



April 6, 2017

The Honorable Mitch McConnell
Senate Majority Leader
U.S. Senate
S-230 Capitol Building
Washington, DC 20510

The Honorable Chuck Schumer
Senate Minority Leader
U.S. Senate
S-221 Capitol Building
Washington, DC 20510

The Honorable Paul Ryan
Speaker of the House
U.S. House of Representatives
H-232 Capitol Building
Washington, DC 20515

The Honorable Nancy Pelosi
House Minority Leader
U.S. House of Representatives
H-204 Capitol Building
Washington, DC 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan
and Minority Leader Pelosi:

The Council of Large Public Housing Authorities (CLPHA), the National Association of Housing and Redevelopment Officials (NAHRO) and the Public Housing Authorities Directors Association (PHADA) are submitting the following joint letter regarding public housing and infrastructure. Together, our members comprise nearly all of the nation's more than 3,000 housing authorities.

As one of the nation's largest sources of affordable housing, we believe public housing is a critical part of the nation's infrastructure. Like roads and bridges, public housing is a long-term public asset. The program provides safe and secure housing for communities and families. Public housing provides over 1.2 million units of affordable housing to over 2.2 million people, including families, seniors, and individuals with disabilities, and 800,000 children across the country. Public housing, valued at over \$162 billion, also represents a significant investment on the part of the federal government and its preservation is essential.

The public housing stock is aging—the majority of public housing was built over 50 years ago and chronic underfunding from the federal government to meet capital needs has made it challenging for housing authorities to keep up with the improvements necessary to adequately maintain the quality of these affordable units.

In recent years, programs like the Rental Assistance Demonstration (RAD) have allowed a small number of housing authorities to leverage public and private capital through a variety of proven and efficient financing tools to fund needed repairs and upgrades for public housing. Since its inception, RAD has already spurred over \$3.2 billion in construction financing and converted more than 60,000 units through private-public financing partnerships. However, the RAD

program is currently capped at 185,000 units. HUD has received applications from more than that sum. There is a strong need to increase investment in programs like RAD and make other needed policy changes to help housing authorities generate funds to bolster the nation's infrastructure.

Increased investment in public housing infrastructure is necessary to reverse the decades long underfunding that has left public housing properties across the country in need of recapitalization. The amount needed to address annual accrual needs has far exceeded yearly federal appropriations. In 2010, the most recent congressionally mandated report showed the total backlog for public housing capital funding was \$26 billion with a projected growth rate of approximately \$3.4 billion per year. Currently, the annual appropriation of capital funds is 54 percent of annual accrual needs. Alarming, approximately 10,000-12,000 units are lost annually due to chronic underfunding. Investing in housing as infrastructure should be a top priority as Congress and the Administration move forward in 2017.

Addressing the growing backlog of deferred public housing maintenance needs through adequate investments to the Capital Fund is paramount to healthy housing. Research shows that stable, healthy housing can have a positive impact on public health. When proper investments are made, PHAs have proven that they are able to improve the health and wellbeing of their residents. For example, thanks to efforts to mitigate lead-hazards in public housing, research now shows that children living in HUD-assisted housing have lower levels of lead in their blood compared to children whose families are unassisted.¹ These achievements were attainable through proper investments in lead-hazard mitigation programs. Likewise, proper investments must be made to the Capital Fund so that PHAs can keep up with necessary improvements to their housing stock that will benefit the health of the families and seniors that live in public housing.

Public housing authorities were particularly efficient, effective and innovative in using capital funds received under previously enacted infrastructure investment legislation, quickly spending their funding on ready-to-go projects that bolstered economic growth, created jobs, and improved opportunities and quality of life for residents. The Government Accountability Office confirmed that housing authorities were timely and efficient in using these infrastructure funds, with 99.9% of all capital funds obligated and expended under accelerated time frames. With an additional \$4 billion in capital funds, housing authorities were able to preserve and modernize over 245,000 affordable units, create 26 jobs for every \$1 million spent on capital projects, and generate nearly \$12.5 billion in national economic activity.²

The shortage of affordable housing in major metropolitan areas costs the American economy approximately \$2 trillion a year in lower wages and productivity. Preserving public housing bolsters productivity. High housing costs constrain opportunities for families to increase their

¹ For Low-Income Families, Children Who Live in HUD-Assisted Housing Have Lower Levels of Lead in Their Blood, 2017. <http://howhousingmatters.org/articles/low-income-families-children-live-hud-assisted-housing-lower-levels-lead-blood/>

² Public Housing Stimulus Funding: A Report on the Economic Impact of Recovery Act Capital Improvements, 2011

earnings, causing slower GDP growth. Since 2000, rental costs have risen more quickly than renter incomes. Researchers estimate that the growth in GDP from 1964-2009 would have been 13.5% higher if families had better access to affordable housing. This would have led to a \$1.7 trillion increase in total income, or \$8,775 in additional wages per worker.

Investing in public housing infrastructure provides economic mobility for families, creates jobs, and acts as a regional economic generator. One study³ found that public housing contributes significant benefits to local economies and constitutes an economic and social asset that cannot be created or sustained by the private market alone. Each dollar spent on capital and maintenance funding generates \$2.12 in total regional spending. The average impact from a PHA featured in the study was over \$75 million in local spending, supporting over 1,400 local jobs. Scaling this up to a national level – PHA's generated \$8.2 billion in economic activity.

Among HUD's major rental assistance programs, public housing is the least costly to the Federal government per unit, helps serve the poorest of the poor with over 75% assisted-households who are extremely-low income, provides resident affordability at 30% of monthly adjusted income. Public housing is a cost-effective affordable housing program but its viability is threatened.

An investment in public housing infrastructure is a direct investment in America's families. We look forward to continuing to work with you as you move towards introducing infrastructure legislation.

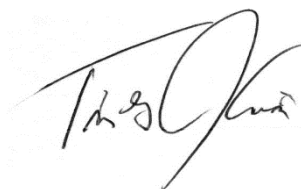
Sincerely,



Sunia Zatterman
Executive Director
CLPHA



John F. Bohm
Acting CEO
NAHRO



Timothy G. Kaiser
Executive Director
PHADA

cc: The Honorable Michael Crapo
The Honorable Sherrod Brown
The Honorable Thad Cochran
The Honorable Patrick Leahy
The Honorable Jeb Hensarling
The Honorable Maxine Waters
The Honorable Rodney Frelinghuysen
The Honorable Nita Lowey
The Honorable Ben Carson, Secretary, HUD
The White House

³ Assessing the Economic Benefits of Public Housing: Final Report, Econsult Corporation, 2007