



TESTIMONY OF

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BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON HOUSING AND INSURANCE

COMMITTEE ON FINANCIAL SERVICES

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I am Rachel Fee, the Executive Director of the New York Housing Conference, a nonprofit affordable housing policy and advocacy organization. We are a statewide coalition comprised of affordable housing practitioners, advocates and experts in real estate, finance and community development. Our mission is to advance City, State and Federal policies to support the development and preservation of decent and affordable housing for *all* New Yorkers.

I would like to thank Committee Chairman Duffy, Ranking Member Cleaver and Members of the Financial Services Subcommittee on Housing and Insurance, for holding this important hearing on the “Oversight of the Federal Government’s Approach to Lead-Based Paint and Mold Remediation in Public and Subsidized Housing” and for the opportunity to testify.

The built environment in which we live profoundly impacts our physical health and well-being. Numerous studies have demonstrated the positive impact of affordable housing on health outcomes and health savings.<sup>1,2,3,4</sup> On the other end of the spectrum, poor housing quality can have serious, detrimental and costly consequences.<sup>5,6</sup> Today, I will discuss how capital investment can be targeted towards our nation’s public housing infrastructure to reduce health threats for its 1.2 million residents across the nation, by focusing on the challenges we face in New York.

### *Targeting Capital Funding to Reduce Health Threats*

In New York City, 400,000 residents call public housing home. That is a population larger than many cities and nearly as big as Miami’s. The New York City Housing Authority (NYCHA) manages 176,000 public housing apartments located in 326 developments across five boroughs. The future of this housing has enormous implications not only for its residents, but for the surrounding neighborhoods, as well as the City as a whole.

Currently, there are over 160,000 work orders outstanding, representing deficiencies in residents’ homes. When deficiencies relate to leaks, pests, peeling paint and mold, the health of tenants is potentially at-risk. Behind these work orders are at least \$25 billion of outstanding capital repairs in NYCHA developments.<sup>7</sup> These are desperately needed

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<sup>1</sup> National Housing Conference. 2016. Housing as a Health Care Investment. <https://www.nhc.org/publication/housing-as-a-health-care-investment/>

<sup>2</sup> Children’s HealthWatch. 2017. Stable Homes Make Healthy Families. <http://childrenshealthwatch.org/wp-content/uploads/CHW-Stable-Homes-2-pager-web.pdf>

<sup>3</sup> NHC. 2016. How Investing in Housing Can Save on Health Care. [https://www.tn.gov/content/dam/tn/health/program-areas/NHC\\_Invest\\_Housing\\_Save\\_Health\\_Care\\_2016.pdf](https://www.tn.gov/content/dam/tn/health/program-areas/NHC_Invest_Housing_Save_Health_Care_2016.pdf)

<sup>4</sup> DOHMH. 2017. Medicaid Redesign Team Supportive Housing Evaluation: Cost Report 1. [https://www.health.ny.gov/health\\_care/medicaid/redesign/2017/docs/2017-05\\_cost\\_rpt.pdf](https://www.health.ny.gov/health_care/medicaid/redesign/2017/docs/2017-05_cost_rpt.pdf)

<sup>5</sup> Elise Gould. 2009. “Childhood Lead Poisoning: Conservative Estimates of the Social and Economic Benefits of Lead Hazard Control.” Environmental Health Perspectives. vol. 117 no.7 <https://ehp.niehs.nih.gov/wp-content/uploads/117/7/ehp.0800408.pdf>

<sup>6</sup> American Thoracic Society. 2018. Asthma Costs the U.S. Economy More than \$80 Billion Per Year. <https://www.thoracic.org/about/newsroom/press-releases/journal/asthma-costs-the-us-economy-more-than-80-billion-per-year.php>

<sup>7</sup> Citizens Budget Commission. 2017. NYCHA Capital, What You Need to Know. <https://cbcny.org/research/nycha-capital>

building upgrades for systems that have outrun their useful life decades ago. New York's capital needs make up about half of the national capital repair backlog, estimated by some industry experts at \$50 billion.

Despite a 2013 class action lawsuit relating to pervasive mold in New York City's public housing and the appointment of a Special Mold Master, and despite the recent Consent Decree stemming from the U.S. Attorney's investigation of noncompliance with regulations related to lead-based paint and other health and safety concerns, we still have nearly 200,000 families on the waiting list for public housing. Public housing is a highly desired, scarce and invaluable resource for the nearly 2 million New Yorkers living in poverty, who desperately need affordable housing. Restoring decent and safe living conditions for residents of public housing is a moral obligation, which requires cooperation and funding from all levels of government. It is critical that the federal government commits adequate resources to preserve public housing, along with additional funding from the local and state government. New York City and New York State have already made their down payment towards this shared responsibility. It is equally important that public housing is well-managed by the New York City Housing Authority and that the U.S. Department of Housing and Urban Development effectively performs its important oversight functions.

