



California Association of Housing Authorities

Legislative Focus 2019

The California Association of Housing Authorities (CAHA) is a statewide organization that represents the 103 housing authorities in California.

Since Congress adopted housing authority legislation in 1937, California housing authorities have provided affordable housing, including a housing safety net for the most vulnerable populations.

- We **administer approximately 305,000 Housing Choice Vouchers** to very low and extremely low income families and provide hundreds of millions of dollars in rental subsidy to private landlords.
- We **own and manage approximately 30,000 public housing units** for very low income tenants who pay 30% of their income for rent.
- We work in partnership with our participating families to foster **educational opportunities, employment and self-sufficiency** through our Family Self-Sufficiency (FSS) and Resident Opportunities for Self-Sufficiency (ROSS) programs.
- In cooperation with the local Veteran's Administration we provide rental subsidies to approximately **10,000 homeless veterans** under the HUD-VASH program.
- We are active users of the Affordable Housing Tax Credit Program as **developers of affordable housing** in our communities, housing thousands of very low income families, including the elderly, persons with disabilities and families with children.
- And, critically, we are a **key local partner in eliminating homelessness** in our communities.

CAHA is available to educate and inform state and local officials and elected representatives on those issues its members deal with every day. But doing all that we do can be difficult in an uncertain funding environment with continuing resolutions and shutdowns.

The recent record shattering partial federal shutdown sent shock waves through CAHA programs. The timely payment of rental subsidy in the Housing Choice Voucher Program was clearly in jeopardy. In the voucher program housing authorities depend on years of trust built up with our local participating landlords and property managers. This trust was damaged during the shutdown and we anticipate that retaining and recruiting landlords will be more difficult for years to come. The use of continuing resolutions by Congress weakens the fiscal stability of housing authorities as we administer vital affordable housing programs in our local communities.

CAHA respectfully urges Members of Congress to:

- Take legislative steps to end the use of federal shutdowns to leverage policy positions.
- Return to regular order and only use brief continuing resolutions to finalize the annual appropriations process.

California has an affordable housing crisis

The Housing Choice Voucher (HCV) program is an effective solution to preventing and ending homelessness, encouraging public-private partnerships in housing extremely-low to low income families.

Project-basing HCV vouchers is a valuable tool for encouraging private investment in affordable housing, especially for those with the lowest incomes, such as the homeless and disabled.

While California receives 14% of the nation's vouchers, funding to this program has declined, leading to a loss of \$140 million to the State in voucher funding between 2010 and 2015 (adjusted for inflation in 2015 dollars).

CAHA respectfully urges Members of Congress to:

- **Expand** California's ability to combat homelessness and assist us to create more affordable housing by increasing funding for Housing Assistance Payments (HAP).
- **Preserve** the ability of Housing Authorities to address ongoing challenges of landlord recruitment and the high service needs of homeless individuals by fully funding the Administrative Fee accounts.
- **Strengthen** the HCV program by revising the Fair Market Rent (FMR) methodology so it accurately reflects rents in high-cost areas.

Housing Choice Voucher Program

Benefits for California's Families & Economy



\$5.44 BILLION

in funding for rent payments to private landlords (combined Federal rental assistance programs)



305,000

low-income families housed



90%

of assisted household include the elderly, disabled or children

The Need for Affordable Housing Programs



\$32.68 PER HOUR

is the average hourly wage necessary for a full-time worker to afford a two bedroom apartment in California



93 HOURS

of work per week are necessary to afford a one bedroom apartment on minimum wage in California



19%

of California residents live in poverty



24%

of the nation's homeless individuals reside in California



47%

of the nation's unsheltered homeless reside in California



1.67 MILLION

low-income renter households in California experience severe rent burden

Community Development Programs

Community Development Block Grant and HOME Investment Partnership Program

HUD programs such as the Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) help preserve and sustain our nation's affordable housing stock, provide community investment and revitalization, jump start private capital investment and create jobs.

