

**ON THE BRINK OF HOMELESSNESS:
HOW THE AFFORDABLE HOUSING CRISIS
AND THE GENTRIFICATION OF AMERICA
IS LEAVING FAMILIES VULNERABLE**

HEARING
BEFORE THE
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTEENTH CONGRESS
SECOND SESSION

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**ON THE BRINK OF HOMELESSNESS: HOW
THE AFFORDABLE HOUSING CRISIS AND
THE GENTRIFICATION OF AMERICA IS
LEAVING FAMILIES VULNERABLE**

Tuesday, January 14, 2020

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The committee met, pursuant to notice, at 10:07 a.m., in room 2128, Rayburn House Office Building, Hon. Maxine Waters [chairwoman of the committee] presiding.

Members present: Representatives Waters, Maloney, Velazquez, Sherman, Meeks, Scott, Green, Cleaver, Perlmutter, Himes, Foster, Beatty, Heck, Vargas, Gottheimer, Lawson, Tlaib, Porter, Axne, Casten, Pressley, McAdams, Ocasio-Cortez, Wexton, Lynch, Adams, Dean, Garcia of Illinois, Garcia of Texas, Phillips; McHenry, Wagner, Lucas, Posey, Luetkemeyer, Huizenga, Barr, Tipton, Williams, Hill, Emmer, Zeldin, Loudermilk, Mooney, Davidson, Budd, Kustoff, Hollingsworth, Gonzalez of Ohio, Rose, Steil, Riggleman, and Timmons.

Chairwoman WATERS. The Committee on Financial Services will come to order.

Without objection, the Chair is authorized to declare a recess of the committee at any time.

Today's hearing is entitled, "On the Brink of Homelessness: How the Affordable Housing Crisis and the Gentrification of America is Leaving Families Vulnerable." I now recognize myself for 5 minutes to give an opening statement.

Good morning. Today, this committee convenes for its first hearing of the year to examine our country's rental housing crisis and how it is causing many Americans to live on the brink of homelessness. In 2019, homelessness increased by 2.7 percent, resulting in almost 568,000 people experiencing homelessness. Areas with high rental costs, such as Los Angeles, have seen particularly high increases in homelessness. Los Angeles experienced a 16 percent jump in homelessness in 2019 alone. Between 2010 and 2017, L.A.'s homeless population increased by 42 percent. While more than half-a-million people have no place to call home, there are millions more who are on the brink of experiencing homelessness because they can't afford to pay rent.

According to the National Low Income Housing Coalition (NLIHC), more than 10 million low-income households are severely cost-burdened, meaning they spend more than 50 percent of their

earnings on rent. These households are also twice as likely to fall behind on their rent and be threatened with eviction. Moreover, gentrification has exacerbated the rental housing crisis in some communities. For example, the City of Inglewood, located in my district, is experiencing gentrification created by recent commercial developments, including a new football stadium and entertainment district. As a result, long-time residents have seen their rents spike or have even been evicted to make way for newer, wealthier tenants. I have talked to these long-time residents and have heard how their lives have been turned upside down.

I am deeply dismayed that despite these numbers, Congress has failed to prioritize this issue, and continues to underfund the very programs that would help people afford a roof over their heads. Not only are we failing to adequately invest in Federal programs to meet the needs of people who are currently experiencing homelessness, we are also failing to adequately invest in the solutions that can prevent homelessness in the future, such as the National Housing Trust Fund, which is dedicated to the development and preservation of housing that is affordable to the lowest-income households.

Homelessness affects the very fabric of our communities. When I speak to families in my district who are dealing with homelessness, I see the toll this housing insecurity is taking on them, including their children who can't concentrate in school because they are sleeping in a car at night. Every American has the right to safe, decent, and affordable housing. That is why I am doing everything I can to get my bill, H.R. 1856, the Ending Homelessness Act, passed into law.

The Ending Homelessness Act would provide over \$13 billion in new funding for vital programs that serve people experiencing homelessness and increase the supply of affordable housing for the lowest-income households. We need to do more if we are going to address the rental housing and homelessness crisis. We need to preserve the affordable housing that we have. We need to increase investments in programs that develop new housing or provide rental assistance. We know what the solutions are to this problem; we just need the political will and the resources. So, I look forward to hearing from the panel of witnesses whom we have here today.

And with that, I now recognize the ranking member of the committee, the gentleman from North Carolina, Mr. McHenry, for 5 minutes.

Mr. MCHENRY. Thank you, Chairwoman Waters. Thank you for holding this hearing, and thank you for this important discussion about housing affordability. For many people, housing affordability challenges are real. The economy is doing quite well. We see wages rising in every piece of our economy, and Americans are better off now because of the economic growth of the last few years, it is true. But too many low-income Americans find themselves one paycheck, one car accident, or one surprise bill away from losing their homes.

According to the Harvard Joint Center for Housing Studies, about half of all renters in the country are considered cost-burdened, meaning that they pay more than one-third of their income towards rent. While these affordability challenges exist in many places, the reality is that they are most acutely experienced in

high-cost, high-taxed cities in dense urban areas. These high-cost cities and States are making this crisis worse, not better. Enacting counterproductive regulatory and zoning laws which decrease the amount of housing that can be built causes housing costs to skyrocket, and, ultimately, puts more low-income families at risk of being kicked out of their homes.

Worse yet, these same high-cost cities and States are also responsible for a nationwide increase in homelessness, which has increased by 3 percent over the past year. This increase is being largely driven by high-cost, high-taxed States, specifically California and New York. But don't take my word for it. Last week, the Washington Post reported that, "New York City is the area with the largest homelessness population, but Los Angeles, San Jose, and San Diego have the largest shares of the unsheltered population." That is from the Washington Post.

The data show that California alone is responsible for almost half of the nation's unsheltered homeless population—half. Moreover, when you look at a nationwide comparison of red States to blue States, the fact is that since 2007, blue States have not been able to reduce their homeless population at all, while red States have cut homelessness by about a third. I think that is an interesting statistic, and I think it is noteworthy for this discussion. In fact, the Post further reported that homelessness data show that, "homelessness is, in fact, more prevalent in States that voted for Hillary Clinton in 2016," while, "States that voted for Trump have seen larger drops in their homeless populations." Again, that is from the Washington Post. It is not an opinion story. It is a hard news story from the Washington Post.

If we are going to have a discussion about it, we need to have the fullness of the data and the fullness of the answers to these very important questions about homelessness. I raise this because it is the Washington Post, not some right-wing blog, that is saying these things. So if you believe in data and the correlation of it, in this case, it is impossible to ignore that the States with the worst problems are also the States with the worst solutions. The reality is that if we want to address the high cost of housing, we need to enact policy changes to address the root cause of these local issues, the local problems, not just hope for a new Federal subsidy or temporary offsets in order to throw money at the problem.

If we want to fight inequality, let's build more housing so that low-income Americans have the chance to live in high-opportunity cities where they work. And if we care about combatting the climate crisis, let's build more and denser housing so people can live closer to where they work. People on both sides of this discussion want to make things better. That is important, and I think it is about time we propose some real solutions to these problems holistically.

Back in 2016, President Obama said, "If you keep on doing something over and over again for 50 years and it doesn't work, it might make sense to try something new." He wasn't talking specifically about housing there, but I think the quote makes a whole lot of sense. I don't want to be misunderstood. There will always be a portion of our population who has limitations to work, perhaps the elderly, or the disabled, or others, and it is important we have a

social safety net for them. But we need to have a holistic response here, and we need to be open-minded about this approach. And with that, I yield back the balance of my time.

Chairwoman WATERS. Thank you very much. To the witnesses who are here today, I don't want you to get intimidated at all with these political arguments. This should be a nonpartisan issue. Homelessness is prevalent all over this country. I don't want to hear anything about red and blue, and I want you to tell us your experiences and help us in any way that you can.

I want to welcome today's distinguished panel: Ms. Karen Chapple, a professor at the University of California, Berkeley, who is serving as Chair of Berkeley's Department of City and Regional Planning; Mr. Matthew Desmond, who is the Maurice P. During Professor of Sociology, and Director of The Eviction Lab at Princeton University; Ms. Priya Jayachandran, who is CEO of the National Housing Trust; Mr. Jeffrey Williams, who is a tenant advocate on the issues we will be discussing today; and Mr. Michael Hendrix, who is Director of State and Local Policy at the Manhattan Institute.

Without objection, all of the witnesses' written statements will be made a part of the record, and each of you will have 5 minutes to summarize your testimony. When you have 1 minute remaining, a yellow light will appear. At that time, I would ask you to wrap up your testimony so we can be respectful of both the witnesses' and the committee members' time.

Professor Chapple, you are now recognized for 5 minutes to present your oral testimony.

STATEMENT OF KAREN CHAPPLE, PROFESSOR, AND CHAIR OF THE DEPARTMENT OF CITY AND REGIONAL PLANNING, UNIVERSITY OF CALIFORNIA, BERKELEY

Ms. CHAPPLE. Chairwoman Waters, thank you for the opportunity to address the committee. I will focus on the role of gentrification in the housing affordability crisis and the potential for Federal policy to make a difference. I am a professor and the Chair of the Department of City and Regional Planning at the University of California, Berkeley, where I have worked for 19 years. I am also faculty director of the Urban Displacement Project.

The loss of affordable rental housing occurs for many reasons, but, most importantly, income inequality. Gentrification plays a role, but it is not well-understood. Gentrification means that affluent and highly-educated newcomers, usually accompanied by new real estate investment, move into a low-income neighborhood, often a community of color. This disrupts the filtering-down process for housing. Instead, formerly affordable units filter up and there are fewer affordable apartments. Displacement doesn't happen immediately, but there is broad agreement among researchers that over time, low-income households are no longer able to find housing in these neighborhoods.

Gentrification tends to attract a significant amount of media attention in places where it is rapid, like U Street in Washington, D.C. But as the Displacement Project has demonstrated, the affordability crisis has resulted in patterns of displacement that affect many different types of neighborhoods, not just these iconic exam-

ples. Residential displacement is a situation in which households are forced to move for any variety of reasons, not just rent increases, but also lack of repairs or even just landlord harassment.

Displacement may occur not just during or after gentrification, but also before, when gentrification is nowhere in sight. In most cities across the country, gentrification occurs in just a handful of neighborhoods. Many more low-income neighborhoods are experiencing disinvestment; landlords disinvest in their property and displace tenants in order to make room for profitable reinvestment later. Because so many residents have already been displaced, if the Federal Government finally does arrive, there are few people left to be displaced.

Our recent study of displacement in the greater New York region illustrates the different forms. About half of low-income neighborhoods are gentrifying or might in the future, but the remainder are stable or are experiencing displacement without any sign of gentrification. Displacement is happening in upper-income neighborhoods, too. They are losing whatever diversity they ever had, and most of this is happening without an actual legal eviction filing. It has implications for fair housing in our cities as people are pushed out.

The dysfunction of our rental housing market has contributed to the growth of precarious housing conditions. Certain types of buildings, like multifamily apartments, are particularly likely to change, and when this coincides with personal vulnerabilities—elderly folks, children, communities of color, low-income folks, medical conditions, et cetera—housing stability is at risk. Precariousness can thus lead to homelessness. Precariousness exists in many different types of neighborhoods. If gentrification is in process, it can act as a shock. People with no buffer or safety net can end up on the street.

I will mention some housing strategies and some other actions in areas like health and labor that are critical to address the crisis. We need emergency rental assistant and tenant counseling. I support the Eviction Crisis Act and the Family Stability and Opportunity Vouchers Act. Since it is expensive to build new housing, preservation of affordable housing stock is critical. HUD needs to preserve Project-Based Section 8 buildings, but we also need to innovate new approaches to scattered-site acquisition and rehab, like the Small Sites Program in San Francisco. New subsidized housing and new market rate housing will help mitigate displacement. We need to invest in the National Housing Trust.

Two underbuilt housing types deserve more consideration: tiny homes for the homeless; and accessory dwelling units. There is an L.A. mosque experiment in Los Angeles, which is providing assistance to homeowners if they rent to voucher holders for 5 years. Opportunity Zones are often located in precarious communities undergoing gentrification, so we need to protect those residents. Eligibility for Opportunity Zone benefits should depend on the existence of tenant protections, housing preservation programs, or affordable housing production.

Finally, HUD is exploring ideas for zoning reforms that will expand the supply of housing. We need to set up pilot programs here. In terms of healthcare, improved coverage, including Medicaid and

services targeted to vulnerable populations in precarious housing, can help prevent homelessness. Affordability is as much an income crisis as it is a housing crisis. Raising the minimum wage to \$15-an-hour by 2025 is critical. This should be adjusted for local markets, exempting low-cost metropolitan areas and rural areas. And finally, we are going to have to develop better data sources if we are going to study and evaluate these programs.

In concluding, Madam Chairwoman, I urge your committee to undertake a holistic and comprehensive approach to addressing the housing affordability crisis. Thank you for the opportunity to testify today.

[The prepared statement of Professor Chapple can be found on page 70 of the appendix.]

Chairwoman WATERS. Thank you, Professor Chapple. Professor Desmond, you are now recognized for 5 minutes to present your oral testimony.

**STATEMENT OF MATTHEW DESMOND, MAURICE P. DURING
PROFESSOR OF SOCIOLOGY, AND DIRECTOR OF THE EVIC-
TION LAB, PRINCETON UNIVERSITY**

Mr. DESMOND. Chairwoman Waters, Ranking Member McHenry, and members of the committee, thank you so much for the opportunity to testify today.

Many Americans are crushed by the high cost of housing these days. According to the latest data from the American Housing Survey, the majority of renters below the poverty line are now spending over half of their income on housing costs. One in 4 of those families are spending over 70 percent of their income just on rent and utilities.

The affordable housing crisis is caused by 3 main factors. First, incomes for many American families have been stagnant for the last several decades. American productivity has more than doubled since 1980, yet according to a recent study, the bottom 90 percent of workers during this time saw annual earnings gains of only 15 percent.

Second, as many Americans are watching their income stagnate, their housing costs are soaring. This is the second main cause of the crisis. Nationwide, median asking rents have more than doubled over the last 2 decades. Since 2000, median rent has increased by 72 percent in the Midwest, by 108 percent in the South, by 119 percent in the Northeast, and by 146 percent in the West. Rents are rising at a much faster rate than incomes, yet Congress has not intervened to address this morally-urgent problem.

And third, inadequate Federal funding for rental assistance is also driving the housing crisis. The vast majority of families who qualify for housing assistance do not receive it. The average family spends 26 months on a waiting list for rental assistance, and in our largest cities, the wait list is no longer counted in years; it is counted in decades. I have 2 young children. If I apply for public housing today in this City, Washington, D.C., chances are, I would be a grandfather by the time my application came up for review.

Because of these factors, eviction, which used to be rare in the United States, has become commonplace. Between 2000 and 2016, more than 61 million eviction cases were filed in the United States.

In 2016 alone, 3.7 million cases were filed. This number far exceeds the 1.2 million completed foreclosures issued at the height of the foreclosure crisis in 2010. The problem is most acute in average-sized cities with average housing costs, places like Richmond, Virginia, where 1 in 9 renter homes is evicted every year; or Tulsa, Oklahoma, where 1 in 13 is evicted. Our research also shows that many small towns across the country have eviction rates that rival the biggest cities. Take Centreville, Illinois, population 5,012, which sees 1 in 9 renter homes evicted every year.

The crisis is affecting families in every region of the country and in every type of town, large and small. Eviction causes loss. Children lose their schools. Families lose their homes and their neighborhoods. They often lose their possessions, which are piled on the sidewalk or discarded by property owners. Research shows that after getting evicted, families relocate to worse housing and to neighborhoods with higher levels of poverty and crime than they lived in before, largely because property owners view an eviction record as disqualifying. Public housing authorities also do so, which means we are systematically denying housing help to the families who need it the most.

Studies show that eviction causes job loss, and then there is the effect that eviction has on your mental health. Research has linked eviction to depression, to drug overdose deaths, even to suicide. This body of research shows that eviction is not just a condition of poverty; it is a cause of poverty.

The good news is that Federal policies aimed at promoting residential stability work. When families receive a housing voucher after years on the waiting list, when they finally receive the ticket that allows them to pay only 30 percent of their income on rent instead of 60 or 70 percent, research shows they do one consistent thing with their freed-up income: they take it to the grocery store. They buy more food, and their kids become healthier and stronger. When families receive a housing voucher, they move into better neighborhoods. Their kids do better in school. Recent research shows that families who grow up in public housing have better later-life outcomes than those who are left to struggle unassisted in the private market.

Housing programs powerfully promote economic mobility, but the vast majority of our low-income renting families are denied this opportunity, and their kids are not getting enough to eat because the rent need is first. I applaud the efforts this committee has made to end homelessness and ease the housing burden for Americans. Last month, 2 bipartisan-sponsored bills were introduced in the Senate. The Eviction Crisis Act would go a long way to reducing unnecessary evictions, mitigating the harm of displacement and deepening our understanding of the problem. The Family Stability and Opportunity Vouchers Act would create 500,000 new housing vouchers for families who desperately need them, and improve services to increase housing in neighborhood choice. I urge this committee to work across party lines to generate complementary legislation in the House, acting decisively and quickly to address this crisis.

[The prepared statement of Professor Desmond can be found on page 80 of the appendix.]

Chairwoman WATERS. Thank you, Professor Desmond. Next, we will have Ms. Jayachandran. You are now recognized for 5 minutes to present your oral testimony.

**STATEMENT OF PRIYA JAYACHANDRAN, CEO AND PRESIDENT,
NATIONAL HOUSING TRUST (NHT)**

Ms. JAYACHANDRAN. Good morning, Chairwoman Waters, Ranking Member McHenry, and distinguished members of the committee. Thank you for the opportunity to testify regarding how preservation may address the affordable housing crisis. I am Priya Jayachandran, CEO of National Housing Trust (NHT).

NHT is a nonprofit dedicated to preserving, producing, and protecting affordable housing. Our mission broadly is to ensure that all U.S. residents have access to safe and secure homes by preserving and expanding the nation's affordable housing stock. Using the tools of policy advocacy and innovation, real estate development, lending, and energy solutions, NHT hopes to preserve and create more than 36,000 affordable homes in 50 States, leveraging more than \$1.2 billion in financing.

Before I dive into the fact and figures, I would like to share a story. Meridian Manor is an historic building in the increasingly-gentrifying neighborhood of Columbia Heights here in Washington, D.C., less than 2 miles from here. In 1991, the residents of Meridian Manor won a judgment against their negligent landlord for housing code violations and illegal rent increases. Meridian Manor benefits from 100 percent project-based vouchers, which enables its residents to pay only 30 percent of their income on rent.

NHT partnered with the Meridian Manor Resident Association in 2002 to acquire and renovate their building using Low-Income Housing Tax Credits. The residents retained a right of first refusal to purchase the property from the Housing Credit Limited Partnership after the end of the initial 15-year compliance period, which ended last year. Last month, the residents exercised that right. We at NHT will continue to work with the residents as a development consultant and as an asset manager as they assume full ownership.

While many neighboring apartments are rapidly converting to high-cost condominiums, Federal subsidies, notably Project-Based Vouchers and Low-Income Housing Tax Credits, have enabled the residents in Meridian Manor to remain in their home, in their neighborhood, by maintaining affordable rent, and now to own their building. We are very proud at NHT of our role in preserving the affordability of this historic building for families who will have the opportunity now to continue living there.

Mr. Desmond, Ms. Chapple, and the members of the committee did a nice job of summarizing the data on the need for affordable housing, so I will focus on solutions. Affordable housing preservation can help. Preservation refers to a set of actions that ensure that an affordable property's rents remain affordable by extending and potentially expanding its housing subsidies and rent restrictions. Often accomplished by mission-based developers committed to long-term affordability like NHT, preservation usually involves financial recapitalization and physical renovation of a property.

In recent years, rising rents in hot markets, like D.C., have created increased incentives for owners to opt out of participating in

Federal housing assistance, including Project-Based Section 8. When properties become unaffordable at the same time neighborhoods improve, residents are often displaced, losing the opportunity to benefit from potential decreased crime rates, and enhanced access to jobs, quality schools, and reliable transportation. Preserving affordable housing enables residents to benefit from these opportunities. It also allows employers to fill critical jobs across the spectrum of wages without forcing the poorest workers to shoulder the burden of long and expensive commutes.

In distressed neighborhoods, preserving affordable housing can catalyze the revitalization of an entire community. It also signals the reversal of what may have been years of neglect and can spark the public-private investment that is essential for community revitalization. Preservation protects the billions of taxpayer dollars already invested in affordable housing and results in more efficient use of resources.

No one strategy alone can solve our affordable housing crisis, and preservation must be coupled with building new apartments and increasing tenant-based vouchers, among other strategies. Housing construction, particularly at affordable levels, has not kept pace with population growth and widening income inequality, nor have voucher allocations kept pace with the increase in renters who need them. However, focusing exclusively on new construction or vouchers without simultaneously promoting preservation risks exacerbating the problem. We must preserve existing homes, and focus our new construction and new tenant-based efforts on expanding supply without backfilling our losses.

[The prepared statement of Ms. Jayachandran can be found on page 90 of the appendix.]

Chairwoman WATERS. Thank you, Ms. Jayachandran. Mr. Williams, you are now recognized for 5 minutes to present your oral testimony.

STATEMENT OF JEFFREY WILLIAMS, TENANT ADVOCATE

Mr. WILLIAMS. Good morning, Chairwoman Waters, Ranking Member McHenry, and members of the committee. Happy New Year. First, I want to thank everyone for taking time out to hear my family's story, so I will try to just keep it brief.

My name is Jeffrey Williams. I am a father, a husband, and a tenant in Richmond, Virginia. My family is one of several American families who have experienced homelessness for several years. I was forced out by a legal eviction. I fell behind on my rent. It was taking 30 percent of my income, and we were forced out on the street. My son, who is now 11, was 9 then, and was forced out on the street with nowhere to go. At this point, I feel very compelled to tell you guys, and excuse me if I am not being correct, but it brings tear to my eyes to know that you guys are just giving me this opportunity to hear our story. But I will just move on.

My family and I have been homeless for over 3 years. We have experienced it on all different levels, from being put out on the street, to staying in hotels, to being promised places only to find out that they didn't want to give us a chance. My son, who is here today, would be the first to tell you that it hurts. It hurts when your child looks at you, and they ask you, "Where is our next place,

for a roof over our heads?” They ask you, “Dad, where will we live next?” And I am ashamed because I don’t know what we can do. My son one day asked me, and I will never forget it. He asked me, “Dad—and, again, he was 9 at this point—can I help you work to put a roof over the family’s head?”

And at that point, I knew that something had to be done. When you do all you can as a father, as a husband, and as a provider, you feel like a failure. You feel like the weight of the world is on your shoulders. You feel like you have done a disservice to your family, and you just feel like you are a failure. But then to go further down the line and realize that there is no one to listen to you, no one is there to just understand that there is a bigger issue going on, it hurts, and it cuts deep.

I am sure I am not going with everything on the paperwork, and I am trying to refrain from getting emotional, so I apologize. But this is something that is very, very near and dear to me because it hurts, and it hurts not only me and my family, but I am hurting for the next family who is going to go through this. And I ask everyone, when you go home tonight and you sit back and look at everything that is going on in the world, please look at the families that you pass every day on a daily basis, because everyone deserves a chance, everyone deserves an opportunity, and everyone deserves to have a roof over their head.

Some people take that for granted, and if I could say to each and every one of you, tonight, when you go home to your loved ones, be thankful. Be thankful, because it was taken from me, and that is something that I will never ever forget. It is a feeling that will never leave. It is scary to know that at any given point, due to a little mistake or a lack of income, it all can be taken away from you. And I want you to all to know from the bottom of my heart, I really thank you all for hearing me, and I am here to listen to anybody.

I brought my son here today, and I thank you for hearing my story this morning.

[The prepared statement of Mr. Williams can be found on page 94 of the appendix.]

Chairwoman WATERS. Thank you, Mr. Williams. Mr. Hendrix, you are now recognized for 5 minutes to present your testimony.

STATEMENT OF MICHAEL HENDRIX, DIRECTOR, STATE AND LOCAL POLICY, MANHATTAN INSTITUTE

Mr. HENDRIX. Good morning, Chairwoman Waters, Ranking Member McHenry, and members of the committee. Thank you for inviting me to participate in this hearing. My name is Michael Hendrix, and I am the director of State and local policy at the Manhattan Institute, and, along with my colleagues, we seek to advance the flourishing of America’s communities.

My key message to the committee today is this: America must allow more housing supply where there is housing demand. Not doing so actively harms low-income and marginalized Americans. State and local governments must lower the regulatory barriers standing in the way of new and more affordable housing. And the Federal Government can play an important role in informing and incentivizing housing reform, because the reality is that America’s

housing is increasingly unaffordable. Roughly 25 percent of renters nationwide spend more than half of their incomes on housing. In opportunity-rich Cities like San Francisco and New York, real housing prices have tripled and doubled since 1970, respectively. And the result is a crisis of affordable housing, and a growing fear of homelessness and displacement among many Americans and their families.

Housing unaffordability is rooted in housing inaccessibility. Demand is outstripping supply for the 8th year in a row nationwide. For every 10 households formed from 2010 to 2016, just 7 homes were built. And in a survey across American cities, it was found that it was illegal on 75 percent of residential land to build anything but a single-family home. The demand for housing is highest where housing regulations are the most stringent. The artificially high cost stemming from regulatory barriers such as onerous zoning regulations, discretionary reviews, impact fees, and one-size-fits-all affordability mandates means ultimately, scarcer homes at higher prices. And as a result, fewer Americans are moving to opportunity, and it is minorities, working families, and low-income Americans, in particular, who have scarcer choices for where and how they live.

Homelessness, as we know, is on the rise for the 3rd straight year, due in no small part to being poor in housing-constrained markets, such as California. And in the face of high rents, an eviction notice too often compounds a long string of financial strains for many families.

So, here are the solutions. Housing cannot be more affordable without becoming more available. We must together loosen the grip of restrictive housing policies that contribute to unaffordable housing, homelessness, and disparate opportunity in destabilized communities. America's lack of affordable housing has three answers: building more units; subdividing existing units; or subsidizing rents. And ultimately, only allowing more housing to be built in this country resembles anything like a long-term solution.

Communities that accommodate both existing residents and newcomers are prioritizing in-placement rather than displacement. Communities should legalize housing of all types for every income level, including for those without housing in the first place, freeing up so-called missing middle housing in single-family neighborhoods, or allowing housing around transit hubs to represent low-hanging fruit for reform. And localities can ensure that this housing is improved simply, quickly, and clearly.

Public-subsidized affordable housing is also too often slow and costly to build, not just because of government inefficiencies, but because they face the same exclusionary land-use policies that contribute to costly market rehousing. Affordable housing can cost upwards of \$739,000 in California per unit, and that is why also naturally-affordable housing is an important source of homes for millions of Americans and a critical part to the crisis of housing we face. That includes backyard apartments, manufactured homes, and roommates sharing a living space. States such as California should be applauded for removing barriers to the development of accessory dwelling units in backyards.

Now, freer markets may not immediately lead to more economical housing, and that is why well-funded housing subsidies provided directly to recipients are important for providing below-market rate shelter in a timelier fashion, while still offering flexibility and avoiding entrenching people in pockets of poverty and segregation. Now, more funding for vouchers and housing assistance, if allowed, must still at some point be paired with more housing down the road. Otherwise, subsidized demand will just lead to higher prices for everyone.

The Federal Government can also play an important role in forming and incentivizing housing reform. For instance, HUD has the authority to set clearly-defined and simple metrics, scoring communities and housing availability and affordability in order for mayors to compete for Federal dollars and prestige for a race to the top. Now is the time for more Americans to stand up for housing growth, including those who are entrusted with a Federal office. These barriers exist for public and private sectors alike, and together, we can help America's housing markets to be both free and fair. Thank you.

