Re: Housing in America: Assessing the Infrastructure Needs of America’s Housing Stock

Dear Chairwoman Waters and Ranking Member McHenry,

On behalf of Enterprise Community Partners, I offer my thanks to the committee for holding the April 30 hearing “Housing in America: Assessing the Infrastructure Needs of America’s Housing Stock.” As the committee heard from its panel of expert witnesses, the nation’s stock of affordable housing is equally as important to build and maintain as roads, bridges, and other physical infrastructure. America’s existing housing supply is a long-term asset which must be maintained before its quality suffers further from years of financial neglect. Just like improving a municipal water system, investments made in affordable housing pay dividends for all members of the community, driving economic growth, providing access to opportunity, and reducing health care costs for individuals and the government. For decades, the United States has invested hundreds of billions of dollars in the nation’s physical housing infrastructure. Appropriating additional money now to protect that investment is effective policy and economically sensible asset management.

Enterprise is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. Since 1982, we have raised and invested $43.7 billion in equity, grants and loans to help build or preserve nearly 585,000 homes. In our experience, well-designed homes can lay the foundation for successful neighborhoods for decades after the new units are placed into service. The nation’s affordable housing shortage can and must be addressed on both ends—by incentivizing the production of new units, and by making funds available to keep older homes from becoming uninhabitable and being lost to obsolescence.

The draft bill proposed by Chairwoman Waters, the “Housing is Infrastructure Act of 2019,” takes a robust step towards addressing the nation’s extensive housing needs. As the committee heard, due to years of neglect, the public housing capital needs deficit is now estimated to be in excess of $50 billion dollars. This shortfall leads to very real negative consequences in the lives of the most-vulnerable Americans. For example, children and adults develop respiratory issues when apartments are infested by pests and mold. Sometimes, the consequences for poor maintenance can be fatal—carbon monoxide leaks have killed at least 13 public housing residents since 2003.¹

Often, the medical costs incurred by these low-income residents are passed on to state and federal healthcare programs. If the federal government prioritizes an upfront investment in public housing in infrastructure legislation, many of these health issues could be prevented, reducing both the financial and human cost of environmentally-caused illness. Enterprise applauds the proposed bill’s inclusion of $70 billion for the Public Housing Capital Fund, which would remain available until expended. Such an investment would make available the resources so desperately needed to protect the nation’s most vulnerable children and families by ensuring that their homes are healthy and habitable. In the words of Orlando Cabrera, former assistant secretary for Public and Indian Housing under President George W. Bush, “Public housing is an invaluable and long-ignored national asset that desperately needs Congress’s support to change and better serve our nation’s communities.”

Substantial public housing infrastructure already exists, but the maintenance and repair backlog cannot be fixed through the annual appropriations process without making serious sacrifices elsewhere. For this reason, the proposed injection of funding into the Public Housing Capital Fund is excellent policy.

The draft bill would also set aside $5 billion dollars for the Pre-disaster Hazard Mitigation Program, a crucial step towards protecting the nation’s infrastructure investments from the threat posed by climate change and natural disasters. As I testified to this committee’s Oversight and Investigations Subcommittee on March 26 of this year, these investments are worthy because mitigation initiatives save $6 dollars for every dollar spent. Funding for pre-disaster mitigation protects American lives and saves taxpayer dollars, and I thank the committee for including it in the proposed bill.

In addition to the committee’s laudable focus on preservation, Enterprise urges Congress to continue to examine methods that would spur production and increase the supply of affordable housing. During the hearing, committee members and witnesses discussed potential vehicles for investing in both preservation and production. Enterprise supports a number of these proposals, including a special round of appropriations for the national Housing Trust Fund (HTF). This money would supplement the annual funding that the HTF receives from Government Supported Enterprises (GSEs) and provide the HTF with the resources and certainty it needs to continue its important work. Furthermore, as proposed this $5 billion appropriation would be available until expended, giving the program important reserves in the event of an economic downturn that would interrupt the payments it receives from the GSEs.

Furthermore, we encourage the Chair, Ranking Member, and committee to provide appropriated dollars for the Capital Magnet Fund (CMF) in the Housing Infrastructure legislation. CMF is a public-private partnership that uses flexible federal funds to attract private investment into communities for affordable housing and economic development. The program provides funding that non-profit developers and lenders cannot find elsewhere—funding to do pre-development work, create revolving loan funds, establish loan loss reserves, and provide loan guarantees—all critical pieces of affordable housing and community development. In order to maintain close to the 65-35 split of funds between HTF and CMF as authorized in the Housing and Economic Recovery Act of 2008, Enterprise requests the committee include $2.5 billion in funding for CMF in the legislation.

Enterprise also encourages the committee to include a $5 billion investment in the Home Investment Partnerships Program (HOME) in the infrastructure legislation, a suggestion made at the hearing by Ms.

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2 Orlando Cabrera, “Trump’s Plan to Cut Public Housing is a Mistake for America”. The Hill. June 20, 2017.
Adrienne Todman of the National Association of Housing and Redevelopment Officials. The HOME Program offers flexible financing at the discretion of local Participating Jurisdictions, making it well suited to meet the unique needs of communities across America. We also strongly support the comments of Mr. Steven Lawson from the National Association of Home Builders, who urged Congress to increase the Low-Income Housing Tax Credit (LIHTC) program, citing the fact that it is one of the most important programs driving the production of affordable housing nationwide.

Enterprise again thanks the committee for its close attention to this important issue, and strongly supports efforts from lawmakers to include housing in any broader negotiations around infrastructure spending packages.

Sincerely,

[Signature]

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