



WHAT HAPPENS NEXT: HOUSING BEYOND THE PANDEMIC

The COVID-19 / Coronavirus pandemic has stretched resources for Public Housing Authorities (PHAs), Community Development Agencies (CDAs), residents, and Section 8 landlords to the maximum. While Congress has allocated some initial relief funds, the Coronavirus pandemic has only intensified an already staggering need for stable, healthy, and affordable housing.

The history-making increases in unemployment caused by the coronavirus pandemic have led to an increase in housing insecurity and may lead to unprecedented levels of homelessness in the United States if we do not act. The 2019 HUD Homelessness Report to Congress documented that homelessness increased by 2.7 percent from the previous year with 568,000 persons experiencing homelessness. In a recent study, Columbia University economics professor Dr. Brendan O’Flaherty drew the connection between unemployment and homelessness estimated that with a 16% unemployment rate, homelessness could increase by almost 250,000 people. This means the homeless population in the United States could grow to more than 800,000 people¹.

The social costs of the pandemic will aggravate an already challenging affordable housing problem. A 2020 Urban Institute report states that, for households that qualify for federal housing assistance, only one out of five of those households received assistance². It is clear that an affordable housing and housing supply crisis existed prior to the first wave of lay-offs and furloughs that cut deep into the working and middle class, and triggered federal, state, and local eviction moratoria.

***Only 1 out of 5 families that qualify for
federal housing assistance receive it!***

We were experiencing an affordable housing and housing supply crisis prior to the first wave of lay-offs and furloughs that cut deep into the working and middle class triggering federal, state, and local eviction moratoria, “stimulus” payments across the country, and a \$600 bonus in unemployment payments.

According to HUD’s 2019 Worst Case Needs³ report, 7.7 million unassisted renter households with low-incomes pay more than 50% of their income on rent or live in severely inadequate conditions. This demonstrates the already embedded, level of housing insecurity that existed prior to the pandemic. Furthermore, according to the National Low Income Housing Coalition, on average a worker earning the federal minimum wage of \$7.25/hour must work 127 hours each week to afford a

¹ *Analysis on Unemployment Projects 40-45% Increase in Homelessness This Year*, Community Solutions, <https://community.solutions/analysis-on-unemployment-projects-40-45-increase-in-homelessness-this-year/>, May 11, 2020.

² *How Much Assistance Is Needed to Support Renters through the COVID-19 Crisis?*, Urban Institute, https://www.urban.org/sites/default/files/publication/102389/how-much-assistance-is-needed-to-support-renters_1_1.pdf, June 2020

³ *Worst Case Housing Needs 2019 Report to Congress*, <https://www.huduser.gov/portal/sites/default/files/pdf/worst-case-housing-needs-2020.pdf>, June 2020

2-bedroom rental unit. The persistent shortfall in new housing supply is compounding housing affordability pressure across the country. Harvard's 2019 *State of the Nation's Housing* reported that, which there have been some gains since the Great Recession, we are still experiencing some of the lowest annual production rates since 1982⁴. Additionally, the Urban Land Institute estimates the current production of new affordable multifamily units, 100,000 annually, is not enough to meet existing needs⁵.

Also, recent protests across the country have called needed attention to gross racial and ethnic inequities -- inequities that were exacerbated and exposed by the pandemic. Using data from the Census Bureau's Household Pulse Survey, the Urban Institute found that people of color are more likely to experience housing instability in the future. About 25% of Black and Latino renters who responded to the survey did not pay or deferred rent in May compared with 14% of white renters, and nearly 50% expressed concerns about June's rent compared with 25% of white renters⁶.

The nation's public housing agencies (PHAs) and community development agencies (CDAs) are on the front lines in addressing local affordable housing needs. PHAs and CDAs are ready and able to assist their local communities and families find stability in affordable housing. Funding and creativity during and after the coronavirus pandemic are needed so PHAs and CDAs can devise housing solutions that meet short-term and long-term local needs.

It is NAHRO's goal to advocate for additional resources and common-sense changes to existing housing programs so that housing agencies have the fundamental tools they will need to create long-term housing solutions. We need solutions that can be scaled to respond to housing insecurity pre- and post-pandemic, to create vibrant, resilient communities, and to use housing as one path towards racial equity. Families need immediate access to rental assistance and housing agencies need additional stopgap funding, and we have advocated for both. Here, we focus on what happens next.

