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What can HUD do to expand public and community ownership of rental housing?

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Introduction

The movement to shift more of our housing resources out of the private for-profit market and into the social housing sector has gained momentum in recent years, with growing housing insecurity, unsustainable rent burdens, expanding homelessness, and gentrification pressures in many American cities. The benefits of expanding the social housing sector include built-in limits on profit-motivated rent increases and eviction, long term affordability, protection from predatory speculation in disinvested communities,[2] and more democratic control over housing resources. As the Right to the City Alliance succinctly framed the issue, this vision is "rooted in the belief that housing is a human right, not a commodity to maximize profits."[3]

The most exciting proposals to expand our social housing sector involve massive new direct funding support for public and community controlled housing – like recent calls for social housing funds in New York City[4], Representative Omar's "Homes for All Act,"[5] and related

1 Executive Director, Poverty & Race Research Action Council. We appreciate the helpful input and comments received from Ellen Lurie Hoffman and Moha Thakur of the National Housing Trust, Chris Schildt and Kalima Rose of PolicyLink, Ed Gramlich of the National Low Income Housing Coalition, Vincent Reina, Philip Garboden, Eva Rosen and Andy Mott. Thanks also to Caroline Doglio, PRRAC Policy Intern, for all of her helpful research assistance, and to Jessica Mugler, a PRRAC Law & Policy Intern, for her background research on Project Based Rental Assistance. This Policy Brief is part of a series on housing finance, racial justice, and segregation, produced as a collaboration between staff at PRRAC and the Furman Center at New York University.

2 *See* Henry Louis Taylor, Jr. "Land Values and the Enduring Significance of Racial Residential Segregation," *Poverty & Race* (Jan-Apr 2021).

3 Homes for All Campaign of the Right to the City Alliance, *Communities Over Commodities: People-Driven Alternatives to an Unjust Housing System* (March 2018).

4 Sarah Holder, "Staking New York City's Future on Social Housing," *Citylab* (January 29, 2021), https://www.bloomberg.com/news/articles/2021-01-29/a-plan-to-boost-public-housing-in-post-covid-nyc.

5 H.R.5244 - Homes for All Act of 2019, https://www.congress.gov/bill/116th-congress/house-bill/5244/text.

social housing development proposals.[6] But on a smaller scale, can we also expand public and community ownership of affordable housing within our existing program investments in low income housing? Many of the current assisted housing programs administered by the Department of Housing & Urban Development benefit for-profit developers and owners, but this dependence on the private market is not inevitable, and we believe that inroads can be made to shift a significant portion of existing housing funding to the social sector. Some of these shifts can be made locally at the city or public housing authority level, some can be implemented by HUD in funding notices and guidance, while others may need regulatory or even statutory adjustments. This paper will cover most of HUD's rental housing programs, including the Housing Choice Voucher program, Project Based Rental Assistance, the National Housing Trust Fund, the HOME program, the Community Development Block Grant program, and the Rental Assistance Demonstration (the main public housing redevelopment program at HUD).[7] We also point out that these programs are all subject to HUD's "affirmatively furthering fair housing" mandate, which embeds principles of both racial equity and racial integration.

Before exploring these federal programs, we should clarify what constitutes public and community ownership and control. For purposes of this policy exploration, we define the social housing sector as inclusive not only of community land trusts and related tenant cooperative models, but also more traditional public sector and non-profit ownership and management of housing by public housing authorities, non-profit housing developers, churches, state housing agencies, and community development corporations.[8]

Other definitions of social housing expand to include publicly-supported housing in the private for-profit sector,[9] and while we recognize that the distinction is sometimes difficult, we exclude for-profit housing from our definition – and we also recognize the wide range of "community" responsiveness in the non-profit housing sector.[10]

6 See Gianpaola Baiocchi and H. Jacob Carlson, *The Case for a Social Housing Development Authority*, Urban Democracy Lab at the NYU Gallatin School (November 2020); *Communities Over Commodities*, supra note 3; PolicyLink, *Our Homes, Our Communities: How Housing Acquisition Strategies Can Create Affordable Housing, Stabilize Neighborhoods, and Prevent Displacement* (forthcoming 2021).

7 A later brief will explore the potential of Treasury Department programs to support social housing.

8 This definition is in keeping with the late Michael Stone's framing of social housing. *See* "Social Ownership," in *A Right To Housing*, Rachel Bratt, Michael Stone and Chester Hartman, editors (Temple University Press 2006). *See also* Rachel G. Bratt, "The Quadruple Bottom Line and Nonprofit Housing Organizations in the United States," 27 *Housing Studies* (2012) (Bratt estimates that there are approximately five million housing units in the social housing sector, or about five percent of total U.S. housing units, based on Stone's definition and initial estimates).

