

March 22, 2023

The Honorable Janet Yellen  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

The Honorable Marcia L. Fudge  
Secretary  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street, SW  
Washington, DC 20410

The Honorable Gina Raimondo  
Secretary  
U.S. Department of Commerce  
1401 Constitution Avenue, NW  
Washington, DC 20230

The Honorable Pete Buttigieg  
Secretary  
U.S. Department of Transportation  
1200 New Jersey Avenue, SE  
Washington, DC 20590

The Honorable Jennifer M. Granholm  
Secretary  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

The Honorable Michael S. Regan  
Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue, NW  
Washington, DC 20004

Dear Secretaries Yellen, Fudge, Raimondo, Buttigieg and Granholm and Administrator Regan:

As members of the Advisory Committee to the [J. Ronald Terwilliger Center for Housing Policy](#), we are encouraged by the Biden-Harris Administration's continued focus on addressing our nation's housing affordability crisis. Initiatives like the [Housing Supply Action Plan](#) and the Department of the Treasury's [guidance](#) giving states and cities increased flexibility to use America Rescue Plan funds to fully finance long-term affordable housing loans are important steps on the road to ensuring that every family has a safe and affordable home.

The current situation is unacceptable. Millions of low- and moderate-income families are spending more than 50% of their incomes on rent. Homeownership, our country's primary tool for household wealth-building, is increasingly out of reach for millions of potential first-time homebuyers. Sadly, hundreds of thousands of Americans (including families with children) are forced to live on the streets. Time is of the essence, and we must act with a great sense of urgency.

To have the most positive impact, the appropriations under the American Rescue Plan as well as the Bipartisan Infrastructure Law and the Inflation Reduction Act must be implemented strategically, thoughtfully and with excellence. To this end, we are pleased that the Administration is taking a "whole of government" approach. Collaboration and coordination among the various Federal agencies can only lead to better outcomes and greater efficiency.

Given our collective years of experience in housing and in building healthy mixed-use, mixed-income communities, we offer the following principles and recommendations for your consideration.

1. **Solving the housing affordability crisis should be approached from a perspective of building "healthy communities" rather than merely producing affordable units.** As a nation, we must

abandon the notion that subsidies of any amount and type can make up for the damage and trauma (especially on children) that result from living in concentrated poverty and isolation.

2. **Public-private partnerships must be encouraged and supported.** The partnerships should be structured so that the interests of the partners are aligned to create win/win outcomes for each partner and for the families who will “choose” to live there. The focus should be on building healthy and sustainable communities that are walkable, amenity-rich, attractive and affordable to an economically diverse group of families over the long term.
3. **Regulatory requirements should be streamlined to the maximum extent possible.** To incentivize private-sector developers and private investment to participate at scale and to take on the “risk” that these projects entail, the policies and regulatory requirements during development, construction and operation must be coordinated, harmonized and streamlined.
4. **To scale the participation of private-sector developers and incentivize more private investment, all of the operating subsidies (regardless of type) must be reimagined and modernized.** Two major concerns typically arise: the regulatory requirements are too burdensome, disruptive and costly and the amount of subsidy provided is inadequate. The operating subsidy frameworks are not designed to keep pace with the actual cost of managing the units or with dynamic macroeconomic conditions. Expecting the private sector to absorb or cross-subsidize these costs is neither reasonable nor sustainable.
5. **The collaboration and cooperation among federal agencies will drive scale, efficiency, productivity and better outcomes. A direct correlation exists between affordability and the costs of development, construction and operation.** Getting to a clean and buildable site typically involves environmental remediation and clean-up, installing needed public infrastructure in the public right of way (e.g., water, sewer, streets, sidewalks and lighting). If these public infrastructure costs could be borne by the public funds appropriated by the government to pay for them, this approach will inevitably reduce the time and cost of development. Reducing the energy costs associated with the ongoing operation of the housing is an important contributor to housing affordability. Being able to dedicate funds to support those energy investments will be critical. **Too often, funds appropriated to pay for the housing component are instead required to be used to pay for public infrastructure and energy efficiency, which means fewer affordable units can be built. Expecting private developers to raise or borrow private resources to pay for public infrastructure is a non-starter and often results in rendering the projects “financially infeasible.”**
6. **Reducing costs and using funds “appropriated for their intended use” is the only viable way to increase the production of mixed-income housing in healthy, opportunity-rich neighborhoods.** The costs of pre-development, development, construction and operation (including compliance) could be substantially reduced if funding requirements, conditions and systems, compliance, inspections and reporting could be streamlined, harmonized and aligned across federal agencies. Even greater economies could be achieved if the state and local governments could be incentivized to cooperate and participate in this effort. The various federal agencies could help achieve this objective by collaborating on the preparation of their Notices of Funding Opportunities (NOFOs). Consideration should also be given to the feasibility of issuing multi-agency NOFOs.

