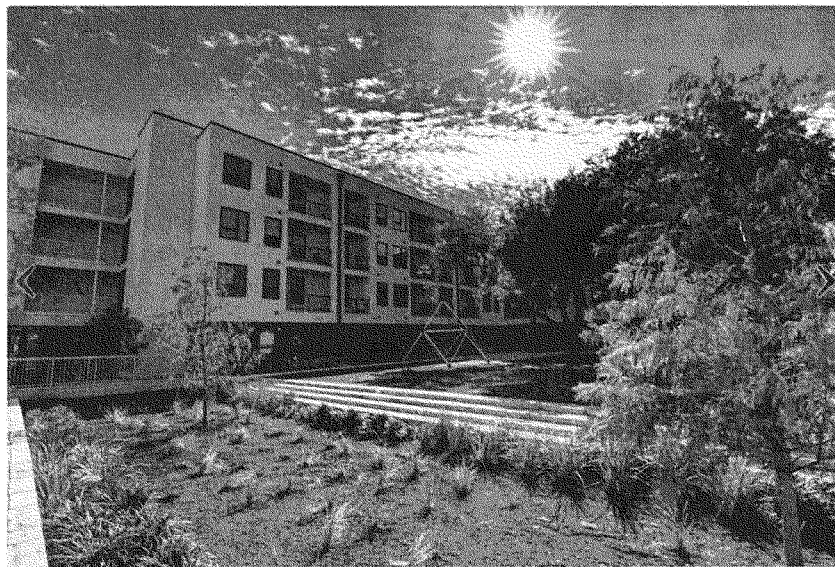
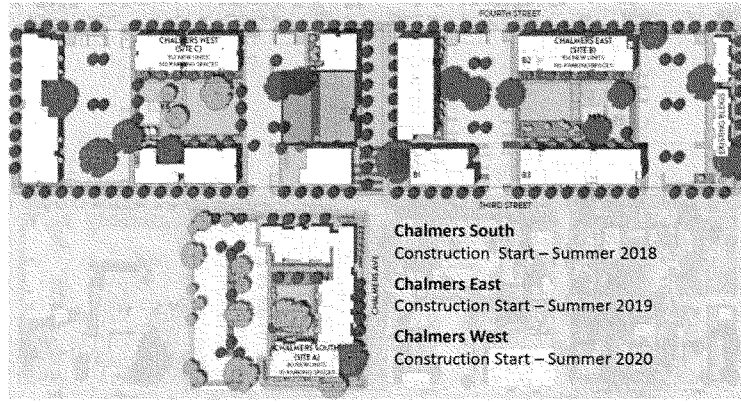
NOW - 158 Units

- 56 Families with Children
- 114 Children
- 38 Elderly
- 105 Disabled

NEW - 394 Units

- >50% family units
- >275 Children projected post redevelopment
- 10% Handicapped Accessible





PATHWAYS AT CHALMERS COURTS SOUTH OPENED FALL OF 2019



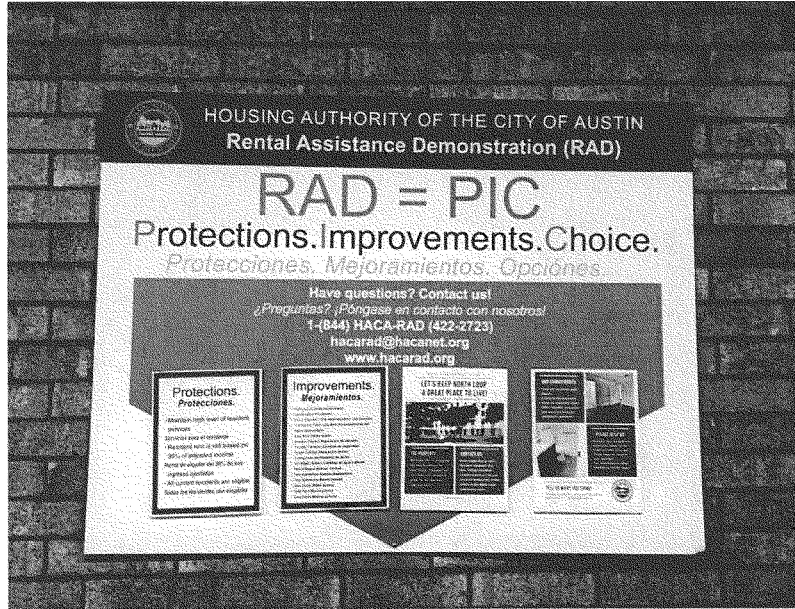
PATHWAYS AT GOODRICH PLACE WILL OPEN THIS SPRING 2020. ORIGINALLY 40 UNITS OF PUBLIC HOUSING, IT WILL NOW PROVIDE 120 UNITS OF AFFORDABLE HOUSING



HACA YOUTH FROM PATHWAYS AT SHADOWBEND ENJOYING THE NEW SHADE CANOPY OVER THE PROPERTY'S PLAYSCAPE. THE CHILDREN OF THE PROPERTY SELECTED THE CANOPY COLOR DURING RAD PLANNING.



PHOTOS FROM TWO OF THE MANY RESIDENT MEETINGS TO DISCUSS RAD PROGRAM



RAD = PIC SIGNAGE AT ONE OF HACA'S RAD-CONVERTED PROPERTIES



LISA MARTINEZ IS A MOTHER OF FIVE. WHEN SHE WALKED INTO HER NEWLY RENOVATED UNIT AT MANCHACA VILLAGE AND SAW HER DISHWASHER – A NEW ADDITION TO THE 3 AND 4 BEDROOM UNITS - SHE WALKED RIGHT OVER AND HUGGED IT!

