

Planning Office *for* Urban Affairs

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**Testimony of Lisa B. Alberghini
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affiliated with the Archdiocese of Boston
to the
Committee on Financial Services
Hearing on H.R. 2895, the National Affordable Housing Trust Fund Act of 2007
Thursday, July 28, 2007 – Rayburn 2128**

Chairman Frank, members of the Committee and distinguished guests, thank you for the opportunity to testify today on this important legislation that will bring hope and homes to so many Americans across the country. I am Lisa Alberghini, Executive Director of the Planning Office for Urban Affairs, a housing and social justice ministry affiliated with the Archdiocese of Boston. I am here today in support of this legislation on behalf of our Office, the Archdiocese of Boston, and the people we serve who are in dire need of affordable housing. H.R. 2895 is also strongly supported by the U.S. Conference of Catholic Bishops, Catholic Charities USA, and a wide range of faith based organizations of many faith traditions across the country. Together, we thank you for your vision, for your leadership and for your commitment to helping those most in need by considering the National Affordable Housing Trust Fund Act of 2007.

The Planning Office for Urban Affairs is a private non-profit developer, created by the Archdiocese of Boston in 1968 to work for housing justice on behalf of the Church. Since that time we have developed more than 2,300 units of affordable and mixed-income housing, where people of modest means can live with dignity and respect in homes they can afford. We serve the homeless, the elderly, working families, people living with HIV/AIDS and serious disabilities, and we do so by creating mixed-income communities where all residents are treated equally and the poor are not isolated in poverty. Our approach is *not* to develop all low-income housing, particularly in our family developments, because a critical part of our mission is to encourage the economic diversity that is represented in a genuine community.

The need for affordable housing is great and well documented. Indeed, we are facing a catastrophic situation, which takes different forms and may have different degrees of urgency in some areas of the county than others, but is nonetheless present and affecting the strength of our families, our elders and our economy everywhere. According to the *State of the Nation's Housing 2007* report from the Joint Center for Housing Studies at Harvard University, the number of households paying more than 30% of income for housing increased by 2.3 million, bringing the total number of "housing burdened" households in the country to 37.3 million in 2005. This is a startling statistic, but the situation is even more desperate for our most vulnerable citizens. The number of American households paying more than half of their incomes on housing increased to 17 million in 2005, with one in seven US households being "severely housing cost burdened" in that year. (*The State of the Nation's Housing 2007*, Joint Center for

Housing Studies of Harvard University, p.1,25). And, middle-income households are facing increasing pressures that put them at far greater risk.

The Joint Center Report, and the thorough and compelling information provided by the National Low Income Housing Coalition, provide more than ample evidence of the tremendous need for affordable housing. Rather than focusing on more statistics, then, I would like to get right to giving you our perspective about how the National Affordable Housing Trust Fund can help and why it is so important.

How Will This Legislation Address Critical Housing Need, and Why Does Our Country Need This Act?

The Planning Office for Urban Affairs is a developer. We are directly involved as a practitioner in building affordable and mixed-income housing, and we have used the myriad of financing programs that currently exist for this purpose. The National Affordable Housing Trust Fund Act of 2007 is a thoughtful piece of legislation that will provide tremendous benefit to people in need across America, while using an efficient and proven funding method to supplement private sector market activity. More specifically:

- It will provide or preserve 1,500,000 homes over the next ten years;
- It will enable local control in administering the resource so it can be coordinated with, rather than compete against, existing funding efforts;
- It will make efficient use of Federal funds through the proven mechanism of a Trust Fund, which is well tested at the local and state levels;
- It is flexible in the eligible uses of the funds, allowing states and developers the freedom they need to tailor it to local situations and individual projects;
- It will leverage other funds through the Act's matching requirements; and
- It will help America's most needy households by targeting significant funding to benefit extremely low-income families...something that virtually no other resource currently does to this extent.