This is a watershed moment. It is time for bold, actionable, and resourced ideas -- ideas that, when actualized, will stem the long-term impact of our current public health crisis. It will require the political fortitude of the federal government and the innovation of localities. **The time to act boldly is now!**

⁴ *The State of the Nation's Housing 2019*, Joint Center for Housing Studies of Harvard University,

https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_State_of_the_Nations_Housing_2019.pdf, 2019

⁵ *Preserving Multifamily Workforce and Affordable Housing: New Approaches for Investing in a Vital National Asset*, Urban Land Institute, <https://uli.org/wp-content/uploads/ULI-Documents/Preserving-Multifamily-Workforce-and-Affordable-Housing.pdf>, 2015

⁶ *New Data Suggest COVID-19 is Widening Housing Disparities by Race and Income*, Urban Institute: Urban Wire blog, <https://www.urban.org/urban-wire/new-data-suggest-covid-19-widening-housing-disparities-race-and-income>, June 2, 2020

Increase Housing Supply and Improve Affordability

New Housing Construction

Since 1999, almost 300,000 permanently affordable units were removed from the inventory of public housing units. The significant affordable housing crisis that we face has been exacerbated by the impacts of COVID-19 and permanently affordable housing must be part of the solution. As such, NAHRO recommends Congress fund the construction of 300,000 new units of permanently affordable housing across the country. Once these units are built, the PHA may make the units available at affordable rents that meet local needs and/or subsidize units with tenant-based rental assistance, project-based rental assistance, public housing subsidy, or a state or local housing subsidy. **NAHRO recommends that Congress provide \$54 billion for new housing construction so that PHAs can construct these desperately needed housing units.**

NAHRO's Bold Steps to Create Affordable Homes	
New Housing Construction	\$54 Billion
Affordable Housing Tax Credit	
New Permanent Voucher Assistance	\$90.2 Billion
New Housing Monthly Subsidy	\$2.5 Billion
Public Housing Capital Fund	\$70 Billion
Transitional Voucher Assistance	\$26 Billion
Access to Opportunity and Economic Mobility	
Permanent Program Flexibilities	

Affordable Housing Tax Credit

Since 1986, the Low-Income Housing Tax Credit (Housing Credit) has financed the development of over 3 million apartments, providing affordable homes to more than 7 million low-income families. The development of these apartments has supported 3.6 million jobs, generated \$344 billion in local income, and \$135 billion in federal, state, and local tax revenues⁷.

Strengthening and streamlining the Housing Credit is critical to meeting the affordable housing need. Working together with other resources such as the HOME Investment Partnership program, not only does the Housing Credit build new affordable units, it also is key to the preservation of existing affordable units in many communities across the country. **The Affordable Housing Credit Improvement Act must be enacted into law as it increases the Housing Credit allocation by 50 percent, permanently sets the four percent Housing Credit rate, and further strengthens and streamlines the program.**

⁷ *The Housing Credit*, Affordable Housing Tax Credit Coalition, <https://www.taxcreditcoalition.org/advocacy/the-housing-credit/>, July 2020

New Permanent Voucher Assistance

The Housing Choice Voucher (HCV) program is greatly underfunded and should be expanded to cover every individual with an income at or below 60 percent of the Area Median Income (AMI) in addition to those who currently qualify. As stated earlier, the Coronavirus pandemic has only increased the need for affordable housing. With only one in five eligible households receiving rental assistance, a significant and bold investment must be made.

In addition to increased voucher funding (including full funding for administrative fees), there must be services provided with the HCV program. These services will allow program participants to effectively find and lease units in neighborhoods of their choice, irrespective of age or disability.

Services should include the following:

- Search assistance (including help preparing rental documents, information about neighborhoods, help identifying units, and connecting with landlords),
- Increased landlord engagement (including explaining the program to landlords, a damage mitigation fund, and an expedited inspection and lease-up process, etc.),
- Short term financial assistance (including funds for application screening fees, security deposits, other financial impediments, etc.), and
- Other services as needed.

HUD spends on average \$888 per voucher per month (\$807⁸ in Housing Assistance Payment and \$81 in Administrative Fee), and we recommend a \$2.9 billion investment in services. **NAHRO recommends \$90.2 billion for 8.2 million new permanent Housing Choice Vouchers, their administration, and services to ensure families find and maintain housing, and assist agencies in providing other services that will help families and seniors thrive.**

New Housing Monthly Subsidy

There have been 286,367 public housing units that have gone offline since 1999, predominantly through public housing repositioning. As such, NAHRO recommends Congress fund the monthly operating subsidy of new housing units for low-income families up to the 1999 level of units. Applying the lessons learned from several decades of administering low-income units, these units would be sited in environmentally safe locations with the goal of promoting thriving, diverse communities. These 286,367 units of new permanently affordable housing across the country will provide safe and healthy homes to more than 600,000 low-income people, and for them to remain permanently affordable and well maintained, a monthly operating subsidy is required. HUD data show that the average monthly subsidy for a public housing unit is \$640⁹. **Congress must provide \$2.5 billion to operate these units.**

⁸ HUD *Picture of Subsidized Households*, 2019 Based on 2010 Census, U.S. Total, Housing Choice Voucher, # Reported, Average HUD Expenditure per month, <https://www.huduser.gov/portal/datasets/assthsg.html>, July 9, 2020.

