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**TESTIMONY OF**

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Cleveland, Ohio**

**ON BEHALF OF THE**

**COUNCIL OF LARGE PUBLIC HOUSING AUTHORITIES**

**BEFORE THE**

**UNITED STATES HOUSE OF REPRESENTATIVES**

**SUBCOMMITTEE ON HOUSING AND INSURANCE**

**COMMITTEE ON FINANCIAL SERVICES**

**JUNE 26, 2018**



Chairman Duffy, Ranking Member Cleaver and Members of the Subcommittee, my name is Jeffery Patterson and I am Vice President and Board Member of the Council of Large Public Housing Authorities (CLPHA), and Chief Executive Officer of the Cuyahoga Metropolitan Housing Authority in Cleveland, Ohio. I am here today representing CLPHA, which is a national, non-profit membership organization that works to strengthen neighborhoods and improve lives through advocacy, research, policy analysis, and public education.

CLPHA's members comprise over 70 of the largest housing authorities (HAs), located in most major metropolitan areas in the United States. The agencies act as both housing providers and community developers while effectively serving over one million households, managing almost half of the nation's multi-billion dollar public housing stock, and administering about one quarter of the Section 8 Housing Choice Voucher program.

CLPHA appreciates the subcommittee holding this hearing today, looking at one of the most sensitive issues many housing authorities face on an ongoing basis. That is, how do we provide the best housing environment for our residents while combatting health risk hazards in a very challenging time with regards to adequate resources to address overwhelming needs.

We know the nation's investment of more than \$100 billion in the public housing portfolio is at risk due to a lack of sufficient funding for capital improvement and replacement needs, as well as the burdensome cost and effect of excessive federal regulation. Consequently, transformation of the public housing portfolio to a more stable ongoing funding platform, such as the Rental Assistance Demonstration with Section 8, coupled with infrastructure spending, such as tax credits, capital funds, etc., is necessary to preserve public housing as a viable resource.

Providing a safe, secure, suitable, accessible and healthy housing environment is critical to helping our families, seniors, disabled persons and other vulnerable populations live with dignity and respect. Environmental and health hazards posed by mold, lead-based paint, allergens, carbon monoxide, pesticides, radon and similar dangers threaten the ability of housing providers to create safe spaces for our tenants and others, in order to enhance and improve the quality of life for the people we serve.

My testimony will focus on several program areas that Congress should focus on to help correct the conditions and risks posed by these environmental health hazards.

### **Public Housing Capital Fund**

The Public Housing Capital Fund is the dedicated source of annual federal funding available to housing authorities to make rehabilitation and modernization improvements to public housing. However, for over a decade, capital fund appropriations have steeply declined, while ongoing annual accrual needs continue to be unmet. Since 2010 ongoing accrual needs are estimated at a minimum of \$4 billion annually, and the capital needs backlog—estimated eight years ago by HUD at \$26 billion—and estimated more recently by industry stakeholders at over \$50 billion, continues to grow.

This chronic underfunding of the Capital Fund contributes to a deteriorating housing stock, greatly diminished health and other life outcomes for public housing residents, *especially children and seniors*, and the loss of approximately 10,000 public housing units per year. Chronic underfunding has long-term



consequences for the housing stock, as it means repairs, maintenance, rehabilitation and renovation of public housing units is delayed, deferred or simply cancelled.

It is the Capital Fund that most housing authorities rely on to address the conditions of health hazard abatement, whether we are talking about treating mold, removing asbestos, or eradicating lead-based paint hazards. The Capital Fund is our primary source of funding to mitigate these hazards and continual underfunding year-after-year may be considered short-sighted and counter-productive—especially since it is preventable.

At our PHA, despite a robust Modernization and Development strategy, some of our properties date to the 1930s with approximately 3000 units that contain Lead-based Paint. While we maintain the paint conditions in these units through a process of inspection and repair, these measures are temporary and deteriorate with normal activities of life – leading to an endless cycle of inspection/repair. The costs to completely remove the Lead-based Paint from housing– thereby eradicating the exposure of infants and children to these toxins -- exceed the annual Capital Fund allocation for our PHA many times over.

Last year Congress provided the Capital Fund with its largest boost in funding in any one fiscal year, \$800 million. While a significant amount by most accounts, and gratefully received by housing authorities, it is still wholly inadequate when compared against the need.

#### **HUD OIG Report**

In your invitation letter to testify, you asked me to comment on the June 14, 2018 HUD Inspector General (IG) report entitled "HUD's Oversight of Lead-Based Paint in Public and Housing Choice Voucher Programs". According to the IG audit report, it found that HUD lacked adequate oversight of lead-based paint reporting and remediation in its public housing and Housing Choice Voucher programs. The audit identified several weaknesses in HUD's reporting requirements, establishment of policies and procedures, and inspection protocols.