Testimony for Hearing before the Financial
Services Committee

Subcommittee on Housing, Community
Development, Insurance

February 5, 2020 2:00 p.m.

Eugene "Gene" Jones, Jr.

President and CEO Atlanta Housing Authority

Good Afternoon Subcommittee Chairman Clay, Ranking Member Stivers, and Members of the Subcommittee:

Thank you very much for the invitation to share my insights. I am Eugene Jones, President and Chief Executive Officer of the Atlanta Housing Authority. The Atlanta Housing Authority proudly provides affordable housing opportunities to approximately 22,000 households and over 50,000 individuals. I am a 35-year veteran of public housing leadership, both as a member of a Department of Housing and Urban Development team sent to rescue and turn around ailing public housing authorities, and for the last five years as Chief Executive Officer of the Chicago Housing Authority (CHA) - the nation's second largest public housing authority.

It is this body of experience that informs my remarks. I have seen both sides of the coin - what happens when there is full investment in public housing and what happens when there is not - what happens when you view public housing as an asset and what happens when it is seen as a warehouse, or worse, as a blight.

There is no question that Chicago's public housing presents the most complete case study of the development, fall, and resurrection of public housing. The impact of public housing on its residents' and communities' lives is well documented.

Chicago's first developments were built in 1939. The well-kept, predominantly low- and mid-rise dwellings that replaced inadequate and dangerous stick-built slums were integrated into neighborhoods across the city and made home to families - black and white, immigrant and native. The situation remained that way until the mid-fifties. It was then - and into the early sixties - when with varied intentions massive high rises were built along miles of isolated land between Chicago's expressways, cut off from but dominating the neighborhoods where their shadows fell and occupied almost exclusively by African Americans, who, by virtue of the siting of the 'projects' were cut off from public transportation and easy access to jobs and amenities.

The uprisings of 1968 caused in their wake the exodus of many homeowners, stores and jobs, while the towering public housing buildings remained and fell into disrepair. Federal funding cutbacks for both the creation of new housing and

the upkeep of existing housing created a serious problem for the housing authority and a severe shortage of housing for those working and poor families.

In 1984, public housing in Chicago was the State's second largest 'city'. By 1994, when the Federal Government put the CHA into receivership, there were only 25,000 viable units of housing, with 10,000 of those being dedicated to seniors. Most of these units existed in poor communities. In fact, in 1998 Chicago's towering public housing represented 14 of the Nation's poorest census tracts and the communities they dominated were bereft of stores, amenities, and sometimes even schools and parks.

The consistent underfunding of housing agencies led to failing buildings, isolated and increasingly impoverished residents, and multi-generational dependence on the government for housing and income.

In 1999, after experimenting with new federal programs and with the agreement of the Clinton Administration and Republican Congressional leadership, Chicago developed and Congress accepted Chicago's proposed Plan For Transformation in which it would demolish 981 existing troubled high rises and replace them with housing that was low and mid-rise, mixed income (1/3 public, 1/3 Low Income Housing Tax Credit and 1/3 market rate) housing and that would be developed by private/public partnerships with the input of both the CHA residents and those in the surrounding communities.

The thesis was that by doing so, the city would: end the isolation of public housing residents and assure better access to jobs, amenities and more; return the former projects to the city's street grid thereby integrating the housing into communities and making it indistinguishable from the surrounding neighborhood; and act as a springboard for renewal in communities that had been weakened by the domination of massive, increasingly deteriorated and dangerous CHA high rises.

Chicago was fortunate - it had committed public officials, a talented housing staff, and an engaged population and won not only a commitment of \$2 billion for renovation but Moving to Work program status that allowed flexibility in how dollars were spent. That essential funding flexibility allowed the \$2 billion to be leveraged with private market dollars to create market rate and tax credit units for critically important mixed income developments as well as fund the rehabilitation of senior and family housing and investment in ancillary but

essential community amenities such as schools, libraries, park district facilities and more. In addition, CHA was provided with more Housing Choice Vouchers (HCV), and today has approximately 48,000 in use.

Through the use of flexible federal investment programs, such as the Choice Neighborhoods program, the Rental Assistance Demonstration program and the Moving to Work program, CHA successfully changed and greatly improved the profile of public housing and the lives of its residents.

A) The Housing:

- In 1999 - there were only 25,000 units of housing that were viable, and more than 98 buildings were considered unlivable and ordered to be demolished
- In 2020 there are 25,000 units of public housing that are in every community in Chicago - in buildings that are fully owned by CHA, co-owned by CHA, or invested in by CHA - in apartments that are safe, well-located and near to amenities and employment

B) The People:

- In 1999 - only 34 percent of eligible public housing residents worked and those that did earned an average of \$10,000 a year
- In 2020 - 57 percent of eligible residents work and those that do earn an average of \$20,000 per year with those living in mixed income housing earning more

C) The Communities:

- Seven communities considered themselves blighted and isolated in 1999 and most had seen no private investment for almost 75 years
- Today, anchored by architecturally attractive mixed income housing, each of the seven communities is thriving without displacement of the poor. They are now home to new schools, parks, grocery stores, restaurants, and stores. In turn, businesses are hiring residents from the community - with no regard to whether they receive subsidized rent

D) One important data point is the difference between outcomes for HCV holders and residents of mixed income or family housing that indicates that those in public housing are more likely to seek and find success in work and financial independence

- 51% of HCV holders work and earn an average of \$19,000 per year
- 63% of those in Family Housing work and earn an average of \$21,000 per year
- 69 % of those CHA residents living in mixed income developments work and earn an average of \$23,000 per year

Even with Chicago's proven accomplishments and relatively moderate rent levels, the shortage of affordable housing is apparent. Each time CHA opens its waiting list more than 300,000 families apply - reflecting the continued shortage of affordable housing.