[The prepared statement of Mr. Hendrix can be found on page 86 of the appendix.]

Chairwoman WATERS. Thank you very much. I will now recognize myself for 5 minutes for questions.

Mr. Williams, I want to thank you for coming here and sharing your story with us. I want to thank you additionally for bringing your child with you so that your child could see the Members of Congress, and understand that we are public policymakers and we have a role in solving these problems, and I am certainly hopeful that he will know as he grows up what to expect from his elected officials. How many children do you have?

Mr. WILLIAMS. I have 3 children.

Chairwoman WATERS. You have 3 children?

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. And when you were evicted, were you employed?

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. What kind of job did you have?

Mr. WILLIAMS. I was a criminal justice major. I do security, government security. Yes, ma'am.

Chairwoman WATERS. Would you mind sharing with us—you don't have to—what your income was at that time?

Mr. WILLIAMS. At that time, I was making \$10 an hour.

Chairwoman WATERS. How much?

Mr. WILLIAMS. Ten dollars an hour.

Chairwoman WATERS. Ten dollars an hour, with 3 children—

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. —working as a security guard.

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. I am told by one of my staff that you were also trying to improve your income by going to school or doing something to improve your education. Is that right?

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. What were you doing?

Mr. WILLIAMS. I was doing security for public schools.

Chairwoman WATERS. And you were trying to increase your income?

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. And did you have any help with anybody paying for your education?

Mr. WILLIAMS. No. No, ma'am.

Chairwoman WATERS. So, you were paying for your education?

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. And you were making minimum wage?

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. Three children, trying to improve your education, and you were paying for your education, and you missed a month or so on your rent.

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. And you were evicted.

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. Do you know who your landlord was, was it a private landlord?

Mr. WILLIAMS. It was a private landlord.

Chairwoman WATERS. And did they put you and the kids out on the street?

Mr. WILLIAMS. I will never forget it, ma'am. The day of the eviction, the sheriff's department came first thing in the morning. My kids were getting ready for school, and the sheriff's department told us that we had less than 30 minutes to pack up our 3-bedroom apartment and get out. The sheriff's department at that time told us we could only take what we could get, and then, they would lock us out. At that time, all of my kids had chronic asthma, and I was only able to grab a few items. Some near-and-dear items did not come with us. We were put out on the street.

Chairwoman WATERS. And as I understand it, as hard as you tried to find a place, the eviction now interfered with your ability to even find a place, that even if you could have found a place with the meager income that you had, the eviction would always come up?

Mr. WILLIAMS. Yes.

Chairwoman WATERS. And they would say, "Sorry, we can't rent to you." Is that right?

Mr. WILLIAMS. Yes, ma'am.

Chairwoman WATERS. So here you were with limited income and an eviction, with 3 kids, on the street, and nowhere to go. And for a period of time—1 or 2 or 3 years, I don't know how long it was—you were going from motel to motel to your car.

Mr. WILLIAMS. To my car. One particular time, we were staying in the car for about 3 weeks.

Chairwoman WATERS. And how did the children get to school when you were sleeping in the car?

Mr. WILLIAMS. We would still take them to school.

Chairwoman WATERS. You are describing to us a situation where literally, it was not your fault, and it was not the fault of a Democrat or a Republican; it was the fact that we have low income and stagnant wages, oftentimes. When you are trying to improve yourself, oftentimes, there is no one helping to pay for the education.

But then, there is no low-income housing that you could have gotten on that income, is that right?

Mr. WILLIAMS. Yes, ma'am. On several occasions, in approximately 3 years, we probably lost about \$2,000 to \$3,000 just in application fees because we were told at the initial interview after being forthcoming with all our information, oh, you qualify for this, you qualify for that, only to be told a day or two later, you don't qualify. So, every application fee that we have put in has been denied.

Chairwoman WATERS. Wow. Well, I want to thank the people who helped you—and I don't even know who those people are—to get into a place recently. I want to thank them from the bottom of my heart, and I want your son to know that there are some people here who are going to fight for you, and fight for families like yours. With that, I yield back the balance of my time, and I yield to Mr. McHenry, the ranking member.

Mr. MCHENRY. Mr. Williams, what is your son's name, who is with you?

Mr. WILLIAMS. If he is awake—
[laughter]

Mr. WILLIAMS. Jaylen Williams.

Mr. MCHENRY. Jaylen.

Mr. WILLIAMS. Maybe he is not awake yet.
[laughter]

Mr. MCHENRY. Jaylen, you have a great dad. You have a brave dad. You have a dad who is full of courage. For him to tell this story in front of us, to tell this story in front of you, he is going to make you proud, and you should be proud of your dad. We are sorry for what you have been through. We want to make things better. That is the struggle, is how to make things better, and you are our constituents. You represent the voice of our constituents, so a job that pays better, a sustainable housing situation. You have housing now?

Mr. WILLIAMS. Yes, sir.

Mr. MCHENRY. Is that private housing or is it public vouchers?

Mr. WILLIAMS. Private housing.

Mr. MCHENRY. Okay. Is there a voucher involved?

Mr. WILLIAMS. No, sir.

Mr. MCHENRY. Okay. So, you are doing it on your own?

Mr. WILLIAMS. Yes, sir.

Mr. MCHENRY. Paying it out of your pocket. Where do you live, in Richmond?

Mr. WILLIAMS. Richmond, Virginia.

Mr. MCHENRY. Richmond. Richmond is not on our list of the highest-cost places, not that it is cheap, but it is not one of the highest-cost places. And you are doing it in market rent, paying out of your pocket, with no help from the government?

Mr. WILLIAMS. No help.

Mr. MCHENRY. Okay. Mr. Hendrix, how do you solve that problem? How does he get more affordable housing, in fact, so he has more choices, so that if he gets a "no" from one, he can get a "yes" from another? How do you get more affordable options?

Mr. HENDRIX. We start with reforms at the local level, from zoning laws, to permitting fees, to extensive review times. We also

have a greater variety of housing stock, so it is not just a single-family home that you have to choose from. You can have housing of every type for every income level. Unfortunately, too much of that housing variety has been made illegal in this country, and we need to make it legal.

Mr. MCHENRY. What do you mean by that?

Mr. HENDRIX. Right now, for instance, on zoning, you can only build certain types of homes in certain places. And what you build maybe has to be a certain size, or it has to be of a certain limit on the height, and that hurts way too many places where there is a lot of demand. That is especially true on America's coasts. I happen to live in Manhattan. It is not cheap in Manhattan. It is also not cheap in California. And even places in America's interior—places like Dallas, Austin, Atlanta—are becoming much more expensive, too, as more people want to be closer to jobs, which everyone wants.

Mr. MCHENRY. Okay. So zoning is boring, and this is Congress. We want to do something exciting, right? We want to spend some money. That is sort of the motivation. How do you actually make the money more effective that we are spending so it actually has an impact?

Mr. HENDRIX. When money is being spent, my belief is that it should be sent directly to an individual. When you subsidize apartments, when you subsidize buildings, that is a very inefficient way to make housing much more affordable. Putting money directly in the hands of individuals gives them the freedom and the flexibility to live where they want to. But, again, we must make it more affordable for more housing to be built, and whether that is exciting or not, it is necessary.

Mr. MCHENRY. Okay. But a subsidy is a temporary piece, and doesn't a subsidy then drive up the cost of the housing stock? How do you—

Mr. HENDRIX. Absent more housing development.

Mr. MCHENRY. How do we connect Federal monies flowing to individuals that enhances the housing stock? How do we actually make that happen as a matter of policy so we actually affect people's lives?

Mr. HENDRIX. Sending money directly to individuals, you are correct, does not increase the housing stock. That has to be a change at the local and State levels because you can have money in your pocket, but if you have no place to spend it, it does you no good.

Mr. HENDRIX. Okay. So give us an example of a bad piece of regulation that we can have an impact on, that would make a meaningful impact on the cost?

Mr. HENDRIX. Yes, I will point to an example from California, in San Diego. Mayor Kevin Faulconer has gotten rid of minimum parking requirements, which added from \$15,000 to sometimes even \$100,000 across southern California, to the cost of a single unit's development. Getting rid of that minimum parking requirement, especially near transit, was a critical part of making San Diego's housing much more affordable. Even more recently, he passed a law saying, yes, in God's backyard, there are churches that wanted to build housing on parking lots that sat vacant through much of the week. That kind of low-hanging fruit, retail

spots, allowing for backyard apartments to be built, that is concrete reform that—

Mr. MCHENRY. And that actually has an impact on housing choices for somebody like Mr. Williams—

Mr. HENDRIX. That is right.

Mr. MCHENRY. —who doesn't have a government subsidy for this.

Mr. HENDRIX. That is right.

Mr. MCHENRY. Okay. Thank you.

Chairwoman WATERS. The gentleman from Georgia, Mr. Scott, is recognized for 5 minutes.

Mr. SCOTT. Thank you very much. This is an extraordinary hearing, but I do want to make a couple of points starting out. First, this is an issue that is going to require a massive infusion of financial resources, and that is the one major thing that Chairwoman Waters has in her bill. It is going to take at least \$13 billion, then we know we are serious. Second, private investors can't do this alone, without the help of Federal financial resources. That will be incorporated in her bill, but also in the Community Development Block Grant (CDBG).

So we, on both sides of the aisle, need to have what I affectionately refer to as a serious, come-to-Jesus moment. The tears, the emotion that this young man has expressed says it all, and I hope that every single one of us will stop this business about blue States and red States. We are all American States, and the American people are crying out and saying, "Congress, get your act together and let's solve this problem."

But let me just ask you, if I may, a few weeks ago in one of my beloved counties, Fulton County in Georgia, my district voted, unfortunately in my opinion, to no longer be categorized as a CDBG entitlement community, meaning that they will no longer directly receive CDBG funding that could have been deployed into affordable housing or public works. I was deeply concerned to hear about this change, as it will disproportionately impact several of the small cities in the southern part of Fulton County in my district, and it would restrict their access to desperately-needed Federal dollars.

Ms. Chapple, and Ms. Jayachandran, I would like for you two to weigh in and give us a little help, if you can describe the role that the CDBG Program will play in combatting homelessness and providing affordable housing stock, and how would a sudden decrease of the loss of this CDBG funding impact a community like Fulton County in my district in Georgia, their ability to provide needed services and the money? How serious is this problem? Yes, go ahead?

Ms. CHAPPLE. Thank you for your question. CDBG funding is critical for communities around the country because it provides flexible funds that can be used for a number of different uses to stabilize communities, to stabilize renters. In California right now, in Alameda County, we are using CDBG funds to help build tiny homes for the homeless. So, this is a really needed funding stream to augment other sources to match.

Mr. SCOTT. So what you are saying is that this could be something that our administration in Fulton County might want to take

a second look at, because it will affect them? Am I right, Ms. Jayachandran?

Ms. JAYACHANDRAN. You are correct.

Mr. SCOTT. Good.

Ms. JAYACHANDRAN. CDBG has been one of the strongest sources of support for creating new supply and for preserving affordable housing. We at NHT have used it as a source of funds as we preserve affordable housing, as one of the capital sources in the stack of financing.

Mr. SCOTT. Okay. Thank you very much. And, Madam Chairwoman, one final point is that we in the Federal Government made a tragic error. As you recall, there was this massive movement of going throughout the country tearing down public housing.

Chairwoman WATERS. Yes, you are absolutely correct.

Mr. SCOTT. And this is a mistake that we have to correct. Again, I want to commend you on the leadership that you are providing, and this \$13 billion is going to go a long way to helping us. Thank you.

Chairwoman WATERS. Thank you very much. The gentlewoman from Missouri, Mrs. Wagner, is recognized for 5 minutes.

Mrs. WAGNER. Thank you, Madam Chairwoman, and I want to thank all of our witnesses for taking the time to come before this committee to testify on an issue that impacts every single congressional district in this country. And I thank you, especially, Mr. Williams, for your courage in sharing your story, and being here today to give your testimony.

While this hearing is designed to put a spotlight on the millions of Americans who are at risk of eviction due to a lack of affordable units, simply authorizing more funding—as has been exhibited and already discussed here briefly—for these programs is not the only solution. Although HUD's programs were designed to help address the effects of unaffordability at the local level, at the Federal level they do not and are not meant to address the underlying causes of the housing crisis and affordability. The causes of those problems—regulations, and increasing the cost of the supply of housing units, and decreased access to economic opportunity—are inherently local decisions that no amount of Federal assistance will ever be able to surmount.

That is why I would urge my colleagues, all of us here today across the aisle, on both sides, to co-sponsor Representative Virginia Foxx's bill, H.R. 4956, the Finding Market-Based and Local Solutions to Ensure Access to Housing Act, again, H.R. 4956. I would like you all to take a look at it. This bill codifies President Trump's Executive Order establishing a White House council on eliminating regulatory barriers to affordable housing. The order recognizes that multiple factors contribute to the affordable housing shortages across the country, and State and local governments are in the best position to reduce barriers to affordable housing.

Mr. Hendrix, in your experience, do you believe that there are local regulatory barriers that are driving out investment and driving up unaffordability in the housing market? And do you have any specific examples, sir, of these barriers in any States?

Mr. HENDRIX. Unfortunately, there are far too many States where local regulatory barriers are standing in the way of more

housing being built. I think that the coastal States are often the most egregious examples, but those are also the places where we see the most opportunity for reform or where we are actually seeing reforms, places that are up-zoning their cities and up-zoning their States. We have seen that in California. We have seen that in Oregon. And we are even seeing progress in Massachusetts as well with Governor Charlie Baker. That kind of progress is something that we can't nationalize. We don't know what happens in each and every corner.

Mrs. WAGNER. Right.

Mr. HENDRIX. There is no one-size-fits-all solution to reforming our housing markets. But the localities do know best, and they also know that housing markets differ from place to place. So what works perhaps for San Francisco may work very differently for San Angelo, and we need to be reinforcing that and sharing information between localities so they can learn best practices for reform.

Mrs. WAGNER. You referenced zoning earlier. What changes would you propose to the local zoning and regulatory structure to promote affordability and availability of housing at all income sectors of the community?

Mr. HENDRIX. Because every locality is different, and every State is different, it may look different, but it starts with incremental progress, taking neighborhoods where there is demand for more than just single-family homes and making it easier to build duplexes, triplexes, and backyard apartments, again, where there is demand. This is not about demolishing what needn't be demolished. This is about saying if there is demand, if people are demanding to live in a certain neighborhood and there is no supply to meet that demand, we should free up that supply.

Mrs. WAGNER. Localities across the country are trying to address affordable housing by implementing something called rent control. New York recently passed one of the most comprehensive laws we have ever seen in this country. Economists of all stripes agree that rent control can be very counterproductive. Mr. Hendrix, in the brief amount of time that I have left, what can be done to make housing more affordable and to stop the failed policies, like rent control, from being implemented?

Mr. HENDRIX. Rent control comes from a real desire to address housing needs. But as a Swedish socialist economist said, the only thing more destructive to a city than bombing is rent control, and I think we have seen that over time, and it often is most harmful to future renters and newcomers. That is where the cost is transferred, and we need to be able to have housing for migrants and immigrants, for people of all backgrounds to come in. And rent control is not the solution.

Mrs. WAGNER. My time has expired. Thank you all for your testimony. I yield back.

Chairwoman WATERS. The gentleman from Missouri, Mr. Cleaver, who is also the Chair of our Subcommittee on National Security, International Development and Monetary Policy, is recognized for 5 minutes.

Mr. CLEAVER. Thank you, Madam Chairwoman, and this hearing is consistent with your championing of affordable housing.

Mr. Hendrix, you were saying that zoning would be a part of the solution. I was the mayor of the largest city in Missouri, and before that I was on the city council, the Chair of the zoning committee, and I am trying to figure out what you are talking about.

Can you explain it a little more?

Mr. HENDRIX. Sure. Of course. Zoning is essentially land-use policy. It tells you what you can build, where, and how, and as you know, perhaps better than anyone, when you say this is zoned only for a single-family home, and you say you can only build with a certain kind of setback, you can only build on a certain kind of plot of land, that dictates the shape of our cities and where we can live.

And often it is, as I said, illegal to build anything but a single-family home, which means that if you are low income and you need an apartment to rent, sometimes that is impossible to find because it is illegal to build.

Mr. CLEAVER. Okay. You know, Houston doesn't have any zoning. It is the biggest mess in America and, first of all, I still don't understand how you are going to solve this with zoning.

I missed it. Because you can't go in and zone—this is zones for low-income housing. Is that what you are talking about?

Mr. HENDRIX. I am saying that if there is a demand for apartments, we should be able to build apartments where there is demand for it, and making incremental progress doesn't necessarily mean getting rid of zoning altogether, it means making zoning more flexible and freer.

Mr. CLEAVER. Well, in the urban core of just about every major city, there is zoning for apartments. It already exists in any city we represent. For apartments, it is there.

Now, if you try to live in Mission Hills, which is in Johnson County, the fifth richest county in the country, you can't build it there.

But if you come into the urban core, you can build apartments. So I don't want to be argumentative, but I am right about this.

And the other issue that I need to understand is, I live in the Methodist Building across the street, next door to the Supreme Court. I pay \$2,000 a month and it is rent-controlled.

When I first lived there, when I first came to Congress—some time back now—it was racially integrated. My wife was up here in September, and we walked to the Eastern Market, and we started trying to count Black people and Mexicans. You know, "There is one." Because they are gone.

I don't know where, because this—if you go into the areas where the poor people live, that price is going up, the cost of housing. It costs \$200,000 to build a house in Kansas City, Missouri.

You tell me a poor person who can afford to move into a \$200,000 house. Can you help me?

Mr. Williams can't. On \$10 an hour, \$400 a week, he can't afford to live there. We cut off money—if you are going to build low-income housing, even if you use tax credits, you are going to have difficulty getting somebody poor to move in.

Mr. Williams can't move in even if you get a subsidy in building it. And it is not just in the urban core. I am in the process of building houses there in Marshall with the help of the Governor from our State.

But in Marshall, Missouri, with 12,000 people, we are having difficulty building housing that is affordable. The problem is affordable housing, and the government has retreated because we started discontinuing tax credits. We did increase CDBG. We stopped the program called Urban Development Action Grants (UDAG).

We are not being helpful, and I was hoping that I could get some help. I have to pay \$2,000 a month, and I am a Methodist pastor, so I thought I could get it for free.

But they said it was an ethical problem. I guess they are afraid they are allowing me to pray.

Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you.

The gentleman from Florida, Mr. Posey, is recognized for 5 minutes.

Mr. POSEY. Thank you, Madam Chairwoman.

Clearly, it has been established that regulatory burdens and land-use restrictions drive up the cost of housing. It has been made pretty clear in every hearing I think that we have had so far, and home building technologies are also key to holding down the cost of housing, especially multifamily housing. Modular buildings are a particularly promising alternative to help reduce housing costs in the future.

Madam Chairwoman, we have relied on demand-side housing policy since the 1960s, and no doubt, some families need assistance. But we sorely need a supply side in our arsenal to fight against homelessness and the housing crisis.

Recent evidence was provided by Fannie Mae in a September 2019 research report entitled, "Multifamily Market Commentary," dated September 2019.

This article underscores the role of increasing housing costs, regulations, and rapidly rising land costs as problems that we need to consider, and I ask unanimous consent to enter that paper into the record.

Chairwoman WATERS. Without objection, it is so ordered.

Mr. POSEY. Thank you.

Unless we address the supply-side issue to hold or bring down housing costs, our demand-side efforts can be expected to do little more than ratify continued rent increases both for new housing and for existing housing.

And so, Mr. Hendrix, you authored a great article in the National Review entitled, "Modular Housing is Affordable Housing," that lays out a case for modular housing.

Could you please tell us how modular housing can contribute to addressing the housing crisis and homelessness, and what the committee can do to incentivize these contributions?

Mr. HENDRIX. Thank you.

Modular housing is basically applying the same technologies that we use to build automobiles in factories to building housing.

We have not improved our productivity in housing in multiple generations, since the Industrial Revolution.

So, being able to build housing in a factory, being able to do it quickly and efficiently for more people, can be one tool to dramatically lower construction costs, which is a large part, along with regulatory costs, of why housing is so expensive.

We ask why housing could be \$200,000 in Kansas City, and could be a million dollars in Boulder, Colorado, where I just was, the median home price. That is because of regulation, but it is also because of construction costs, and construction costs, in turn, reflect the lack of labor to build housing.

Modular housing should be made much easier to build. Unfortunately, again, because of standards on, say, environmental review and the difficulties in moving modular units, which are, basically, like Lego blocks to build houses, on site.

Again, those are regulatory barriers. It is often hard to build most modular housing in most communities and it can't be built farther away than a quick drive down the street.

I think that is a real barrier that States and localities need to be looking at, because it is often State and local barriers that exist for modular housing that we need to look at.

Mr. POSEY. Thank you.

Your City Journal article, "YIMBY, Please," outlined some efforts cities are taking on a bipartisan basis to break down land use and zoning barriers that generally impede the construction of multi-family housing.

A recent newspaper article points out that the State of California is considering reintroduction of Senate Bill 50 to force municipalities to ease zoning restrictions.

Could you please share with us some of your findings, and address how this committee could encourage efforts to bring down rents without violating the constitutional Fifth Amendment?

Mr. HENDRIX. Right. Localities are creatures of the State, and more often than not, it is best for local land-use decisions to be made locally.

But in California, there is a housing crisis, and we are often seeing bipartisan solutions to that crisis. Democrat State Senator Scott Wiener is proposing ideas for allowing more flexibility for localities to site dense housing near high-frequency transit stops and near job centers.

Again, that does not force housing. It just simply says, where there is demand near transit, can we build it in a more environmentally friendly way, can we do it such that it is much easier, especially for low-income workers, to be able to get to job centers? We need to have that freedom and flexibility.

And it is not just in California or, say, Minneapolis, which is also a Democratic City. We are also seeing North Carolina and Texas making it much easier to get permits across the line.

I think we need that kind of bipartisan support at the State and local level.

Mr. POSEY. I thank you very much. I see my time has expired. I yield back.

Chairwoman WATERS. Thank you.

The gentleman from Colorado, Mr. Perlmutter, is recognized for 5 minutes.

Mr. PERLMUTTER. Thanks, Madam Chairwoman, and thank you to the panelists today for your testimony.

Last summer—maybe it was two summers ago—I was out walking a precinct in my district in an area that has 10 units, 15 units, 20 units, and I went to a woman's door. She was crying when I got

there, and she said, “My rent keeps going up, about \$100 every 6 months and I can’t—she was an older woman—afford this anymore, and I don’t know where I am going to go.

She was on a fixed income. We tried to figure it out. We don’t have rent controls in Colorado.

The market will be what the market is, and I will get to Mr. Hendrix and we will talk about ideology and the intellectual approach that the Manhattan Institute takes to real people’s lives and housing.

But I would like to ask a question, because we have had a strong real estate market in Colorado and you go through zoning hearings and people fight whether they are going to go for rezoning or not go for rezoning.

Ms. Jayachandran, in your testimony you discussed the challenge of preserving affordable housing in a hot real estate market. We have seen this in the Denver area. How can this be addressed?

Ms. JAYACHANDRAN. There are several ways that it can be addressed, most of which require investment at the Federal, State, and local level.

At the Federal level, subsidies such as Project-Based Section 8, and investments in CDBG and HOME can help preserve those affordable housing assets.

Contracts like Project-Based Section 8 rental assistance allow an owner to take on debt and equity that can be infused in the property to renovate and then preserve and extend its affordability.

Resources like CDBG and HOME are capital subsidies that can help renovate the properties and preserve them for the long term. And these are all older programs. We also need new solutions for today’s affordable housing preservation.

What a lot of people don’t realize is that Project-Based Section 8 was repealed in 1983. We are 20 years into the 21st Century, and it has been almost 40 years since we have had a new rental assistance program.

The appropriations, the approximately \$11 billion of appropriations that Congress appropriates for Project-Based Section 8 is just renewing contracts that for the most part were created before 1983 or moved over from public housing. We need new subsidy solutions.

Mr. PERLMUTTER. Let me turn to Mr. Desmond and ask him a question. In your testimony, you talk about slow wage growth, high housing costs, and lack of adequate Federal funding to support housing assistance.

If Congress were to fully fund housing support across the country, as has been suggested by the chairwoman, what type of effect would that have on cyclical poverty for individuals?

Mr. DESMOND. It would be a game changer. Families finally would receive that breath that they feel when they are paying what they should be paying for housing. They would be able to root down in communities.

Kids could go to the same school every consecutive year, build relationships with teachers and guidance counselors. Families could save. They could invest in job training classes, community college classes. It could be a massive anti-poverty and economic mobility solution.

Mr. PERLMUTTER. And this question goes to all of the panelists, and I would also ask the same thing of all of my colleagues here, Democrats and Republicans: When was the last time you went to a zoning hearing to increase density and to allow for affordable housing? Has anybody done that within the last year?

Okay. How about within the last couple of years?

So, Mr. Hendrix, let me ask you a question, because I appreciate sort of the intellectual approach you have taken and the ideological approach. And, I would say, sure, let us have more housing supply. Duh. That would be easy. But it takes money and it takes the appropriate zoning.

So when was the last time you went to a zoning hearing in the suburbs, for instance, on affordable housing to increase density and reduce the cost of an apartment house, let's say, 100 or 200 units, when was the last time?

Mr. HENDRIX. I live in Manhattan and I know very well how expensive it is to live in Manhattan. It is far away from the suburbs and it is very expensive—

Mr. PERLMUTTER. When was the last time you went to a zoning hearing? Because I appreciate your testimony, and intellectually, it makes a lot of sense. Let us increase the housing supply. Let us make more affordable housing available.

But when you go to those individual local zoning hearings, people say no, I don't want any more housing here. That is the problem. It is about politics.

I yield back.

Chairwoman WATERS. Thank you. I think you are talking about, "not in my back yard (NIMBY)?"

Mr. PERLMUTTER. Yes.

Chairwoman WATERS. The gentleman from Missouri, Mr. Luetkemeyer, is recognized for 5 minutes.

Mr. LUETKEMEYER. I thank the gentlelady.

I have an article here that was in one of the national publications this past week with regards to the housing shortage and profiles, and the first line says, "Politicians bemoan the lack of affordable housing but their policies often create the problem.

"Look no farther than Oregon, where restrictive zoning and mandates have yielded the lowest rate of residential construction in decades. Oregon's population grew by nearly 400,000 between 2010 and 2019. Yet, it only issued about 37 percent of the housing permits it would take to be able to accommodate that population, much less address any of the rest of the needs that they would have."

And the article goes on and talks about one of the solutions that the State of Oregon has gone to was rent control and how it has actually exacerbated the situation instead of helped it.

So, Oregon probably is a lesson in what not to do versus what to do, so we have that to look at.

I know, Mr. Hendrix, you talked a bit about it. I think one of the other members talked about rent control here as kind of counter-productive. But if you would like to make a comment on it, I would appreciate it.

Mr. HENDRIX. At best, rent control is a Band-Aid on the gaping wound in our housing market. Rent control often—at least, mul-

tiple academic studies have shown that it tends to harm many of the communities it intends to help. It tends to—

Mr. LUETKEMEYER. Exacerbate the situation rather than—

Mr. HENDRIX. It exacerbates the situation and makes the housing supply problem worse and—

Mr. LUETKEMEYER. So those who live there have to pay more for the ones who receive less. It is a zero sum game.

So if you understand how, at the end of the day, the person or entity, whomever owns the building, they have X amount of dollars they have to accumulate to be able to pay the debt and make it operate, if you charge less for some, others have to pay more. That is just the way it works.

With that in mind, one of the things that you have talked about at length, and we have talked about here as a group, is with regard to all of the different regulation.

I have a statistic here that says 32 percent of a multifamily development's costs are attributable to the costs associated with local, State, and Federal regulation.