While I cannot speak to what HUD did or did not do in regards to their oversight and reporting requirements, I can say that housing authorities are endeavoring, under oftentimes difficult circumstances and very limited resources, to meet the many obligations, responsibilities, and conditions required of them when it comes to mitigating lead-based paint hazards in their developments.

#### **Rental Assistance Demonstration and Low Income Housing Tax Credit**

The Rental Assistance Demonstration or "RAD" program is a preservation program Congress created in 2012 focused on protecting and improving the nation's at-risk public housing stock. RAD allows housing authorities to leverage private capital through a variety of proven financing tools as a key solution in tackling the multi-billion capital needs backlog in public housing. CLPHA is aware that in the current environment Congress is unlikely to appropriate sufficient funds to tackle the entire public housing backlog, and public-private partnerships are necessary to begin whittling down the existing capital needs.

It is not widely known that for over 20 years, as federal appropriations for public housing continually diminished, and long before RAD, housing authorities began to use private equity through the Low Income Housing Tax Credit (LIHTC) more and more often to fill the gap. Housing authorities serve many of the poorest families in their communities with deep rental subsidies through either public housing or vouchers.

Thus, by combining LIHTCs with rental subsidies, housing authorities are able to target LIHTCs to families with the most severe affordable housing needs through housing authority preservation projects.

Coupled with LIHTC—now the nation’s primary affordable housing production and rehabilitation program—RAD has caused a fundamental shift in the ability of housing authorities to finance the rehabilitation, renovation or new construction of affordable housing. Currently, over 96,000 public housing RAD units have closed, leveraging over \$4.4 billion in LIHTC funding, with HUD receiving another 100,000 units in application.

As housing authorities reposition and recapitalize their housing stock in an effort to acquire the capital dollars to rehabilitate housing units, the needs of the tenants are foremost in mind and chief among them are the resources and steps necessary to tackle the problems caused by health hazards such as mold, lead-based paint and asbestos and others.

Deteriorating and unsafe units due to health hazards are a major contributing factor for some housing authorities considering the move to RAD. Oftentimes, the project-wide renovations made possible by RAD, not only correct health hazard deficiencies and obsolescence—such as upgrading systems, providing for energy efficiency, and adding or improving community spaces—but result in a greater sense of community, well-being, and health outcomes among residents.

### **Moving to Work**

The Moving to Work or “MTW” program, authorized by Congress over twenty years ago, has served as a public housing laboratory for innovation and flexibility in program administration and utilization of program funding to meet local needs. Many of the innovations developed through MTW have been adopted into legislative and regulatory reforms for all public housing. MTW can be instrumental in helping housing authorities deal with the difficulties posed by health hazards because of the funding and program flexibilities it allows housing authorities to utilize. Given the local decision-making aspect of MTW, housing authorities are able to redirect some of their operating funds and housing vouchers to strategies intended to ameliorate the risks posed by health hazards in their housing developments.

A recent empirical study on *Testing Performance Measures for the MTW Program* was conducted by Abt Associates, a global leader in research, and is the first aggregate data analysis of the performance of the MTW demonstration since the program began. In regards to the capital needs of MTW agencies, some of its findings include:

- **MTW’s have higher average inspection scores than non-MTW comparison agencies.** Over 40 percent of MTW agencies have inspection scores of 90 or higher, compared to 21 percent of comparison agencies. The average PHA inspection score for MTW agencies of 83.9, compared to 82.0 for comparison agencies, is a statistically significant difference.
- **MTW agencies have less unmet capital needs.** 76.6 percent of MTW agencies units have unmet capital needs, versus 90.3 percent for units at non-MTW comparison agencies.
- **MTW agencies reported a smaller increase in unmet capital needs.** Over a 5 year period, non-MTW comparison agencies were significantly more likely to report that their unmet capital needs had increased (73 percent), versus only 26% of MTW agencies who reported that their unmet capital needs increased.

- **MTW agencies have higher average preservation rates.** Over a 10 year period, MTW agencies reported preserving an average of 200 units, compared to 126 units preserved for non-MTW comparison agencies.

### **Healthy Homes**

The hearing today is timely because June is Healthy Homes Month. The HUD Healthy Homes Initiative was created in 1999 to address concerns regarding child environmental health. In the almost two decades of this program, housing authorities and others in the industry have worked diligently together to address health and safety concerns such as mold, lead, allergens, asthma, carbon monoxide, pesticides, and radon in cost-effective ways. Housing authorities have remediated environmental exposures across their housing portfolio, as well as engaged residents in the process by partnering with community-based organizations to provide health education resources. Healthy Homes is a widely popular initiative in that housing authorities are encouraged to work with a diverse array of community health stakeholders and residents to reduce environmental hazards and improve community health.

