

# United States Senate

WASHINGTON, DC 20510

February 23, 2024

Marcia Fudge  
Secretary  
Department of Housing and Urban Development  
451 7<sup>th</sup> Street SW  
Washington, D.C. 20410

Dear Secretary Fudge,

Right now, there is just not enough affordable rental housing. While we continue to fall behind in new construction, we are also at risk of losing existing housing stock through decay, predatory acquisition, and expiring affordability requirements. I write to you today about that third risk, which is a growing problem for communities in Pennsylvania, particularly those that are seeing revitalization. Existing working-class residents should be able to remain in their neighborhoods as opportunity returns. HUD should continue to work where it can to support preservation and maintain affordability.

Affordability requirements for properties subsidized through the Low-Income Housing Tax Credit, Project-Based Rental Assistance, and Section 515 USDA programs expire after a set period. While property owners may decide to renew contracts, obtain new subsidies with affordability requirements, sell to non-profits, or maintain affordability regardless of external requirements, there is a risk that rents will be increased and tenants will be displaced.

While the exact affordability period varies between program and state, because of historical construction patterns an alarming number of affordable housing units will see their affordability requirement expire in the next five years. In the Commonwealth, nearly 8,000 rental units will be at risk of conversion to higher rents than current residents can afford.

That risk is higher in markets where revitalization has occurred and opportunity is expanding. Unable to remain in their current units, renters may not be able to find affordable alternatives in the neighborhood. In some cases, renters who have been in the neighborhood for decades may be displaced, losing their community networks. Yet these are the exact areas where we want people to be able to remain, so they can take advantage of this growth to improve their income or get a new job, send their kids to high-performing schools, and live healthier and happier lives. People may still work in these communities, but will have to drive or take transit longer distances from the housing they can afford.

We have started to see the consequences of this problem in Pennsylvania. In Pittsburgh, housing in neighborhoods like the East End is at a higher risk of being converted to market-rate housing. Allegheny County has already seen non-profits outbid by private property management companies on buildings with expiring affordability mandates, and advocates fear they won't be able to "push back on the investor market." In Philadelphia, more than 20% of the LIHTC and Section 8-supported properties will expire over the next decade, many in neighborhoods like

Point Breeze, North Broad, and Spruce Hill that have seen price increases and displacement in recent years.

Based on our experiences in Pennsylvania, local governments and non-profits would benefit from a clear picture of the housing at risk, especially as they try to target limited resources. Congressional action is needed to strengthen these programs, limit existing loopholes, and offer additional incentives to preserve affordability or sell to non-profits. On your end, I urge HUD to continue working with property owners to communicate all existing resources to maintain project viability. HUD should also work with cities and other localities to provide information about what types of affordable units are most likely to be lost, including how local market trends can be read to determine risk.

I appreciate your continued leadership, and look forward to working with you to address the housing crisis and provide safe, accessible, and affordable homes to all Americans.

Sincerely,

A handwritten signature in black ink, appearing to be 'John Fetterman', with a large, stylized initial 'J' and 'F'.

John Fetterman  
United States Senator