While the health hazards resulting from poor quality housing are serious and costly, the solutions are simple. Targeted capital investment is the key to preserving decent, safe and healthy living conditions. Operating funds also must be sufficient to maintain conditions.

While we are extremely grateful for Congress' increase in public housing capital in this year's appropriations, funding for public housing has relentlessly declined over the last two decades. Under both Democratic and Republican administrations, we have witnessed a decline in funding that has resulted in deteriorating building conditions. Since 2001, NYCHA's federal capital and operating funding have been reduced by \$1.5 billion in absolute dollars. Adjusted for inflation, the number is even greater.

While allocated funds are effectively deployed in New York towards critical needs such as roof replacement, major elevator repairs and improving heating systems, the resources are appallingly inadequate. The significant reduction in federal funding over time has severely impaired NYCHA's ability to replace roofs, repoint brick facades and upgrade plumbing systems. In many instances, these conditions have put the health and safety of residents at-risk due to mold and lead exposure.

Focusing first on mold, the root cause of mold is moisture. In aging public housing buildings, moisture is created by leaking roofs, penetration of rain water through decaying mortar in exterior brickwork, condensation through insufficient ventilation, and leaking plumbing systems. To effectively address these issues, buildings require new roofs, repointing and re-piping. These systems replacements can improve the health

and quality of life for tens of thousands of vulnerable residents: children, elderly and the disabled.

Building systems replacement can be financed through targeted Public Housing Capital through appropriations or it can be achieved through conversion of developments under the Rental Assistance Demonstration Program (RAD). We support Representative Nydia Velazquez' recommendation made with Representative Jose Serrano that public housing capital be increased to \$5 billion annually with \$300 million specifically targeted towards mold and other health related issues. In RAD, typically bond financing and Low Income Housing Tax Credits are leveraged to attract private investment for repairs. For this program to be adopted at scale, additional private activity bonds allocation or an increase allocation of Low Income Housing Tax Credits would be required in New York.

In terms of lead, it is a dangerous health hazard if ingested. This most commonly occurs through exposure to dust and chips from lead-based paint, or contaminated water. Lead poisoning can cause irreversible and severe neurological consequences for young children. According to the New York City Housing Authority, when lead is present in public housing, it is primarily found in the original paint primer, now under many layers of paint, on select components in residents' apartments such as radiators, door frames, pipes and ceramic fixtures. At least 92 of NYCHA's developments were built before New York City banned lead paint in 1960 or have a confirmed presence of lead. According to NYCHA, children under the age of six live in nearly 9,000 of these apartments. A visual inspection performed by NYCHA or its contractors revealed that over 80% of these units had a deficiency. While the majority of these deficiencies have since been corrected, it is important to note that continued high levels of moisture can cause a recurrence of peeling paint as well as friction with surfaces. This underscores the fact that it is not sufficient to simply spackle and paint an affected area. The underlying problem must be addressed, whether it's a leaky roof, broken pipe, or porous building façade. This also makes annual inspections by the housing authority as required by HUD an important component of maintaining healthy housing.

NYCHA's failure to perform lead inspections as described in the complaint from the United States Attorney for the Southern District of New York released this month was inexcusable. The Agency has let down residents and put children at-risk. This serious breach of public trust will not be easily repaired. HUD's oversight role is an important one moving forward. It must work with NYCHA following the appointment of a federal monitor. In addition to changes NYCHA has already begun implementing, we expect the monitor will ensure changes in management practices, as well as strategic capital investments targeted to underlying conditions needed to achieve substantial compliance with health and safety standards.

The Office of the Inspector General report dated June 14<sup>th</sup>, 2018 outlines areas where HUD can improve oversight relating to lead reporting, monitoring and abatement. While the recommendation to expand the inspection and abatement requirements of 24 CFR Part 35 to housing built after 1977 in cases in which a child with an elevated blood lead

level is reported will add to the staffing burden of housing authorities, this is a small cost to protect a child from permanent neurological damage.

The Inspector General also recommends that HUD implement adequate procedures and controls to ensure that public housing agencies comply with lead safe requirements. In February of 2017, HUD made meaningful updates to its policies and procedures to address such concerns. HUD field offices should also adopt procedures and controls related to these changes so that proper oversight of public housing authorities in lead compliance is achieved.

HUD also offers Lead-Based Paint Hazard Control (LHC) and the Lead Hazard Reduction (LHRD) grant programs, a resource for state and local governments to work with landlords to responsibly abate lead paint. There are substantial returns to investing in lead hazard control, particularly targeted at early intervention in communities most likely at risk. Given the high societal costs of inaction, these programs should be significantly expanded, and all Public Housing Authorities should be eligible for these funds to address local needs. Adequate resources must be equally provided to public housing authorities to conduct lead inspections and/or risk assessments and to train their workers and assess their portfolios. While this is an important program, it only abates for lead and does not address replacement of building systems, which might be needed to bring aging public housing into good repair. Unlike Public Housing Capital Program or RAD, this targeted funding is limited in its ability to fix underlying building issues.