One of the things—I think in your testimony you talk about the Affirmatively Furthering Fair Housing (AFFH) rule that HUD has in place, that kind of ties local regulation with regards to Federal dollars. Is that a pretty good thing or is there a way to tweak that or should we enhance that, or what is your opinion on how we as legislators could perhaps tie some local rules and regulations to our Federal dollars to make them stop some of this so that things would be more affordable?

Mr. HENDRIX. Part of what makes CDBG so important is that it offers carrots and sticks for HUD to be able to incentivize and inform localities to reform their housing markets.

Because right now, these housing markets are neither free nor fair. And so being able to say, look, we are going to provide extra scrutiny and maybe even take back some money if you are not—if you are Cupertino and you are receiving CDBG funds for your sidewalks, and yet, you are also keeping out anybody who is not worth millions of dollars, something is wrong with that.

And so, being able to tie that to actual concrete outcomes would be a positive step for HUD. The problem is that right now, their hands are tied. They can't connect CDBG funds and their scrutiny to the actual repeal of zoning laws.

So they step back—if you look at the draft AFFH rule, they say that you could affect your zoning laws, you could not, that is because technically their hands are tied. And so, that is one—

Mr. LUETKEMEYER. Their hands are tied by the rules that they have or by the law?

Mr. HENDRIX. By the law.

Mr. LUETKEMEYER. By the law.

Mr. HENDRIX. That is right.

Mr. LUETKEMEYER. So that is something we, as legislators, could fix, give them more flexibility with regards to how they could implement some of their laws to perhaps tie this together to be able to lower the cost of construction and make it more affordable for folks. Okay.

I know that Mr. Scott didn't want to go to red-blue a while ago on things, but if a third of the red states have less of a homeless

problem than the blue states, there has to be something different there.

Do you understand the question with regards to, why does one group of States have less of a homeless problem than other States? What is the difference there?

Mr. HENDRIX. Homelessness is very complicated. There is a spectrum of homelessness requiring a spectrum of solutions.

But you can't disconnect the housing markets from homelessness. You can't disconnect the lack of homes from homelessness.

And the fact that someone who is poor, who is lacking shelter, finds it very difficult to access basic shelter and, meanwhile, cities like Los Angeles can pass billion-dollar-plus taxpayer measures, and only after 3 years actually build affordable units for the homeless, and each unit costs more than the market rate, costing well over a half million dollars per unit, something is clearly wrong there.

And that is not an ideological point. It is a point about math.

Mr. LUETKEMEYER. Right. Thank you. I yield back.

Chairwoman WATERS. Thank you.

The gentleman from Washington, Mr. Heck, is recognized for 5 minutes.

Mr. HECK. Thank you, Madam Chairwoman.

And in the strongest possible terms, I express my appreciation to you for holding this hearing today on this very important subject.

And I thank the members of the panel for joining us.

Last week, I read a column on affordable housing by a few of my favorite economists—Mark Zandi, Jared Bernstein, and Jim Parrott—and, Madam Chairwoman, I ask your permission to submit it for the record, with unanimous consent.

Chairwoman WATERS. Without objection, it is so ordered.

Mr. HECK. It is entitled, "The Conundrum Affordable Housing Poses for the Nation." Their problem statement is actually one that I have been pounding the desk on for about a year, namely, that we are missing millions of homes.

Indeed, I had the privilege to co-Chair a task force that produced a book entitled, "Missing Millions of Homes," almost 2 years ago, and I would commend it to each of you for your conception.

The truth of the matter is Congress has to get in the game here in some fashion in order for us to solve this, specifically, closing the gap of anywhere from 5 to 10 million housing units that will be required and that would require us doubling construction from 1 million per year to 2 million per year, and that is a heavy lift and requires a change in direction by us.

Not only did the article that I submitted talk about the problem of missing millions of homes but it also brought some solutions and I want to mention one, which is increasing funding for the Housing Trust Fund.

But before I do that, let me be very clear.

Mr. Hendrix, thank you for the implicit endorsement of my "YIMBY" legislation, which I have co-sponsored with Congressman Hollingsworth, "Yes In My Back Yard."

I strongly believe in that. But I also even more strongly believe that you could make those changes and change the direction at the

local level, but it is still not going to produce a sufficient supply of affordable housing.

Now, you all know that the Housing Trust Fund was established during the financial crisis to provide money to State housing authorities to deal with this problem to construct affordable housing. They are often in the best position to do that—the housing authorities.

It gave them the flexibility they need to allocate those funds. Most housing authorities, including those in the State that I have the privilege to represent, use their investments to build more housing for low income and for seniors and for veterans, for the disabled and for individuals experiencing homelessness.

Over the first 3 years of the Housing Trust Fund's existence, they spent a whopping \$660 million. That is tongue-in-cheek because, of course, it is not a drop in the ocean compared to the problem.

That kind of brings me to my question. About 10 years ago, legislation to fund an extension of the payroll tax cut included a 10-basis-point G-fee on Fannie Mae and Freddie Mac as a pay-for for that tax cut, and it sparked a lot of criticism from both the left and the right because money was being taken from housing during a housing crisis for a purpose outside housing.

Let me repeat that. Money was being taken from housing during a housing crisis for a purpose outside housing. And so, advocates all over the board from REALTORS to builders to lenders said that it was not a good idea to divert money from housing, from a housing source, and I agree. Money raised from a housing source should go back to housing. It is that simple.

This G-fee is set to expire next year. Ten basis points, and we have a decision to make in the next handful of months about what is going to happen there.

I am pleased to share with you that I am introducing legislation to continue that G-fee, to keep it in place, but instead, direct it to the Housing Trust Fund. So, money generated from housing would go into construction of housing so that America can finally begin to meet that demand.

Ms. Chapple, in what little time I have left, I would be interested to know if you believe the Housing Trust Fund can and should play a material role in helping us to deal with the housing supply problem in America, especially the affordable housing supply problem.

Ms. CHAPPLE. Absolutely. We need to fund and expand the Housing Trust Fund, and I would be very interested to see your bill and look at the fine print to see what it does to do this because this is clearly the way.

I am a supporter of more housing supply. I am a supporter of up-zoning. However, it takes 30 to 50 years for that new market rate supply to trickle down to extremely-low-income households.

So to stem the crisis, we need to do something in terms of using the Housing Trust Fund.

Mr. HECK. Thank you. I yield back, Madam Chairwoman.

Chairwoman WATERS. Thank you.

The gentleman from Michigan, Mr. Huizenga, is recognized for 5 minutes.

Mr. HUIZENGA. Thank you, Madam Chairwoman, and to my friend from Colorado, who was asking the questions about whether anybody has been to any zoning meetings about density, I actually have.

Having a family involved in construction, I am in the middle of a 24-unit condominium project that we are building, and we had been looking at doing some apartments somewhere else, and I can tell you that is a real issue.

You have seen a number of municipalities. I have not developed in Manhattan, so I have no idea what it is like trying to build there.

Mr. HENDRIX. You are fortunate.

Mr. HUIZENGA. But I can tell you, in some of the other areas, there is that conversation talking about increasing density because there is a realization that to put in sewer and water, it is X amount per hundred feet, no matter how many people are tapping into it and, in fact, you can defray some of those costs by doing it.

So there are some real conversations happening surrounding housing and what that means, and why it is important is because it all feeds into housing stock and availability.

I will also tell you that we, all of us—I am not talking Congress, I am talking everybody in the audience as well as anybody who is watching and listening to all this—we are all responsible, too. Expectations have changed.

If you look at—there was just a study done—what the square foot per person being built today is versus what it had been even 20 years ago, much less 50 years ago, it is a completely different ballgame and so societal expectations have changed as well, and that too also feeds into that affordability and that cost.

I do want to get to a couple of other issues here. Mr. Hendrix, you had talked a little bit about this \$500,000 per unit in some of the affordable housing.

I have done a little research on this. Reno, Nevada, has a 1,000-homes-in-120-days project they have been trying to do, and what they are doing is they are suspending their development fees which also, by the way, increases costs for developers and builders and all of those people trying to create that, and allowing them to have a different payment schedule.

That is a start. But I am really curious if you can address maybe sort of that market price and how subsidies have really, frankly, an unintended effect on actual prices. If you can quickly touch on that?

Mr. HENDRIX. You see a lot of promises and plans for more affordable housing by localities, and it has been consistently underwhelming.

Often—for the production of affordable housing, whether it is publicly provided, whether it is privately provided—and often the reasons are the same.

It is because the same barriers affecting all types of housing across most communities exist and I think that contributes.

I was just in Boulder, Colorado, where they have a 1 percent cap on new housing permits, and every new accessory dwelling unit has to be approved by your neighbors and it has to go through an extensive environmental review process. That adds significantly.

Mr. HUIZENGA. And I don't think anybody wants to—well, few people actually want to have additional greenfield development. A lot of people would love to do brownfield redevelopment. But sometimes, those permits and those hurdles that are in place are very difficult.

I do need to move on to some other issues. Last year, a colleague of ours—not on this committee—Representative Sharice Davids of Kansas, authored a letter with a handful of other Members to all of the House Committee Chairs demanding that when we consider new spending bills, “each committee’s legislation is funded with responsible pay-fors that are considered early in the legislative process.”

Do you agree that these Members were correct to demand that new spending bills have an offset?

Mr. HENDRIX. I would have to look at the specifics on that. That is a great question.

Mr. HUIZENGA. Okay. In general, I think that is probably a pretty good idea. We do have four pieces of legislation that have been noticed with this hearing and I don't believe any of the bills contained offsets to pay for the more than \$114 billion in new Federal spending on housing.

So it seems to me that we better have a part of this conversation, how we are going to pay for this on the Federal Government side, in addition to whether this is the right and effective direction of where to go.

We all need to make sure that housing is more affordable and approachable. Just simply having the government trying to do it is not going to get us there.

And with that, I yield back.

Chairwoman WATERS. Thank you.

The gentleman from California, Mr. Sherman, who is also the Chair of our Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, is now recognized for 5 minutes.

Mr. SHERMAN. Thank you. The rents are too damn high. We can try to deal with that by subsidizing some renters. We can try to do that by building some government-owned buildings.

But, ultimately, the private sector is going to house most Americans and we cannot repeal the law of supply and demand. We need to see more apartment buildings built.

As Mr. Perlmutter points out, a big problem is NIMBY-ism and it is going to be very hard for us at the Federal level to step in and override local land-use planning decisions, although I do commend Mr. Heck for his YIMBY bill, and for the build more housing near transit act, and we can push local governments in the right direction through both of those.

The question is, what can we do to encourage construction? We have a Low-Income Housing Tax Credit, but that is another committee, so I won't ask too much about that.

Our committee has been very involved in the financing of single-family housing through the Government-Sponsored Enterprises (GSEs).

Ms. Chapple, what can we do on the mortgage cost side to incentivize the construction of affordable multifamily housing?

Would it be helpful for Fannie Mae and Freddie Mac to expand their involvement in construction loans for both new and rehabilitation of multifamily housing? And would it make sense, given the risk, to focus any new policy on those places with excessively high rents?

Ms. CHAPPLE. To get to the last part of your question—thank you—I do think we need to think about our low-cost and high-cost markets quite differently. We can't have a one-size-fits-all solution.

Fannie Mae in particular—what I have done work with Fannie Mae on is liberalizing regulations in order to help homeowners build accessory dwelling units. So, there is a lot of work that can be done on single-family lots where we can be adding extra housing units.

Mr. SHERMAN. It is my understanding that Fannie Mae and Freddie Mac don't do construction loans, per se. Should they be doing or guaranteeing construction loans in high-cost areas?

Ms. CHAPPLE. Oh, absolutely. There are just not enough products available and so Fannie Mae's capital could really make some of these construction projects happen.

Mr. SHERMAN. So we need units that will pencil out and, obviously, if your construction loan is at a lower rate of interest, more will pencil out.

We also have the Airbnb phenomenon. My City has adopted a rule—it would be hard to enforce—that you can't rent out your home or apartment for more than 120 days.

Ms. Chapple, what do we do to keep rental units available for people who live there rather than turn them into short-term rentals?

Ms. CHAPPLE. The Airbnb bans have been controversial. Airbnb rentals in low-income communities often provide income for low-income homeowners and help them stay in place.

So, instead of regulating—

Mr. SHERMAN. But as a low-income homeowner, you are probably not renting out your whole unit for 120 days.

Ms. CHAPPLE. Right. You are renting out a room.

Mr. SHERMAN. A room, yes.

Ms. CHAPPLE. But what cities can do is use a transit occupancy tax to make sure that the city gets some revenue out of that and then channel those tax revenues into the Housing Trust Fund.

Mr. SHERMAN. Does anyone else have a comment on the Airbnb phenomenon reducing homes? And I draw a big distinction between renting out a unit where the owner lives there, and a unit where the owner does not or whomever is doing the renting, whether it is a subtenancy or otherwise.

It is one thing to rent out a room that may not reduce the amount of rental stock. It is another thing to have a dozen apartment buildings all Airbnb'd.

Mr. Hendrix?

Mr. HENDRIX. I would just add that it is an important point that something like at least half of those who rent out their units on Airbnb say that it helps them stay in their neighborhood, and I think we can't forget that those who—

Mr. SHERMAN. Yes. My focus is not on, you live in two bedrooms, and down the hall you are renting something out. That, obviously, helps somebody stay.

I yield back.

Chairwoman WATERS. The gentleman from Kentucky, Mr. Barr, is recognized for 5 minutes.

Mr. BARR. Thank you, Madam Chairwoman.

And this hearing really takes me back to my Economics 201 class at the University of Virginia. I remember Professor Ken Elzinga, who wrote this great fiction book based on basic economic principles called, "The Fatal Equilibrium."

In those lessons, he taught us supply and demand, and while there are complexities for sure in the housing market, at its core, housing affordability or price is just a function of limited supply and high demand.

Demand is not going away for housing. So the solution is really basic economics. If there is an increase in supply while demand remains the same, prices tend to fall to a lower equilibrium price. So, we need more supply for sure.

Mr. Hendrix, in your written testimony, you state that naturally affordable housing including shared housing, garage apartments and manufactured housing are important housing sources for millions of Americans and that regulatory burdens sometimes stand in the way of individuals accessing these options.

I have long been a supporter of manufactured housing and preserving access to credit for low- and moderate-income consumers who are seeking to buy a manufactured home, and here is why: Manufactured housing is the largest form of unsubsidized housing in the United States. Nationwide, more than 22 million people live in manufactured homes and the average price is significantly lower than site-built homes in similar areas.

Given the financial benefits of owning a manufactured home versus the limitations that come with renting an apartment or buying a condo or some other site-built home, how can we more successfully integrate manufactured housing as a solution to housing affordability challenges, given that supply and demand assessment?

Mr. HENDRIX. As Congressman Sherman said, we can't repeal the laws of supply and demand. What we can do is repeal the laws that prevent manufactured homes from being placed in communities.

It is actually quite hard to find a place where the zoning laws, as they are currently written in most communities, allow you to build manufactured homes, where you can site them. Many neighbors don't want that kind of low-income housing, and that is a tragedy.

I think that we need to make it much freer for us to be able to accommodate that essential form of low-income housing.

Mr. BARR. Another lesson of basic economics is what you subsidize is what you get, and throwing more money, unfortunately, like this Ending Homelessness Act—\$13 billion to subsidize high-cost housing—means that we are going to get more high-cost housing.

I think what we need to focus on instead of these policies like Housing First is to look at whether or not that kind of a policy has a positive track record of successfully transitioning homeless individuals into permanent housing.

And if you look at the model, it is just a failed model. It doesn't do that. Simply guaranteeing housing isn't always the answer.

So, Mr. Hendrix, what role can supportive services like job training, financial literacy, and substance abuse treatment play in successfully transitioning people out of homelessness and into permanent unsubsidized housing as opposed to just throwing money at higher-cost housing?

Mr. HENDRIX. Housing First, I believe, should not be housing alone because those who are homeless are homeless for a variety of reasons. Every story is unique. And providing those essential supportive services is critical between someone potentially living on the streets who is going in and out of shelters and having a place to call home.

I think that it is inconclusive, after decades of Housing First, whether or not Housing First has actually succeeded. I think what we have seen is that it has worked for some people.

But we need more solutions. Yes, we need more housing, but we need more services being provided based on, for instance, if someone is severely mentally ill being provided services.

Mr. BARR. Exactly. And I don't think Housing First is actually caring for people when you disregard the underlying causes of why those folks are struggling.

There are reasons why people find themselves in difficult situations. It can be a lack of education. It is sometimes mental illness. Sometimes, it is just bad luck. But sometimes, it is substance abuse and other issues.

Housing First denies people of the services that they need and we need to meet people where they are.

A final question for you, Mr. Hendrix. In my home State of Kentucky, we have a great organization that partners with community banks called Hope Kentucky. It is an organization that pools and aggregates loans from the private sector.

What role do you think that these partnerships between the private sector and the government can play in terms of bringing to bear private capital to help housing affordability?

Mr. HENDRIX. They are very important. I look forward to learning more.

Mr. BARR. Thank you. I yield back.

Chairwoman WATERS. The gentleman from New York, Mr. Meeks, who is also the Chair of our Subcommittee on Consumer Protection and Financial Institutions, is recognized for 5 minutes.

Mr. MEEKS. Thank you, Chairwoman Waters, for holding this important hearing, and I thank all of the witnesses for being here today. I have read the written testimony of Mr. Williams, and I wanted to acknowledge Mr. Williams.

I note that his son, Jaylen, is in the audience, and I want to say, Jaylen, you should be very proud of your dad for continuing to fight and for being an advocate for individuals, and I just salute you, sir, for your resilience and for continuing to fight to make sure that things get better.

Let me also start by saying that I do not believe in simple narratives around the issue of housing. There is no one-size-fits-all solution. A geographical area may play a role in it. But housing is one of the most important and under-discussed issues at the national level.

As a nation, we are facing an array of serious housing issues. Homelessness is on the rise because of skyrocketing housing costs and underinvestment in anti-homelessness programs.

Public housing facilities—I am a child and a product of public housing—are crumbling in cities across the country, including where I grew up, in New York.

People are being thrown out of their apartments without the right to counsel. Young people are burdened by student debt, cannot buy homes, and, for example, the Black homeownership rate is down nearly 10 percent points over the last 15 years.

This multitude of problems call for a multitude of solutions. We need to dramatically bolster and improve existing public housing.

Localities must strengthen tenant protections against eviction, and Congress should provide additional funding for renters facing eviction so that they can seek counsel, and it does not have to cost them even more money—as took place in Mr. Williams’ situation—thereby giving him less money that he can save and try to keep for his own, to try to pay his rent and try to improve himself.

We need to take a Housing First approach to homelessness. Fannie and Freddie must be maintained as a government backstop for mortgage-backed securities as the GSEs are crucial for helping particularly Black and Brown people achieve the dream of homeownership, which helps people create wealth.

Housing and creating wealth is something that is very important, and for most folks, like my parents, who put money into a home, it was the greatest investment that they ever made. They scraped those dollars together, and that is probably why I can still sit here today.

But we also need to build more housing. This will allow lower rents and lower housing costs, thereby increasing homeownership rates for Millennials and people of color, while decreasing homelessness.

I applaud the work each and every one of you do in trying to make sure that we resolve issues and promote better policies in regards to housing.

Now, my question would be, first, to Ms. Jayachandran. The Trump Administration has proposed to zero out critical HUD and USDA housing programs such as the Community Development Block Grant program.

The Administration’s plan would also punish expensive cities like New York City, precisely where funds are the most needed and most valuable.

From a development perspective, why are these funds important to maintaining the current affordable housing stock and increasing the supply of affordable housing, particularly in gentrifying neighborhoods?

Ms. JAYACHANDRAN. The reality is that in many high-cost cities, the cost of developing an affordable housing unit is more than the value of the unit, based upon an affordable rent. What that means

is that the private developer doesn't necessarily have the economic motivation to pay for the full cost of the building and needs investment from other sources, including government.

One of those sources that has been a stalwart in helping the creation and preservation of affordable housing has been CDBG, as well as HOME dollars. Those have been critical long-term resources that have created and preserved most of the affordable housing stock that we have in the U.S. today.

Mr. MEEKS. Thank you very much.

And quickly, Professor Desmond, can you speak about eviction-related issues and what have you found over the course of your research and what do you believe are some changes that we should be doing here in Congress to make sure renters get crucial protections?

Mr. DESMOND. One thing Congress could consider is expanding emergency assistance. Our research shows that one-third of evictions in America take place for less than a month's worth of rent.

This means that in Massachusetts, for example, one in 10 evictions is for less than \$600. In Virginia, one in 10 evictions is for less than \$335. This means that small interventions of cash could go a long ways to stabilizing families.

Mr. MEEKS. Thank you. My time has expired.

I yield back.

Chairwoman WATERS. Thank you.

The gentleman from Colorado, Mr. Tipton, is recognized for 5 minutes.

Mr. TIPTON. Thank you, Madam Chairwoman, and I appreciate you holding this hearing today.

It has been an interesting conversation. I come out of Colorado, and I happen to represent a rural area of Colorado.

But, Mr. Hendrix, I thought it was interesting when you were citing Boulder as an example, limiting the amount of construction that is going to be going on in Boulder, a very prosperous area.

We see that in a number of our resort communities as well where prices—in fact, it has actually been encouraged locally to be able to try and drive up those prices for the cost of land and then the corresponding costs.

I was just down in Glenwood Springs not long ago and visiting with a couple of builders who were putting in some low-cost housing. They had sited in Glenwood Springs. This happens to be pretty expensive—\$380,000 to be able to build a facility there.

So I guess really my question is, as I am listening to the conversation that is going on, a lot of the real impacts that we have in terms of being able to deliver affordable housing is actually back to the State and the local level as opposed to the Federal level.

And we talked about the Community Development Block Grants that are going in. If we were to be able to say we are going to tie those dollars from the Federal land, you have to be able to put in affordable housing, is that going to help in an area like Boulder, or are they just going to say, look, we have already limited the growth and we don't want those lower-income people here?

Mr. HENDRIX. Boulder can and often has said exactly that, and CDBG funds often don't involve for some communities a terribly large amount of money relative to their budget and especially rel-

ative to the wealth of the community. It is much easier for wealthy communities to just deny new housing, deny new residents, and deny funding.

Mr. TIPTON. Madam Chairwoman, we are going to be talking about the Community Reinvestment Act (CRA) before long in this committee.

We are going to have some proposed rules that are going to be put out by the OCC, and one of the criticisms of the current CRA regulations is they were last revised under President Clinton in the mid-1990s, and banks were able to lend to high-income borrowers in low- to moderate-income communities and receive a credit for CRA obligations.

Under the new proposed rule that is coming out of the OCC, you are going to actually have to tie those dollars to low- to moderate-income people to be able to receive that credit. Is that maybe one of the tools that the Federal Government can actually legitimately work with to be able to drive some resources back into the communities?

Mr. HENDRIX. Traditionally, that has been true. I look forward to reading that. I think that is a terrific question. It is very important.

Mr. TIPTON. Great.

Madam Chairwoman, again, I appreciate you holding this hearing.

Mr. Williams, you have an incredibly compelling story and you should be proud of yourself, as well as your son. I think a lot of our goal and one of the concerns that I have is when we do look at perhaps some of the subsidization that may be going on, are we just continuing the problem or are we going to be solving, actually, the problem and to be able to open up the door to make sure that we have proper regulation at the State and local levels, which they are going to have to deal with and the incentives out of the Federal and to be able to address something that impacts every one of our States.

Thank you, and I yield back.

Chairwoman WATERS. Thank you.

The gentlewoman from Ohio, Mrs. Beatty, who is also the Chair of our Subcommittee on Diversity and Inclusion, is recognized for 5 minutes.

Mrs. BEATTY. Thank you, Madam Chairwoman.

And let me say to all of the witnesses today, thank you for being here.

First, I would like to make a comment, Mr. Williams, to you. I can't imagine what is going through your mind now as you are sitting there.

But I want to say thank you for sharing your story and, certainly, it confirms for most of us, or should, why we are here.

And it made me proud that a few years ago when I got here—I am a very family-oriented person, so I said to my team, let's talk about family unification.

And we were able to get \$20 million in the Family Unification Program; money had not been in there since 2010, and we were able to put in more money. Not enough, but your story will help me, and hopefully, help all of us.

And let me end with this. I want to take this time to say more than thank you. What you did today for Jaylen made all the difference, and let me tell you how I know.

Madam Chairwoman, when I left this seat, I went and spent the last 22 minutes with Mr. Williams' son, and it was the best 22 minutes that I could have ever invested in housing and family.

I took him to my office and showed him pictures of African-American men and families who had the same story as you shared today, including my story of when my father's house burned down with all his brothers and sisters in it and they found themselves homeless.

And I looked at him and said, "And I am sitting here in the United States Congress." And then, he took a picture in my office and he beamed. But here is what is so important, Mr. Williams. He looked up at me and he said, "My dad's a hero," and that is the message he is taking back home, and that is the message I want you to have. And I want to say, thank you.

Now, let me move to you, Ms. Chapple. Back in August, I held a community conversation with some 400 constituents in my 3rd Congressional District, and what overwhelmingly and alarmingly we heard was the whole issue of gentrification. And in your testimony, you focused on how it can affect affordable housing, specifically in rental housing.

But let me just tell you what we heard from seniors and retirees who own their home, which is that they have trouble keeping up with it because of the increased property tax and, specifically, our county treasurer, Cheryl Brooks Sullivan, told us that nearly 30 percent of the foreclosures in our county were from people not paying their property taxes.

Those constituents shared that it was because of gentrification that they weren't able to, because people would come in and increase home values in new homes and folks with more disposable income, and here they had been in their home for 30 or 40 years and their property tax went up.

Can you briefly discuss the effects on our elderly and our retirees as it relates to gentrification?

Ms. CHAPPLE. Thank you so much for raising that point.

In California, we have Proposition 13, so actually homeowners are not displaced. But this is a critical issue, and on the East Coast in New Jersey, in Ohio, in Austin, Texas, there are attempts to pass new legislation that can help keep low-income property owners, many of them seniors, in place by mitigating or adjusting those property tax increases. So, I would urge your constituents to look at that.

Mrs. BEATTY. Okay. Thank you.

And Mr. Desmond, I want to thank you for being here, and I want to thank you for writing your book, "Evicted." I have been carrying it around all day. My team is reading it.

And to you, Mr. Williams, there are some compelling stories in here, so you are not alone—that Mr. Desmond has shared with us not only that it happens but how we, as legislators and Members of Congress can help.

Mr. Desmond, can you quickly discuss the importance of providing emergency assistance before a family ends up like Mr. Williams?

Mr. DESMOND. Sure. The importance is for a lot of families it doesn't take a huge emergency or a big crisis to push them toward eviction.

Some very small change in their incomes can do it or a very small increase in rents can be the thing that is separating having being a home from being homeless.

Studies have shown that it is actually cheaper to invest in emergency assistance than to bear the cost downstream that we are currently paying for our large tolerance of residential instability.

Mrs. BEATTY. Thank you, and I yield back.

Chairwoman WATERS. Thank you.

The gentleman from Texas, Mr. Williams, is recognized for 5 minutes.

Mr. WILLIAMS OF TEXAS. Thank you, Madam Chairwoman.

I would also like to say to you, Mr. Williams, your testimony was very powerful, very memorable, and the bottom line is, you did a good job.

We up here always want to talk about how good a job we do. You did a really good job, and I am proud for you.

And I live in Texas. You should come to Texas, actually.

I also represent Austin, Texas, in full disclosure—a portion of it. The chairwoman has taken a keen interest in homelessness and many affordable housing issues, and during this time we have consistently heard that the housing supply isn't keeping up with the demand.

Mr. Hendrix, your testimony ended with a fantastic line, "We cannot legislate the laws of supply and demand." We have talked about that today.

But together, we can help America's housing market become more free and fair, and I completely agree that making markets freer could greatly help with affordable housing.

And we don't need to look any farther than right here in Washington, D.C., to see how increased capital investment transformed a previously impoverished part of town than what the Nationals Park did for southeast D.C.