7. **Long-term housing affordability is also driven by the ability to raise the funds needed to close the “funding gaps.”** Over time, the sources for gap funding have been over-subscribed or have been phased out. To the extent there are flexible already-appropriated funds that could be used to meet this need, this too could be helpful to speed up development.
8. **Think big and move with a sense of urgency.** The shared vision must be bigger than the politics to withstand resistance and the political changes that will inevitably occur with every election cycle. Whatever gets done must make a significant difference in the lives of the families for whom the appropriations have been approved. Scale matters and time is of the essence. If nothing at scale gets done, the opportunity could well be lost.
9. **Take a long-term view.** We should never lose sight of the fact that it is all about the children and the generations to come. Leadership and long-term commitment to the desired outcome matters, meaning we must continue to do what works and change the things that don’t, and we must be honest about it. **The outcomes must be measured, preferably by an independent third party.**
10. **Less is more.** Often, the assumption is that more regulatory requirements drive better outcomes. Sadly, too many regulations often result in bad outcomes, high levels of risk and distrust. **Time must be taken and thought given to discern what is needed to drive accountability and achieve great outcomes while mitigating risks. We recommend the enactment of “emergency” legislation that would authorize the federal agencies to adopt a “multi-agency demonstration program framework” designed to fast-track, drive and incentivize cooperation, collaboration, public-private partnerships, private investment, innovation, problem solving and risk mitigation.** The demonstration program framework has been authorized and used successfully during the time of an earlier severe housing crisis. In 1991, the Congressionally-created National Commission on Severely Distressed Public Housing determined that public housing had failed in its mission. In response, a distinguished bipartisan group of Senators and House members responded with appropriations and authorizing legislation for a performance-based demonstration program, dubbed the “HOPE VI Urban Revitalization Demonstration Program.” The legislation enabled HUD to set aside both statutory and regulatory requirements to fast track and enable public-private partnerships and innovation. To this day, the goal of building mixed-income housing in healthy, economically-diverse and amenity-rich communities continues to enjoy bipartisan support through programs like the Rental Assistance Demonstration and Choice Neighborhoods.

Thank you for your consideration of these principles and recommendations. We are deeply grateful to you for your public service and stand ready to assist you in any way possible to help meaningfully address the housing affordability crisis in our country.

Sincerely,



Ron Terwilliger



Renee Lewis Glover



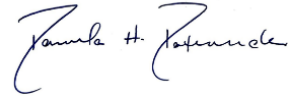
Egbert L. J. Perry



Scott Brown



Terri Ludwig



Pamela Hughes Patenaude



Henry Cisneros



Steve Stivers

cc: The Honorable Wally Adeyemo, Deputy Secretary, U.S. Department of the Treasury  
The Honorable Adrienne Todman, Deputy Secretary, U.S. Department of Housing and Urban  
Development  
The Honorable Don Graves, Deputy Secretary, U.S. Department of Commerce  
The Honorable Polly Trottenberg, Deputy Secretary, U.S. Department of Transportation  
The Honorable David M. Turk, Deputy Secretary, U.S. Department of Energy  
The Honorable Janet McCabe, Deputy Administrator, U.S. Environmental Protection Agency