These initiatives have benefited from robust resident and family engagement, both to identify issues but also to ensure successful implementation. Integrated Pest Control (IPC), for instance, might not seem like a “people” project so much as a property management issue, but housing authorities have been able to successfully curb pest issues by working with their residents.

In launching IPC efforts, housing authorities engage residents about their families’ exposure to pests in an effort to address the issue of pests head on – exposure to which can lead to issues such as asthma – and ensure that remediation efforts are effective. Having a trusted relationship and feedback loop between the housing authority and residents is critical to its success since residents follow up throughout the implementation as they observe changes. Initial and ongoing education efforts emphasize ways households can effectively limit their exposure to pests such as trash removal, and proper food containment help bolster other efforts such as plumbing repair and sealing of entry points.

### **Health, Housing and Systems Alignment**

Public housing authorities are engaged in a wide array of local partnerships across sectors aimed at improving residents’ health, wellbeing, and self-sufficiency. CLPHA has made significant investments in cultivating and encouraging cross-sector partnerships between housing authorities and trusted partners in health, education, and other sectors to improve life outcomes. We recognize that housing authorities can be powerful conveners of these various systems that serve the most vulnerable among us, especially when given adequate resources to do so. In addition to Healthy Homes, housing authorities work with essential health and social service providers who serve residents’ primary and specialty health needs, in essence an extension of the continuum of preventive and environmental health.

Simply put, these systems – housing, public health, healthcare, schools – work together because they serve similar if not the same constituencies, and they should. We think this type of collaboration is not only promising but essential. We urge the Committee to encourage greater interagency collaboration between HUD, HHS, EPA, and others that could better leverage their respective resources and expertise. Breaking down funding silos in addition to service silos could provide useful incentives for different agencies to work together on complex – and therefore costly – matters that concern them all. These systems are seeking ways to work together as they see the intersections between health and housing, housing and education,

and education and health. More concrete pathways for partnership at the federal level could spur significant cross-sector innovation at the local level, with housing authorities as leaders.

### **Recent Congressional Appropriation Actions**

Congress has shown great interest in the impact that lead exposure in housing, in particular, has had on children and their development. The recent fiscal year 2019 committee report by the House appropriators calls for stringent inspections and inspection standards within federally assisted housing, including public housing and the housing choice voucher program. According to the report, *“Visual lead inspections have proven at times insufficient and more rigorous standards such as requiring risk assessments prior to a family moving into a home should be considered where appropriate to ensure that children living in federally-assisted homes are protected from lead poisoning.”*

While we do not disagree that strict standards should be adhered to when conducting inspections—after all lives are at stake—we do not shy away from transparency, accountability and real oversight (not just more rules). However, we would urge that adequate resources must be equally provided to conduct lead inspections and/or risk assessments.

For example, prorating the amount the Public Housing Operating Fund receives, underfunding the Public Housing Capital Fund, and prorating administrative fees for the Housing Choice Voucher program is counter-productive and ill-advised. These are the very programs and resources housing authorities depend upon to inspect, assess, and correct the problems associated with mold, lead-based paint, and other health hazards.

CLPHA is pleased the fiscal year 2019 committee report by the Senate appropriations committee is recommending HUD award \$95 million in grants to remediate lead-based paint hazards in low-income housing and neighborhoods with older housing stock. They are paying particular attention to low-income families with young children, and incidences of elevated blood lead levels in children under the age of 6 years old. However, the \$95 million is another set-aside under the Housing Choice Voucher program. We strongly urge the funding be authorized and allocated as new monies, rather than placing an additional strain on the housing voucher program already beset with competing demands.

### **Closing**

In closing, with progress there are always new and improved ways of doing things: new programs, improved methods, recent data, better materials, etc.; but, in addition, a fundamental and inescapable truth is that adequate resources are always needed. As my testimony shows, the programs exist, the technical expertise is available, we know what needs to be done and how to do it. What housing authorities and other housing providers lack but desperately need is adequate funding to do what is universally recognized as imperative (regardless of party or political association) providing healthy homes to the families we serve.

Mr. Chairman and members of the committee, we appreciate the increased attention that you and others in Congress are giving to this issue of health hazards in housing. We appreciate your willingness to look for solutions and new ways to address this problem. We ask your help in providing the means. While we recognize you do not control the funding process, yours is an important voice in these matters and your support for adequate resources to eliminate these preventable health hazards is urgently required.

Thank you for the opportunity to testify today.