As new developments moved into the area, the property values for local residents went through the roof. Residential and commercial property value increased from \$1.15 billion to \$2.65 billion, from 2008 to 2018.

For the residents who did not sell, they were able to reap the benefits of the now transformed area. I have had many Members of Congress, frankly, come up to me and say they would never go down to that part of town before all the development came.

An article in the Washington Post entitled, "Ballpark Boomtown" interviewed a longtime resident of southwest D.C., Andy Litsky, who was against construction of the stadium in 2005. However, the article states that a decade after Nationals Park opened, he has changed his mind about the project.

He is quoted as saying, "We are in the area where the cranes rise. Nats Park has been a tremendous boon to the region and the city and even to our neighborhoods."

I personally agree with Mr. Litsky and think that the ballpark did measurable good to the area that now supports more than double the number of residents than before all the development began.

And also, we see many cities across America spending millions of dollars to try to expand economic opportunities for their citizens and to bring in that kind of revitalization.

So my question to you, Mr. Hendrix, is how do we elaborate on the differences between cities who say gentrification is a major problem versus the ones that are trying to bring in these new investments?

Mr. HENDRIX. There needn't be a tension here. But what often happens is when new residents come to town, especially if they are wealthy or if they are from outside and they bring in money but there is no housing stock for them to buy up, to rent, they often have lower-quality housing stock that they then pursue and that is often the same kind of housing stock that poor or low-income residents have been living in. And so, the fears of displacement become very real for many communities.

That is why we need more housing of all types. That also includes luxury and market-rate housing to be able to soak up that kind of demand, because if people can stay in their communities if they so desire, what we call gentrification also has another flip side of bringing in more opportunity, more jobs, and lower crime.

Mr. WILLIAMS OF TEXAS. Like we have seen here in D.C.

Mr. HENDRIX. Yes.

Mr. WILLIAMS OF TEXAS. Okay. Thank you.

Gentrification is caused by simple economics, and according to the principle of supply and demand, which we have talked a lot about today, if there was enough housing to keep up with the rising demand, rents and house prices would stay relatively low.

Unfortunately, as we have heard many times in front of this committee, and throughout the Congress, State and local regulations account for, as we have heard today, 30 percent of the cost of these new developments.

If we do not address the root causes that make building new housing units so expensive, then we would be delaying this problem until it will ultimately need further Federal Government help to keep propping up the system.

So my question to you, Ms. Jayachandran, is what would you recommend we do here in Congress to incentivize localities to change their policies and allow more housing units to be built other than CDBG funds?

Ms. JAYACHANDRAN. Good question, and we agree with most of the policies that Mr. Hendrix has proposed. We agree that increasing supply is important, and lowering barriers, local barriers.

I think the one thing we would add is that that alone doesn't address current affordable housing challenges for renters who are currently struggling, and it needs to be coupled with investment, investment in vouchers, investment in capital subsidies to create more affordable housing, investment in rental assistance contracts.

To your point about, what can we do to incentivize more local—lowering barriers, things like AFFH, the Affirmatively Furthering Fair Housing rule, can help communities by requiring, in conjunc-

tion with local or Federal investment, that they create a plan that includes lowering barriers to affordable housing.

There can be things like there was from the Department of Education, the Race to the Top, to competitions that encourage and motivate cities to adopt inclusive policies.

There can be policies that encourage, in conjunction with investments in Federal transportation, that transportation has to come with investments in housing.

Mr. WILLIAMS OF TEXAS. Thank you. I yield back.

Chairwoman WATERS. Thank you very much. The gentlewoman from Pennsylvania, Ms. Dean, is recognized for 5 minutes.

Ms. DEAN. Thank you, Madam Chairwoman, and I thank all of you for your testimony here today, and I am delighted we are talking about this. It is because of this chairwoman and many other advocates that we are talking about this extraordinarily important issue.

Just so you can sort of understand where I am from, I represent suburban Philadelphia, or a piece of suburban Philadelphia, Montgomery County out into Berks County. And before I came here, I was, for 6½ years, a State representative. We participated in data collection on homelessness, point-in-time counting, so I wanted to ask first, Ms. Chapple, you about that. How do we get the best data on who is actually experiencing homelessness at a moment? I was always skeptical of our count. We would count—I hope I'm not misstating it—but we counted in January—a member of my office participated in it—and then, again in June. And yet, we knew of other people who were not being counted on the street because we knew that they slept in a car in a Walmart parking lot or other places where they were unseen. So I am worried about data collection, as I see some counties talking about homelessness on the decrease. Can you speak to what are the best practices? How do we actually find out and know who is homeless at any one time?

Ms. CHAPPLE. Data is a huge problem, as you point out. I am glad you raised it. And we do these yearly point-in-time surveys. It is not enough to really track it. One model that I really appreciate is worked on at the California Policy Lab, which has developed a predictive model for homelessness by using administrative data sets from many different agencies in Los Angeles County. Many homeless sign up for services at different agencies. We don't typically look across agencies to see where they are. We could be using this data much more effectively to track people to predict where homelessness is happening, is going to happen, and to prevent it before it does.

Ms. DEAN. And I am proud of our Montgomery County for trying to put together cross-agency coordination of data information and just understand who is out there and who is on the street and in need. Mr. Desmond, I was struck by some of your testimony. I wanted to ask you to flesh it out a little more in light of a bill that I have co-introduced with Representatives Stivers, Turner, and Bass, the Fostering Stable Housing Opportunities Act, that has passed on suspension out of the House, and would extend the current voucher system by providing vouchers on demand to foster youth as they begin to age out of the system, who are at risk of homelessness, allowing them to get a housing voucher without

waiting on a waiting list, which is an absurdity. We can see they are coming into our communities and population. What are the obstacles for vulnerable populations, like foster youth and other vulnerable populations, to achieve assistance?

Mr. DESMOND. The biggest obstacle is the waiting list. The biggest obstacle is if they aren't provided help now, then what they are going to face is paying 60 or 70 percent of their income to housing costs. We can build more housing, we can rezone our cities, but that is not going to help the foster youth today.

Ms. DEAN. Correct.

Mr. DESMOND. And we are bleeding out. We need the help today.

Ms. DEAN. I appreciate that. Mr. Williams, I am a big believer that authentic stories inspire, and yours is certainly an authentic story, and you have brought your son here today. You both can be very proud. I am proud of both of you, even though I have no right. But I am glad you brought us your story because maybe it will inspire us in Congress in a bipartisan way to address some of the cracks in the system, some major cracks in the system. I was struck by what you wrote in your testimony about the speed with which this all came tumbling down. Could you speak to that a little more, because I think many of us don't understand that many people are perhaps one month's rent away, or one loss of a job away from suddenly losing everything.

Mr. WILLIAMS. Yes, ma'am. I think I am all cried out, so I am trying to keep it simple.

Ms. DEAN. You won't be alone.

Mr. WILLIAMS. I am going to try to keep it brief. Everything happened, if I understand correctly, on that day, the event in question, everything happened. My whole life was upset. That day, I will never forget. Like I said, everything happened within hours, literally, waking up from knowing that the night before, you have done all you can, and knowing that when that knock comes on the door, it is cut-and-dried. It is court-ordered. It is you get your stuff, and your whole life is pretty much up upside down at that point.

And the most compelling thing that will always stick in my mind and in my family's mind is how do you get all this back, and how did you lose it so fast? I can sit here all day and tell you the things that I have lost. I am not wearing my wedding ring. That is one of the things I have lost—hopefully, my wife doesn't kick me out of the house for that—and my wedding pictures. And just, your life is all turned upside down.

Ms. DEAN. Thank you very much. As I said, I hope your story and the story of millions of others inspires us to invest in housing.

Chairwoman WATERS. Thank you. The gentleman from Arkansas, Mr. Hill, is recognized for 5 minutes.

Mr. HILL. Thank you, Chairwoman Waters. I appreciate you holding this hearing. It has been a compelling panel. I thank each of you for taking time to come to Congress and share your views on this important topic, and certainly this issue of cost is a major issue. I am blessed to represent Central Arkansas, Little Rock, Arkansas, the capital of our State. And obviously, it is nice to be in a more moderately-priced area, and it allows people up and down the income curve to have more choice, and this is such a burden in our expensive urban areas. All of us up here, I think, on both

sides of the aisle see those differences, understand those differences, and I think the strategies to tackle them have to be different, too. And there is not one answer.

I was particularly compelled, Mr. Williams, by your concerns, as you saw this eviction coming and the lack of help you saw beyond your family of dodging it, "How do I compensate for this?" And I have really been proud of one of the main members of our team in Little Rock, the Our House shelter, that goes out preemptively working with families, even landlords, the whole network of the City, to get ahead of eviction, particularly for families. And Our House has been doing this for 3 decades. They have done it really well, and to provide that so you don't go to that motel option that you did. It was so expensive, and then, as you say, the application fees of trying to get back into housing. So, thank you for bringing that story to us so that we know what you went through with your family.

Mr. WILLIAMS. Thank you.

Mr. HILL. And when you have good wraparound services and a good team effort, I think, in a community you can tackle so much of this, particularly, as I say, in a place that is blessed with lower-cost alternatives. For example, in Metro Little Rock, a \$100,000 house, a 3/2 house, is \$100,000. You are talking \$740 a month. So Roger Williams can recruit for Texas only once. But I love Richmond, and I love Virginia, but we welcome you to come check out opportunities in Arkansas as well.

Also, St. Francis House does a lot of temporary work in Little Rock, and we go there routinely with our veterans' organizations. And we ran into a constituent at St. Francis House. He was a veteran, he was homeless, and he hadn't filed his income taxes in 8 years. And he was afraid. He thought, well, there can't be possibly be anything good that will come of that, and my team helped him. He filed his returns. He actually got money back after he filed those returns, and he is now out of St. Francis House and able to get a place of his own. And this is the kind of work that we have to do, I think, collectively in each of our cities.

Mr. Hendrix, with those affordability challenges like we have talked about, particularly in California and New York, big States like that, it is interesting to me that so many are proposing new levels of rent control. I understand the logic in that to some degree, but doesn't rent control produce fewer units? Tell me what the economics of rent control are?

Mr. HENDRIX. Most studies have shown that rent control tends to hurt housing supply.

Mr. HILL. Why is that? Why does it do that?

Mr. HENDRIX. Because it reduces, for one reason, the returns for those who are going to invest in the property in the first place. So if they know that they are going to be making much less money on their property in order to invest in the first place to maintain it, to build new properties, that is a serious disinvestment to create new units over time.

Mr. HILL. Okay.

Mr. HENDRIX. It also ensures that those who are locked into units tend to stay in units. So if your priority policy is housing sta-

bility, rent control is certainly part of that, but for the winners, for the housing lottery winners, it can do that.

Mr. HILL. Thank you.

Mr. HENDRIX. But at the same time, it means that people who are mismatched for their units, a family that is stuck in a small unit, they may be stuck there far longer than they should.

Mr. HILL. Thank you. Let me switch subjects. Ms. Jayachandran, I would love for you to get back to me with your role as CEO of the Housing Trust, and help me look at strategies for city land bank situations. In Little Rock, we have such a challenge in taking lots and land bank properties and getting them back to productive use. One is the title issue, chasing titles for those properties, and also, trying to get them in a block where you incent a builder to come into an urban area and have some economies of scale. Could you follow up with me? Maybe we could meet and talk about strategies? You have seen 6 cities take that and make that successful.

Ms. JAYACHANDRAN. I would be happy to. Mr. Williams talked about the area around the baseball stadium. In D.C., we have something called the Douglass Community Land Trust, which is trying to preserve affordability in a booming area through, to a certain degree, land banking. And my organization has contributed a project to that land bank.

Mr. HILL. Thank you, and thank you, Madam Chairwoman.

Chairwoman WATERS. You are welcome. The gentleman from Illinois, Mr. Garcia, is recognized for 5 minutes.

Mr. GARCIA OF ILLINOIS. Thank you, Madam Chairwoman, and sincere thanks to all of the panelists who are here today, especially Mr. Williams for sharing his most difficult tribulations, of being one of the homeless families in our country. I want to talk about gentrification and displacement, as the district that I represent is experiencing that.

It is estimated that 1 in 3 low-income households in Chicago lack access to affordable housing. The lack of affordable housing is driving displacement, which has been particularly severe in the Logan Square neighborhood in Chicago, which is in my district, where over the past 15 years, we have seen 20,000 Latino residents and 10,000 African-American residents having to move to other parts of the City or to suburban communities. Ms. Chapple, you spoke about the neighborhoods like Logan Square when you first testified, that many low-income neighborhoods are experiencing this investment where landlords disinvest in their property and/or displace tenants in order to make way for profitable reinvestment later. Especially after the 2008 financial crisis, we have seen Wall Street investors engaging in speculation, in some cases holding vacant property that could be used for housing while they wait for the neighborhood to gentrify. Ms. Chapple, can you elaborate on this practice? What tax or housing policies might be considered to curb speculation and prioritize funding for affordable housing?

Ms. CHAPPLE. Thank you for raising this super important issue. Speculation is rampant in core neighborhoods like Logan Square, which I am familiar with, and it is going to take active monitoring of these properties. And in some cities, unfortunately not in this country, but my best example is from Vancouver, which has passed an anti-speculation tax. And there are ways in the real estate

transfer tax or other tax mechanisms to make sure that outsiders, or second home purchasers, or LLCs, are guarded against. And we will have to actually create a speculation watch list, as New York City has done, as HPD in New York does, where we can actually catch this before it happens, through early intervention.

Mr. GARCIA OF ILLINOIS. And in this vein, in recent years, the private equity firm, Blackstone, has become the largest landlord in the country. And a housing expert at the U.N. last year accused Blackstone of making the housing crisis worse, including through aggressive evictions. Meanwhile, the so-called Opportunity Zones, created as a part of President Trump's 2017 tax overhaul, appear to incentivize Wall Street's investment in gentrifying neighborhoods rather than in affordable housing. The National Community Reinvestment Coalition (NCRC) estimates that 70 percent of gentrified neighborhoods are within or next to an Opportunity Zone. So my question is, does this tax policy make gentrification and displacement worse?

Ms. CHAPPLE. Absolutely. I think we need to look at where we are designating Opportunity Zones, and make sure that this is not in at-risk places that we are going to change anyway. So let's make sure that those investments go to the disinvested neighborhoods that need it most.

Mr. GARCIA OF ILLINOIS. And one of the greatest drivers of gentrification throughout the country has been driven by unchecked and unguided transit-oriented development—Chicago is an example—around public transportation. Market incentives drive developers to cater towards an affluent clientele when it actually works against working-class families who need access to public transit the most. That is why I am working on legislation to promote equitable transit-oriented development. We want to marry the silos of transportation and housing to address these issues. Can any of the panelists speak to this challenge and describe how Federal policy can best encourage the development of dense affordable housing near transit? I warn you, you have 17 seconds.

Ms. CHAPPLE. Federal funding for transportation comes down through our MPOs, so we need to have carrots and sticks like we used to in the A85 circular. You have to plan for housing around transit. You won't get your money otherwise.

Mr. GARCIA OF ILLINOIS. Anyone else, quickly? I think that was the last word. Thank you very much.

Chairwoman WATERS. Thank you. The gentleman from Georgia, Mr. Loudermilk, is recognized for 5 minutes.

Mr. LOUDERMILK. Thank you, Madam Chairwoman. And I thank everyone for being here today. This is one thing I think that you see everyone here identify is, we have a problem in the United States, but some of us differ, and it is just not on a partisan basis. You have heard some of my colleagues on the other side talk about, you can't fight against the market powers, and it is true. I think we may differ a little bit on what are the solutions, because I don't think it is a one-size-fits-all solution. It varies between different communities.

Let me speak about Bartow County, Georgia. This is my home county. Bartow County, Georgia, was significantly impacted during the financial crisis. Our unemployment rate was around 10 per-

cent. It was bad. We actually saw a decline in housing, but not in multifamily housing, because a lot of people who were losing their homes were moving into apartments. Some were moving in with their family members, but it created a little bit of a crisis in the multifamily environment there.

My son and his new wife were looking for an apartment around that time, and now my daughter and son-in-law are in an apartment, and they have seen the prices of those apartments continue to go up. I was meeting with one of the new manufacturers in our County. Now, we have the same problem when it comes to housing, but a different catalyst. Bartow County today has the lowest unemployment rate that it has had in the history of the county. It is around 3.5 percent.

I was meeting with one of the manufacturers, and I asked, what are the biggest issues you have, and I was expecting tariffs. I was expecting other issues like that. And they said, no, it is the lack of starter homes for our employees because they are starting employees at an increased wage. These are factory line workers, who, by their income, would still be able to buy a \$175,000 home, which there are, or there were, in our area. Right now, if a home comes on the market for, let's say, \$165,000, it is literally sold in minutes for more than the asking price. But a \$250,000 to \$300,000 home is sitting out there for a year or more, and usually when it does sell, it sells for less.

So what has happened is all of these new employees are forced into the apartments because there aren't enough starter homes, and they would love to be able to buy these homes. So we have the same problem, but it is created by a different force. One was the lack of a strong economy. Now, it is a strong economy. So what has made the difference, and we are looking to go in the same direction that happened during the crisis, is the faith-based community non-profits, charities all came together working with the government for a solution. For instance, during the financial crisis, churches started opening up their fellowship halls for temporary housing for those who had lost their homes. My daughter is on one of the boards for one of the charities, and my son-in-law is on the board of a homeless shelter, and they work very well together.

What we are seeing right now is, a culmination of things, that the developers aren't developing some of the property because of regulation, because of the cost involved. But actually, the faith community has come together again to say how can we address this? It is by building starter homes, which would free up some of the pressure that is on the multifamily living, as well as opening up more of those. And they are even looking at developing a non-profit to buy property to build some homes, to actually sell those homes. So I think, in our case, it is really a local issue.

Mr. Hendrix, what I keep hearing, though, is the regulatory cost of actually building the affordable housing. What are some of these costs that developers are facing that are holding them back?

Mr. HENDRIX. I will mention one that I haven't talked about before because it actually had a solution being found in Georgia right now. So there is a startup called PadSplit operating around the Atlanta, Georgia, area, saying we have so many large homes, say, 5-bedroom homes. What if we can turn them into 5-unit apartments

essentially? The problem that they face is unrelated persons laws saying that we, the locality, are going to define what a family is. We are going to define who can live together. And they are saying, no, we need to be able to allow persons who are not related to one another to live together, to take homes that are larger than ever before in our history, and turn them into more places and more apartments for young families, for people just starting out. That kind of like starter home approach, we need more of that, and we need to reduce the regulatory barriers to them.

Mr. LOUDERMILK. That is a good point. As I mentioned earlier, those more expensive homes in our area, \$250,000 to \$300,000 homes, which is a pretty good-sized home in rural Georgia, right? And this is just outside of metro Atlanta. That is a perfect example. I think when it comes to the zoning issues we were having with some areas, it is public pressure from the local communities that make a difference. But thank you all for what you are doing, and I yield back.

Chairwoman WATERS. Thank you. The gentlewoman from Iowa, Mrs. Axne, is recognized for 5 minutes.

Mrs. AXNE. It has been a while.

[laughter]

Mrs. AXNE. Thank you, Madam Chairwoman, and thank you to the witnesses for being here. Mr. Williams, I do want to say how sorry I am to hear your story, and it is really sad in what you have gone through. And I want to thank you and Professor Desmond for all that you do to bring a light to the struggles that Americans are facing. So thank you so much for sharing that, and thank you both for your help when it comes to that. We shouldn't have a point in this country where folks are trying to figure out if they are going to put food on the table or keep a roof over their head, and that is why we are all here today.

Professor Desmond, I know that as part of your research for, "Evicted," you lived in a mobile home park. As a matter of fact, I lived outside of Milwaukee for a little bit, so it was neat to see that. I just met with my some of my constituents, and one of them is about to pay 70 percent more from his income for the rent for his site in his manufactured housing community. Does that sound like some of the stories that you have heard where people are just going to, all of a sudden, have to pay 50, 60, or 70 percent more than what they were paying?

Mr. DESMOND. Sure. When I lived in the mobile home park, I met a grandma who is paying over 70 percent of her income to rent a mobile home that was literally condemned by the city. I met people working 2 or 3 jobs, and most of their money was not going to their kids, but going to the utility company and their property owner.

Mrs. AXNE. And the whole dais mentioned some things earlier during your testimony, but what kind of long-term effects does this cause?

Mr. DESMOND. What we know is that the big losers of the housing crisis are the kids. When families are spending more than 30 percent of their income on housing costs, they don't buy enough food for their kids. They don't invest in after-school activities. Their kids are really the ones who lose out. We have a study that shows

that having kids actually increases your risk of eviction, not decreases it.

Mrs. AXNE. Thank you for that. Just so you know, if you haven't heard, in Iowa, we have a company called Havenpark Capital that recently purchased 7 manufactured housing communities, and, again, came in and jacked up the land rent rates up to 70 percent. In your research, is this kind of activity in manufactured housing something you have seen broadly? We just mentioned that it leads to possible evictions, but how broadly are you seeing an issue like this?

Mr. DESMOND. Manufactured housing is a decent source, a big source in America for naturally-occurring, affordable housing. Often, what we are seeing in America is that those properties are being bought out and cleared out, though, and are at risk of displacement just like other older housing stock.

Mrs. AXNE. Thank you for that. I wanted to see what we could do to hopefully prevent this, and, fortunately, we have a lot of opportunity here in the Financial Services Committee to help with this issue. So last week, I introduced the Manufactured Housing Community Preservation Act to provide grants for folks to be able to purchase and preserve those manufactured housing communities (MHCs). And what it would do is essentially allow up to \$1 million in grants for nonprofits, for the homeowners themselves to pool together and try and buy the property themselves, and for the State or local entities to also make that happen. But it also allows the MHC, as an affordable housing unit, to maintain itself, and then limit those rent increases from going up because HUD would be involved in making sure that doesn't happen. I would ask you and Ms. Jayachandran—I don't know if this will solve every problem. I know we have a lot more solutions out there. But I am wondering what your thoughts are on this kind of policy, giving folks who might not have an opportunity to purchase their own land or have a nonprofit or some type of entity help them? How do you see this fitting into the whole opportunity for manufactured housing and giving people an opportunity to stay in those communities?

Ms. JAYACHANDRAN. We would support that. In large part, thanks to Mr. Desmond's book, my organization, NHT, has been searching and looking for opportunities to purchase manufactured home communities who are supportive of communities where residents have the chance to purchase their own pads. But that is not a solution for everyone, and we think that another parallel solution is mission-based owners, like nonprofits, who are going to keep the site-level rent affordable, invest in the properties, unlike some of the owners in, "Evicted," and we would welcome support to help us purchase communities.

Mrs. AXNE. Wonderful. We will have to get together and learn about some of those investment companies so we can see who might be good players in the system. I appreciate that. Mr. Desmond, did you have anything to add?

Mr. DESMOND. I think that the people I met when I lived in a mobile home park bought into the idea of an American Dream. They wanted a piece, they wanted a home, and they recognized deeply that everyone needs a stable, affordable home. So by any means that we can deliver that, I think people would be eager.

Mrs. AXNE. I appreciate that. Is there anybody else who would like to add to this conversation? Ms. Chapple?

Ms. CHAPPLE. The City of Palo Alto actually bought a mobile home park that was under risk of displacement, so I would encourage these funds to come down to cities.

Mrs. AXNE. Have you seen any of the outcomes as a result of that?

Ms. CHAPPLE. Oh, absolutely. It stabilized that area and allowed the kids to keep going to school in Palo Alto, the best school district in the State.

Mrs. AXNE. Wonderful. Very good. Thank you so much. I appreciate it, and we will continue to work on this issue together.

Chairwoman WATERS. Thank you. The gentleman from Ohio, Mr. Davidson, is recognized for 5 minutes.

Mr. DAVIDSON. Thank you, Madam Chairwoman, and thank you to our guests, our panel. Unfortunately, it looks like Mr. Williams needed to leave about 2½ hours into it. I am impressed with his son. His endurance is pretty good for his age. Hopefully, you guys are still laser-focused on helping to solve this problem.

I think it is a common misconception that the United States somehow doesn't care about this problem, or that only one party in America cares about the problem. The reality is, collectively, the United States spends about \$900 billion a year on a social safety net, so it is really disappointing when you see someone like Mr. Williams come in here, and, you say, in spite of over 90 means-tested programs. These are just the means-tested programs. These aren't things you are made to buy like Social Security or Medicare, but just means-tested programs. In spite of \$900 billion spent every year, over 90 programs, you have people who fall through that safety net, and it doesn't work.

So for that reason, I have created a bill called the People CARE Act, which would make the program person-centered. It would give 4 Republicans and 4 Democrats a year-and-a-half to work together, and they could revise the programs. They couldn't cut any spending. They couldn't launch new programs.

And you say, well, why would you even do it? You could do things like a lot of people run into in our Federal housing programs, which are benefit cliffs. Benefit cliffs often lead to people staying trapped in that net or staying at risk of losing the housing that they do have because they take an extra job or a promotion, and in the long run it doesn't work out. So we have to deal with that. Congress has been persistently unable to deal with that. It is not that we lack the will. Apparently, in the committee structure, there is always an excuse, right?

But it is certainly not that we don't spend enough money—\$900 billion a year. So, an extra 1.3 percent on this isn't really the thing that is going to tip it over suddenly, that if we spend \$13 billion dollars, all of the ills in our Federal programs will be cured. I think the reality is that it is structural. Mr. Hendricks, perhaps you can highlight why you like direct payments to individuals versus direct transfers to massive government bureaucracies?

Mr. HENDRIX. Because I trust people to make decisions for what is best for their lives. Giving them freedom and flexibility about where they live, the type of living arrangements they want, I think

that is part of what it means to being supported and being people-centered in the kind of support that we offer individuals. And I think that people-centered housing support means that we aren't reinforcing patterns of segregation, that we are helping encourage people to move to places of opportunity, and that we are not disincentivizing good work if you are able-bodied.

Mr. DAVIDSON. Yes, thank you for that. And I like that you mentioned reinforcing segregation because the history of Federal housing programs is, quite frankly, full of overt racism. The programs were launched during the FDR era. They were launched and sustained in the 1960s, and that has fueled whole redlining programs that the private sector has piled onto. Even today, the persistence of this has been hard to break. And so individuals, to me, seem more empowered to be able to choose and just sidestep that.

Mr. Williams, welcome back. We were talking earlier about, in spite of the fact that our nation spends over \$900 billion a year on a social safety net, unfortunately there are people like you. So thanks for coming and giving a face to that, because there are people in every one of our congressional districts who, in spite of the well-intentioned efforts to run these programs, don't benefit from them in the way that they are intended to.

Normally, what happens is Congress doesn't actually go back and figure out, well, gee, why did that fail? Why did it break? We had over 90 programs. We don't actually get rid of any of the programs, or, generally, we don't even really redesign the existing programs. Kind of just like today, we are going to debate launching a new one, right? They all failed, so instead of doing that, let's launch another one. We don't go back and do it.

So my passion is to get this committee going and also to find some democratic co-sponsors—Chairwoman Waters would be a great one, for example—who would move this bill in a bipartisan way. We would have 4 Republicans, and 4 Democrats. They would get a year-and-a-half to work together to redesign our whole safety net. So you wouldn't just do one program at a time. You could go holistically and apply one standard to make sure we don't have benefit cliffs, so that if you take a job making more money, or you finish your degree and you get another job, you are not going to run into, well, if I take this I might lose some sort of benefit. And we could redesign it so there are on-ramps and off-ramps. I hope we can get this done, because it will benefit families like yours. God bless you. Thanks for being here today, and thank you all for your expertise on the subject.

Mr. WILLIAMS. Thank you.

Chairwoman WATERS. The gentlewoman from New York, Ms. Ocasio-Cortez, is recognized for 5 minutes.