And while you can't house your way out of poverty, increasing the supply of affordable housing by building new structures and purchasing and rehabbing old structures through various public/private partnerships eases the housing shortage for the vast amount of Americans who today pay more than the suggested 30 percent of income for their rent or mortgage.

Thank you for the privilege of providing my testimony. I look forward to ongoing communication with Members and staff of the House Committee on Financial Services, as we continue to strive toward our shared goal of providing affordable housing to all Americans.



THE CURRENT STATE OF PUBLIC HOUSING

Statement of
Susan J. Popkin, PhD*
Institute fellow, Urban Institute

before the
Subcommittee on Housing, Community Development, and Insurance,
Committee on Financial Services,
United States House of Representatives

**A FUTURE WITHOUT PUBLIC HOUSING? EXAMINING THE TRUMP
ADMINISTRATION'S EFFORTS TO ELIMINATE PUBLIC HOUSING**

February 5, 2020

*The views expressed are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

I thank Martha Galvez, Diane Levy, Maya Brennan, Chris Hayes, Matt Gerken, and Will Fischer for helpful comments and Abby Boshart, Benjamin Docter, and Mica O'Brien for help in preparing this testimony.

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Thank you for inviting me to testify today. My name is Susan Popkin, and I am an Institute fellow and director of the HOST Initiative at the Urban Institute in Washington, DC. I am honored to provide evidence about the fundamental role that public housing plays in providing housing stability for more than 1 million extremely low-income households, the majority of whom are older adults, people with disabilities, or families with children; the deteriorating state of the nation's public housing stock; and the need to strengthen policy tools to ensure that this essential resource is preserved. The views I express today are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

Summary

The United States is facing the worst affordable housing crisis in a generation, with more households competing for an increasingly limited supply of rental housing.¹ Housing assistance is not an entitlement in the US, and the supply of subsidies is not large enough to meet the growing need. Currently, only 1 in 5 eligible households receives assistance, and waiting lists in many communities are years long.² Public housing plays a critical role in the rental housing market, providing stable housing for more than 1 million extremely low-income households made up of older adults, people with disabilities, and families with young children. We estimate that it accounts for roughly 10 percent of the affordable housing available to extremely low-income renters.³

But despite its important role, our nation's public housing program faces an uncertain future. Most public housing in the US is at least 40 years old and needs major capital repairs to keep it operational. Decades of funding cuts, poor management, and weak oversight from the US Department of Housing and Urban Development (HUD) have left many housing authorities to face the hard reality that they may not be able to keep their buildings open.⁴ The administration has repeatedly proposed substantial cuts to the Public Housing Operating and Capital funds. Congress has restored these cuts and increased annual funding amounts, but while welcome, these resources are not enough to address the need. The largest tool available for addressing capital needs, the Rental Assistance Demonstration (RAD) program,⁵ has helped participating housing agencies fund repairs and revitalization, but the program requires strengthening to ensure that the funds are adequate and that resident protections are enforced consistently. HUD has increasingly encouraged housing agencies to remove projects from the public housing inventory through strategies beyond RAD, including demolition and disposition and voluntary conversion. Unlike RAD, these options do not require replacing lost public housing with

¹ Corianne Payton Scally, Samantha Batko, Susan J. Popkin, and Nicole DuBois, *The Case for More, Not Less: Shortfalls in Federal Housing Assistance and Gaps in Evidence for Proposed Policy Changes* (Washington, DC: Urban Institute, 2018).

² G. Thomas Kingsley, "Trends in Housing Problems and Federal Housing Assistance" (Washington, DC: Urban Institute, 2017).

³ Liza Getsinger, Lily Posey, Graham MacDonald, Josh Leopold, and Katya Abazajian, *The Housing Affordability Gap for Extremely Low-Income Renters in 2014* (Washington, DC: Urban Institute, 2017).

⁴ Susan J. Popkin, Diane K. Levy, and Corianne Payton Scally, "America's Public Housing Program Faces an Uncertain Future," *Urban Wire* (blog), Urban Institute, December 17, 2018, <https://www.urban.org/urban-wire/americas-public-housing-program-faces-uncertain-future>.

⁵ Dennis Stout, Frankie Clogston, Alexander Thackeray, Jennifer Stoloff, Brad Anthony, Christopher R. Hayes, Susan J. Popkin, and Matthew Gerken, *Evaluation of HUD's Rental Assistance Demonstration (RAD): Final Report* (Washington, DC: US Department of Housing and Urban Development, 2019).

comparable subsidies tied to specific projects (hard units), and they include few of RAD's protections for tenant rights.⁶

Public Housing Plays a Fundamental Role in the Housing Market

The nation's housing crisis is squeezing low-income renters; the latest figures show that nearly three-quarters of those with incomes below \$15,000 are severely cost-burdened—paying more than half their income for housing—and that the shortage of low-cost units continues to grow.⁷ There is currently no community in the US where a minimum-wage earner can afford a standard two-bedroom apartment.⁸

Housing assistance is not an entitlement in the US, and the supply of housing subsidies is not large enough to meet the growing need. Public housing is the oldest housing subsidy program; the other major programs include Housing Choice Vouchers and project-based rental assistance programs. Together, these programs serve only 20 percent of those eligible for assistance.⁹

An analysis¹⁰ by my Urban Institute colleagues Martha Galvez and Benny Docter provides an overview of the status of the public housing program as of 2016:

- A total of 3,021 public housing authorities (PHAs) managed 1,067,387 public housing units in 6,923 properties, housing a total of 2,311,181 low-income people.
- The majority of these units (about 1,013,000) were occupied, with a vacancy rate of 5 percent.
- Between 2012 and 2016, the number of households living in public housing declined by 69,981 (6 percent). Much of the recent decline in public housing assistance reflects conversions through the RAD program.
- The majority of PHAs that provide public housing are small: 71 percent (more than 2,100 PHAs) manage fewer than 500 units, and they account for 20 percent of the total public housing stock.
- Public housing tends to be in neighborhoods with higher poverty rates and those with higher shares of non-white households. In 2016, the average poverty rate for census tracts that include public housing units was 33 percent. On average, the households in those tracts were 61 percent non-white.