⁹ HUD *Picture of Subsidized Households*, 2019 Based on 2010 Census, U.S. Total, Public Housing, Average HUD Expenditure per month, <https://www.huduser.gov/portal/datasets/assthsg.html>, July 9, 2020.

Preserve Our Units

Public Housing Capital Fund

Chronic underfunding of the Public Housing Capital Fund program has placed the inventory at risk, and Capital Fund appropriations lag dangerously behind accruing modernization needs. In 2010, the national Public Housing Capital Needs Assessment showed that the total backlog for public housing capital funding was \$26 billion with a projected growth rate of approximately \$3.4 billion per year. The report, further, noted that each year the cost of the backlog compounds at a rate of 8.7 percent due to inflation and the increased cost of addressing deferred maintenance. As a result, even when accounting for other federal capital programs like the Choice Neighborhood Grants and Rental Assistance Demonstration (RAD), **NAHRO estimates and asks Congress to fund the Capital Fund backlog at \$70 billion¹⁰.**

Stabilize Families

Transitional Voucher Assistance

Housing vouchers are one of the most effective tools in the fight against housing instability, homelessness, and overcrowding. They are especially important during this crisis, when the Bureau of Labor Statistics is reporting a jobless rate of 14.7 percent. As such, NAHRO recommends new vouchers to be used as long-term support for people who are at-risk of homelessness or currently homeless. The vouchers would be distributed according to PHA capability to administer them as well as geographical need. These vouchers would sunset at the termination of family assistance, but unused budget authority for a voucher would transfer to another family still in the program. NAHRO joins our industry partner, Center on Budget and Policy Priorities in calling for 500,000 short-term Housing Choice Vouchers to provide safe and stable housing to low-income families affected by COVID-19¹¹. **NAHRO recommends \$26 billion for 500,000 new vouchers over the course of 5 years.**

Access to Opportunity and Economic Mobility

The pandemic has exposed the need for more resiliency in communities across the country. PHAs and CDAs are well-positioned to help make this happen. The Family Self-Sufficiency (FSS), Jobs Plus, Resident Opportunity and Self Sufficiency (ROSS) programs and Section 3 help Public Housing Agencies provide residents with important supportive services, resident empowerment activities, and economic upward mobility. These programs allow PHAs to develop local approaches for residents to increase earnings, advance employment outcomes, save money, and start their own businesses. Community Development Block Grants (CDBG) are also important resources that provide critical community amenities that support thriving neighborhoods and families, such as health care centers,

¹⁰ NAHRO Capital Fund Backlog One-Pager, https://www.nahro.org/wp-content/uploads/2020/04/CAPITAL_FUND_BACKLOG_One-Pager.pdf, 2019

¹¹ Urgent Need for More Housing Vouchers, Other Rental Assistance Amid Pandemic; Center on Budget and Policy Priorities Blog; <https://www.cbpp.org/blog/urgent-need-for-more-housing-vouchers-other-rental-assistance-amid-pandemic>; April 24, 2020

business incubators, quality educational and after-school programming, and other community determined needs. As the country reopens and residents who lost their employment due to the pandemic look to reenter the job market or explore new paths for themselves, these programs will provide welcomed assistance. **Congress must provide additional program streamlining and funding to FSS, ROSS, Jobs Plus, and CDBG programs so that PHAs and CDAs can strengthen the programs and serve more residents.**

Progress, not Paper!

Permanent Program Flexibilities

The CARES Act has provided HUD with broad and sweeping statutory and regulatory waiver authority to allow PHAs to quickly meet the changing conditions on-the-ground. HUD has waived and relaxed several Public Housing and Housing Choice Voucher program statutory and regulatory requirements and is discussing additional waivers. PHAs and CDAs are using these waivers to serve residents and their community with speed and efficiency. These agencies, particularly smaller agencies, will need continued flexibility to focus on outcomes.

Re-imagined inspection protocols, document requirements for tenants, and reporting needs will help agencies in the future, just as they are helping them now during the pandemic. The current tenant rent calculation structure must also be modernized to remove confusion and complexity. Let us use this moment to refocus on what matters to families: access to quality, affordable housing, strong communities, and hope. **Congress and HUD must provide streamlined program oversight that allows PHAs and CDAs to be nimble and responsive to their community while diligently protecting precious federal funds.**

This year, we face multiple crossroads. This is one of several documents in which NAHRO will promote ideas to help us choose the paths we will follow.