Ms. OCASIO-CORTEZ. Thank you, Madam Chairwoman, and I would like to thank all of our witnesses here for testifying today. Mr. Williams, specifically, I want to thank you for your powerful testimony, and thank you for bringing your son. And if your son was here, I would thank your son, too, for supporting his dad.

Mr. WILLIAMS. Yes, ma'am.

Ms. OCASIO-CORTEZ. I wish that we could talk to you, Mr. Williams, and say that your story is an anomaly, but it is normal, and, increasingly, it is the new normal. Two years ago, I was

waitressing in a restaurant, and I know what it is like to come back to your house, and, if you can afford that rent, to be scared if your lights will be on when you get home, and a whole bevy of other issues. Let alone, you have 3 children. You said all of them have asthma?

Mr. WILLIAMS. Yes, ma'am.

Ms. OCASIO-CORTEZ. All 3 of your children have asthma?

Mr. WILLIAMS. Yes, ma'am.

Ms. OCASIO-CORTEZ. And I am sure that comes with healthcare costs as well, right?

Mr. WILLIAMS. Yes, ma'am.

Ms. OCASIO-CORTEZ. That is rent in and of itself.

Mr. WILLIAMS. Yes, ma'am.

Ms. OCASIO-CORTEZ. And I am sure the quality of the housing stock, or where you have been able to be in your life, has impacted and triggered their asthma from time to time as well. Is that right?

Mr. WILLIAMS. Yes, ma'am.

Ms. OCASIO-CORTEZ. Mr. Williams, I have a question. Did you ever try to look for "affordable housing," just to find that it is not actually affordable at all?

Mr. WILLIAMS. Yes, ma'am, several times. Several times, we tried to go the affordable housing route.

Ms. OCASIO-CORTEZ. And what were some of the rents that you saw that were called "affordable housing?"

Mr. WILLIAMS. Anywhere from \$800 to \$1,600.

Ms. OCASIO-CORTEZ. \$1,600 a month.

Mr. WILLIAMS. Yes, ma'am.

Ms. OCASIO-CORTEZ. So if you are making 10 bucks an hour, that is not affordable whatsoever, correct?

Mr. WILLIAMS. No, ma'am.

Ms. OCASIO-CORTEZ. Thank you. So, let's get real because we see this a lot in New York City as well. You came to Virginia by way of New Jersey, correct?

Mr. WILLIAMS. Yes, ma'am.

Ms. OCASIO-CORTEZ. So I am sure you know a lot of what we are dealing with in New Jersey as well as in New York City, and a lot of what gets deemed as affordable housing is not affordable. And it ends up being part of sometimes a strategy of larger displacement in that these developers get tax breaks. They build what is affordable. But a lot of what we hear around here is that if we just build more, no matter what, things will get better, right? But in New York City, there are 3 empty apartments for every 1 person experiencing homelessness. That is wrong. And so, while it is not to say that we shouldn't build more—there should always be kind of a rejuvenation of our housing stock—it is to say that that is not the end-all, be-all solution. It is not just about supply and demand because there are a lot of things breaking those laws.

While there are people who say there is nothing that we can do, there are 2 things that I think we can do. One, let's talk about affordable median income, Dr. Chapple, in densely-populated cities where high- and extremely-low-income households can be found within blocks of each other, like in the Bronx, we have one of the lowest-income congressional districts in the country right next to one of the richest ZIP Codes in the country. So when something

like that happens, affordability gets distorted because we peg to metrics, like the area median income. So, we take the average income of anyone in a 10-mile radius. Well, that includes some of the richest people in the country, if not the world, and what gets deemed as affordable can distort that. Isn't that correct?

Ms. CHAPPLE. Absolutely. Median incomes are \$100,000, \$120,000, and that means if you make \$50,000, you are not able to get enough people qualified.

Ms. OCASIO-CORTEZ. So what do you think would be some possible policy solutions that we could consider on the issue of AMIs?

Ms. CHAPPLE. We need to look at HUD fair market levels, and we need to stay on top of that and make sure that we are continually adjusting the HUD levels. We need to look at affordability. We continually revisit based on the 30 percent, 50 percent, 80 percent, which many of our programs are catering towards certain income streams, particularly \$50,000 to \$80,000, whereas the 30 percent AMI and below are very poorly served.

Ms. OCASIO-CORTEZ. Thank you. And further, there are expensive housing markets, like New York, where many units that are built by developers will go empty tonight. In fact, I have an article here saying that 1 in 4 New York City luxury apartments is currently unsold. At the same time, some families will be checking into shelters tonight, and others will be sleeping out in the cold.

Opportunity Zones created by the 2017 Republican tax bill unsurprisingly was another area of a tax giveaway to the rich. In fact, last year, the National Association of Home Builders testified that, "The private market is largely unable to develop, operate, and maintain rental housing affordable to the lowest-income households." Ms. Jayachandran, would you agree with that statement, based on what you have seen?

Ms. JAYACHANDRAN. Yes.

Chairwoman WATERS. Thank you. The gentleman from North Carolina, Mr. Budd, is recognized for 5 minutes.

Mr. BUDD. Thank you, Madam Chairwoman, and, again, thank you to our witnesses for being here this morning, or afternoon now. I certainly want to agree with the majority that homelessness is a real issue facing individuals and families. What I find confusing, however, is that we have several pieces of legislation up for discussion today, but not a single one of them would actually help increase the supply of private-sector-built affordable housing. So it is unclear to me if temporary assistance programs, vouchers, or studies, however well-intentioned they may be, are a complete solution when the supply of housing is not growing to meet greater demand in higher populations of renters looking for a place to live.

And if we are to take an honest look at where homelessness oftentimes begins, it is with broken families, poor financial habits, and with addiction. So, I am a co-sponsor of H.R. 3077, the Affordable Housing Credit Improvement Act, because this legislation would increase the housing credit by about 50 percent. In fact, just yesterday I cut the ribbon at Mocksville Pointe Apartments in Davie County in North Carolina, and 66 new apartment homes have been built for working families, affordable homes, because of this tax credit. So increasing this credit is one of the keys to increasing the stock of affordable housing in the market, and the

housing credit has been an effective market-based approach to addressing affordable housing and homelessness for over 30 years since it was enacted during the Reagan Administration.

This 50-percent expansion of the credit would help construct an additional 14,000 or more affordable homes in North Carolina over the next decade. And over the course of the program, nearly 5,500 affordable homes have benefited North Carolina 13, my district. So, Ms. Jayachandran, can you address the underlying supply issue here as it relates to homelessness and housing insecurity, and how can market-based solutions, like the housing credit, help?

Ms. JAYACHANDRAN. Thank you for your sponsorship of the Affordable Housing Credit Improvement Act. We support that bill and are huge fans of the Low-Income Housing Tax Credit. Our real estate development platform frequently uses the Low-Income Housing Tax Credit to both preserve affordable housing and create new housing, and we support the expansion of the program. As you know, it has been almost, alone, the single biggest driver of new affordable housing production since it was enacted in 1986, and the only shortcoming of the program is that it hasn't kept pace with the increase in folks who need affordable housing. So, thank you for that.

We also do support H.R. 5187, the Housing is Infrastructure Act, and would argue that it, too, creates and motivates new affordable housing that the private sector can leverage. The investment in the Housing Trust Fund, the investment in CDBG, in the Capital Magnet Fund, all do translate to new sources of capital for affordable housing production. I think many people and groups, including the Bipartisan Policy Center, note that tackling the affordable housing crisis is going to take a multipronged solution. Low-income housing tax credits are certainly one, but it is going to take all sorts of solutions, including new capital investments, new vouchers, and new rental assistance contracts. It can all be leveraged by the private sector for new debt, new equity that finances new units.

Mr. BUDD. Good. Thank you very much. Mr. Hendrix, any additional thoughts on how market-based solutions, like housing credits or other solutions, could help?

Mr. HENDRIX. Market-based solutions are important for solving this housing crisis. We cannot solve it without more housing. And every new house that is built is essentially a layer cake of financing, and adding in more layers to make more projects pencil out is best, especially if we can leverage nonprofits, faith-based institutions. This is something that we believe is very important.

Mr. BUDD. Very good. Thank you all for your time. I yield back. Chairwoman WATERS. Thank you. The gentlewoman from New York, Mrs. Maloney, is now recognized for 5 minutes.

Mrs. MALONEY. I want to thank the chairwoman and all of my colleagues and the panelists. This is a critically important issue. We have heard a lot of great information today. And our nation, undoubtedly, is facing a housing crisis. In New York City, there is a crisis, too, an enormous one, with very unique challenges. Many of our citizens are paying a third of their income in rent, many more are paying over half of their income in rent, and it leaves very little money for anything else. In New York, it has become al-

most impossible to find affordable and available housing. So this hearing is very relevant, and we need more affordable units.

I am a strong supporter of the local income housing tax credit, which has helped us put up housing. But just as important as putting up housing is helping people like Mr. Williams stay in their homes. If you have an affordable place, we need to do everything to help them be able to stay there. And in cities like New York, some landlords are just beyond belief in their cruelty. I have worked with tenants where the landlord has turned the heat off for months, forcing them out of their homes. I have worked with tenants where the landlord firebombed them out of their homes, and this is despicable. And I want to ask first Mr. Williams, and then Professor Desmond, how do we react to this on a Federal level? Obviously, on the local level, there is enforcement, but what can we do on a Federal level to stop this outrageous, cruel, disgraceful, greedy behavior?

And I would like to first ask you, Mr. Williams, when you mentioned in your testimony that you were you charged thousands of dollars for filling out a form, and then they told you, oh, by the way, you are not eligible, I think at the very least, we could put legislation out there and pass it that says, you don't do that to people. You determine whether or not they are eligible before you charge them anything. I think that is an outrageous abuse. Are there other abuses that you think we might be able to address, Mr. Williams? And thank you for your really meaningful and insightful testimony.

Mr. WILLIAMS. Thank you, ma'am. Yes, that was one of the issues that we had incurred, that there is no systematic, if you will, policy or rule in place to say that when you go to apply for a housing unit, that they will tell you that, well, there is a security deposit, but what they don't tell you is if you qualify or you don't. So they can promise you all the nooks and crannies of everything, and there have been several times we have gotten into the doorstep at several affordable housing units, only to be told 2 or 3 days later, well, Mr. and Mrs. Williams, you didn't qualify. So now the question becomes, what I have been forthcoming with. Now, what do I do to supplement that money that I have given you when I feel as though if there is a policy in place that if a family or a resident doesn't prequalify, there should be something given back, because you don't know what that family or individual has to do with that money, because plenty of times, like I said, we have lost thousands of dollars. One particular time, I actually had to go into my kids' college savings, only to be told that we didn't prequalify.

Mrs. MALONEY. That is terrible.

Mr. WILLIAMS. Yes, ma'am.

Mrs. MALONEY. We can change that. I am going to put a bill in on that. Professor Desmond, what do you think?

Mr. DESMOND. I have 2 suggestions. One, the Fair Housing Act covers evictions. The data suggests that evictions have a disparate impact on low-income communities of color, and particularly women. The national data show that African-American women have eviction filing rates that are twice as high as white women renters. So the Federal Government can act to enforce the FHA when it comes to the eviction crisis.

Second, we can do a better job of identifying who is responsible for most of the actions in a city like New York. Many times, landlords that are doing the evicting, we don't know who those people are because they are behind LLCs or are other companies. We can do a better job of bringing transparency so we can know which property owners are promoting stability and which property owners are the biggest evictors in a city.

Mrs. MALONEY. May I get 1 second back on the LLC bill that we passed? You hit on something very true, and we have been working, the chairlady and myself, to pass a bill that would allow law enforcement and others to see who owns these LLCs. It was mentioned earlier that a lot of them are vacant, but we are having difficulty passing it. There is a huge push back on it. It is very relevant. Thank you.

Chairwoman WATERS. The gentleman from Ohio, Mr. Gonzalez, is recognized for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Madam Chairwoman. And thank you to all of our panelists here today. Mr. Williams, I want to start with you and just thank you for your testimony. What you did for your son and your family was very powerful, and it was courageous. I have been a Member for just over 1 year, and I can say without question that your testimony was the most powerful testimony that I have heard as a Member of Congress, and I can't imagine the struggle and what all you have been through. There are families all over the country that you are never going to meet, who won't know your name, but they are going to benefit from what you did today, and I think you can be proud. And so, I just want to thank you for that.

Mr. WILLIAMS. Thank you.

Mr. GONZALEZ OF OHIO. Shifting to some of the legislation we have been asked to consider, one bill is the Eviction Crisis Act, and it was mentioned in several of the testimonies. It is designed to step in and provide protections specifically for folks in your situation, Mr. Williams, both leading into the eviction process, but also on the back end when you are coming out of it. And so, my first question is to you. In the immediate build-up, in the weeks and days prior to the eviction, what sort of services existed in your community? What sorts of organizations were you aware of that tried to help keep you in your home, or did they not exist?

Mr. WILLIAMS. Some of the steps that went into play, a lot of it was nonprofit organizations.

Mr. GONZALEZ OF OHIO. Okay.

Mr. WILLIAMS. A lot of churches, the Department of Social Services. But they can only work with the capacity that they have, and they have met their full capacity. Churches work on donations and people giving back, and so we were reaching out to a whole slew of organizations from the Salvation Army, to a lot of nonprofit organizations. And I will share just one tidbit of information, if I can get it in.

Mr. GONZALEZ OF OHIO. Yes.

Mr. WILLIAMS. I particularly remember, as I am sitting here, I went online and there was what I have come now to realize was a scam. There was a certain agency—I can't think of the name—who went on the internet and said that they stop evictions. I called

this guy up, spoke to this guy, and gave this guy \$300 to stop the eviction. Needless to say, there are certain people out there who prey on people who are desperate or in this situation. I gave them the \$300 only to find out it was a scam.

Mr. GONZALEZ OF OHIO. Did you report that to anybody? I am certain that we—

Mr. WILLIAMS. I did.

Mr. GONZALEZ OF OHIO. Yes.

Mr. WILLIAMS. But unfortunately, it went nowhere.

Mr. GONZALEZ OF OHIO. Okay.

Mr. WILLIAMS. It was kind of like, when I reported it to the local authorities, I actually was told, “You should have known better.”

Mr. GONZALEZ OF OHIO. Wow.

Mr. WILLIAMS. Yes, sir.

Mr. GONZALEZ OF OHIO. We will follow up after this hearing and see if we can help on that front. That is insane. Now, I want to shift to sort of the back end. You are trying to get back into a home, and you told a compelling story about how you are applying, and you are putting money down and not getting it back, and things like that. What sort of feedback were you getting from the landlords as to why you were getting turned down?

Mr. WILLIAMS. I have been told 3 things, and I kind of call it, “the sandwich,” if you will.

Mr. GONZALEZ OF OHIO. Okay.

Mr. WILLIAMS. The first layer of why we were getting turned around was the eviction. So, that is the bottom layer of your sandwich, right? Next, the meat of it is your credit. So, that is the second layer. Now, we are looking for the toppings on this. I was told by several different agencies that we had to meet 6 times—6 times!—whatever the monthly rent was for the housing unit. So when they go to look at all of the criteria, you are either evicted, or not even an eviction on your credit, or you don’t meet the monthly 2 to 3, 4, 5, 6, and I was even told that shouldn’t have even been.

Mr. GONZALEZ OF OHIO. Yes.

Mr. WILLIAMS. But that is how it was going.

Mr. GONZALEZ OF OHIO. Thank you. And one thing I will say before yielding back is, I think there is a lot in the Eviction Crisis Act that would help and would be useful. I don’t know that it addresses everything that you are talking about. I don’t know that it is a perfect solution, and there probably isn’t one, or else we might not be here. But I do want to thank you again for your testimony, and for all the work being done on this issue. I yield back.

Mr. WILLIAMS. Thank you.

Chairwoman WATERS. The gentlewoman from North Carolina, Ms. Adams, is recognized for 5 minutes.

Ms. ADAMS. Thank you, Madam Chairwoman, for convening today’s hearing. And to all the witnesses, thank you very much for being here today. Ms. Chapple, while there are obvious benefits to mixed-income neighborhoods, including lower poverty rates, de-concentration of poverty, and increased economic opportunity, it can also create negative consequences. Gentrification can result in an increased demand for housing, which can raise housing costs and lead to the pricing out and displacement of longtime residents. My question is, how can local communities better empower their most

vulnerable residents when it comes to weathering the changes that come along with gentrification, and are there any communities doing things well or implementing effective strategies?

Ms. CHAPPLE. You mentioned mixed-income communities, and we went through an experiment in this country with HOPE VI redevelopment into mixed-income communities. And around many of those HOPE VI redevelopments, actually, gentrification happened. Folks got displaced, and communities transformed themselves. So when we are doing these redevelopments, we really need to think about the chain of events that we are setting into motion. And we need to think early about how we can acquire land, acquire multi-family buildings, and keep them perpetually affordable as the neighborhood changes around them.

Ms. ADAMS. Okay. In terms of the Federal Government, what role can the Federal Government play in collecting and disseminating best practices for communities that experience gentrification to help prevent displacement in these communities?

Ms. CHAPPLE. There are many different anti-displacement policies that could be used. One of the things about displacement is it takes very different forms in high-cost versus low-cost communities, so you can't just pass down a menu to each place. What I would recommend is that the Federal Government encourage municipalities to innovate with best practices that have been shown to work in other places, like acquiring multifamily apartment buildings to keep them stable.

Ms. ADAMS. Great. Thank you. Dr. Desmond, thank you for your commitment to shedding light on our national affordable housing crisis and peeling back the layers of how evictions and gentrifications impact our communities. And according to your 2018 study, in my district of Charlotte, North Carolina, the eviction rate is 6.15 percent, almost double that of other peer cities in our State and around our county, Raleigh and Nashville. Out of 100 cities, Charlotte ranked 21st, and has a rate above the national average. At the time the study came out, you stated that you haven't studied why Charlotte's eviction rate is higher than comparable cities, but you said that the South in general appears to have higher eviction rates. Have you had an opportunity to study this rate difference, and do you have any idea of what might be going on here?

Mr. DESMOND. I have begun looking into the issue. We need to do more to understand who is doing the evicting. It reminds me of a line from the novel, "There There," by Tommy Orange. There is a scene where someone is describing suicide on Native American reservations. And they say these kids are jumping out of a burning building, and we think the problem is that they are jumping. But we need to understand better who set the fire. We have also looked into what laws work, and they do seem to make a difference. So when evictions are more costly and they take longer, property owners tend to use eviction court less than they do when it is cheap and efficient.

Ms. ADAMS. Okay. Thank you. Ms. Jayachandran, what are the greatest challenges that you face when trying to preserve affordable housing in gentrifying communities?

Ms. JAYACHANDRAN. The resources to do it. In gentrifying communities, often the prices are higher as a result of the economic

boom. And in order to be able to purchase that building and renovate it, you have to meet the market price. We believe in the market and market dynamics, but it requires coming up with the funds, the same funds that somebody who might want to make it condominiums would have to come up with. It is hard to do that when we are going to maintain the rents affordably because we are not going to be able to repay a high cost of capital. So cobbling together sources of capital to keep a property affordable is the biggest challenge.

Ms. ADAMS. Great. Thank you very much, Madam Chairwoman. I yield back.

Chairwoman WATERS. Thank you. The gentleman from Tennessee, Mr. Rose, is recognized for 5 minutes.

Mr. ROSE. Thank you, Chairwoman Waters, and thank you to all of the panelists for being here today. And, Mr. Williams, particularly, thank you for being here. As I look out at the other panelists, and not to take anything away from any of them, but I suspect you are the only one for whom, at some level, it is not part of your job to be here. So I commend you for taking time to be here and present your story today.

I know that I have said this before, but it bears repeating. With so many Federal programs, I think we focus too much on the quantity of our inputs rather than on the quality of the outcomes. I respectfully disagree with some of my colleagues on the other side of the aisle, who have stated that the only way to solve this problem is with a huge injection of Federal funding. Subsidizing the payment for affordable housing does not reduce the price or cost of housing. Indeed, it almost certainly increases the price. In fact, housing in States with restrictive zoning and land-use rules tends to cost more. Federal taxpayers are, in essence, being expected to subsidize burdensome and bad local policies. We need solutions that solve the problem, not temporary fixes that mask it.

One of the biggest drivers of housing unaffordability is a shortage of housing. Mr. Hendrix, some on this committee might argue that building more housing will not help low-income Americans since newer housing tends to be more expensive. Are you able to provide any information about how increasing the supply of housing helps at all income levels?

Mr. HENDRIX. There is evidence from communities across this country that when you do add new housing supply, at some point the housing does become more affordable. The question is, are we actually loosening enough restrictions in enough places, and the answer is no. The examples that we have are not frequent enough. We need more examples of more housing supply being freed up. We need to streamline permits. We need to loosen zoning restrictions. And that is going to happen at the State and local level.

I think that there are examples, perhaps best of all from Texas. There is one instance where Austin, closer to downtown, did loosen some restrictions and allowed more housing development, and rents did flatline for a time. Of course, the problem is when you just touch areas closer to downtown, you don't address the suburbs, you don't address some of the wealthier neighborhoods, and often you do get those fears of displacement and gentrification affecting poor neighborhoods, where the housing that could have gone into

wealthier or higher-opportunity neighborhoods now just is forced into poorer neighborhoods or neighborhoods with less opportunity.

Mr. ROSE. Thank you. Ms. Jayachandran, you highlight a specific case in your testimony, the Meridian Manor, in which the National Housing Trust used Low-Income Housing Tax Credits, or LIHTCs. According to the Tennessee Housing Development Agency (THDA), only 1 of every 3 LIHTC applications can be fulfilled in Tennessee. That is why, like Representative Budd, I am a co-sponsor of H.R. 3077, the Affordable Housing Credit Improvement Act of 2019, to increase the credit by 50 percent. Ms. Jayachandran, can you explain further and further address the importance of expanding the overall supply of housing, and how a solution, like increasing the housing credit, would be helpful to address homelessness?

Ms. JAYACHANDRAN. Sure. As I mentioned earlier, we are supporters of the Affordable Housing Credit Improvement Act, and thank you for your sponsorship. The Low-Income Housing Tax Credit, since it was enacted in 1986, has been one of the largest drivers of affordable housing production in this country, and one of the largest motivators for new construction as well as preservation. To your point from Tennessee, the credit has not kept pace with the need since it was enacted in 1986. But for the expansion that happened last year, the bill sponsored by Senator Cantwell, the program hadn't been expanded since its initial enactment. Since then, obviously we have seen population growth, and we have seen an increased need for affordable housing. The Low-Income Housing Tax Credit helps create and preserve scarce affordable housing units that can be used for formerly homeless, and new units are needed. We just are not keeping abreast of increases in population.

Mr. ROSE. Thank you. As some of my colleagues have already stated here today, we should be doing more to lower barriers to housing construction at all levels of government: local; State; and Federal. And with that, I yield back.

Chairwoman WATERS. Thank you. The gentlewoman from California, Ms. Porter, is recognized for 5 minutes.

Ms. PORTER. Thank you. I am the first single parent of young children to serve in the Congress, and I want to state for the record that my family is not broken. We are a strong and cohesive family who loves and cares for each other.

In my district, the Orange County United Way has created a cross-sector public-private partnership that is called Welcome Home Orange County. And it encourages rental property owners to accept HUD housing vouchers, and HUD officials have commented at the regional level that they would like to see this public-private partnership model used as a template for national expansion. Basically, what it does is provide financial assurance and damage mitigation funds to landlords, and provides support services, including help with furniture, and additional financial stability tools to potential renters. Mr. Williams, would a program like Welcome Home Orange County have potentially helped you avoid wasting thousands of dollars in application fees and hundreds of hours spent identifying and applying for apartments?

Mr. WILLIAMS. Yes, ma'am.

Ms. PORTER. Thank you. Mr. Hendrix, I hear you absolutely on the need for increasing housing supplies and for zoning revisions. This is an all-around need. But I want to ask you specifically, do you think a public-private partnership, like what I described, could be a useful tool that would benefit property owners by encouraging them to accept HUD Housing Choice vouchers, and that it would also be of assistance to potential residents?

Mr. HENDRIX. I am very much in favor of public-private partnerships, and this seems like an encouraging model. I would love to learn more.

Ms. PORTER. Thank you. HUD officials emphasized in my district that they are using Welcome Home Orange County in partnership with the United Way particularly to help children who are about to age out of foster care programs, and are, therefore, at very high risk of becoming homeless. HUD has a new program called Foster Youth to Independence that is providing Housing Choice vouchers to those aging out of foster care, and Orange County is one of only 11 counties across the country that has received these Foster Youth to Independence vouchers in the initial phase of this program. And it has been so far extremely successful, and it is a very necessary program.

Mr. Desmond, I read, "Evicted." And I have had the opportunity to hear you speak at my university campus when I was a professor. Your work is a piece of outstanding scholarship. You talk about displacement and the effect of eviction on a lot of different kinds of individuals. Could you speak to the need for a housing support program for young people, like foster children, who are about to be living on their own for the first time?

Mr. DESMOND. On any given day in America, there are about 400,000 children in foster care. These are some of our most vulnerable children, and we have a choice. When they age out of foster care, we can send them into poverty and eviction and homelessness, or we can send them into stability and economic mobility. So expanding the opportunity for these young people to start off with a platform that allows them to reach their full potential seems to make a lot of sense to me.

Ms. PORTER. Thank you. I yield back.

Chairwoman WATERS. Thank you very much. They have called votes on the Floor. We are going to try to get through as many Members as we can before we have to leave.

The gentleman from Wisconsin, Mr. Steil, is recognized for 5 minutes.

Mr. STEIL. Thank you, Madam Chairwoman. Thank you for calling today's important hearing. I think my colleague, Ms. Porter, actually brought up a spectacular point as it relates to foster children, and I would like to return to that probably at a future point in time. That is a spectacular point that you made. I would like to dive in. I have also read, "Evicted," and, compliments of the Library of Congress, have a copy at my desk. The examination that you did, in particular, at the one site at the mobile home park borders my district. College Avenue is the division between Congresswoman Gwen Moore's district, the City of Milwaukee, and the City of Oak Creek on the south side of that street. It was very interesting to read.

One part that I found probably the most interesting of all was in your research, which seemed a bit counterintuitive at first, which is the difference in pricing between lower-quality housing stock and really in the scale of Milwaukee, not that far away, nicer neighborhoods, nicer housing stock. And the delta between those two price points was not as large as you might think off of an economics 101, back-of-the-envelope supply and demand. You commented a few times in the book what you saw driving that disparity.

Mr. DESMOND. This is a very important point. If you rent a 2-bedroom apartment in Milwaukee, Wisconsin, at the median rent, you are going to pay about \$650 a month. If you rent that same apartment in the poorest city, the poorest neighborhood in that city, you are going to be paying about \$600 a month. You get a lot worse housing. You get a neighborhood that is completely different, and you don't pay that much less for it. And so the idea that a lot of folks are living in disadvantaged communities because they can only afford to isn't exactly borne out by the data.

Mr. STEIL. Do you think that if we, say, increased supply in the City of Milwaukee, would you be able to drive down those prices, because back-of-the-envelope kind of economics 101, you would think that would be the case. But some of your research points out that that might not be the case.

Mr. DESMOND. Cities like Milwaukee do not lack housing supply. Neither does Tucson, Arizona or Toledo, Ohio. There are places that have experienced a surge in rents that have enough supply. And so for those cities, it is not exactly a question of just building more housing, and obviously we will see kind of a reduction in rent. Something else is going on besides the supply and demand dynamic.

Mr. STEIL. Thank you. Mr. Hendrix, can I jump over to you? How would you respond to that, because I think that is an interesting argument here as we look towards a supply-side solution to drive down these costs? How do you kind of accommodate that disparity that we saw in Mr. Desmond's research?