⁶ Will Fischer, "The Future of Public Housing: Background on Existing Policies," paper presented at the Urban Institute's Future of Public Housing convening, Washington, DC, October 21, 2019.

⁷ Joint Center for Housing Studies of Harvard University, *America's Rental Housing 2020* (Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2020).

⁸ "How Much Do You Need to Earn to Afford a Modest Apartment in Your State?" National Low Income Housing Coalition, accessed January 31, 2020, <https://reports.nlihc.org/oor>.

⁹ Scally, Batko, Popkin, and DuBois, *The Case for More, Not Less*.

¹⁰ Benny Docter and Martha M. Galvez, "The Future of Public Housing: Public Housing Fact Sheet" (Washington, DC: Urban Institute, 2020).

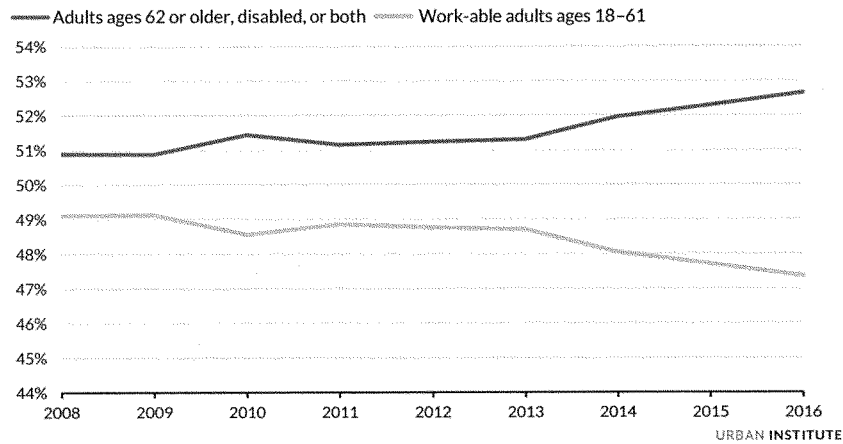
Vulnerable Americans Live in Public Housing

The same analysis highlights that public housing serves some of the most vulnerable Americans: people with very low incomes, older adults, people with disabilities, and families with young children.

- In 2016, almost all (91 percent) of US households that were living in public housing met HUD’s definition of very low income (below 50 percent of area median income), and nearly three-quarters (72 percent) met the extremely low-income definition (below 50 percent of area median income).
- The average household living in public housing had a total annual income of \$14,444.
- Over half of households in public housing were headed by a person who was 62 or older and/or was disabled (figure 1), and 40 percent included children younger than 18.
- A total of 5,648 heads of households who entered public housing between 2016 and 2017 were homeless beforehand. They represent 6 percent of all new entries to public housing during that time.

FIGURE 1

Public Housing Heads of Household



Source: US Department of Housing and Urban Development.

The Public Housing Stock Is Deteriorating

After decades of disinvestment, many public housing properties are in poor or dangerous condition. The most serious problem is that the nation's public housing stock is aging and in need of major capital investments to maintain its viability. In their analysis, my colleagues Martha Galvez and Benny Docter highlight the following.

- More than 1 in 3 (42 percent) of public housing properties were constructed before 1975; many of these are large developments, so they account for more than half of all units. Just 17 percent of public housing units were constructed after 1997, primarily as part of HUD's HOPE VI program and other redevelopment initiatives.
- A substantial number of these aging developments needs major capital repairs like new windows, plumbing, roofs, and heating systems to keep them operational. Real Estate Assessment Center scores, which are assigned as part of HUD's physical inspection of public housing properties, provide evidence that many properties are in disrepair: more than 8 percent of 6,923 properties (583 properties, or 93,075 units) had failing scores (below 60) in 2018; an additional 20 percent (1,418 properties, 226,407 units) received scores between 60 and 80.
- Compounding the threat to the long-term viability of the public housing stock, some developments (primarily in the Northeast and South) are susceptible to threats from climate change. In 2016, roughly 9 percent of all public housing units (about 100,000 units) were in 100- or 500-year floodplains, as designated by the Federal Emergency Management Agency, suggesting that they were vulnerable to severe weather events.

A 2010 HUD-sponsored assessment of the nation's public housing capital needs determined that approximately \$21 billion was needed for unmet maintenance and repairs.¹¹ However, the real costs to preserve aging developments in many cities are likely to be much higher. The New York City Housing Authority estimates that it has a \$34 billion capital needs backlog¹² to address the needs of its aging buildings, most of which are complex high-rise structures. Likewise, the District of Columbia Housing Authority estimates that it will take more than \$2 billion to restore its properties.¹³ And the problems are not limited to large, urban housing authorities. Smaller agencies like those in Cairo and East St. Louis, Illinois, are facing painful choices about whether raising the funds to restore or replace their public housing communities is even possible. In these situations, the agencies are left with no choice but to close their buildings and offer residents vouchers to find housing in the private market. According to

¹¹ Meryl Finkel, Ken Lam, Christopher Blaine, R.J. de la Cruz, Donna DeMarco, Melissa Vandawalker, and Michelle Woodford, *Capital Needs in the Public Housing Program* (Cambridge, MA: Abt Associates, 2010).