In short, the National Affordable Housing Trust Fund is efficient, meaningful, targeted and based on a proven model. It is *not* creating a new, untested tool. It has been purposely structured to use a system that we know works. And, it will support private sector collaboration, while at the same time addressing a need that the private sector cannot possibly respond to on its own. The National Affordable Housing Trust Fund will help seniors, families, the homeless and working poor, veterans, disabled individuals and others. It will benefit all communities, across this nation, and that is why there is significant bi-partisan support for this Act.

In our view, this Act is the best of both worlds...providing a tool but not a "hand out", that will help us create real world solutions with the public and private sectors working cooperatively together. That is the difference between charity and social justice...justice relies upon empowering people, and this legislation gives you and us that opportunity.

Specific Examples of How H.R. 2895 Can Help

The approach of the Planning Office for Urban Affairs, on developing mixed-income communities, is a bit unique. I'll describe this briefly in a few of our developments and note how the National Affordable Housing Trust Fund can help.

Rollins Square is a 184 unit residential community we developed in 2004 in the South End of Boston, one of the highest income areas of the City. Rollins Square includes 20% very low-income, 40% moderate-income and 40% market rate units, which are all fully integrated throughout the entire development. The low-income units are not separate or distinct, which means that there are formerly homeless families living next door to first-time homebuyers and next to residents who paid more than \$1m for their condominiums...all living literally side-by-side as neighbors who share a common community.

This is an approach that respects all individuals, while at the same time offering a permanent solution to homelessness that allows formerly homeless families and individuals to be full members of a vibrant community. Our Office has provided a lot of information to the Committee today in a package that describes our work. But if you have the opportunity to look at only one piece, read the one page list that offers a profile of the 37 formerly homeless families and individuals who are fortunate enough call Rollins Square their home...their permanent home, where they can get on with the business of living their lives, raising their children and focusing on family values.

How could the National Affordable Housing Trust Fund help? Rollins Square was a \$67m deal that required fourteen separate sources of funds and had particular problems closing the last financial gap, delaying the project for nearly 18 months – which only drove up costs further and created a cyclical problem. If the Trust Fund had been established, Rollins is precisely the type of development that could have been funded, particularly given its targeting for very low-income families. More readily available federal funds would have meant a quicker development process and, ultimately, more public benefit and greater leverage could have been provided.

Our St. John of God and St. Jean Baptiste developments offer similar examples of the opportunity this legislation presents. St. John of God is a 291-unit mixed-income intergenerational campus that provides affordable and market rate assisted living for frail elders, a skilled nursing facility, family condominiums, and an HIV/AIDS facility operated by Catholic Charities, all on one site. It is approximately 50% affordable, serving very-low income to market-rate residents, again, all integrated across the entire campus. And at the other end of the scale spectrum, our St. Jean Baptiste property is a 38-unit development including both very low-income rental units and first-time homebuyer units.

How could the Affordable Housing Trust Fund help? It could have provided badly needed funds for the construction of both developments, greatly reducing the time it took for us to cobble together many disparate resources; provided project based rental assistance; and offered down payment and closing cost assistance for the first-time homebuyers.

St. Aidan's is a 59-unit mixed-income development to be built in Brookline, Massachusetts, where the median price for a single family home last year was approximately \$1m. With those housing prices, affluent communities like Brookline are becoming places where the teachers, firefighters and librarians must enter town in the morning to work and then leave at night...where the people who serve you are not able to live in the same community with you. St. Aidan's, though, will be 60% affordable, providing 36 units for low and moderate-income residents. There, we are fortunate enough to have Chairman Frank as our Representative, and to

have had his complete support to solve a number of problems that have arisen over time on that development, for which we are enormously grateful.

How could the Affordable Housing Trust Fund help? As Chairman Frank knows only too well, that development has taken seven long years to get off the ground, in no small part due to a lack of resources to move the project forward in a timely manner. The Trust Fund could have provided badly needed gap financing that would have allowed us to avoid spending inordinate time seeking additional funding to catch up with construction cost increases over time.

