

Testimony submitted by the National Council of State Housing Agencies, 444 North Capitol Street, NW, Suite 438, Washington, DC 20001

Submitted on behalf of the following organizations: Council for Affordable and Rural Housing, Council of State Community Development Agencies, CSH, Enterprise Community Partners, Habitat for Humanity International, Housing Assistance Council, Housing Partnership Network, Local Initiatives Support Corporation, Mercy Housing, National Alliance of Community Economic Development Associations, National Association for County Community and Economic Development, National Association of Home Builders, National Association of Housing and Redevelopment Officials, National Association of Local Housing Finance Agencies, National Community Development Association, National Council of State Housing Agencies, National Housing Conference, National Leased Housing Association, National Low Income Housing Coalition, National Rural Housing Coalition, Stewards of Affordable Housing for the Future, and The Community Builders, Inc.

Subcommittee: Subcommittee on Transportation, Housing and Urban Development, and Related Agencies

Agency and Program: Department of Housing and Urban Development's (HUD) HOME Investment Partnerships program (HOME)

April 19, 2013

The Honorable Patty Murray  
Subcommittee on Transportation, Housing and  
Urban Development, and Related Agencies  
154 Russell Senate Office Building  
U.S. Senate  
Washington, D.C. 20510

The Honorable Susan Collins  
Subcommittee on Transportation, Housing and  
Urban Development, and Related Agencies  
413 Dirksen Senate Office Building  
U.S. Senate  
Washington, D.C. 20510

Dear Chairman Murray and Ranking Member Collins:

We appreciate this opportunity to provide testimony in support of the HOME Investment Partnerships (HOME) program. HOME program funding is vital to the production and provision of housing affordable to low-income families. Yet, HOME has received devastating cuts—cut almost in half in just the past few years. Just since FY 2011, HOME has been cut by 41 percent from \$1.6 billion to an estimated post-sequester level of \$948 million in FY 2013. Cuts to the HOME program are being felt deeply across the country. For example, the HOME funding allocation to the state of Washington has decreased by 43 percent, from \$34.5 million in FY 2010 to \$19.8 million in FY 2012, and the allocation to the state of Maine has fallen 44 percent, from \$8.5 million in FY 2010 to \$4.7 million in FY 2012.

To begin restoring funds for HOME, we implore you to fund HOME in FY 2014 at \$1.6 billion, equal to its FY 2011 funding level. We ask that you resist additional, disproportionate cuts to HOME and recognize both the successful track record of the program and the need for its continued funding at a time when our housing market, and broader economy, continues to struggle and the need for affordable housing continues to grow.

Authorized in 1990, the HOME program provides grants to state and local governments to produce affordable housing for low-income families. HOME funds are a vital and unique source of financing for numerous affordable housing developments—many of which would not be possible without HOME

assistance. States and localities use HOME for affordable housing production and rehabilitation, preservation, and rental and homeownership assistance.

By flexibly working with and supporting many critical federal housing programs, including the Low Income Housing Tax Credit and rural housing programs, HOME uniquely empowers states and localities to respond to the housing needs they judge most pressing. States and localities use HOME to serve the whole spectrum of housing need, from homeless to ownership to disaster recovery, from urban to rural areas, and all low-income populations, including families with children, the elderly, veterans, and persons with special needs. HOME also enables for-profit and nonprofit developers to provide affordable housing in their communities.

In its 20 years of existence, the HOME program has successfully produced more than 1 million affordable homes, in addition to making homes affordable for hundreds of thousands of families with rental assistance. From 1992 to 2012, states and localities have used HOME funds to produce 460,692 home buyer homes, 423,154 rental homes, and 212,100 rehabilitated home buyer homes. Another 264,715 families have received rental assistance through the HOME program. States and localities leverage HOME funding by generating more than \$4 in other private and public resources for every \$1 of HOME. Over the program's lifetime, HOME funds have been used to leverage \$100.2 billion in funds for affordable housing.

HOME funding is used exclusively to create affordable housing for low-income households, those earning incomes of 80 percent or less of area median income (AMI). While the statute requires that at least 90 percent of families receiving rental assistance through HOME have incomes at 60 percent of AMI or less, almost 100 percent of those receiving tenant-based rental assistance and 97 percent of families living in HOME-assisted rental units have incomes of 60 percent of AMI or less. One out of four families helped with HOME are extremely low-income, with incomes of 30 percent of AMI or less.

In addition to providing needed affordable housing, HOME funds contribute to job creation, especially in the hard-hit construction sector. Every \$1 billion in HOME creates or protects approximately 18,000 jobs. Restoring funding to \$1.6 billion in FY 2014 would create 11,736 more jobs than created by HOME's FY 2013 funding level.

Based on projected production levels included in HUD's FY 2014 Budget request, if HOME is funded in FY 2014 at the Administration's proposed level of \$950 million, we expect almost 34,000 fewer affordable homes will be produced in FY 2014 than were produced in FY 2011. This means fewer home buyer and rental units, fewer homeowner rehabilitation projects, and fewer tenants assisted.

As we face decreased investment in the production of affordable housing, we face a continued growing need for it. According to HUD's latest *Worst Case Housing Needs* report, in 2011 nearly 8.5 million very low-income families—who received no government housing assistance—paid more than half their monthly income for rent, lived in severely substandard housing, or both. This number is up 2.6 million, or 43.5 percent, since 2007.

Today, there are only 57 affordable rental homes available for every 100 very low-income renter households, those earning 50 percent of AMI or less. For the 10.1 million households with extremely low incomes, there are only 30 affordable homes available for every 100 households. Only one in four households eligible for federal rental housing assistance receives it.

As a capital program, HOME is a vital resource for addressing this growing housing need. HOME funds produce new units of affordable housing and thus are necessary to increasing the overall supply of affordable housing. The Bipartisan Policy Center's Housing Commission in its recent report entitled *Housing America's Future: New Directions for National Policy*, called for an increase in HOME appropriations to serve as the gap financing needed to support new developments that would expand the supply of affordable rental housing.

A HOME program appropriation of \$1.6 billion in FY 2014 would only go partway towards restoring HOME program funding, but it would provide states and local communities with the critical resources needed to help address the spectrum of affordable housing needs they face. Therefore, we urge you to support the proven outcomes of the HOME program by providing an FY 2014 appropriation of \$1.6 billion. Thank you for this opportunity to testify on the need for HOME funding. Please do not hesitate to contact us with any questions.

Sincerely,

Council for Affordable and Rural Housing  
Council of State Community Development Agencies  
CSH  
Enterprise Community Partners  
Habitat for Humanity International  
Housing Assistance Council  
Housing Partnership Network  
Local Initiatives Support Corporation  
Mercy Housing  
National Alliance of Community Economic Development Associations  
National Association for County Community and Economic Development  
National Association of Home Builders  
National Association of Housing and Redevelopment Officials  
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