¹² Susan J Popkin, "To Turn Around NYC's Housing Authority, Look to Chicago," *Urban Wire* (blog), October 27, 2015, <https://www.urban.org/urban-wire/turn-around-nycs-housing-authority-look-chicago>.

¹³ "DCHA Transformation Plan," District of Columbia Housing Authority, accessed January 31, 2019, <https://dcha.us/>.

a report by investigative journalism outlet ProPublica and the Southern Illinoisan, Cairo had no rental housing, and former tenants were forced to move more than an hour away to find housing.¹⁴

Preserving Public Housing Will Require More Resources and Stronger Policy Tools

Continued underfunding of the public housing program will cause more developments to deteriorate to the point where housing agencies have little choice but to demolish or sell them, as has already occurred with more than 200,000 public housing units since the 1990s. Federal policymakers have established numerous programs and policy options to maintain, renovate, revitalize, or replace public housing, each of which has strengths and limitations. The main federal funding streams that sustain public housing are the Public Housing Operating and Capital funds. According to Will Fischer of the Center on Budget and Policy Priorities, despite increases in recent years, these accounts have long been underfunded, and unless lawmakers provide further, large, sustained increases, they will likely not contain enough resources to cover needs at most public housing projects.¹⁵

There are three major programs that enable housing authorities to finance revitalization and redevelopment initiatives: RAD, Section 18 demolition and/or disposition, and the Choice Neighborhoods initiative. The evidence from our research shows that the current implementation of Section 18 is likely to lead to a significant loss of public housing inventory while the other two programs are more likely to preserve subsidized units.

Rental Assistance Demonstration

Eight years ago, HUD launched RAD to respond to the long-term capital needs shortfall for public housing. RAD has been enormously controversial because of concerns about losing deeply subsidized units and the potential for resident displacement.¹⁶ The program could transform public housing by allowing the conversion of public housing units to project-based Section 8 contracts (either project-based vouchers, which are part of the Housing Choice Voucher Program, or to project-based rental assistance).¹⁷

RAD includes substantial tenant protections that other programs lack. First, RAD requires that all units (with only limited exceptions) be converted to Section 8 contracts with substantial protections for long-term affordability and tenant rights. The contracts last for 15 to 20 years but must be renewed on expiration. Second, the amount of rent that tenants pay is capped by affordability rules similar to those in public housing, and tenants retain the same affordability protections as under the public housing

¹⁴ Molly Parker, "Ben Carson Declared Mission Accomplished in East St. Louis—Where Public Housing Is Still a Disaster," *ProPublica and the Southern Illinoisan*, August 8, 2018, <https://www.propublica.org/article/east-saint-louis-public-housing-ben-carson-declared-mission-accomplished>.

¹⁵ Fischer, "The Future of Public Housing: Background on Existing Policies."

¹⁶ Matthew Gerken, Susan J. Popkin, and Christopher R. Hayes, "How Has HUD's Controversial Rental Assistance Demonstration Affected Tenants?" *Urban Wire* (blog), Urban Institute, October 30, 2019, <https://www.urban.org/urban-wire/how-has-huds-controversial-rental-assistance-demonstration-affected-tenants>.

¹⁷ Christopher R. Hayes and Matthew Gerken, "The Future of Public Housing: Rental Assistance Demonstration Fact Sheet" (Washington, DC: Urban Institute, 2020).

program. Third, if they are displaced while a development is renovated or replaced, tenants have the right to return to the completed development without being rescreened for eligibility.¹⁸ Finally, most families in RAD developments also have a significant right not available to public housing tenants. After the families have lived in the converted development for one to two years, the housing authority is required to offer them the option of using the next “tenant-based” housing voucher that becomes available to move to a unit of their choice in the private market. When families exercise this “choice-mobility” option, the project-based subsidy remains tied to the original unit, which is then available for new tenants from the waiting list.

According to an analysis¹⁹ by my Urban Institute colleagues Chris Hayes and Matt Gerken, Congress initially capped the number of units eligible for RAD conversion at 65,000. Since then, Congress has increased the cap periodically; most recently (in fiscal year 2018), it was raised to 455,000 units, almost 45 percent of the country’s public housing stock. However, actual implementation has moved more slowly. As of the end of 2018, just over 110,000 units had been converted, with an additional almost 90,000 units in projects that had received a “Commitment to enter into a Housing Assistance Payment contract” (CHAP) award, HUD’s initial approval for the PHA to begin work on the terms of the conversion, but that had not yet completed conversion. More are in the pipeline, awaiting HUD review and approval.

The Urban Institute and Econometrica conducted an evaluation of the first phase of RAD for HUD.²⁰ Released in 2019, the evaluation shows generally encouraging results. Housing authorities have leveraged billions of dollars in private loans, tax credits, and other non-public housing funds to address projects’ capital needs. However, because current law caps per-unit RAD subsidies too low to adequately fund all the renovations needed at many properties (particularly those with large capital backlogs or those in locations where attracting private capital is difficult), some major needs remained unaddressed. Also, the evaluation raised concerns that some agencies, especially small ones, may lack the capacity to use RAD to finance major renovations.