CDBG and HOME are two sources used by local jurisdictions throughout California. This vital and often flexible funding supports local efforts to improve infrastructure, housing and living conditions, and expand economic opportunities through job creation and the retention or expansion of businesses. Homes are created or preserved. Rental assistance can be provided to prevent homelessness.

Affordable Housing Tax Credit Program (aka Low-Income Housing Tax Credit)

The Housing Credit is one of the country's most successful affordable housing production and preservation programs. Through public and private partnerships, over three million affordable homes for veterans, seniors, working families and people with special needs have been developed. The Housing Credit should be expanded through the Affordable Housing Credit Improvement Act so that we can work toward eliminating the national housing crisis.

Opportunity Zones

Established through the Tax Cuts and Jobs Act of 2017, Opportunity Zones are designed to spur economic development and job creation in distressed communities in parts of all 50 states. Opportunity Zones provide tax benefits to investors via tax deferrals on capital gains invested via a Qualified Opportunity Fund which can, in turn, invest in affordable housing projects. This new tool should be allowed to be leveraged with other existing funding sources such as Promise Zones and the Housing Credit to create additional affordable housing opportunities.

HOME

In California: **1992 - 2016**

\$3.82 billion

Over **\$22 billion** in other funds leveraged

112,303 homes created

CDBG

Nation-wide: **2007 - 2017**

4:1 funding leverage

353,000 jobs created

861,000 jobs sustained

CAHA respectfully urges Members of Congress to:

- Fund HOME and CDBG at levels to support affordable housing and community investment.
- Waive the 15% CHDO (Community Housing Development Organization) set-aside requirement for smaller entitlement communities—those that receive \$500,000 or less in HOME funding.
- Amend the final HOME rule to allow Housing Authorities to be CHDOs by right.
- Revise commitment and expenditure deadline rules for the HOME program – to eliminate the commitment timing requirement while retaining the expenditure deadline, including the set-aside, to be set at seven years.
- Allow HOME Tenant Based Rental Assistance (TBRA) to be project-based and allow TBRA to be used under the CHDO set-aside.
- Approve the Affordable Housing Credit Improvement Act to increase the Housing Credit amount by 50% and to set a floor of four percent for the four percent Housing Credit program to significantly increase affordable housing.
- Protect and strengthen the Community Reinvestment Act.

Public Housing Program

What is Public Housing?

The Public Housing program was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Nationally, there are approximately 1.2 million households living in public housing.

Who is Eligible?

Public Housing is limited to low-income families and individuals. Housing authorities use income limits developed by HUD. Public Housing is some of the most deeply affordable housing in the U.S. today and there is a tremendous need to preserve this affordability for generations to come.

What is the Problem?

The Public Housing program has been in operation since the 1930's. Public Housing relies on annual subsidies appropriated by Congress and issued by HUD. There has been chronic underfunding of the program, especially in the need to make ongoing capital improvements. Due to this unsustainable trend, literally thousands of Public Housing units are being lost in our communities and hundreds of thousands are at risk as needs continue to outpace federal funding.

What are the Issues?

- In order to preserve these valuable community assets, many housing authorities, encouraged by HUD, are making the jump to the Rental Assistance Demonstration program (RAD). In addition, HUD has also opened demolition/disposition through a new redevelopment notice. This can add new tools, but also confuse the marketplace.
- Many RAD converted units remain heavily restricted and deeply underfunded, which sets up a dynamic that may allow the past to repeat despite new investment.
- Funding has been inadequate to keep pace with market rents and operating costs and flat tenant incomes only exacerbate the ability for redeveloped units to meet funding needs.
- In the Public Housing program, HUD is now proposing to keep and manage property operating receipts, which will only worsen matters.
- HUD's proposal to reinterpret the Annual Contributions Contract (ACC) as a "grant agreement" rather than a contract is inconsistent with the law, the declaration of trust (DOT) and past practice, making it challenging to plan housing development and obtain financial commitments.