Mr. HENDRIX. He is not wrong that there are different housing markets across the country. So, some areas do have a severe mismatch between supply and demand. Others don't. Others have too much housing, not too little. The challenge is, in places where there is more demand and less supply, making sure that they can fall in line together. In places where there is actually a lot of housing stock, we need to make sure that: number one, if it is close to job centers, that it remains affordable; and number two, that there is a variety of housing types because sometimes the housing stock that is available is a mismatch with the housing stock that is actually needed, and that those who want to be able to access affordable housing could actually be able to access it. And I think he is absolutely right.

Mr. STEIL. It is an interesting dichotomy because I think we definitely see that play out in some of our larger cities in the United States, because if you look towards communities in the greater Milwaukee area in southeast Wisconsin, it is a different dynamic that plays out. And I think this is where sometimes the affordable tax credits come into play for adding in quality housing stock that be-

comes affordable in these communities. I just thought it was a really interesting point you brought up. Ms. Chapple, if I can, earlier on you were referencing work building tiny houses. Do you recall what city that was in?

Ms. CHAPPLE. That is in Alameda County, outside of Oakland.

Mr. STEIL. Okay, outside of Oakland. And so the area that you were doing that in, would you be able to build those tiny houses elsewhere in that county on the private side, or would you be blocked from zoning regulations for building houses such as this tiny house, but for an exemption in the zoning laws that maybe existed in this county in California?

Ms. CHAPPLE. So, guess what? Even that project that Alameda County is doing, the only hurdle they have hit is the zoning, and so they are working on that. But there is a need for reforming local codes to make these types of dwellings possible.

Mr. STEIL. I think that is a really good point as we look as to what the local government organizations can do to play a role in trying to drive down the cost of new housing stock. I appreciate everyone being here. And, Madam Chairwoman, I appreciate you holding today's hearing. I yield back.

Chairwoman WATERS. Thank you. The gentlewoman from Michigan, Ms. Tlaib, is recognized for 5 minutes.

Ms. TLAIB. Thank you, Madam Chairwoman, and thank you so much for teaching all of us so much about our homeless neighbors across the country and the nation, and the importance of trying to address it head on with a sense of urgency. I so appreciate your leadership.

Mr. Williams, I urge my colleagues in this committee to really read your testimony that you submitted to this committee. I think Kelly and your three children, including Jaylen, who, by the way—yes, we are Members of Congress, but many of us are big sisters, grandmothers, and mothers, including me—has been very spoiled back there. I think I saw him chucking a bag of Skittles. And he has framed pictures with him and Congresswoman Joyce Beatty already in a bag. He has some tee shirts. You probably have a free daycare here in this committee forever. So, thank you so much for your courage to give your testimony. And thank you, Mr. Desmond, for helping put a human face to what is happening across the country with folks getting displaced.

What I wanted to talk about is I want to lead with compassion when I look at these issues, and the Housing First approach has been supported by Republican Administrations and Democratic Administrations in the past. It is the way forward, and understanding we need to provide homes. Looking at your testimony and seeing your mother-in-law getting sick, the fact that you were only offered a security guard shift every other week, understanding that a Housing First approach would have helped you get the wraparound services you need to stabilize in that way.

Let me talk to all of you about what isn't working: Opportunity Zones. Detroit, 13 districts strong, I have the third-poorest congressional district. Close to half of my residents pay 50 percent, or 30 to probably 60 percent of their income towards rent. You were paying, I think, Mr. Williams, 50 percent of your income towards rent. And one of the things that has been promoted—they don't want to

talk about Housing First and putting money towards something that actually has been working, but something like Opportunity Zones, which is very misleading. I don't know if all of you know about Opportunity Zones, and, Madam Chairwoman, I would like to submit for the record an article, "How a Tax Break to Help the Poor Went to NBA Owner, Dan Gilbert."

Chairwoman WATERS. Without objection, it is so ordered.

Ms. TLAIB. Thank you. The rationale around the Opportunity Zones program is that it will incentivize investment in economically distressed areas, but the majority of Opportunity Zones are either in or near gentrified neighborhoods where longtime residents, increasingly, no longer have access to affordable housing. And one of the things that I am disturbed about, unlike other tax credits and programs, is what is required by those that so-called qualify.

Mr. Williams, check this out. Are they required to say how many jobs they created? No. Do any of you know this? You, Ms. Chapple, right? They are not required to report back to us how many jobs are created with Opportunity Zones, correct?

Ms. CHAPPLE. Yes.

Ms. TLAIB. It is a straight-up capital gains tax break. Are they required to show us how many units of affordable housing?

Ms. CHAPPLE. No.

Ms. TLAIB. No. I don't know, how about, oh, are they going to be environmentally conscious projects?

Ms. CHAPPLE. No special effort.

Ms. TLAIB. No. How about how much of the capital gains tax break will be reinvested back into the community?

Ms. CHAPPLE. No accountability.

Ms. TLAIB. No. And what dangers and concerns have you seen while relying on a handful of Wall Street, Quicken Loan, Silicon Valley investors to address a lack of investment in affordable housing? Opportunity Zones rely on those folks to say that. Would you agree that the concerns of the Opportunity Zones program could exacerbate the disappearance of affordable housing and fuel gentrification?

Ms. CHAPPLE. Yes, I would agree.

Ms. TLAIB. Do any of you know of communities right now that have been designated as Opportunity Zones that didn't actually qualify? I have two in my district. They chose two census tracts, which are the wealthiest in my district, the wealthiest in the City of Detroit, for Opportunity Zones for these tax giveaways, where poverty among children actually increased in my district in these areas. And instead, billionaire Dan Gilbert was able to sway some of the folks on the State level, and even on the local level in the City administration, to look the other way, and illegally—I will use that word—illegally designate these census tracts that do not meet poverty guidelines. And they get it with no accountability. I have no idea how it is going to help our communities. It is a straight-up tax giveaway that isn't working, but we are going to go ahead and criticize Housing First programs that actually do have accountability, that actually are working in communities?

I strongly disagree, and I really do appreciate my chairwoman bringing this forward and giving all of you a voice. Thank you again, Mr. Williams. Thank you.

Chairwoman WATERS. The gentleman from Texas, Mr. Green, who is also the Chair of our Subcommittee on Oversight and Investigations, is recognized for 5 minutes.

Mr. GREEN. Thank you, Madam Chairwoman. I thank the witnesses for appearing. I would like to move quickly to the area of eminent domain as the latest tool to accelerate gentrification. Generally speaking, this is what can happen. There is a new baseball stadium to be constructed. There is a need to purchase property. The municipality has to pay the worth of the property, but the worth that is paid is the worth that a property has prior to the stadium being built. Persons around the stadium who are not going to have their land taken, will sell their land for a lot more than the persons who will make the sacrifice and sell their land. Ms. Chapple, I see you nodding. Would you kindly give some additional thoughts in terms of how this impacts gentrification?

Ms. CHAPPLE. When redevelopment like you are describing happens, there is a windfall profit that happens to properties around the area. So, you may find that people are selling now, and often, they have to evict their current tenants in order to sell the property, or you will find that in neighboring dwellings, rents are going up very quickly as the land values have increased for everybody in that area. So the landlords want to be able to make their own windfall profit.

Mr. GREEN. I am looking at legislation in this area. Are you a person who might want to have some input into such legislation?

Ms. CHAPPLE. I would be happy to chat with you.

Mr. GREEN. If there is anyone else who would like to chat, I would be honored to chat with you as well. I am moving quickly now to another area. There seems to be the notion that we can do more for the poor with less, but that the wealthy need more to do more. I am posing this proposition because it seems to me that there is a desire to solve all of these problems without additional funds from the Federal Government. So I ask, do you believe that there will have to be some additional funds from the Federal Government to solve these problems that we have been talking about? Are there programs that we can just eliminate to the extent that we won't need to have any additional Federal dollars? Would anyone like to respond?

Ms. JAYACHANDRAN. I agree with you that more Federal investment is needed. I alluded earlier that if you take Project-Based Section 8 as an example, that was a program that was repealed in 1983, and the money that Congress appropriates today is just for contracts that were awarded since then. We have not created a new rental assistance program since 1983 for all the new families that we have minted both through population growth and through greater income disparity. We talk about "subsidy," but we really should be talking about "investment." We invest in our national priorities. We invest in transportation. We invest in education. We invest in national defense. We need to invest in housing.

Mr. GREEN. Anyone else?

Mr. DESMOND. I would add that we spend every year much more money on homeowner tax subsidies than we do on direct housing assistance to the needy. We are not in a housing crisis for lack of resources. We lack something else. The data on Housing First clearly indicates that it is a good investment, and it costs less to run the program than not to invest. So, a deeper investment in a Housing First model is actually a cost-savings mechanism, not an extra spending mechanism.

Mr. GREEN. I am going to yield back, since we are running short on time.

Chairwoman WATERS. Thank you very much. The gentlelady from Massachusetts, Ms. Pressley, is recognized for 5 minutes, and then everybody should rush to the Floor. There are no more minutes.

Ms. PRESSLEY. Thank you, Madam Chairwoman. Our very first full committee hearing centered on the homelessness epidemic, and the issue of housing has remained a priority ever since then on this committee, and I am grateful for your leadership. We speak often of the American Dream. The reality is that most Americans struggle in order to realize the American Dream, which means that what is synonymous with the American experience is hardship. It is something that is transcendent.

And so, Mr. Williams, I want to thank you for being here today. You in a moment removed the shame that millions are experiencing by so bravely sharing your story, and you also are challenging the narrative because of the constant stereotyping for whom is vulnerable to eviction, when so far as I can tell and the data supports, this is an epidemic. And, in fact, I would even consider it a moral crisis.

Families are not vulnerable to addiction because they are just broken. We have broken families because of broken systems and broken promises, and, I think, because of a deficit of empathy. When your son Jaylen said to you, Dad, you didn't do anything wrong, he was exactly right, because you are representative of the many admirable, honorable, hardworking people for whom life just got in the way, because hardship is transcendent. And it is now incumbent upon us to make sure that more people in the midst of that American struggle can recover in order to realize the American Dream.

Professor Desmond, you have rightly said that eviction isn't just the condition of poverty. It is a cause of poverty. Eviction is a direct cause of homelessness, but it also is a cause of residential instability, school, and community. However, the lack of data around this issue is stark. It seems that when we are choosing to know as little about the scale of the addiction crisis as possible, we have absolved ourselves of the responsibility to act. Professor Desmond, very briefly, why does data matter?

Mr. DESMOND. Without data, we design policy in the dark. We do not know the size of the programs or the effect of the programs that work.

Ms. PRESSLEY. And many believe that this eviction crisis is limited to private rentals. HUD has certainly not bothered to provide evidence to the contrary, but you have, Professor Desmond. So

what is your data collection showing about the reality of evictions in public housing?

Mr. DESMOND. By our estimates, public housing is responsible for filing about one 1 out of 24 eviction filings. So if that is generalizable to our large estimate, it means that public housing authorities file about 428 evictions every day in America. We also found that public housing authorities serially evict file, which means that the same family in the same unit is filed for eviction month after month after month. In many public housing authorities, according to our statistical models, living in a public housing unit actually increases your chances of being serially evicted by about 17 percent.

Ms. PRESSLEY. Wow. And HUD does not use eviction rates as a tool for grading public housing authorities (PHAs), correct?

Mr. DESMOND. Correct.

Ms. PRESSLEY. Okay. We know eviction laws and processes vary throughout the country. Professor Desmond, what are some of the trends that you see emerging?

Mr. DESMOND. Housing laws are really variegated all across the United States. What we have found is that when it costs more to evict someone, landlords use eviction court less. For example, when the filing fee for an eviction is above \$200, there is a 15 percent decrease in serial evictions. When landlords who are LLCs or companies are required to hire attorneys, there is about a 30 percent decrease in serial evictions. Just briefly, serial evictions really matter for your bottom line. They increase a family's housing costs by about 20 percent because of late fees and added court fees. So it is not just the indignity of going to eviction court over and over again. It really has a financial cost as well.

Ms. PRESSLEY. Thank you, Professor Desmond. I represent the Massachusetts 7th Congressional District, and we are one of two States that actually do have right-to-shelter laws. But when public housing tenants who face evictions are ineligible, it simply isn't enough. That is why I have worked with advocates across my district to develop my bill, the Housing Emergencies Lifeline Program, or the HELP Act. The HELP Act includes grants for emergency housing assistance, funding for right to counsel, the development of a HUD eviction database, and changes to the credit reporting of evictions. When every 4 minutes, a household faces eviction, there is no shortage of families that I believe will benefit from this legislation. Thank you.

Chairwoman WATERS. The committee will stand in recess for Floor votes. There are two votes on the Floor, and we will return as quickly as possible. Thank you.

[recess]

Chairwoman WATERS. The committee will return to order.

The gentleman from Virginia, Mr. Riggleman, is recognized for 5 minutes.

Mr. RIGGLEMAN. Thank you, Madam Chairwoman, for calling this hearing today. And, first and foremost, I want to thank all of our witnesses for your passion on this issue and dedication towards finding a solution. I think far too many people take for granted the fact that they have a home to sleep in, live in, and spend time with their families in, especially during cold months like January, where shelter can really be the difference between life and death.

And, Mr. Williams, I want to let you know something. I live 1 hour and 15 minutes from you. I don't know if you are on the east side or west side of Richmond, or if you are in the middle of Richmond. I live right near Charlottesville, right on the west side of Charlottesville. So here is what I ask of you today: I would hope that you would kindly take the time to have a coffee with me, if I could come visit? So I would like to get my staff with you, and I would like to come visit you in Richmond and have a sit-down with you. And if you want to talk one-on-one, I would love to do that.

Mr. WILLIAMS. Yes, sir.

Mr. RIGGLEMAN. If that is okay?

Mr. WILLIAMS. Yes, sir, young man. We can do that.

Mr. RIGGLEMAN. Thank you, and thanks for calling me, "young man." That has not happened in years.

Mr. WILLIAMS. Yes, sir.

[laughter]

Mr. RIGGLEMAN. I think my dad calls me that sometimes. I love it. But I want to tell you a couple of things that struck me. You talked about rent. I have a lot of questions here, but I just want to talk to you for a second. In 1994, I was an E-3 in the Air Force, and we had to live off base because they couldn't find base housing. So even with BAH, I got basic allowance for housing. I thought, I am going to be rich, right? I was 23-years-old. This check is going to be huge, and our rent was \$499 a month without utilities. And I remember we had to pay—it was 1993, and I lived in New Jersey, and I saw that you were from New Jersey—I was stationed at McGuire Air Force Base. In 1993, we are sitting there, and my wife and I have 2 kids, and we got our check after taxes. Our first check was \$919. And I remember looking at my wife, and really, and I am not trying to be vulgar. I said, "Honey, we are screwed, right? We can't even make our bills." At that point, we chose to go on food stamps, WIC. I got a second job as a professional mover, and it was everything we could do to just keep our housing. And I have never felt such terror with 2 kids as I did at that time.

You are in Richmond right now, and when I hear these types of things, I wonder why all of us aren't in tune that there has to be a basic social safety net, because I wouldn't be sitting in Congress today if I didn't have that safety net. And in explaining that, right, whatever side of the aisle you are on, it is absolutely bizarre to tell people, listen, if it wasn't for food stamps, WIC, Air Force housing assistance, basic allowance for housing, and all of the help that we got, I couldn't afford to live anywhere. So I don't think there is anything wrong with saying that I wouldn't be here if we did not have a social safety net in the United States of America. That being said, there is another thing as being a veteran, and I cannot wait to come. I am going to come see you in Richmond. We are. And coffee is on you, by the way. But I will get lunch.

Mr. WILLIAMS. Yes, sir.

Mr. RIGGLEMAN. So my question to all of you here is that not only do we have what seems like a homelessness issue with anybody who is trying to struggle, but in my case, I have been also trying to help veterans, based on my background. And that veterans' issue, I don't know if we have talked about that a lot here,

but my question is, I want to ask all of you because we only have 2 minutes. I want to ask you, and I will start left to right. What can we do on the veterans' side also? There are programs that are corollary, right? Are they almost the same, or are there some specific things that we can do also to help? And I will start to the left, Ms. Chapple, and we will start with you and head on down.

Ms. CHAPPLE. We have heard mention of Housing First, the connection of housing to other kinds of expenses, like particularly healthcare. So to the extent that we can help veterans with housing, it is going to lead to healthcare savings in the long run.

Mr. RIGGLEMAN. Right, and I will ask Mr. Desmond, have you seen any veterans' programs that we could sort of mirror, or are there any programs we can mirror from the civilian side to the veterans' side, or do you see any crossover there with programs for homelessness, sir?

Mr. DESMOND. Reducing veteran homelessness is something we should be very proud of. We have made massive steps in reducing veteran homelessness. I will point you to one public housing authority, and that is Houston, because I believe they have housed over 3,500 veterans who struggle with housing unaffordability. They have done a really great job in that City.

Mr. RIGGLEMAN. Yes, sir. Lynchburg, Virginia, which Mr. Williams will know, is not too far from Richmond, a little ways, right, but not too far, and they are starting a lot of voluntary work where they are combining government grants with private grants for better housing. And, Ms. Jayachandran, you have unique challenges that you face for maintaining affordable housing, things that you do. I would love to hear your perspective also on the veteran problem on homelessness, if you could?

Ms. JAYACHANDRAN. Sure. I support 2 solutions: one, VASH vouchers for veterans; and two, the permanent supportive housing model, wraparound services related to Housing First. I would also add since you mention you are from Charlottesville, my organization with the local Piedmont housing organization in Charlottesville owns Friendship Court Apartments.

Mr. RIGGLEMAN. Yes, I was there.

Ms. JAYACHANDRAN. We have owned it since 2001, and we received with Piedmont a recent allocation of Low-Income Housing Tax Credits from VHDA, the largest 9 percent allocation in the last round.

Mr. RIGGLEMAN. Thank you so much, and I'm sorry, Mr. Hendrix, that I didn't get to you. But thank you all so much for your participation. I will see you soon, Mr. Williams, okay?

Chairwoman WATERS. Thank you. The gentleman from Florida, Mr. Lawson, is recognized for 5 minutes.

Mr. LAWSON. Thank you, Madam Chairwoman, and I would like to thank the committee for the testimony today. And, Mr. Williams, I was really taken by your testimony, but when I looked at your son, it brought back a flashback from the time that my family was homeless for 5 years. We lost everything in a fire, and there were no safety net programs around during that time. Either you stayed with relatives, or you moved from place to place, and I remember moving 5 times. And I think about the mental health issues that it might cause for your son and others with something like this

happening. And so, I just had a major flashback, when you were testifying, because it meant a whole lot.

But I do have something to follow up from what you stated. According to the National Coalition for the Homeless, veterans in poverty have the highest chances of experiencing homelessness of any group, and approximately 25 percent of our homeless population in the Jacksonville area that I represent in Florida are veterans. This is unacceptable. What incentives could we really provide for them to conduct more outreach and provide a more permanent housing solution to our nation's veterans? As a politician, one of the things that we always say when we are running for office and come in contact with a lot of veterans, and everyone on the committee, we say, "We are going to take care of you. We appreciate what you have done. Thank you for your service." And then we look, and I know I have heard the chairwoman talk about the veteran population in California, but I really have a higher veteran population in Jacksonville, that is on the streets experiencing homelessness.

I want to start on my left here, Ms. Chapple, and go down the line and see if everybody would care to comment on that.

Ms. CHAPPLE. Our homelessness problem goes up and down with the economic cycle, and right now we are at a point where veteran homelessness is a constant share, and I just think it is quite tragic.

Mr. LAWSON. Mr. Desmond?

Mr. DESMOND. I think we could all agree on that, and I think that when you look at the size of the highest-evicting places in the United States, many of those places are places with military bases, like North Charleston, South Carolina, outside of Richmond Virginia. And so, I think that there might be a correlation between concentration of veterans and housing instability.

Mr. LAWSON. Ms. Jayachandran?

Ms. JAYACHANDRAN. Likewise, we absolutely need more supply of units. But if at the same time that we are constructing new units, we are losing affordable housing units, we are just treading water and staying in the same place. We have to be preserving every unit of affordable housing and creating new units. And the best way to do that is investing in vouchers and in project-based rental assistance in addition to the Low-Income Housing Tax Credit. But here today, investments in VASH vouchers really translates into creating and preserving units for veterans and for all renters who need it.

Mr. LAWSON. I am going to skip Mr. Williams and go to Mr. Hendrix.

Mr. HENDRIX. I will just say that the experience that we have with homeless veterans, and it is a tragedy that anyone is homeless, let alone our veterans, is that Housing First is not just housing alone, that we do need those kinds of support services that veterans do rely upon. Those are lessons for the rest of us as we deal with the homelessness crisis across America.

Mr. LAWSON. Okay. And I am going to try to get this question in quickly. My wife volunteers at least once or twice a month to go to the Kearney Center to feed the homeless, from the church, the Episcopal Church. And you mentioned earlier, and I hope I can get this in, that some of the churches and so forth want to help

with the homeless crisis, but they are limited. Can you explain what that means? Their ability to build places only or facilities—

Mr. HENDRIX. I was referencing San Diego, how San Diego was, until very recently, not able to do so. If you are a church and you wanted to build housing on vacant parking lots that sit empty from Monday to Saturday, that you couldn't build new housing. You couldn't build housing for those who are homeless or those who are low-income. And now in San Diego, with some reforms from Mayor Faulconer, you can.

Mr. LAWSON. Okay. Madam Chairwoman, I yield back.

Chairwoman WATERS. Thank you very much. I want to thank our panel of witnesses for your presence here today. I have already been told by one member of this committee that this is the most important, most impactful committee hearing that he has experienced since he has been here. All of our members have been absolutely, I think, inspired to work a little bit harder to do a little bit more to be better advocates. So, I am very pleased.

Mr. Williams, I want to thank you, in particular. I know that you have to go to work this evening, and you have been here all day. I also know that the children don't have beds, that they are sleeping on the floor. Now, I have to do it legally, but I will find a way to get the beds, okay? Thank you very much for your participation. All of you have been absolutely stellar in your presentations here today.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

With that, this hearing is adjourned.

[Whereupon, at 2:23 p.m., the hearing was adjourned.]

A P P E N D I X

January 14, 2020

Written Statement for the Record

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before the

House Financial Services Committee, for the hearing “On the Brink of Homelessness: How the Affordable Housing Crisis and the Gentrification of America Is Leaving Families Vulnerable”

Washington, DC

January 14, 2020

Chairwoman Waters, thank you for the opportunity to address the committee on the factors contributing to the housing affordability crisis, particularly the role of gentrification. I will also address the potential for federal policy to make a difference.

My name is Karen Chapple. I am professor and chair of the Department of City and Regional Planning at the University of California, Berkeley, where I have worked for 19 years. My primary expertise is in housing, economic development, and land use. I am the faculty director of the Urban Displacement Project, which resides at UC Berkeley's Center for Community Innovation.

America is undergoing an affordable housing crisis that particularly impacts rental markets in high-cost western states. Rising income inequality and the failure of incomes to keep pace with housing costs have meant severe and rising cost burdens for renters.¹ The Great Recession of 2008 resulted in a decade-long decline in homeownership, which, along with the increase in the financialization of housing, put new pressure on the rental housing stock. Yet, at the same time, new market-rate housing production has continued to fall significantly short of demand, driving higher-income households into older housing units. Partly because of this, the country has lost four million low-cost rental housing units since 2011.² Facing a dire shortage of affordable units, families are doubling up or using other temporary coping strategies; thus, not surprisingly, homelessness is on the rise, particularly in high-cost and Western states.³

The loss of affordable rental housing occurs in part through the process of gentrification, which is not well understood. Gentrification means that affluent and high-educated newcomers, usually accompanied by new real estate investment, move into a low-income neighborhood, often a community of color. This disrupts the filtering process, whereby housing is occupied by progressively lower income households as it declines in quality and price. Instead, formerly affordable units filter up, reducing the availability of low-cost apartments to rent. Evidence is

¹ https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_State_of_the_Nations_Housing_2019.pdf

² Ibid.

³ Ibid.

mixed on the extent to which this process actually displaces households in the short-term.⁴ But researchers generally agree that over time, low-income households are no longer able to find housing in these neighborhoods, i.e., in-moves by low-income households decline.⁵

Gentrification tends to attract a significant amount of media attention and public controversy, particularly in the cases in which the process has transformed local communities and even eradicated their culture (as in Washington DC's Shaw/U Street or San Francisco's Mission District). But as UC Berkeley's Urban Displacement Project has demonstrated, the affordability crisis has resulted in patterns of displacement that affect many different types of neighborhoods, not just these iconic examples.⁶ Residential displacement is a situation in which incumbent residents have fewer options within, are forced out of, or cannot move into neighborhoods (so-called exclusionary displacement). There are multiple types of displacement, including not just economic (e.g., rising rent) but also physical (e.g., building disrepair, loss of utilities, rehabilitation, etc.) or social (e.g., landlord harassment).

Displacement may occur not just during or after gentrification, but also before, with gentrification nowhere in sight. Many more low-income neighborhoods are experiencing disinvestment than reinvestment.⁷ In these communities, landlords may disinvest in their property and/or displace tenants in order to make way for profitable reinvestment later.⁸ Because so many residents have already been displaced, when gentrification finally does arrive, there may be little additional displacement.

Our recent study of displacement in the greater New York region (including 31 counties in New York, New Jersey, and Connecticut) illustrates the different forms of displacement.⁹ About one-

⁴ For a summary of this literature, see Chapter 3 in Karen Chapple and Anastasia Loukaitou-Sideris, *Transit-Oriented Displacement or Community Dividends? Understanding the Effects of Smarter Growth on Communities* (MIT Press, 2019), available at <https://mitpress.mit.edu/books/transit-oriented-displacement-or-community-dividends>

⁵ *Ibid.*

⁶ <http://www.urbandisplacement.org>

⁷ <http://cityobservatory.org/lost-in-place/>

⁸ This insight is not new, dating at least to Peter Marcuse, "Abandonment, Gentrification, and Displacement: The Linkages in New York City," in Neil Smith and Peter Williams (eds.) *Gentrification of the City* (London: Routledge, 1986), 153–77.

⁹ <https://www.urbandisplacement.org/maps/ny>

quarter of low-income neighborhoods in the region are gentrifying or in an advanced state of gentrification, while almost one-third exhibit the characteristics that often lead eventually to gentrification. But almost one quarter are stable, and about twenty percent are experiencing displacement without any signs of gentrification. Of note, displacement is not restricted to low-income areas: in the New York region, moderate and high-income neighborhoods lost almost twice as many low-income households than more inexpensive neighborhoods.

In the neighborhoods we have studied at the Urban Displacement Project, data on the displacement or loss of low-income households from the neighborhoods suggests that this phenomenon is far broader than eviction data suggest. This is not surprising, because landlords have many different techniques to induce households to leave without actually filing for eviction (as Matthew Desmond describes in his classic book, *Evicted*). Thus, evidence suggests that neighborhoods undergoing gentrification are not associated with higher eviction rates than disadvantaged neighborhoods are.¹⁰

The dysfunction of the rental housing market has contributed to the growth of *precarious* housing conditions.¹¹ In the face of stress or a shock (in this case, economic growth with increasing income inequality), certain types of housing (e.g., multi-family rental buildings), are particularly likely to change. When this change coincides with personal vulnerabilities (e.g., related to age, race, poverty, education, or health), housing stability is at risk. Precariousness can thus lead to homelessness.

Precarious housing conditions exist in many different types of neighborhoods. Although there is little empirical research on the relationship between gentrification and precariousness, it is probable that the rapid neighborhood transformation associated with gentrification in high-cost housing markets can act as a shock. In the face of either rapid rent increases or new household costs (such as medical expenses), residents with no buffer or safety net can end up on the street. Due to the lack of data, we do not know much about the specific neighborhoods that homeless

¹⁰ Matthew Desmond and Carl Gershenson, "Who gets evicted? Assessing individual, neighborhood, and network factors," *Social Science Research* 30, no. 1 (2016).