To examine the impact on tenants, the evaluation included a resident survey.²¹ The results showed that most tenants felt that the impact of the RAD conversion on them and their living situation was generally positive. Most (four out of five) reported being satisfied with their housing after RAD conversion, as well as with the communication they received and post-conversion management. However, perhaps because many conversions do not involve substantial revitalization or repairs to building systems, only about half said they had noticed any changes to their building or unit. Finally, only about a third had to relocate either temporarily or permanently; of those who did have to move, most said they were satisfied with the communication they received about relocation.

The study also found that just over half the tenants we surveyed said they would prefer the choice-mobility option over remaining in public housing. The Urban Institute-Econometrica team is now

¹⁸ Fischer, “The Future of Public Housing: Background on Existing Policies.”

¹⁹ Hayes and Gerken, “Rental Assistance Demonstration Fact Sheet.”

²⁰ Stout, Clogston, Thackeray, Stoloff, Anthony, Hayes, Popkin, and Gerken, *Evaluation of HUD’s Rental Assistance Demonstration (RAD): Final Report*.

²¹ Gerken, Popkin, and Hayes, “How Has HUD’s Controversial Rental Assistance Demonstration Affected Tenants?”

conducting a study for HUD on the implementation of choice mobility, including how well housing agencies and property owners communicate to residents about the option, how tenants ultimately choose to move and why, and how the program affects housing authority administration and voucher waiting lists.

Section 18 Demolition and Disposition

Although the evidence on RAD conversions suggests that the program is succeeding in preserving deeply subsidized units, other policy changes threaten to remove large numbers of units from the public housing inventory. Since 2018, HUD has introduced regulatory changes that make it easier for housing authorities with developments that require substantial investment to demolish or sell these properties. As I explain below, this strategy does not require that the housing authority replace all units with new housing or with vouchers.

HUD is actively encouraging housing authorities, especially smaller agencies, to choose this option, creating the potential for a rapid loss of units when affordable housing and housing assistance are in short supply.²² Specifically, HUD has increasingly encouraged housing agencies to remove projects from the public housing program in two ways: (1) through “demolition and disposition,” which allows agencies to demolish, sell, or transfer ownership of projects that they can show are obsolete and unsuitable as housing and cannot be rehabilitated in a cost-effective way, and (2) through “voluntary conversion,” which allows agencies to convert properties to vouchers if they can show it would not be more expensive than retaining the properties as public housing.²³

Before RAD, demolition, disposition, and conversion were the main ways that units were removed from the public housing program. Through 2009, HUD had authorized the removal of 180,000 units through the demolition and disposition process and an additional 16,000 through required or voluntary conversion to vouchers. Advocates and researchers at that time focused on the impact of the more visible—and much smaller—HOPE VI program, but little attention was given to the effects of demolition and disposition. The same situation is occurring now, with attention focusing on the possible effects of the RAD program instead of the steps that HUD has taken in recent years to increase the number of units removed from public housing outside RAD. Specifically, HUD issued a notice in March 2018 easing criteria for demolition and disposition out of the public housing program²⁴ and another in March 2019 allowing certain small agencies to voluntarily convert properties without demonstrating that they meet the normal criteria.²⁵ HUD’s 2019 and 2020 annual performance plans call for removing 41,000 units from the public housing program under these non-RAD policies over a three-year period—a departure

²² Dominique Blom, “Repositioning Public Housing,” US Department of Housing and Urban Development, November 13, 2018, <https://content.govdelivery.com/accounts/USHUDPIH/bulletins/2164342>.

²³ Fischer, “The Future of Public Housing: Background on Existing Policies.”

²⁴ “Notice PIH 2018-04 (HA),” US Department of Housing and Urban Development, March 22, 2018, <https://www.hud.gov/sites/dfiles/PIH/documents/PIH-2018-04-Demo-Dispo-Notice-12-14-18.pdf>.

²⁵ “Notice PIH 2019-05 (HA),” US Department of Housing and Urban Development, March 21, 2019, <https://www.hud.gov/sites/dfiles/PIH/documents/PIH-2019-05.pdf>.

from earlier years, when the plans included only goals for RAD conversions.²⁶ On November 13, 2018, HUD sent a bulletin²⁷ to all housing agency executive directors highlighting both RAD and other options (referred to collectively as “repositioning”) that would reduce the number of public housing units, and HUD field offices have reportedly made concerted efforts to urge (and in some cases pressure) agencies to move forward with one or more of these options.²⁸

The pressure to shift to demolition and disposition increases the risk of losing scarce housing subsidies. Instead of converting the units to non-public housing subsidies as happens with RAD, these conversions mean that housing agencies generally receive allocations of “tenant protection vouchers” to replace some, but not all, of the public housing subsidies. Agencies can choose to enter into “project-basing contracts” that require them to use the vouchers in the former public housing development or a replacement building, or they can offer tenant-based vouchers. Tenant-based vouchers are an effective form of rental assistance but are often not an adequate replacement for a “hard unit.” Discrimination against voucher holders is widespread, finding landlords to rent to voucher holders in tight housing markets is difficult, and available housing in rural areas may not meet the program’s quality standards. Vouchers are also less effective for many types of tenants, such as older adults and people with disabilities, who may need accessible units, and large families who need more than two bedrooms.²⁹ Further, whatever option the housing agency chooses, HUD provides far fewer tenant protection vouchers on average than the number of public housing units they are supposed to replace.³⁰ When this occurs, agencies may still be able to convert all the units in the former public housing development with project-based vouchers by allocating some vouchers from their regular program, but that means that there will be a net decrease in the total number of rental subsidies available. Finally, these Section 18 project-based vouchers will lack the protections that RAD requires, including that subsidies be renewed upon expiration.