CAHA respectfully urges Members of Congress to:

- Support HUD's new effort to rework the Public Housing DOT into a more industry standard format as a real estate encumbrance.
- Prevent HUD from attempting to reinterpret the ACC as a "grant agreement" and remain in conformance with law.
- Prevent HUD from removing property operating receipts from housing authorities through any revised ACC mechanism - these are real estate properties with real tenants, not grant agreements.
- Do NOT reduce Public Housing funding to existing Public Housing as RAD units convert - this will allow the Public Housing program to be a solvent program going forward.
- Fully support rehabilitated units since they can often involve Low Income Housing Tax Credits (LIHTC) as well - the federal government has a strong interest in a strong program for its neediest constituents.
- Housing authorities need the flexibilities of Moving to Work (MTW) - make Moving to Work available voluntarily to all who want to move in that direction and allow local flexibilities for local markets. At a minimum, bundle RAD with MTW so that the flexibilities and waivers built into both programs can work in tandem for better success.
- Provide a full analysis of the success and issues around RAD so that we can better understand the types of RAD units and the reasons that make them successful and the components that need to be changed, so that the program can continue to improve on a going forward basis to serve more jurisdictions.



Homelessness

Homelessness continues to be a national crisis that must be addressed. According to the just-released 2018 Annual Homeless Assessment Report (AHAR) to Congress, on a single night in 2018, roughly 553,000 people were experiencing homelessness in the United States. About 2/3rds of these were staying in sheltered locations and about 1/3 in unsheltered locations.

California

The issue is nowhere worse than right here in California, which has 24% of all homeless people in the nation. California has the dubious distinction of being one of two states with the largest number of people experiencing homelessness and a high rate of unsheltered homelessness.



553,742

homeless individuals in the United States on a given night (January 2017)

24%

of the U.S. homeless population lives in California

55,188

homeless individuals in Los Angeles County on a given night (approximately 10% of the U.S. homeless population)

CALIFORNIA BY THE NUMBERS



129,972

Homeless (24% of all homeless individuals in the nation)



89,543

Unsheltered homeless (69% of all homeless in the state and 47% of all unsheltered homeless in the United States)

NATIONAL NUMBERS

- Most homeless persons (358,363) were located in emergency shelters or transitional housing programs while 194,467 persons were unsheltered.
- The number of families with children experiencing homelessness declined 2.7 percent since 2017 and 29 percent since 2010.
- 37,878 veterans experienced homelessness, a decline of 5.4 percent (or 2,142 persons) since January 2017. The number of female veterans dropped nearly 10 percent since last year. Overall, veteran homelessness in the U.S. declined by 49 percent since 2010.
- 88,640 individuals experienced long-term homelessness in 2018, an increase of 2.2 percent over 2017 levels though chronic homelessness declined by 16.4 percent (or 17,422 persons) since 2010.
- The number of unaccompanied homeless youth and children in 2018 is estimated to be 36,361, a 5.1 percent decline since 2017.

Housing for Health: By the Numbers (Los Angeles County, RAND Study)



The program moved **3,500** homeless people off the streets



Out of 900 participants **96%** stayed in the program for at least a year



The county saved more than **\$6.5M** in the second year of the program



Program participants spent **75%** less time in the hospital in the year after moving into supportive housing



The county saved **\$1.20** for every dollar spent



Program participants made **70%** fewer visits to the ER

CAHA respectfully urges Members of Congress to:

- Provide additional flexible funding for housing assistance – Section 8 Housing Choice Vouchers and Continuum of Care Rental Assistance.
- Increase CDBG, HOME and other funding directed to providing new homes for the homeless.
- Support coordination/collaboration of funding for case management and mental health services.
- Extend funding and operation of the United States Interagency Council on Homelessness.