

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

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“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.