9 *See* Oksana Mironova and Thomas J. Waters, "Social Housing in the U.S.," Community Service Society (February 2020). Peter Dreier estimates the total subsidized housing share (including both non-profit and for-profit) to be less than 4% of the total U.S. housing stock."Why America Needs More Social Housing," *The American Prospect* (April 16, 2018).

10 The Community Service Society has also produced an excellent typology of how "decommodified" different types of publicly-supported housing are – *see* Oksana Mironova and Thomas J. Waters, "How Social Is That Housing?" Community Service Society (February 2020).

Our collective experience of the 2008 foreclosure crisis, and the massive private buy-up of homes and neighborhoods that followed teaches that any serious effort to support community acquisition of distressed rental housing in the current crisis must involve significant, flexible public funding that can be quickly accessed by municipalities and community based non-profits, to compete with private capital.[11] Nonetheless, traditional HUD funding streams can and should play a supporting role in expanding the social housing sector during the coming recovery.

The following discussion is intended as an initial policy exploration which we hope will prompt policymakers to consider moving a greater proportion of their publicly funded housing assets out of the private market and into some form of community ownership and control.

The Housing Choice Voucher Program

The Housing Choice Voucher program is the largest low income housing program in the U.S., but surprisingly little is known about the ownership status of properties where tenants use their vouchers. There is no data maintained at HUD on the proportion of vouchers in non-profit vs. for-profit buildings. There are a significant number of smaller "mom and pop" owners participating in the program, including property owners of color.[12] But it is reasonable to assume that a large share of vouchers are being used in properties owned by large for-profit owners.[13]

How could the HCV program assist in supporting an expanded social housing sector and encouraging community control or ownership of rental housing?

- **Prioritizing project basing of HCVs in non-profit and community-controlled buildings:** Public Housing Authorities are permitted, under HUD rules, to enter into multi-year voucher contracts for units in specific buildings, which can then be used to house eligible families. HUD limits the percentage of Housing Choice Vouchers that can be "project based" in this way to 20% of the agency's overall vouchers (with a higher cap for project basing units in low poverty neighborhoods).[14] There are no rules barring PHAs from

11 *See generally*, Heather MacDonald, "Managing the consequences of financial crisis: a long view of housing disposition," 22 *Housing Policy Debate* 201-218 (2012); Rachel G. Bratt, "Challenges for Nonprofit Housing Organizations Created by the Private Housing Market," *Journal of Urban Affairs* (February 2009).

12 These conclusions are supported by some recent local studies, including Eva Rosen, *The Voucher Promise* (Princeton University Press, 2020); Philip Garboden, Eva Rosen, Stefanie DeLuca and Kathryn Edin, "Taking Stock: What Drives Landlord Participation in the Housing Choice Voucher Program," *Housing Policy Debate* (October 2018). However, HUD does not record data on the race/ethnicity of owners of HCV properties, and HUD data on the size of owners participating in the HCV program has not been systematically analyzed.

13 *See, e.g.*, Hyojung Lee, "Who Owns Rental Properties, and is it Changing?" Joint Center for Housing Studies (August 18, 2017). As noted above, data on the size of HCV owners is maintained by HUD but has not been systematically analyzed.

14 24 CFR Part 983.


Burlington Land Trust rental housing, Vermont.
Photo source: Champlain Housing Trust

prioritizing such project based contracts for non-profit owners or other community controlled housing, except that HUD would need to waive the limit on the percent of HCVs that can be project based, if the PHA is already near its limit.[15] As just one example, Burlington, Vermont has successfully used project-based and portable Housing Choice Vouchers to support rental housing managed by its community land trust.[16]

- **Using vouchers to support direct PHA or community acquisition of rental housing:** The King County Housing Authority has been acquiring existing rental housing for decades used its "Moving to Work" (MTW) funding flexibility[17] along with county bond funds.[18] As the program has been implemented in King County, once a property is acquired, the housing authority simply becomes the landlord, and uses the HCV program to gradually fill units as existing tenants move on. This same approach can be used by a non-MTW agency, as recently demonstrated by the Austin Housing Authority, which partnered with a community based non-profit to acquire and convert existing rental housing using a commitment of voucher funds.[19] Wider use of this approach can be supported with funding from local housing bonds, like the recent bond issues in Atlanta and San Francisco.[20] This approach could also be pursued for single family homes, in markets where the HCV payment standards would support the debt service on the home purchase.[21]

- **Leveraging the Section 8 homeownership program and project-based vouchers to support tenant-opportunity-to-purchase acquisitions of housing:** This approach could work in buildings with a significant number of families with vouchers, and could contribute

15 This particular concept has not been proposed by HUD, but see related proposed regulations at 85 Fed. Reg. 63664 (October 8, 2020)

16 See Tom Angotti, *Community Land Trusts and Low-Income Multifamily Rental Housing: The Case of Cooper Square, New York City* (Lincoln Institute of Land Policy Working Paper, 2007) at pp. 8-10.