You might say these development got built anyway without the Trust Fund, so why is the new Fund necessary? The process took far too long, was far too inefficient, and offered far less public benefit than could have occurred with the Trust Fund in place. Most importantly, these developments represent the 1,500,000 homes that *haven't* gotten built, which could be produced or preserved if this legislation is passed. The significance of these examples is not in what they do provide, but in the difficulty of doing this work and the opportunity we are missing to take responsible steps to care for a great many more of our citizens.

The Big Picture – Why is H.R. 2895 So Important to Us As a Country?

More than 25 years ago the Catholic Bishops of the United States issued a pastoral letter called “*The Right to a Decent Home*”, that described decent housing as a human right and said its provision involved public responsibility, including a creative partnership of private enterprise and government. That is what we are striving to achieve, and what H.R. 2895 will help accomplish.

In 2001 the Archdiocese of Boston, along with the Greater Boston Chamber of Commerce, released an important study that identified the need for an additional 36,000 housing units in the Greater Boston area alone over the following 5 years. These additional units were required not only to help individuals and families, but also to help businesses prosper and our economy thrive. Out of that study came a call for collective responsibility, where all sectors of a civil society work together to address the serious needs of the housing deprived. All of us...in government, the public sector, the private sector, religious organizations...all of us combine forces and resources to assure housing justice for every citizen of our Commonwealth.

That was over six years ago and, while some progress has been made, we are falling far behind...in large part because of the lack of available resources to accomplish our shared objectives, particularly in this time of spiraling development costs and the growing demand for truly affordable housing. The National Affordable Housing Trust Fund Act will provide significant help in moving forward to accomplish our goal, and living up to our responsibility as a civil society.

H.R. 2895 breaks new ground; it acknowledges and deals with the issue of affordable housing as a national problem, and it builds on very successful local and State models of Affordable Housing Trusts in a creative and visionary way. This legislation will provide critically needed resources that will assist developers, both non-profit and for profit, help and house others, and it will enable *all of us* to answer the call to collective responsibility. Most importantly, it will help

provide housing to the very-low income, while many resources do not focus on that greatest need, dedicating specific resources to be used only to meet the most serious housing needs.

There is a very broad coalition of people, with both common and diverse interests, coming together in support of this legislation. This should not go unnoticed. Recognizing the diverse support for this legislation is crucial. We are coming together, from different faiths and beliefs and backgrounds because housing our neighbors in need is a moral imperative, and concern for decency and fairness is a value we all share.

I offered just a few statistics on need earlier in my testimony. We all know there are endless statistics that can be quoted and stories that can be told to define just how great the problem is, and to illustrate the magnitude of the housing crisis facing all of us today, in each of our own communities, regardless of where we live across this great country. But even those stories, and especially those statistics, cannot begin to convey the tremendous impact that decent and affordable housing has on individuals, families, whole communities and, indeed, on the integrity, humanity and prosperity of our entire country.

Having a decent, affordable home affects literally every aspect of our lives. And not having one devastates even the strongest among us. There are more than 37 million Americans living in poverty today, presenting a moral crisis of extreme proportion. As Fr. Snyder, President of Catholic Charities USA, said earlier this year when testifying before Congress, “poverty remains our nation’s most serious political blind spot and a threat to the common good and future strength of our nation”.

Fr. Snyder goes on to remind us that poverty is a human-made disaster...it is not a force of nature beyond our control, but the result of economic, social and political choices that we Americans have made. With this legislation we are making different choices. Choices that heal, and that exhibit kindness and justice. Please consider it carefully, wisely, and with full appreciation of the great strides you could make to join forces and help address this pervasive problem. We strongly urge you to support this crucial legislation, and look forward to working with you for its passage and implementation.

Thank you again, on behalf of our Office, on behalf of the Archdiocese, and most especially on behalf of those we have the honor to serve. Those who struggle to raise families without a home, who make difficult choices every day between food and rent, who dream of owning a home and do not give up hope despite absolutely all odds to the contrary. These are the people with real strength and faith; they are our heroes. We admire their courage, and appreciate your support immensely.