¹¹ Rolf Pendall, Brett Theodos, and Kaitlin Franks, "The built environment and Household Vulnerability in a regional Context" (Washington, DC: Urban Institute, 2012).

individuals originate from, but the majority of the unhoused tend to stay in the same county where they last resided. In the San Francisco Bay Area, many of the counties experiencing a disproportionate share of gentrification also house a high and increasing share of the unhoused.

The Department of Housing and Urban Development (HUD) and the Department of the Treasury play a crucial role in mitigating the housing affordability crisis. Public housing, Section 8 vouchers, tax credits, and other mechanisms are important and at least partially effective in reducing precariousness, displacement, and homelessness. Yet, given the current crisis, there are a number of different strategies that the federal government should be pursuing as well.

I will confine my remarks to a brief description of some of the programs and approaches that the committee might consider. Given the constraints of this statement, I can neither offer a comprehensive list nor explore alternatives in depth. Thus, I have chosen to highlight strategies that are suggested by rigorous recent applied research and/or are particularly innovative in my view. Of note, not all are housing policies. Addressing this crisis will require action across the federal agency silos, connecting housing issues to health care, labor, and transportation.

Housing policies and programs

I examine housing strategies across three broad categories (often referred to as the three Ps): tenant protections, affordable housing preservation, and new housing production.

Tenant protections

Three key tenant protections are **rental assistance**, **tenant counseling**, and **neighborhood preference**. Rental assistance is a powerful tool for preventing homelessness. Most evictions are for nonpayment of small amounts of rent; the Eviction Crisis Act would address this by funding short-term emergency rent assistance. The program should be market-specific, since high- and low-cost markets have different needs, and eligibility should be based on prior receipt of public subsidies (e.g., Medicaid or SNAP) rather than the issuance of a court summons (which may be too late to prevent homelessness). Targeting housing choice vouchers towards homeless families, as the Family Stability and Opportunity Vouchers Act would do, is another approach likely to be cost effective. Finally, many states offer renter tax credits, and the federal government could as

well. One way to target vulnerable residents in precarious housing would be to create a project-based renters' tax credit that specifically supports operating costs for deeply affordable rental housing, as proposed by the Center on Budget and Policy Priorities.¹²

Education about housing law for both landlords and tenants could help mitigate the crisis and save costly legal fees. The Eviction Crisis Act would help by expanding legal aid, community courts, and social services. But educational efforts could also be as simple as tenants' rights hotlines, or an app like the Rentervention service piloted in Illinois.¹³

HUD can help displaced renters return to their home neighborhoods by encouraging cities to pass neighborhood preference or anti-displacement preference policies for housing subsidies. For example, San Francisco has piloted a program to set aside affordable units for residents of neighborhoods experiencing rapid gentrification as shown by the Urban Displacement Project maps.

Affordable housing preservation

Since the new housing shortfall in high-cost coastal metros has put pressure on older housing stock, preservation of affordable housing stock is critical. The need to preserve buildings under project-based rental assistance contracts (such as Section 8) is well documented by the National Housing Preservation Database, and HUD should provide funding to renew these contracts.¹⁴ In addition, a number of cities are innovating different approaches to scattered site acquisition and rehabilitation of unsubsidized affordable housing (naturally occurring affordable housing). For example, the City of San Francisco created the Small Sites program, an acquisition and rehabilitation loan program that assists non-profit and for-profit entities to buy small housing developments of 5-25 units and restrict their rents for long-term affordability. The federal government could encourage more experimentation in this area by developing a competitive grant program.

¹² See <https://www.cbpp.org/research/housing/renters-credit-would-help-low-wage-workers-seniors-and-people-with-disabilities>

¹³ See <https://blockclubchicago.org/2019/10/07/in-a-battle-with-your-landlord-lawyers-designed-this-chat-bot-to-help-tenants-get-free-legal-aid/>

¹⁴ See <https://nlhc.org/explore-issues/housing-programs/project-based-housing>

Housing production

Both new **subsidized** and **market-rate** housing will help mitigate displacement. Of the many potential approaches, I focus here on subsidized housing programs that target those on the brink of homelessness. One federal effort already underway is investment in the National Housing Trust Fund; since this targets the most vulnerable populations, it will help to prevent homelessness.

Although the average size of new homes continues to grow, many individuals and families in precarious housing situations could benefit the cost savings from units of smaller size. Two underbuilt housing types deserve more consideration: tiny homes for the homeless and accessory dwelling units (ADUs). A recent UC Berkeley report demonstrates the viability of tiny house villages for the homeless, and community development block grant funding is currently contributing to a tiny house project for the homeless in Alameda County.¹⁵ HUD should encourage cities to use block grant funding for this purpose.

In general, experiments with affordability deed restrictions for ADUs have not gone well, since most homeowners want to retain the flexible use of their property. But the Backyard Homes Project coordinated by LA-Más is a promising new pilot that exchanges financing, design and construction services for homeowners in return for renting their new units to housing choice voucher holders for at least five years.¹⁶

Although ADUs are affordable by design (typically renting at the low end of the market), they are also a viable market-rate production strategy. A model for the country is the state of California, which has gradually reduced barriers to ADU production.¹⁷ The City of Los Angeles went from permitting just a handful of units each year to over 5,000 in 2018. As market-rate units, these work as an anti-displacement policy by providing housing for young renter households who might otherwise compete for older housing stock.

¹⁵ See http://ternercenter.berkeley.edu/uploads/Tiny_Houses_Study_FINAL_Terner.pdf

¹⁶ See <https://nextcity.org/daily/entry/new-project-aims-to-finance-backyard-homes-for-section-8-tenants-in-los-ang>

¹⁷ See <http://www.aducalifornia.org>

Opportunity Zones have begun offering incentives that attract investors to a variety of neighborhoods, many disinvested. Our analysis of the New York region found that 23% of the Opportunity Zone tracts are located in gentrifying neighborhoods, and an additional 30% are in neighborhoods at risk of gentrification. In precarious communities such as these, eligibility for Opportunity Zone benefits should depend on the existence of tenant protections, housing preservation programs or affordable housing production.

Finally, HUD is currently exploring ideas for zoning reforms that will expand the supply of housing. Already, the state of Oregon and city of Minneapolis have begun innovating ways to eliminate single-family zoning, and California is experimenting with upzoning. It is not yet clear what will work best, and what protections will be needed for affordability. A set of pilot programs around the country could help to develop promising practices and build knowledge.

Health care

There is substantial evidence that housing instability causes adverse health impacts, and also that preventing homelessness is cost effective due to health cost savings.¹⁸ Improved health care coverage (including Medicaid) and services targeted to vulnerable populations in precarious housing can help prevent homelessness. Other ways that health policy could help prevent homelessness include expansion and improvement of financing for home-based visits and care services for Medicare and Medicaid beneficiaries, as well as federal standards to help screen for housing instability (via living situation questions for Medicare and Medicaid beneficiaries).

Labor

Affordability is as much an income crisis as it is a housing crisis. Raising the minimum wage to \$15 per hour in 2025 is critical to ensure that incomes keep up with escalating housing costs. This should be adjusted for local markets, exempting weak market metropolitan areas and rural areas.

¹⁸ See <https://housingmatters.urban.org/articles/how-housing-can-determine-educational-health-and-economic-outcomes> and http://media.wix.com/ugd/19cfbe_c61c78957c0b43c0864ff777c6ca3b40.pdf; also Joshua Bamberger, "Reducing homelessness by embracing housing as a Medicaid benefit," *JAMA internal medicine* 176, no. 8 (2016): 1051-1052.

Transportation

One opportunity to incentivize the production of new housing in high-cost areas is via the transportation and infrastructure funding that comes from the federal government to metropolitan planning organizations. Up until the 1980s, the Office of Management and Budget's Circular A-95 required state and local governments to coordinate the planning of projects within their own regions—and then conditioned the allocation of federal grants based upon that coordination. Infrastructure funding thus became a major carrot to comply with plans. Reinstating a review process like the A-95 would not only improve efficiency but could also help regions achieve their housing production goals.

Data and Evaluation

Many aspects of displacement and homelessness are poorly understood; there simply have not been enough studies and evaluation to develop conclusive evidence. But another challenge is simply finding adequate data. It is not possible to protect renters from displacement, or even provide adequate counseling, without renter registries that help identify rental units at risk. Many cities are experimenting with developing renter registries, and a pilot federal program might help successful programs emerge.

Another data challenge is the ability to join data across multiple agencies and systems to help identify high-risk populations that rely on multiple supports. The California Policy Lab and the University of Chicago Poverty Lab recently innovated a new approach to predict homelessness among single adults that will result in more effective targeting of homelessness prevention efforts.¹⁹ The National Science Foundation and other federal agencies should support the construction of such big datasets for public policymaking.

In concluding, Madam Chairwoman, I urge your Committee to undertake a holistic and comprehensive approach to addressing the housing affordability crisis. Our federal policy infrastructure for supporting housing affordability developed over many decades, from post-war

¹⁹ <https://www.capolicylab.org/predicting-preventing-homelessness-la/>

public housing development, to the 1960s War on Poverty, to the rise of the voucher system in the 1980s, to the many different streams of funding we utilize today to fund subsidized housing. But the rise of income inequality and the way it has undermined housing stability have complicated the provision of housing assistance. The nation should make sustained commitments to protect vulnerable populations across its housing, health, labor, and other programs. The federal government should provide leadership in this shared responsibility with state and local governments, energetically evaluate housing outcomes, and craft its assistance in the most efficient, equitable and democratic manner possible. Thank you for the opportunity to testify today.

Statement by Matthew Desmond

Maurice P. During Professor of Sociology
Principal Investigator, Eviction Lab
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before the

United States House of Representatives Committee on Financial Services

for the hearing

“On the Brink of Homelessness: How the Affordable Housing Crisis and the Gentrification of America Is Leaving Families Vulnerable”

January 14, 2020

Chairwoman Waters, Ranking Member McHenry, and members of the Committee, thank you for the opportunity to testify today before the House Committee on Financial Services.

For almost a century, there has been a consensus in America that families should spend 30 percent of their income on housing costs. That allows us enough money to afford other basic necessities and invest in our children and future. Today, however, many Americans are crippled by the high cost of housing. According to the latest data from the American Housing Survey, the majority of renting households below the poverty line (51.5%) spend at least half of their income on housing, with one in four of those households (26.3%) spending over 70 percent of their income on shelter costs alone.¹

The affordable housing crisis is caused by three main factors. First, incomes for many American families have been stagnant over the last several decades, with those lacking a college

¹ U.S. Census Bureau, American Housing Survey, 2017, Table 10. These estimates exclude renters reporting no cash rent as well as those spending over 100 percent of their household income on housing costs.

education among the hardest hit.² American productivity has more than doubled since 1980. Yet during this time the bottom 90 percent of workers saw annual earnings gains of only 15 percent.³ Nearly a third of the American workforce—41.7 million laborers—earn less than \$12 an hour, according to a 2016 study.⁴

By many indicators, the American economy is strong. Unemployment is down, the Dow Jones Industrial Average is north of 25,000, and millions of jobs are going unfilled. But increasingly, for many Americans, the question is not, “Can I land a job?” (The answer is almost certainly yes.) Instead the question is, “What kinds of jobs are widely available, particularly for people without much education?” By and large, the answer is: jobs that do not pay enough to live on.

That brings us to the second main cause of the crisis: the alarming rise in housing costs. Over the last several years, as many American families watched their incomes flatline or even fall in real terms, their rents and utility costs were rising. Nationwide, median asking rent *more than doubled* over the last two decades, rising from \$483 in 2000 to \$1,002 in 2019. All regions of the country have experienced a surge in rents. Since 2000, median asking rent has increased by 72 percent in the Midwest, 108 percent in the South, 119 percent in the Northeast, and 146 percent in the West.⁵

Rents have risen much faster than wages.⁶ Yet Congress has not yet intervened to address this morally-urgent problem. The “cumulative impact of years of inadequate federal funding for

² U.S. Census Bureau, Current Population Survey, Table H-13.

³ Wojciech Kopczuk, Emmanuel Saez, Jae Song, “Earnings Inequality and Mobility in the United States: Evidence from Social Security Data Since 1937,” *The Quarterly Journal of Economics* 125 (2010): 91-128.

⁴ Economic Policy Institute and Oxfam, *Few Rewards: An Agenda to Give America's Working Poor a Raise*, 2016.

⁵ U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, October 29, 2019, Table 11A. Figures from 2019 are from the third quarter of that year.

⁶ Dowell Myers and JungHo Park, “A Constant Quartile Mismatch Indicator of Changing Rental Affordability in U.S. Metropolitan Areas, 2000 to 2016,” *Cityscape* 21 (2019): 163-200.

rental assistance”⁷ is the third factor driving the housing crisis. Only one in six eligible families (16.8%) receive housing assistance from the U.S. Department of Housing and Urban Development in the form of public housing, a rent-reducing voucher, or a subsidized multifamily unit.⁸ A 2012 survey found that most Public Housing Authorities Housing Choice Voucher Programs (65%) had been closed for more than a year. Today, families spend an average of 26 months on waiting lists for rental assistance.⁹ In our largest cities, the wait time isn’t counted in years but decades. In October 2018, Los Angeles opened its waiting list for Housing Choice Vouchers for the first time in 13 years. I have two young children. If I applied for public housing today in this city, Washington, D.C., chances are I would be a grandfather by the time my application came up for review.

As a result of these combined factors, the United States has transformed from a nation where eviction was rare and drew crowds to a nation where losing your home has become commonplace.¹⁰ I direct the Eviction Lab at Princeton University, a research team that has assembled the first-ever national database of evictions in America. According to our most recent estimates, between 2000 and 2016, more than 61 million eviction cases were filed in the United States. In 2016 alone, 3.7 million cases were filed, representing just over 8 eviction cases per 100 renter households. This number far exceeds the 1.2 million completed foreclosures issued at the height of the 2010 crisis.¹¹

Eviction affects urban, suburban, and rural communities across America. In fact, cities with

⁷ Joint Center for Housing Studies of Harvard University, *The State of the Nation’s Housing, 2019*, 36.

⁸ U.S. Census Bureau, American Housing Survey, 2017, HUD-Assisted Status.

⁹ U.S. Department of Housing and Urban Development, *Homeless Preference Survey, 2012*; Public and Affordable Housing Research Corporation, *Trends in Housing Assistance and Who It Serves*, 2019.

¹⁰ Matthew Desmond, *Evicted: Poverty and Profit in the America City* (New York: Crown, 2016); Matthew Desmond, “Unaffordable America: Poverty, Housing, and Eviction,” *Fast Focus: Institute for Research on Poverty* 22 (2015): 1-6.

¹¹ Ashley Gromis, et al., “Estimating the National Prevalence of Eviction Using Millions of Public Court Records,” Working Paper: Princeton University, Eviction Lab, 2020; Core Logic, “United States Residential Foreclosure Crisis: Ten Years Later,” (2017).

the highest rates of eviction are not large, coastal cities most often discussed in the media coverage of the housing crisis. The problem is most acute in average-size cities with average housing costs, places like Richmond, Virginia, where one in nine renter homes is evicted each year, or Tulsa, Oklahoma, where one in thirteen is. Small cities and rural communities have also been deeply affected by the eviction crisis. Our research shows that many small towns across the country have eviction rates that rival those of the highest-evicting cities. Take Centreville, Illinois, (pop. 5,012), which sees one in nine renter homes evicted each year.¹²

The housing crisis is not only New York's problem or San Francisco's. The crisis is harming families in every type of town, big and small, and in every region of the country.

Eviction causes loss. Children often lose their schools; families lose their homes and neighborhoods; they regularly lose their possessions, too, which are taken by moving companies, piled on the sidewalk, or discarded by property owners. An eviction comes with a legal record, which prevents families from relocating to safe neighborhoods and decent housing because many property owners view such a record as disqualifying. Eviction records also bar families from public housing since Public Housing Authorities count eviction as a mark against their application, systematically denying help to the families who need it the most. This is why research shows that after getting evicted, families relocate to worse housing than they lived in before and to neighborhoods with higher levels of crime and poverty.¹³

Studies show that eviction causes job loss. Losing a home is such a drawn-out, stressful event, it can cause Americans to make mistakes at work and lose their footing in the labor market.¹⁴

¹² For eviction statistics in communities throughout the United States, see www.evictionlab.org.

¹³ Matthew Desmond, Carl Gershenson, and Barbara Kiviat, "Forced Relocation and Residential Instability among Urban Renters," *Social Service Review* 89 (2015): 227-62; Matthew Desmond and Tracey Shollenberger, "Forced Displacement from Rental Housing: Prevalence and Neighborhood Consequences," *Demography* 52 (2015): 1751-72.

¹⁴ Matthew Desmond and Carl Gershenson, "Housing and Employment Insecurity among the Working Poor," *Social Problems* 63 (2016): 46-67.

And then there is the effect eviction has on people’s mental health. Studies have linked eviction to depression, drug overdose deaths, and suicide. Between 2004 and 2010, years when housing costs were soaring across the country, suicides attributed to forced displacement from housing doubled.¹⁵ This body of research shows that eviction is not just a condition of poverty; it is a cause of poverty.

The good news is that federal policies aimed at promoting residential stability work. When families finally receive a housing voucher after years on the waiting list, when they are finally provided the opportunity to spend 30 percent of their income on rent, not 60 or 70 percent, studies show those families do one consistent thing with their freed-up income: they take it to the grocery store. They buy more food. Their children become healthier.¹⁶ After receiving a housing voucher, families move to better neighborhoods, and their children do better in school.¹⁷ Children raised in public housing have better later-life outcomes than their peers.¹⁸ Housing programs powerfully promote economic mobility. But the majority of our low-income renting families are denied this opportunity, and their children are not getting enough to eat—because the rent eats first.

Last month, two bipartisan-sponsored bills were introduced in the Senate: The Eviction Crisis Act and The Family Stability and Opportunity Vouchers Act. The Eviction Crisis Act would go a long way toward reducing unnecessary evictions, mitigating the harm of displacement, and deepening our understanding of the problem. The Family Stability and Opportunity Vouchers Act

¹⁵ Ashley Bradford and W. David Bradford, “The Effect of Evictions on Accidental Drug and Alcohol Mortality,” *Health Services Research* (2019): 1-9; Matthew Desmond, Matthew, and Rachel Tolbert Kimbro, “Eviction’s Fallout: Housing, Hardship, and Health,” *Social Forces* 94 (2015): 295-324; Michael Serby et al., “Eviction as a Risk Factor for Suicide,” *Psychiatric Services* 57 (2006): 273-74.

¹⁶ Abt Associates Inc. et al., *Effects of Housing Vouchers on Welfare Families* (Washington, DC: US Department of Housing and Urban Development, 2006); Alan Meyers et al., “Public Housing Subsidies May Improve Poor Children’s Nutrition,” *American Journal of Public Health* 83 (1993): 115; Sandra Newman and Scott Holupka, “Housing Affordability and Investments in Children,” *Journal of Housing Economics* 24 (2014): 89-100.

¹⁷ Robert Collinson, Ingrid Gould Ellen, and Jens Ludwig, “Reforming Housing Assistance,” *The ANNALS of the American Academy of Political and Social Science* 686 (2019): 250-85; Deborah Devine et al., *Housing Choice Voucher Location Patterns: Implications for Participants and Neighborhood Welfare* (Washington, DC: US Department of Housing and Urban Development, 2003); Amy Schwartz et al., “Do Housing Vouchers Improve Academic Performance? Evidence from New York City,” *Journal of Policy Analysis and Management* 39 (2020): 131-58.

¹⁸ Fredrik Andersson et al., “Childhood Housing and Adult Earnings: A Between-Siblings Analysis of Housing Vouchers and Public Housing,” NBER Working Paper No. 22721, 2018.

would create 500,000 new housing vouchers for families who desperately need them and improve services to increase housing and neighborhood choice. I urge this committee to work across party lines to generate complementary legislation in the House.

Eviction is destabilizing families, communities, and schools, hindering children from reaching their full potential. Everyone needs a stable, affordable home to thrive. I ask that Congress act decisively and quickly to address this housing crisis.

Testimony: “On the Brink of Homelessness: How the Affordable Housing Crisis and the Gentrification of America Is Leaving Families Vulnerable.”

By Michael Hendrix, Director, State and Local Policy, Manhattan Institute

Good morning Chairwoman Waters, Ranking Member McHenry, and Members of the Committee. Thank you for inviting me to participate in today’s hearing.

My name is Michael Hendrix. I am the director of state and local policy at the Manhattan Institute. Along with my colleagues, we seek to advance solutions for the flourishing of America’s communities.

My key message to the committee is this: **America must allow more housing supply where there is housing demand.** Not doing so actively harms low-income and marginalized Americans. State and local governments must lower the regulatory barriers standing in the way of new and more affordable housing. And the federal government can play an important role in informing and incentivizing housing reform.

State of Crisis

America’s housing is increasingly unaffordable. Roughly 25% of renters nationwide spend more than half of their incomes on housing. In pricey, opportunity-rich cities like San Francisco or New York City, real housing prices have tripled and doubled since 1970, respectively. Even a once-affordable area like Collin County just north of Dallas, Texas, has seen its share of homes sold for under \$200,000 drop from 51% in 2011 to just 5% in 2018. The result: a crisis of affordable housing, and a growing fear of homelessness and displacement among many Americans and their families.

Housing unaffordability is rooted in housing inaccessibility. Demand is outstripping housing supply for the eighth year in a row nationwide, now to the tune of 370,000 housing units a year. For every 10 households formed from 2010 to 2016, only seven homes were built. Far too many Americans now fear being priced out or pushed out of basic shelter. And their choices are limited: a survey of American cities found that is illegal on 75% of residential land to build anything but a single-family home.

Demand is highest in the places where housing regulations are the most stringent, such as Manhattan or San Francisco, where the cost of local land-use regulations are estimated to account for half of land values and housing permitting times are three times longer than in less-regulated places (a similar dynamic exists in other coastal cities, such as Boston and Los Angeles, and is increasingly true for the nation’s interior). The artificially high costs stemming from regulatory barriers—such as onerous zoning regulations, discretionary and environmental reviews, impact fees, and one-size-fits-all affordability mandates—mean scarcer homes at higher prices.

As a result, fewer Americans are moving to opportunity—and minorities, working families, and low-income Americans, in particular, have scarcer choices for where and how they live.

Homelessness is on the rise for the third straight year, in no small part due to being poor in housing-constrained markets, such as California. Meanwhile, the number of black and Hispanic Americans living in high-poverty neighborhoods has risen by nearly 80% since 2000. Economic segregation is becoming more entrenched while racial segregation persists. And in the face of high rents, an eviction notice too often compounds a long string of financial strains for many families.

Build More Housing

Housing cannot become more affordable without becoming more available. Tight restrictions on housing supply are predominantly found at the local level, and that is where we first look for solutions. It is government, after all, that has failed. Nevertheless, states and the federal government have an important role to play in reforms. The goal? More open housing markets accessible for more people.

America's lack of affordable housing has three answers: building more units, subdividing existing units, or subsidizing rents. Ultimately, only allowing more housing to be built in this country resembles anything like a long-term solution. Communities that accommodate both existing residents and newcomers are places prioritizing in-placement rather than displacement.

We must loosen the grip of restrictive housing policies that contribute to unaffordable housing, homelessness, disparate opportunity, and destabilized communities. America should enjoy greater markets in housing, not less, such that supply can better meet demand. Freeing up so-called "missing middle" housing in single-family neighborhoods or allowing density around transit hubs represent low-hanging fruit for reform. Importantly, reducing zoning regulations alone is estimated to lower differences in racial segregation between neighborhoods by more than a third. And as one recent paper found, lifting planning regulations nationwide could, on average, result in income gains of more than 25% in real terms. These findings echo a prior study that found that the average worker would see an annual wage increase of \$8,775 if they were able to move freely to high-productivity places without these housing barriers.

Communities across America should ease regulations governing land use, full stop. We should legalize housing of all types for every income level, including for those without housing in the first place. Localities can ensure that these homes are approved simply, quickly, and clearly. Moreover, housing should not be burdened with unnecessary minimums on lot size or parking or restrictions that have nothing to do with health or safety.

Affordable housing is often unaffordable to build—not only because of government inefficiencies, but because they face the same exclusionary land-use policies that apply to market-rate housing. At the current median cost for building and rehabbing affordable units, it would take at least \$1.5 trillion to build the number of units needed for poor Americans; projects cost anywhere from \$74,000 in Texas to \$739,000 in California *per unit*. It's already taken more than three decades to build or rehab roughly 3 million affordable housing units with

federal aid, and that's less than half of what's needed to keep up with demand. The truth is there will never be enough publicly-provided affordable housing in America.

That is why naturally-affordable housing is an important source of homes for millions of Americans—and a critical part of the answer to the crises of shelter we face today. These include smaller or shared housing, backyard and garage apartments, manufactured homes, and roommates sharing their living space. States such as California should be applauded for removing barriers to the development of accessory dwelling units (ADUs) and duplexes; once effectively legalized in Los Angeles, permit applications for ADUs increased 30-fold. Elsewhere, startups like PadSplit are finding ways to create profitable, naturally-affordable housing without subsidy by turning the “spare” bedrooms in single-family homes into rental units—held back only by regulatory obstacles that excessively limit the number of unrelated persons allowed to live under one roof.

Freer markets may not immediately lead to more economical housing. For many, the promise of new housing is a hope too often answered in years, not days. That is why well-funded housing subsidies provided directly to recipients are important for providing below market-rate shelter in a timelier fashion. And significantly, vouchers offer flexibility and avoid entrenching people in pockets of poverty and segregation. Experiments by the Seattle and King County housing authorities, together with Harvard's Raj Chetty and his collaborators, show how pairing the distribution of Section 8 housing vouchers with information and personalized assistance boosts the share of families moving to high-opportunity neighborhoods from 14% to 54%.

More funding for vouchers and other forms of housing assistance must still be paired with more housing down the road. After all, if the supply of housing continues to be constrained, demand-side subsidies will lead to even higher prices that further limit the options of all residents, including those with vouchers.

Removing barriers to affordable housing must ultimately occur at the state and local levels. Nevertheless, the federal government can use its influence to help address the very real concerns around affordability, homelessness, and gentrification. For one thing, as the Department of Housing and Urban Development (HUD) demonstrated with its draft Affirmatively Furthering Fair Housing (AFFH) rule, it has the authority to set clearly defined and simple metrics scoring communities on housing availability and affordability in order for mayors to compete for federal dollars and prestige in a “race to the top.” Localities should demonstrate actual progress in, say, righting the wrongs of redlining through zoning reform, and in turn HUD funding and even transit dollars can be scored to actual progress in reforming housing markets.

All too often, be it in low or high-income neighborhoods, a small number of rigidly change-averse residents keep entire communities from adding desperately needed new units. Now is the time for more Americans to stand up for housing growth—including those who are entrusted with federal office. These barriers to affordable housing exist for public and private sectors alike. But whatever we do, we must avoid the temptation to solve a problem rooted in

regulations with more regulations. We cannot legislate the laws of supply and demand. But together we can help America's housing market become both free and fair.



**Testimony of Priya Jayachandran
CEO and President
National Housing Trust**

Hearing:

“On the brink of homelessness: How the affordable housing crisis leaves families vulnerable”

**United States House of Representatives
House Financial Services Committee**

January 14, 2020

Good morning, Chairwoman Waters, Ranking Member McHenry, and distinguished members of the Committee. Thank you for the opportunity to testify regarding how preservation may address the affordable housing crisis.

I am Priya Jayachandran, President and CEO of the National Housing Trust (NHT). NHT is a national nonprofit organization dedicated to preserving, producing and protecting affordable housing. Our mission broadly is to ensure that all US residents have access to safe and secure homes by preserving and expanding our nation’s affordable housing stock. Using the tools of policy advocacy and innovation, real estate development, lending, and energy solutions, NHT has helped preserve and create more than 36,000 affordable homes in 50 states, leveraging more than \$1.2 billion in financing.