17 https://www.hud.gov/mtw.

18 The King County Housing Authority has used its MTW flexibility to acquire housing in high opportunity areas. See Peter Kye, Michael Mouton & Megan Haberle, *Developing Opportunity: Innovative Models for Strategic Housing Acquisition* (PRRAC and the National Housing Trust, October 2018), available at https://prrac.org/pdf/prrac_nht_housing_acquisitions_report.pdf.

19 See Jared Brey, "Austin Housing Authority Buys Private Apartments to Rent to Section 8 Tenants," *Next City* (July 23, 2019).

20 "Statement on Passage of Mayor Keisha Lance Bottoms' $50 Million Housing Bond Order" (January 4, 2021), https://www.atlantaga.gov/Home/Components/News/News/13545/; Brandon Duong and Lillian M. Ortiz, "Where Voters Supported Affordable Housing," *Shelterforce* (November 25, 2020).

21 The single family investment company High Opportunity Neighborhood Partners has launched a private sector version of this approach, targeted to serving families with Housing Choice Vouchers: https://highopportunities.com/.

to the long term financial sustainability of the building. Vacant units in such properties could be targeted for project-based vouchers to further support the acquisition.[22]

- **Begin reporting ownership status of HCV landlords:** The current lack of data distinguishing for-profit vs non-profit ownership of HCV properties makes it impossible to gauge progress on this metric either nationally or at a local PHA level.

Project Based Rental Assistance

Project Based Rental Assistance (PBRA) encompasses a group of older Section 8 and mortgage assistance programs administered by HUD under long term renewable contracts with private owners. PBRA contracts are between HUD and the private owner, although administration of the contracts are often delegated to state or local governments or PHAs.[23] PBRAs represent the third largest subsidized housing resource in the country, after the Housing Choice Voucher program and the Low Income Housing Tax Credit program.

To help preserve the stock of affordable housing, HUD allows PBRA funding to be transferred to another property from a PBRA project that opts out of the program or that HUD terminates.[24] To the extent that existing owners opt out of the PBRA program (or are terminated), there is an opportunity for transfer to community control, since a large majority of current owners are for-profit entities.[25]

For PBRA projects with expiring or terminated contracts, HUD can approve the transfer of the PBRA contract to another project under HUD's "Section 8(bb)" transfer authority.[26] HUD also allows transfers of assistance where a PBRA project becomes physically obsolete or economically non-viable. Projects that are "physically obsolete or economically nonviable" can transfer funds to a receiving property under transfer of assistance authority given to HUD through appropriations bills.[27] Property owners can establish physical obsolescence through

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22 Since such properties are likely to be in poorer neighborhoods, HUD may need to add an exception to the current limits on the percentage of project based vouchers in the limited case of tenant purchase of rental housing. But see "A Cautionary Note," below.

23 This delegation arrangement has not necessarily led to improved oversight of the program. *See* Molly Rockett, "Private Property Managers, Unchecked: The Failures of Federal Compliance Oversight in Project-Based Section 8 Housing," 134 *Harvard Law Review Forum* 286 (2021).

24 42 U.S.C. § 1437f (bb)(1).

25 The Public and Affordable Housing Research Corporation (PAHRC) estimates that only 32% of 16,267 PBRA properties are owned by non-profits, accounting for 23% of total units. An additional 6% of properties are listed as "multiple" ownership. Source: the National Housing Preservation Database, https://preservationdatabase.org/.

26 *See* 42 U.S.C. § 1437f(bb)(1); U.S. Department of Housing and Urban Development, Notice H-2015-03, "Transferring Budget Authority of a Project-Based Section 8 Housing Assistance Payments Contract under Section 8(bb)(1) of the United States Housing Act of 1937" (2015), *available at* https://www.hud.gov/sites/documents/15-03HSGN.PDF.

27 *Id.*

property condemnation, an eminent domain taking, needing capital repairs that are financially nonviable, or failing physical inspection scores—either a Real Estate Assessment Center ("REAC") score of 30 or below or multiple, consecutive REAC scores below 60.[28] Alternatively, property owners may establish economic non-viability using a market analysis or vacancy rates.[29] One group of PBRA developments, originally developed under the Section 202 program, are protected with an explicit requirement of nonprofit ownership, but other PBRA properties do not.

