

Testimony of Richard Celli to the Subcommittee of Housing and Community
Opportunity of the United States House of Representatives
Monday, October 29, 2007

Thank you very much for the opportunity to appear before you today and present brief remarks relating to the unique challenges and opportunities in housing faced by the City of Houston today.

Two factors create increasing demand for affordable housing in Houston: new households forming due to immigration or population growth; and pent-up demand from homeless persons or low income households who are enduring sub-standard housing conditions by two or more families sharing one roof. The data analyzed in this section was taken from the 2000 US Census.

Houston's population is projected to grow by 120,900 persons, or 45,426 households, by 2010. This means that 8,917 households per year will be moving to Houston. In addition, 65,000 households were reported as overcrowded in the 2000 Census and approximately 12,000 individuals in the City of Houston are currently homeless. Total demand for affordable housing must include some accounting for these underserved households.

Due to the low incomes earned by many Houston households, the overwhelming majority of these housing units will have to be affordable *rental* units, with less than 10% affordable single family home ownership units. As is reported in the Consolidated Plan, the under 50% of AMI, small family sub market is the most underserved in the Houston market. Over 27,000 small families are rent-burdened, meaning that they spend more than 30% of monthly income on housing.

Houston continually receives proposals for housing targeted as special groups, such as the elderly, persons with disabilities, and persons with HIV/AIDS, all populations with very-low-incomes and all needing supportive services.

The demand for affordable housing is staggering. My staff estimates that, including new arrivals and underserved current residents, 2000 households per year will demand affordable housing products; of these 1300 households are projected to have income below 30% AMI and 700 households are projected

to fall in the 30%-60% AMI range. In addition, the Katrina evacuees currently living in Houston and benefiting from re-extended housing vouchers will eventually need to find housing on their own. This will increase demand further.

This projection is supported by the demand for affordable housing services seen by my partner agencies. For example, 42,000 households are on the Houston Housing Authority's Section 8/Public Housing waiting list. A further 5000 households are on Harris County's wait list. In addition, 200-300 would-be clients just walk in to the Housing Authority's offices each day, without an appointment, seeking housing help.

Historically, Houston city programs have invested about \$54.5M per year in housing. Houston has worked diligently to leverage all available resources, using low-income housing tax credits, HOME funds, and requiring developer equity and outside debt in many multi family transactions. The City of Houston has encouraged private investment in redeveloping, historic neighborhoods via the Houston Hope program, by granting down payment assistance to low-income families purchasing their first home, thus reducing mortgage risk to the lender.

Houston, like all major cities, works hard to meet the needs of its citizens. Meeting all the demand for housing would cost approximately \$99M per year. To close this gap, additional resources are needed. I assure you, as Director of Housing and Community Development, I could easily invest three times my current allocation of HOME funds every year and still not meet the needs of working, deserving Houstonians. My colleagues from the Housing Authority will probably say the same thing: Houston, especially in the wake of the hurricanes, needs more permanent rental assistance vouchers.

Enactment of the National Affordable Housing Trust Fund Act of 2007 and the related Expanding American Homeownership Act of 2007 would help the City of Houston by providing more funds to benefit low- to moderate- income families both directly and indirectly. As a Participating Jurisdiction, Houston would receive some portion of the Trust funds intended to create 150,000 units of affordable housing nationwide each year. The requirement that such housing be primarily targeted to families with AMI below 30% would help those families here who have the greatest demonstrated need for housing assistance. Restructuring the FHA's program to reduce the need for private-market sub-prime lending

would provide some benefit to Houston even though our housing stock is priced very affordably. Any product that provides lower-cost alternatives for lower-income households who qualify for mortgages is a good product. I applaud the Representatives' study of the needs of everyday households and welcome your interest in Houston. Thank you.