

Preserve and Expand Federal Housing Programs

The U.S. faces an almost unparalleled affordable housing crisis because of a severe shortage of units, presaged by years of underinvestment in the country's federal housing programs. As a result, millions of low-income households in the United States cannot secure affordable housing when they need it most. Development of new units is crucial, and safeguarding the affordable housing we have is equally important. The Biden-Harris administration must make adequate investments to preserve and expand federal housing programs, as a foundation to increase housing stability and build equity in the United States.

The Biden-Harris administration needs to demonstrate a commitment to federal housing programs, and Congress needs to make significant investments in public housing, the Housing Choice Voucher (HCV) program, the U.S. Department of Agriculture (USDA) Rural Development (RD) programs, the Low-Income Housing Tax Credit (LIHTC) program, and privately-owned U.S. Department of Housing and Urban Development (HUD)-supported multifamily projects. These programs represents approximately 8.4 million units of affordable housing and a robust investment in these programs will restore the promise of a housing safety net.

As one of the nation's oldest federal housing programs, **public housing** originated as an essential component of the New Deal, and millions are in danger of homelessness without it.

Now, public housing faces a growing capital and operating backlog, now totaling more than \$70 billion. These funds are necessary to improve the quality and conditions of the existing units that face an increased push either to privatize public housing or to dispose of it.

Tenant-based **housing choice vouchers (HCVs)** build on public-private partnerships to improve the lives of low-income families through income-based housing solutions. However, because vouchers are severely underfunded and existing barriers to true housing choice and mobility remain, many voucher families are unable to benefit from the program. Details of NHLP's proposals to expand and improve the voucher programs can be found [here](#).

USDA's **Rural Development (RD)** rental housing is often the only affordable, decent, safe and sanitary housing in rural communities. However, prepayments and maturing mortgages are increasing rapidly and almost all of the approximately 400,000 RD units will be lost within the next 25 years. This loss displaces residents without adequate protections and few options for other affordable housing.

The **Low-Income Housing Tax Credit (LIHTC) program** is the largest source of affordable housing nationally and is currently the only federal housing production tool. LIHTC operates independently of the appropriations process, and plays a huge part in preserving federally-supported housing in all other programs. However, the program has serious flaws, including a lack of basic rights and

protections for tenants and applicants, the ability of developers and owners to prematurely exit their commitment to provide the affordable housing, a limited time period by which the housing must remain affordable, the concentration of units in distressed communities, and rents that are not truly affordable to most low-income tenants.

Privately-owned, **HUD-supported multifamily properties** are another important public-private partnership created by Congress to spur the development of more affordable housing. When Congress halted the vast majority of new project-based rental contracts, HUD was tasked with preserving what remained. Unfortunately, the failure to appropriate sufficient annual funding, market forces, and poor housing conditions have threatened this housing.

Years of disinvestment and a failure to keep pace with demand contributed to lasting damage to federal programs. Underfunding has allowed federally-assisted housing providers to easily exit the partnership programs, abandoning affordability commitments and the tenants who need them. Underinvestment has also decimated the stock of units owned or operated by the federal government.

A renewed commitment to the preservation and expansion of these programs should be guided by these principles:

- Stable, affordable housing is an essential part of any strategy to grow strong, healthy communities in every zip code, improve educational and health outcomes, reduce the racial wealth gap, and to advance equity in this country;
- With sufficient funding, existing federal housing programs are capable of meeting the housing needs of poor people, but there must be a deep administrative and congressional commitment to keeping pace with demand, protecting tenants, advancing equity, and ensuring high housing quality; and
- The voices and experiences of federally assisted tenants should be heard and addressed in all policy discussions.

To adequately address unmet needs and improve the living conditions and housing stability of households who already participate in those affordable housing programs, NHLP recommends the following comprehensive federal programs approach.

- **Create a federal interagency preservation council.** HUD, USDA and Treasury should convene to develop and implement a national preservation strategy. Concurrently, Congress must increase its oversight of HUD and other housing agencies especially concerning troubled and failing properties, and the agencies must establish clear lines of communication between assisted tenants and the federal government.
- **Preserve and increase the nation's public housing stock.** The president's budget proposal for 2022 should call for significant appropriations to chip away at the \$70 billion capital and operating fund backlog and promote bold investments to fund new public housing. This will improve housing and ensure that the housing remains available and habitable for current and future public housing residents. It is also necessary to protect public housing tenants and preserve remaining units by amending federal law that guides public housing demolitions and dispositions. Finally, Congress should increase funding for the Rental Assistance Demonstration (RAD) program to allow more public housing authorities to convert public housing to RAD when appropriate.
- **Preserve and build upon the nation's privately-owned, HUD-supported multifamily properties.** The president's budget proposal for 2022 should request adequate project-

based rental assistance renewal funding and funding for new contracts. Sufficient funding will improve conditions at these properties and ensure habitability. The administration should advance policies to preserve existing properties, including for properties at risk of foreclosure, opt-outs, or contract terminations. HUD should improve existing procedures that allow for the transfer of these properties to mission-based preservation buyers. Further, tenants should be allowed to enforce assistance contracts and use restrictions to protect their own housing. Finally, Congress should utilize its oversight capabilities to obligate HUD to take enforcement actions, including removal, against owners who fail to meet their obligations to maintain housing in good condition. HUD should also be required to provide a central and public data source of HUD multifamily properties seeking to exit the program.

- **Fully fund and increase the number of Housing Choice Vouchers.** For more information about this recommendation, please see our [voucher program recommendations](#).
- **Increase funding for Rural Development (RD) housing.** In order to meet the affordable housing needs of rural communities and address rapid the loss of affordable units, significantly more attention needs to be paid to USDA's affordable housing stock. The Biden-Harris administration should commit to preserving RD-financed rental housing and protecting residents from displacement because of loan prepayments and maturation. Congress should increase funding for RD's Multi-Family Housing Preservation and Revitalization Loan Program (MPR) in order to preserve remaining stock. The Biden-Harris administration should champion legislation to authorize the decoupling of rental assistance from USDA-backed units so that RD can continue to extend rental assistance to owners when loans mature and thereby avoid resident displacement. Any package of legislation should also make households in developments with maturing mortgages eligible for the RD voucher program and enforce affordability use restrictions placed on owners who prepay loans. Congress should then fully fund the RD voucher program and operate it similarly to the HCV program, where rent levels are based on local market conditions, utility costs, household size, and income.
- **Increase tenant focus in the LIHTC program.** The Biden- Harris administration should commit to making LIHTC developments truly affordable to low-income tenants, closing policy gaps that allow developers to prematurely exit the program, and requiring permanent affordability for any new investments. LIHTC rents should be required to be at below-market rates. Treasury needs to increase linkages for units to project-based rental assistance and other deep subsidy programs, and to require leasing to voucher holders. Treasury should also require greater balance in developments within distressed areas and areas of higher opportunity.

Investment in the federal housing programs is an investment in the right to housing, in families, and in the economic success of our country.

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