The non-RAD transition options appeal to housing authorities because they have the important advantage of often allowing agencies to set per-unit subsidy levels higher than they could under RAD, since replacement vouchers are not capped at the public housing funding level. As a result, these options can make preserving some developments and improving living conditions more financially feasible. But these improvements may come at the expense of serving fewer households overall and weakening tenant and affordability protections. Some housing agencies have mitigated these risks and combined the benefits of the two approaches by converting some units with RAD and some under a disposition.

²⁶ US Department of Housing and Urban Development, *Fiscal Year 2020 Annual Performance Plan and Fiscal Year 2018 Annual Performance Report* (Washington, DC: HUD, 2019).

²⁷ Dominique Blom, “Repositioning Public Housing,” US Department of Housing and Urban Development, November 13, 2018, <https://content.govdelivery.com/accounts/USHUDPIH/bulletins/21b4342>.

²⁸ Jacob Barker, “Page Blasts HUD Over Wellston Housing Demolition Plan,” *St. Louis Post-Dispatch*, July 10, 2019, https://www.stltoday.com/news/local/govt-and-politics/page-blasts-hud-over-wellston-housing-demolition-plan/article_7aecb71c-5d77-5b2d-9f67-73c4b59cb4c9.html.

²⁹ Mary K. Cunningham, Martha M. Galvez, Claudia Aranda, Robert Santos, Douglas A. Wissoker, Alyse D. Oneto, Rob Pitingolo, and James Crawford, *A Pilot Study of Landlord Acceptance of Housing Choice Vouchers* (Washington, DC: US Department of Housing and Urban Development, 2018).

³⁰ Fischer, “The Future of Public Housing: Background on Existing Policies.”

Choice Neighborhoods Initiative

The Choice Neighborhoods initiative (CNI) provides grants to revitalize severely distressed public housing (and in some cases privately owned subsidized housing) and the surrounding neighborhoods. CNI, which was first funded in 2010, replaced the HOPE VI program, which provided funding for demolishing 155,000 severely distressed public housing units beginning in 1993. A portion of these units were replaced through redevelopment efforts, but there was a net loss of units overall—although smaller than the number lost through demolition and disposition over the same period.³¹ CNI includes provisions designed to address shortcomings of HOPE VI, including requiring one-for-one replacement of public housing units, guaranteeing displaced residents the right to return once development is completed, and requiring case management and supportive services. CNI puts more emphasis than HOPE VI on improving conditions in the original property and surrounding neighborhood—for example, by requiring grantees to have a comprehensive plan to address challenges such as high crime and poorly performing schools and allowing funds to be used for a range of neighborhood improvements.³²

Some RAD conversions also involve comprehensive redevelopment and financing for resident services and supports. But CNI can add resources needed to make redevelopment of distressed projects feasible when RAD subsidies and other funds are not adequate or when financing is difficult to obtain because of low property values. However, funding for CNI has been far lower than for HOPE VI at its peak.³³ In 2019, the program received \$150 million, enough to fund grants for only about five projects. The Urban Institute conducted a baseline evaluation of CNI and is now conducting a more comprehensive impact evaluation, but results from that research will not be available for several years.³⁴ Until that is completed, we will not know how effective CNI has been in protecting residents or generating neighborhood revitalization. In addition, no evaluation of CNI's impact has been done beyond a report examining sites two years after grants were awarded, so how effective CNI has been in revitalizing neighborhoods or protecting residents is unclear.³⁵

Ensuring a Strong Future for Public Housing

Public housing provides safe, stable housing for some of the most vulnerable Americans. Preserving this resource is especially important in light of the current—and unprecedented—shortage of affordable housing. However, underfunding and poor management and oversight have left the nation's aging public housing stock at risk. Our current policy tools need strengthening if we are to avoid losing too many deeply subsidized units. The RAD program is our largest—and strongest—tool beyond the basic Public

³¹ Taryn H. Gress, Mark L. Joseph, and Seungjong Cho, "Confirmations, New Insights, and Future Implications for HOPE VI Mixed-Income Redevelopment," *Cityscape* 21, no. 2 (2019).

³² Because no authorizing statute or regulations govern CNI, tenant protections and other program requirements are established through annual appropriations acts and HUD notices of funding availability.

³³ HOPE VI provided more than \$6 billion in grants to housing authorities for redevelopment initiatives from 1993 to 2009. See Susan J. Popkin, "A Glass Half Empty? New Evidence from the HOPE VI Panel Study" *Housing Policy Debate* 20, no. 1 (2010): 43–63.

³⁴ Rolf Pendall et al., *Choice Neighborhoods: Baseline Conditions and Early Progress* (Washington, DC: US Department of Housing and Urban Development, 2015.)

³⁵ Fischer, "The Future of Public Housing: Background on Existing Policies."

Housing Operating and Capital funds, However, questions are being asked about what steps to take to strengthen and improve the program and whether it should be expanded above the current cap of 455,000 units. These questions include whether RAD should be modified to provide funding to make deals more financially feasible and whether agencies with limited capacity, especially small housing agencies, should receive support (and if so, how). Other crucial questions are how to further strengthen protections for tenant rights and long-term affordability. The Choice Neighborhoods initiative provides a limited number of grants to revitalize developments in distressed communities, but it is too soon to assess its impact on original residents and communities. There are also questions about the role of other programs such as the Moving to Work Demonstration program, which provides housing authorities with regulatory flexibility, and whether extending these flexibilities to other agencies would enable them to preserve more units.