### *The Cost of a Health Crisis*

Our nation knows the devastation of a public health crisis stemming from failing infrastructure and lack of investment as witnessed by Flint, Michigan's contaminated water supply. Without investment, New York City's Housing Authority, which has a population more than four times that of Flint, could be the nation's next massive health crisis stemming from disinvestment. Congress will need to make a significant investment to protect the health and safety of residents. New York's capital backlog carries an enormous price tag, the product of decades of federal disinvestment, but the cost of inaction is even higher. We support Representative Velazquez' proposal to call for Congress to call for a study of the health impacts of deteriorating building conditions for residents. We recommend specific focus on the cost of healthcare services as well as quantifying the economic impact of work and school absenteeism

There is a both a humanitarian and monetary cost associated with the health impacts of aging infrastructure which include asthma, respiratory illness, and elevated lead levels. These afflictions are a major public health concern for public housing residents throughout the nation. In a National Health Interview Survey (NHIS) of approximately 35,000 households, children whose families receive rental assistance also report higher

rates of developmental and learning disabilities compared to children in the general child population (26.5% vs. 20 %).<sup>8</sup> Furthermore, NYC children in high-poverty neighborhoods are twice as likely to have elevated blood lead levels as children in low-poverty neighborhoods.<sup>9</sup> A 2017 study found that eradicating lead paint hazards from older homes of children from low-income families would provide \$3.5 billion in future benefits at a cost of \$2.5 billion, or approximately \$1.39 per dollar invested. But there is no price tag for the debilitating neurological damage suffered by an impacted child who can never reach his full potential. Lead exposure results in IQ loss and behavioral problems leading to increased special education needs, lower lifetime earnings, higher chances of incarceration and teenage pregnancy.<sup>10</sup>

Asthma is the most common chronic condition among children. Some of the most common triggers for an asthma attack (dust mites, cockroaches and mold) are found in public housing and rental units affordable to low-income households. In a National Health Interview Survey (NHIS) of approximately 35,000 households, children receiving HUD assistance (Section 8 and Public Housing), report nearly double the asthma rates for children in the general population (21.2% vs. 11.3%).<sup>11</sup> A NYC Department of Health study of NYC children living in a high poverty neighborhood found that they are four times more likely to be hospitalized for asthma than children in a low poverty neighborhood. The annual per person medical cost of asthma treatment is \$3,266, but the total annual asthma cost to the U.S economy, including medical care, school and work absenteeism is almost \$82 billion.<sup>12</sup>

### *Conclusion*

Our nation is already spending significant amounts of federal funding for health care services for residents living in substandard public housing conditions. This money should be redirected for the benefit of low-income families suffering from housing-related health conditions. Let us support healthy communities by investing federal dollars the right way by restoring conditions in public housing for its residents, to preserve this valued part of our nation's infrastructure.

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<sup>8</sup> HUD. 2018. A Health Picture of HUD-Assisted Children, 2016-2012. <https://www.huduser.gov/portal//portal/sites/default/files/pdf/Health-Picture-of-HUD-Assisted-Children.pdf>

<sup>9</sup> NYC Department of Health. 2016. Environment and Health Data Portal. [http://a816-dohbsp.nyc.gov/IndicatorPublic/VisualizationData.aspx?id=2184,4466a0,14,Disparities,Rate%20%20BLL%3E=5%20%20C2%B5g/dL\\_years=2005;2011;2016,dataLink=Neighborhood%20Poverty](http://a816-dohbsp.nyc.gov/IndicatorPublic/VisualizationData.aspx?id=2184,4466a0,14,Disparities,Rate%20%20BLL%3E=5%20%20C2%B5g/dL_years=2005;2011;2016,dataLink=Neighborhood%20Poverty)

<sup>10</sup> Health Impact Project, et al. 2017. 10 Policies to Prevent and Respond to Childhood Lead Exposure. [http://www.pewtrusts.org/-/media/assets/2017/08/hip\\_childhood\\_lead\\_poisoning\\_report.pdf](http://www.pewtrusts.org/-/media/assets/2017/08/hip_childhood_lead_poisoning_report.pdf)

<sup>11</sup> HUD. 2018 A Health Picture of HUD-Assisted Children, 2016-2012. <https://www.huduser.gov/portal//portal/sites/default/files/pdf/Health-Picture-of-HUD-Assisted-Children.pdf>

<sup>12</sup> American Thoracic Society. 2018. Asthma Costs the U.S. Economy More than \$80 Billion Per Year. <https://www.thoracic.org/about/newsroom/press-releases/journal/asthma-costs-the-us-economy-more-than-80-billion-per-year.php>

Recommendations:

1. Increase public housing capital to \$5 billion annually with at least \$300 million targeted towards eliminating mold and other health hazards to improve health outcome for residents.
2. Commission a study on the health impacts of deteriorating building conditions on residents with a focus on costs to society.
3. Include public housing preservation as part of a national infrastructure investment plan.