Before I dive into the facts and figures of my testimony, I would like to share a story. Meridian Manor is an historic building in the increasingly gentrified Columbia Heights neighborhood of Washington, DC. In 1991, the residents sued and won a judgement against their negligent property owner for housing code violations and illegal rent increases. Meridian Manor benefits from 100 percent project-based vouchers, which enables its low-income residents to pay only 30 percent of their income for rent.

We partnered with the Meridian Manor resident association in 2002 to acquire and renovate their building using Low-Income Housing Tax Credits (Housing Credits). The residents retained a right of first refusal to purchase the property from the Housing Credit limited partnership after the initial 15-year compliance which ended last year. The residents exercised that right in late 2019. We at NHT Communities will continue to work with the residents as a development consultant and asset manager.

While many neighboring apartments are rapidly converting to high-cost condominiums, federal subsidies, notably project-based vouchers and Housing Credits, have enabled the residents of Meridian Manor to remain in their home and in their neighborhood of Columbia Heights by maintaining affordable rent. We are very proud of our role in preserving the affordability of this historic building for the families who will now be able to continue living there.

Growing Rental Housing Needs and Limitations of Current Federal Assistance

As rent levels climb and incomes stagnate, the nation continues to face a rental housing affordability crisis. According to the Joint Center for Housing Studies at Harvard University, nearly one-third of all United States households are cost-burdened, defined as paying more than 30 percent of incomes for housing in 2017. For renters, however, the cost-burdened share is 47 percent. Of these 20.5 million renter households with burdens, 10.7 million, or nearly half, pay more than 50 percent of their incomes for housing and are considered severely burdened.

Affordable Housing Supply is At Risk, Especially in High Cost Area

Despite the enormous need, available federal housing assistance serves just one out of every four very low-income renter households. According to the National Low-Income Housing Coalition, the gap between supply and demand for rental units affordable and available to very low-income households is 7.2 million. This shortfall could become much worse given the threats to the affordable supply. Subsidized units with expiring housing assistance are constantly at risk of shifting to market rate. Affordability restrictions on 611,000 Housing Credit units, 352,000 project-based Section 8 units, and 221,000 other subsidized units are set to expire within the next 10 years, subjecting over one million families to a risk of losing their homes. Most at risk are apartments in desirable neighborhoods where rents are increasing, concluded a recent study by the National Low-Income Housing Coalition.

According to the Urban Land Institute, current levels of new affordable multifamily development—roughly 100,000 annually—will replace only about half of what is at risk of loss in the coming years and will fall far short of meeting rising demand.¹ The affordable housing crisis demands that we build new affordable housing while simultaneously preserve existing assets.

Why is Preservation Important?

Preservation refers to a set of actions that ensure that an affordable property's rents remain affordable by extending and potentially expanding its housing subsidies and rent restrictions. Often accomplished by mission-driven developers committed to long-term affordability like NHT, preservation usually involves financial recapitalization and physical renovation of a property.

In recent years, rising rents in hot markets have created increased incentives for owners to opt out of participating in federal housing assistance. When properties become unaffordable just as neighborhoods improve, residents are often displaced, losing the opportunity to benefit from decreased crime rates, and enhanced access to jobs, quality schools, and reliable transit that often accompany economic growth. Preserving affordable housing enables residents to benefit from these opportunities. It also allows employers to fill critical jobs across the spectrum of wages without forcing the poorest workers to shoulder the burden of long and expensive commutes.

¹ Urban Land Institute, *Preserving Multifamily Workforce and Affordable Housing: New Approaches for Investing in a Vital National Asset*, 2015, page 12.

In distressed neighborhoods, preserving affordable housing can catalyze the revitalization of an entire community. Saving decent, affordable housing means protecting a critical community asset. It also signals the reversal of what may have been years of neglect and disinvestments and can spark the public-private investment that is essential for community revitalization. In all communities, preservation protects the billions of taxpayer dollars already invested in affordable rental housing and results in a more environmentally sustainable and efficient use of resources.

Preservation must be coupled with increasing supply of affordable housing by building new apartments. Housing construction, particularly at affordable levels, has not kept pace with population growth and widening income inequality. However, focusing exclusively on new construction without simultaneously promoting preservation risks worsens the problems. Without preservation new construction is at risk of only replacing units we lose and squandering scarce resources: preservation costs 30-50 percent less than developing new units.² Preservation also frequently can be accomplished more quickly, without the burdens of lengthy regulatory processes and potential NIMBY backlash. We must preserve existing affordable homes and focus our new construction efforts on expanding supply versus backfilling.

Project-Based Rental Assistance: The Foundation of Preservation

Preserving or creating affordable housing requires multiple layers of funding. Often, HUD's project-based rental assistance (PBRA) provides the foundation which leverages additional resources to recapitalize rental properties and keep them affordable. One might think of PBRA as the base of a layer cake.

Housing with project-based assistance is a category of federally assisted housing produced through a public-private partnership. From 1965 to the mid-1980s, HUD provided financial incentives such as below-market interest rate loans, interest rate subsidies, or project-based rental assistance contracts to build and maintain affordable rental housing for low-income households. No new units have been produced through those programs for many years, but Congress provides funding annually to renew existing PBRA contracts with private rental housing owners.

It's important to understand the basic facts about PBRA:

- PBRA provides affordable housing for over 1.2 million low- and very low-income households across the country. Sixty-four percent of these households include a resident with a disability or who is elderly. The average household income is less than \$13,000 per year.
- Preserving properties with PBRA assures that affordable rental homes will continue to be available in a wide range of housing markets throughout the nation, including urban, rural, and suburban locations. According to Urban Institute, about 43 percent of all PBRA units are located in low-poverty neighborhoods nationally. These are communities where low-income families might otherwise be unable to find affordable housing.
- Properties with PBRA generate \$460 million in property taxes for local municipalities annually and directly support 55,000 jobs.

² Urban Land Institute, page 12.

- Nearly 10,000 of the 17,723 PBRA properties are insured by the Federal Housing Administration (FHA). The estimated unpaid balance of the FHA insured debt underlying properties assisted by PBRA contracts is over \$13.5 billion. Without sufficient rental assistance, properties would be at risk of failure because they could not cover their debt. In this situation, FHA would be left paying the tab. In HUD's own words, "If funding for the PBRA program is not provided, the value of this underlying debt to FHA and private lenders as well as existing equity in the physical structures could be severely eroded, contributing to significant loss of privately held wealth and community investment."

As rental markets heat up, PBRA properties are at greater risk of being lost as affordable housing and converted to market rate housing. When PBRA contracts expire, owners may choose to opt out of their contracts, enabling them to increase rents to market levels or convert units to market-rate condominiums. Owners must give residents one-year advance notice of intent to opt out. Most residents will receive enhanced vouchers to enable them to remain in their homes, but future residents must pay market rents. According to Urban Institute, of the approximately 1.34 million active PBRA units, more than 446,000 units (33 percent of the total PBRA stock) are at risk of losing their affordability status, according to calculations from the National Housing Preservation Database.³

As HUD has noted, "Multifamily housing assisted by PBRA stabilizes neighborhoods and contributes to local economic bases. PBRA contracts act as a critical credit enhancement for project financing, allowing owners to leverage private debt and equity to permit project refinancing and recapitalization. The periodic refinancing of the debt underlying projects assisted by PBRA generates significant capital available for investment in construction repairs and improvements."

Conclusion

The preservation of existing affordable housing is critical to solving our nation's rental housing affordability crisis. As many neighborhoods gentrify, preservation of federally-assisted housing is essential to ensuring that long-time residents can remain and benefit from the changes in their communities, including access to jobs, good schools, transit, and health care.

³ Urban Wire, *How to keep affordable housing in high-opportunity neighborhoods, 2015*

Written testimony of Jeffrey Williams, Tenant Advocate for the hearing “On the Brink of Homelessness: How the Affordable Housing Crisis and the Gentrification of America Is Leaving Families Vulnerable,” on Tuesday, January 14th at 10:00 a.m.

My name is Jeffrey Williams and I’m a father, a husband and a tenant. My wife Kelly and I have three children together—and we have been very much affected by the affordable housing crisis.

In 2011, we moved to the Commonwealth of Virginia from New Jersey. My wife’s mom lives in Richmond, she was sick and we needed to take care of her. We found a place to rent. I got a job, working as a security guard. I was promised a certain amount of hours and a certain amount of pay but that didn’t happen. I’d go to my manager and he’d tell me, “well, we’re going to work you this week but not next week. Or you’ll work next week, but not the following.”

At the same time, we were paying our landlord \$900 a month in rent, which was over 50% percent of our income. Every month, we had to struggle to make that first of the month payment. In our house, the rent eats first. We’d rather go hungry than risk being out on the streets.

Then, the opportunity came up for me to take more training which would increase my pay and offer me and my family more stability. The problem was, while I was doing the training, I wasn’t going to get paid. Even so, I knew I had to take it for the betterment of my family.

During this period where my income was going up and down, we sadly fell behind in rent. After that, things moved quickly. I don’t think people who haven’t been through this process can realize how fast it can happen. Although we were only a few hundred dollars - and a few weeks behind - our landlord filed for an eviction. After that, we had to go to court. That cost us more money. We fell further behind. Later I learned that in Richmond, the median amount for which a landlord files an eviction is \$836.

The wheels were in motion and there was no way back. It was morning time when the knock came on the door. We were getting the kids ready for school. The sheriff's men were outside. They told us, "You gotta get out, get your stuff and get out!"

Right there and then we had to grab whatever belongings we could. We didn't have time to take everything with us. They said, "just get your clothes on and leave."

My son Jaylen was 9 years old at the time. He is here with me today. When the sheriff arrived Jaylen was getting ready for school. I don't think he will ever forget that day. I know I won't.

Somehow, we managed to get the kids out the door and to school that morning. Then my wife Kelly and I sat in a bus stop across from all our stuff piled on the lawn in front of the house so we could keep an eye on our belongings. There was so much we had to leave behind that day, stuff that we will never replace. Our wedding photos, some items of furniture that belonged to my father, the sentimental things hurt the most.

I remember the feeling that I'd failed. Failed as a husband and as a father to provide a place for my family. Later that day, the kids came home from school and I apologized to them for what happened. My son Jaylen looked at me and he said, 'Dad, it's not your fault.'

At that point, we had no place to go. We couldn't stay with my wife's relatives because they are renters and there are restrictions on how many people they can have staying with them or they could end up getting evicted too. So Kelly, Jaylen, our two daughters and I had no other choice but to go to a motel. We couldn't even get a place in a homeless shelter because they would have to split us up - shelters are usually for women with children-only or men-only. And Kelly and I took the decision to keep the family together.

We found a room in a pay by the week motel. Five people, two beds, all our possessions, one room. The cost was \$260 per week. Over \$1000 a month. Meanwhile, I got the position that I was trained for, I got a promotion, now we just needed to find a place to live. But everywhere we

turned, we were told “no.” The problem was that now we had an eviction on our record. So as soon as a prospective landlord saw that, we got turned down. We kept applying. Every application would cost us around \$70 sometimes more. We kept applying. We kept getting turned down.

We stayed in that motel for nearly two years before we were told we had to leave because the motel got new owners. We stayed at another motel; now we were paying \$300 a week, that’s \$1,200 per month, \$300 more than we were paying in rent before we got evicted. At this point, we were struggling to have enough money to eat. Think about it, if you’re living in a motel room, you don’t have a kitchen and you can’t cook for your family. So that’s another expense always having to pay for cooked food.

Yes, we had a roof over your head, but according to the McKinney Vento Homeless Assistance Act we were officially homeless, and to us, it felt that way. We never knew if or when we would get thrown out of this new motel. We were living one on top of the other. The stress and uncertainty was hard to take. All we needed was a landlord who would overlook the eviction on our record and take a chance on us but it seemed like no landlord was willing to do that.

My son Jaylen who is here today will tell you—he was ashamed to tell his friends that he was staying in a motel. When he was with a friend and the parents wanted to drop him off, Jaylen would give them the address of a house that’s nearby so they wouldn’t find out he was living in a motel. Of all the things that a child has to worry about, a roof over their head and food to eat should not be one of them.

My family and I were homeless for close to three years. We applied to 5 to 6 landlords each week in the hopes of securing a place. Not long after Thanksgiving last year, we finally found a landlord who would take a chance on us. We moved into our new home just two weeks before Christmas. We were ecstatic. For the first few weeks it was like I couldn’t believe it was really true. I had to pinch myself. It was only on Christmas day when I was standing looking at the tree that it really hit me. This is our home. The relief has been indescribable.

We will do everything in our powers to stay in our new place, but I have to tell you, it keeps me awake at night. What if something happens? What will we do, where will we go?

This is my story but I know I am not alone. In 2016 there were 3.7 million evictions filed in America. Half of all renters in this country are rent-burdened like I am—meaning they pay more than 30% of their income in rent. When you pay such a big percentage of your income in rent, it's very easy to get behind because of something simple, like missed days at work, a health expense, a car breakdown or some other issue. And then you fall through the cracks so fast you can't catch yourself.

I know what would have helped me: Rent that was affordable and didn't take up so much of my paycheck so I could put money aside for an emergency. Assistance with my rent when I fell behind because of an unexpected event. A little longer to get the money together to pay the landlord. All of this could have prevented me and my family from ending up without a home.

All across America, kids like mine are being affected by this affordable housing crisis. Think about how many of our children don't have food in their bellies because the rent check is due, or a bed tonight because of an eviction. And then ask yourself. Can we really afford to let these kids down?



How a Tax Break to Help the Poor Went to NBA Owner Dan Gilbert

After a lobbying effort, Dan Gilbert, billionaire founder of Quicken Loans, won special tax status for wealthy areas of downtown Detroit where he owns billions worth of property.

by Jeff Emshausen and Justin Elliott, Oct. 24, 2018, 2:10 p.m. EDT

<https://www.propublica.org/article/how-a-tax-break-to-help-the-poor-went-to-nba-owner-dan-gilbert>

Above: Selwen Georges/The Washington Post via Getty Images

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Billionaire Dan Gilbert has spent the last decade buying up buildings in downtown Detroit, amassing nearly 100 properties and so completely dominating the area, it's known as Gilbertville. In the last few years, Gilbert, the 57-year-old founder of Quicken Loans and owner of the Cleveland Cavaliers, has also grown close to the Trump family.

Quicken gave \$750,000 to Trump's inaugural fund. Gilbert has built a relationship with Ivanka Trump, who appeared at one of his Detroit buildings in 2017 for a panel discussion with him. And, last year, he watched the midterm election returns at the White House with President Donald Trump himself, who has called Gilbert "a great friend."

Gilbert's cultivation of the Trump family appears to have paid off: Three swaths of downtown Detroit were selected as opportunity zones under the Trump tax law, extending a valuable tax break to Gilbert's real estate empire.

Gilbert's relationship with the White House helped him win his desired tax break, an email obtained by ProPublica suggests. In February 2018, as the selection process was underway, a top Michigan economic development official asked her colleague to call Quicken's executive vice president for government affairs about opportunity zones.

"They worked with the White House on it and want to be sure we are coordinated," wrote the official, Christine Roeder, in an email with the subject line "[Quicken](#)."

The exact role of the White House is not clear. But less than two weeks after the email was written, the Trump administration revised its list of census tracts that were eligible for the tax break. New to the list? One of the downtown Detroit tracts dominated by Gilbert that had not previously been included. And the area made the cut even though it did not meet the poverty requirements of the program. The Gilbert opportunity zone is one of a handful around the country that were included despite not meeting the eligibility criteria, according to an analysis by ProPublica.

Several weeks later, the Michigan governor selected all three of the downtown Gilbert tracts for the program.

Gilbert influenced the local selection process, as well, other emails obtained by ProPublica show: Quicken's top lobbyist was so enmeshed in the process, his name appears on an opportunity zone [map](#) made by the city economic

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development organization, recommending part of downtown be included in the tax break. No other non-city officials are named on the document.

The result has likely already been a boon to Gilbert: Multiple studies have found that property values in opportunity zones increased because of the tax break. Gilbert has put an estimated \$3 billion into buying and renovating properties in Detroit, the vast majority now in opportunity zones.

In addition, even though the law was designed to incentivize new investment, Gilbert has several already-planned developments in the area that could benefit from the tax break, experts said.

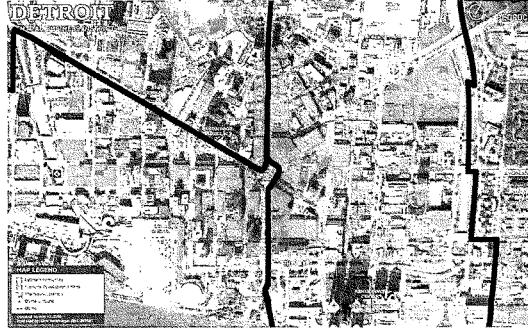
The upside for an investor such as Gilbert “could be huge,” said Steve Wamhoff, director of federal tax policy at the Institute on Taxation and Economic Policy, a liberal-leaning think tank. “This seems to be a situation where someone is going to get tax breaks for something they were going to do anyway.”

The White House, Treasury Department and Quicken Loans all declined to answer repeated questions about Gilbert’s interactions with the Trump administration regarding opportunity zones. Roeder didn’t respond to requests for comment. A spokesperson for the Michigan Economic Development Corporation declined to elaborate on the email mentioning Quicken’s work with the White House.

In a statement, Jared Fleisher, Quicken Loans vice president of government affairs, acknowledged Gilbert’s companies gave input to the state but said they “did not exercise any inappropriate influence.” The companies “joined a wide range of stakeholders in providing feedback into the Opportunity Zone selection process,” he said. “The State of Michigan engaged interested parties, asked for their input, and encouraged participants to share the State of Michigan’s request for input with other potentially interested groups.”

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A Bedrock Detroit map shows properties owned by Dan Gilbert in orange, part of an estimated \$3 billion in real estate investments he's made in the city. The lower left census tract was named an opportunity zone despite being too wealthy to qualify for the program. (Black lines added by ProPublica to roughly show tract boundaries.)

Opportunity zones were created by the 2017 Trump tax code overhaul. The idea, touted by members of both parties, is to grant lucrative tax breaks to encourage new investment in poor areas around the country. The Treasury Department determined which census tracts were eligible for the special status, based on poverty and income levels, and then each state's governor picked 25% of them as zones.

But the program has been widely criticized as a giveaway to the rich that will not bring the promised revitalization in needy areas. There is no mechanism to track the program's results, from how much new investment comes to the zones to how many jobs it creates.

Here's how the tax break works. Say you're a hedge fund manager, you purchased Google stock years ago and are sitting on \$1 billion in gains. If you sell, you'd send the IRS about \$240 million in taxes on the capital gain, less than you'd pay in ordinary income tax but still a lot. To avoid paying that much, you could sell the shares and put the \$1 billion into an opportunity zone. That comes with three generous breaks. The first is that you defer that \$240 million in tax, allowing you to invest more money up front. Plus, you can hold the investment for several years and you'll get a significant reduction in those taxes. What's more, any additional gains from the new investment are tax-free after 10 years.

The exact value of the tax breaks for any individual will likely never be publicly known because the program has no disclosure requirements. Gilbert's holdings, managed by his firm, Bedrock Detroit, are private.

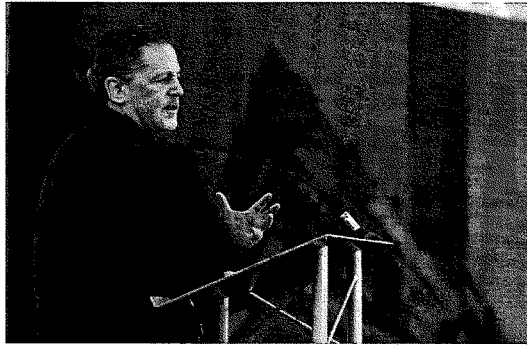
Experts say two of the downtown Detroit tracts are islands of wealth in the city, one of the poorest in the nation. They are significantly wealthier by

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median income than the surrounding area. They include Gilbert-owned office space with high-end tenants including Microsoft, JP Morgan and Quicken Loans. The boutique Shinola Hotel sits in another Gilbert property that is now in one of the opportunity zones.

While the tax break is supposed to generate new development, Gilbert already has several long-planned projects located in the newly designated zones, including the construction of a glass-and-steel skyscraper on the historic Hudson's department store site.



Gilbert at the 2017 groundbreaking of a skyscraper planned for the former site of Hudson's department store, now in an opportunity zone. He owns so much downtown Detroit real estate, some people call it Gilbertville. (Carlos Osorio/AP Photo)

"These areas are not distressed," said Conrad Kickert, an urban design academic who wrote a book about downtown Detroit. He noted that Gilbert also helped create a new streetcar line in the area, named the QLine after Quicken Loans. The area is much wealthier and whiter than Detroit as a whole, according to recent census estimates.

This year, Gilbert's opportunity zone push has continued; his firm has been lobbying the Treasury Department on the regulations for the program, which are still being hashed out two years after the law was signed. The CEO of Bedrock sent a letter to the agency pressing the administration to adopt lax technical rules for real estate projects of the type Gilbert is pursuing, according to a copy obtained by ProPublica.

"We believe that the purpose of the [opportunity zone] legislation is best achieved through large-scale, multipurpose real estate development projects that transform and revitalize entire neighborhoods and communities," wrote Bill Emerson of Bedrock, appearing to describe the firm's mixed-use Monroe Blocks project. Therefore, he argued, the department should loosen the rules around how quickly opportunity zone investments have to get under way.

Gilbert's rise in Detroit started in 2010 when he moved the headquarters of his mortgage firm, Quicken Loans, from a suburb to struggling downtown Detroit. His companies employ more than 10,000, and his influence is so immense that Politico named him to its [list](#) of the most interesting mayors in America, the only non-mayor on the list.

Gilbert's downtown developments have already received city and state subsidies with few strings attached, a recent Detroit Free Press [investigation](#) found. Along with myriad tax breaks, Detroit's Downtown Development Authority, for example, sold an important lot to Gilbert for \$1. (He has also been advised in his Detroit strategy by another Michigan native and prominent Trump supporter, the billionaire real estate developer Stephen Ross of Related Companies.)

As Gilbert was expanding his Detroit portfolio, Facebook billionaire Sean Parker was embracing the idea for what would become opportunity zones: give investors a tax break on their capital gains if they agree to invest the money in needy areas. Parker set up a think tank, the Economic Innovation Group, to promote the idea in Washington. In 2015, Gilbert joined the group's "Founders Circle."

He hasn't spoken publicly about opportunity zones, but his real estate holdings and businesses in Detroit were clearly in areas that would be well positioned to benefit from the tax break that Parker wanted to create.



Gilbert's firm, Bedrock Detroit, manages the nearly 100 properties he has acquired in the city. (Raymond Boyd/Getty Images)

In June 2017, Gilbert met with Treasury Secretary Steve Mnuchin, the administration's point man on the tax bill that included opportunity zones. Gilbert also had a phone call with Mnuchin, last November, according to

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public calendars. It's not known what Gilbert and Mnuchin discussed. (Spokespeople for Quicken Loans and the Treasury Department declined to comment on the communications between Gilbert and Mnuchin.)

Despite his relationship with Trump and the administration, Gilbert has tried to publicly dissociate himself from the president. He is in a particularly sensitive position because Detroit is a majority African American city where Hillary Clinton beat Trump 95% to 3%. Before the event he held with Ivanka Trump in 2017, Gilbert released a [statement](#) disavowing electoral politics.

In December 2017, Trump signed the Tax Cuts and Jobs Act, which included the Economic Innovation Group's opportunity zone idea. That prompted a scramble by state and local officials across the country to assemble nominations for the program.

By mid-February 2018, Gilbert's lobbyists had joined the fray. They communicated with both Michigan and Detroit officials about opportunity zones, according to emails obtained by ProPublica through public records requests.

On Feb. 15, an official at the Michigan Economic Development Corporation instructed a colleague at another state agency to reach out to a lobbyist from Quicken to discuss opportunity zones.

The colleague, Brian Mills of the state housing authority, confirmed that he had a call with a representative at Quicken. The company was interested in how the state would select zones, Mills recalled. He advised the company that officials in cities like Detroit would have a lot of sway in the process.

A week later, a top economic development official in Detroit emailed maps of areas that the city wanted to nominate for the program to state officials. One of the [maps](#) reflected the input of Gilbert's lobbyist, Jared Fleisher, who is named on the document.

Curiously, the city's recommendations shown on the map included a downtown tract that the Treasury Department had deemed ineligible for the program because it was too wealthy. Its median family income was almost 1 1/2 times higher than the opportunity zone eligibility requirements allowed, according to census data. Gilbert owns more than 10 buildings in the tract.

Days after the city sent the map to state officials, it proved prophetic. The Treasury Department released a revised list of eligible tracts. The downtown tract was now, for the purposes of the law, a "low-income community."

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Campus Martius Park in downtown Detroit, looking south toward Chase Tower. The Gilbert property now sits in an opportunity zone, even though the census tract should have been ineligible for the program because of its wealth. (Raymond Boyd/Getty Images)

Asked why the name of a lobbyist for Quicken Loans appeared in the legend of the map, a spokesperson for the Detroit Economic Growth Corporation told ProPublica that “Jared Fleisher was just one of the experts we consulted on how the Treasury regulations worked.” She added the city “consulted with numerous experts” to assess which tracts would be eligible for the program, and that the city itself wanted the riverfront tract in the program.

It’s not clear why Gilbert’s lobbyist believed that the tract would end up being eligible for the program. Fleisher did not answer questions on the issue but said in a statement that Gilbert’s companies had not “engaged in advocacy activities (monetary or otherwise) regarding the eligibility of certain areas.” A Treasury Department spokesman said only that “the Treasury officials that typically work on opportunity zone issues had no knowledge of this matter.”

In a statement, Fleisher declined to comment on the nature of his interactions with the city, but he told ProPublica, “Ultimately, the City of Detroit — not [Gilbert’s] Rock Family of Companies or any other respondent to the open call for comments — made the recommendations to the state about which census tracts in Detroit should be selected.”

Two weeks after the Treasury Department issued its revision, the city recommended the tract for the program, along with several others in which Gilbert had substantial investments. They did so even though those tracts were not included in a list of recommendations for Detroit that the Michigan State Housing Development Authority had assembled and shared with the city.

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How a Tax Break to Help the Poor Went to NBA Owner Dan Gilbert — ProPublica

In the end, the state deferred to the city, and in April 2018, the downtown tracts in which Gilbert had poured so much capital officially became opportunity zones.

An analysis by ProPublica found that one of the tracts only became eligible through a provision in the law that was intended to allow areas that had been designated for a Clinton-era anti-poverty measure to be included in the program. However, experts told ProPublica that the Treasury Department's mapping analysis was deeply flawed, and that it erroneously allowed a handful of areas to become opportunity zones. As ProPublica previously reported, [a similar loophole allowed a tract largely owned by Kevin Plank](#), billionaire CEO of Under Armour, to take advantage of the opportunity zone program for his development in Baltimore.

Community groups in Michigan [have criticized](#) the selection process, contending it favored wealthier areas that are already seeing redevelopment at the expense of more impoverished areas of Detroit. Of the 10 most impoverished areas in the city that the governor could have picked, only two made the cut. Of the 10 least impoverished areas, six were picked. Those include downtown tracts in which Gilbert has substantial investments.

Former Gov. Rick Snyder, who made the ultimate selections last year, declined to comment.

In an email, a spokesperson for the city of Detroit said its recommendations centered on areas where investors could make a return. "The City recommended the eligible areas where it believed developers were most likely to find profitable investments. To do anything else would have been pointless under the opportunity zone law."

Do you have information about opportunities? Contact Jeff Ernsthause at jeff.ernsthause@propublica.org. Contact Justin Elliott at justin@propublica.org or via Signal at (774) 826-6240.

Correction, Oct. 24, 2019: This story originally misidentified the Detroit Economic Growth Corporation as the Detroit Economic Development Corporation.

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