Finally, our forthcoming research has identified the following three areas as requiring urgent exploration to ensure a strong and viable future for public housing:

- strategies for preservation approaches and policies for the more than 2,000 small housing authorities
- effective resident engagement to support public housing preservation
- ways to addressing the needs of older adults and people with disabilities in public housing and in relocation and redevelopment planning

U.S. House of Representatives – Committee on Financial Services
Subcommittee on Housing, Community Development, and Insurance

**“A Future Without Public Housing? Examining The Trump
Administration’s Efforts to Eliminate Public Housing”**

February 5, 2020

Members of the Committee, thank you for opportunity to testify today on the topic of the nation’s remaining but critically vital supply of public housing. My name is Katherine Walz and I am the Vice President of Advocacy at the Shriver Center on Poverty Law, a national non-profit law and policy organization based in Chicago, Illinois. The Shriver Center is leading the fight for economic and racial justice. Our goal is to build a future free from racism, poverty, and the interlocking systems designed to keep those inequities alive. To achieve that goal, we work at the intersections of race, housing, health, economic justice, and community justice.

For the past 18 years I have represented thousands of current and former public housing residents fighting to save their homes and communities and seeking to improve their living conditions. Most importantly, they seek a say in any decisions to be made about the future of their homes.

In 2016, African-American public housing residents who lived in two family developments operated by the Alexander County Housing Authority in Cairo, Illinois, reached out to my office for assistance. They were experiencing deplorable housing conditions, including pervasive mold, broken appliances, peeling paint, and rat and mice infestation so severe that children, terrified of stepping on a rat or mouse, would wet their beds rather than get up in the middle of night. After six years of effort to bring the housing authority into compliance, including after determining that the housing authority was discriminating against its black employees and segregating its public housing by race, HUD took over the Alexander County Housing Authority in 2016, placing it into administrative receivership.

However, HUD’s administrative receivership did not improve the housing conditions at the two developments. Residents continued to experience terrible housing conditions, often waiting just as long for work orders to be addressed. In 2017, HUD announced it would close the developments and issue housing choice vouchers. This outcome meant not only that the families would lose their homes but that families in Cairo and the surrounding communities in need of and eligible for public housing would have no opportunity to secure it. As it was documented in a July 24, 2018 report from HUD’s Office of the Inspector General (“OIG”), HUD appeared ill-prepared to do much more than move the public housing to demolition.

At the time the OIG report issued, approximately 50 other public housing authorities around the country were designated as troubled, meaning that more needed public housing units could be lost without proper intervention and assistance by HUD, including a focus on preserving public housing units where possible so that current residents and households in need can continue to rely on this important supply of deeply affordable housing.

What is often left out of the discussion is that the loss of public housing units not only impacts the families who will lose their homes, but it also strips the local community of a critically needed supply of affordable housing. While the families who live in public housing will either receive a Housing Choice Voucher or another public housing unit, nothing is offered to families who have sometimes languished for years on waitlists hoping for a chance to finally secure an affordable home. Thus, what policies considered here must consider not just the wellbeing of the families who live in public housing throughout this country but the plight of millions who need public housing but their chances of securing it are increasingly dashed by the failure to financially support, maintain, and preserve our nation's supply of public housing.

In November 2018, HUD's Office of Public and Indian Housing (PIH) sent a letter to PHAs outlining the agency's efforts to reposition or convert public housing to other forms of assistance, likely vouchers, impacting more than 200,000 public housing units. These repositioning efforts are deeply troubling, as they appear to come with pressure by HUD staff to move public housing developments into demolition or disposition, before other options, including full or partial preservation, the needs of the existing residents and the community, are fully considered. The demolition, disposition, or conversion of this public housing has the effect of permanently reducing the supply of critically important affordable housing in this country and ignores existing needs in communities, small and large, for affordable housing.

One example of a housing authority pressured by HUD to demolish came from Wellston, Missouri. The Wellston Housing Authority was in HUD receivership for more than 20 years. Shortly exiting receivership, HUD staff actively pushed for the housing authority to demolish all 201 units of public housing, even though the community was in desperate need of affordable housing and HUD's two decades long receivership should have stabilized the housing authority. Only after zealous advocacy by the tenants, their advocates, local officials, and their congressional representatives, did HUD agree to a plan that provides for the partial redevelopment of the affordable housing and the project-basing of tenant-based vouchers. But not all housing developments have such champions and nor does this victory signal a change in HUD's national repositioning policy.

It is also critically important that what national policies are advanced prioritize preserving units from both large and small public housing authorities in rural and larger metropolitan areas. Currently, the Rental Assistance Demonstration, which can preserve housing by allowing for the conversion of public housing units to project-based subsidies, is often unavailable to smaller and more rural public housing authorities or those with significant

capital needs. Our experience with RAD is that there is a significant lack of oversight in the program's administration, resulting in residents either potentially being displaced from their housing or experiencing other challenges, including being offered inaccessible units.

So what policies are needed to save this nation's important supply of public housing?

1. The Public Housing Tenant Protection Act of 2020 is a promising start. The bill would require one-for-one replacement of demolished or disposed of public housing, protect tenants through the process, including any relocation, and devise a system to allow housing authorities to attract private investment to rehabilitate public housing which have long been underfunded under the Public Housing Capital Fund program.
2. A revisioning of the Rental Assistance Demonstration program to provide detailed oversight, including ensuring that tenants impacted by RAD conversions are protected.
3. An effort to strengthen HUD's oversight of distressed public housing properties, and when HUD takes a property into administrative receivership, the focus being on the preservation and improvement of that housing rather than its demolition or conversion. The Averting Crisis in Housing Assistance Act is a promising start to that effort.
4. Finally, there must be a commitment to address the dire backlog of public housing capital funds, which housing authorities rely upon to preserve and maintain public housing. H.R. 5187, the "Housing Is Infrastructure Act of 2019" could fully address the backlog.

Thank you.