PBRA Properties and Units with Nonprofit Owners

	Assisted units		Properties	
For-profit	929,819	70%	10,043	62%
Non-profit	301,348	23%	5,237	32%
Multiple	94,488	7%	980	6%
Missing	201	0%	7	0%
Total	1,325,856	100%	16,267	100%

Analysis by Public and Affordable Housing Research Corporation (PAHRC), from the National Housing Preservation Database

Under these scenarios, there are two opportunities for public or non-profit community acquisition of PBRA properties and subsidies from for-profit entities:

- The first opportunity is through a shift to public control of the PBRA subsidy when a transfer of assistance is required, most commonly when an owner repeatedly fails inspection (through the REAC inspection process) or where an owner is no longer financially viable or is debarred from ownership for some other reason. At this point, HUD may approve a transfer of the PBRA assistance to a different property with another owner. If HUD indicates a preference for transfer of the subsidy from a for-profit to a non-profit community based property, this can be a gateway for increased community control.

- The second opportunity – the opportunity for a community based non-profit to purchase the PBRA property – can come at any time, but is also most likely either at the time of a transfer of assistance, when an existing owner may looking for a buyer (or may be forced by HUD to sell), or in the years preceding the expiration of the long term subsidy period, when the owner may be contemplating a sale.[30] However, this option would require some type of notice to tenants and community based non-profits prior to the sale, and a community- or tenant opportunity to purchase rule, backed by a community acquisition fund.[31] The

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28 *Id.* at 16,965.

29 *Id.*

30 According to the Lincoln Institute, almost 590,000 units were or will be eligible to exit the PBRA program between 2017 and 2026 due to expiring contracts and contract renewals. Many of these properties, furthermore, will have multiple exit points over the next decade after signing short-term contracts. Vincent Reina, *The Preservation of Subsidized Housing: What We Know and Need to Know* 9 (Lincoln Land Institute 2018), available at https://www.lincolninst.edu/sites/default/files/pubfiles/reina_wp18vr1.pdf. Many of these properties are in higher opportunity areas.

31 It is unclear whether HUD could impose a TOPA requirement on an existing PBRA contract, but a new notice requirement would certainly be permissible, and could be combined with state or local community acquisition funds.

prospects for transfer from for-profit to non-profit ownership could be enhanced by the financial participation of state Housing Finance Agencies, which oversee and manage the PBRA program for HUD in 32 states.[32]

The Housing Trust Fund

The National Housing Trust Fund is a block grant program to states primarily for the development of rental housing for extremely low income families. The HTF was established in 2008 and is funded through small assessments on new business coming through Fannie Mae and Freddie Mac. It is a relatively small but growing program, ($248 million in 2019, $326.4 million in 2020, $711 million in 2021), and there are a number of pending legislative proposals to increase funding for the program.

The Housing Trust Fund statute, 12 USC §4568(c)(9), indicates that "eligible recipients" of HTF funds may be either a "for-profit entity or a nonprofit entity." However, this language does not seem to be intended to preclude a preference for nonprofits, either in the HUD regulations or in state allocation plans – rather, it appears to be intended to distinguish the HTF from other programs that have strict non-profit restrictions or setasides, like the Section 202 program, or the HOME program (below).

- In the upcoming proposed rulemaking for the Housing Trust Fund, HUD should instruct states to include a preference for community or nonprofit ownership in their annual allocation plans.[33]
- State housing finance agencies can also include preferences for community- or non-profit ownership of HFT funded projects in their annual HTF allocation plans, to further ensure long term affordability.

The HOME Program

The HOME Investment Partnerships Program is a smaller ($1.35 billion) block grant program administered primarily by states and city governments, funding both rental housing development and low-moderate income home ownership.[34] Like the old Section 202 program, the HOME program has a specific requirement that funds be invested in certain non-profit housing organizations ("Community Housing Development Organizations-CHDOs"),[35]

32 National Council of State Housing Agencies, "State Housing Finance Agencies (HFAs) Serving As Performance-Based Contract Administrators (PBCAs) Active Portfolios" (2021), https://www.ncsha.org/wp-content/uploads/PBCA-List-by-State-HFA-and-History.pdf.

33 This recommendation was echoed in Right to the City's report, *Communities Over Commodities: People-Driven Alternatives to an Unjust Housing System* (March 2018), at p 63.

34 *See generally* National Low Income Housing Coalition, *Advocates Guide 2020*. HOME began in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act. 42 U.S.C. 12701 *et seq*; 24 CFR part 92.

35 https://www.hudexchange.info/programs/home/topics/chdo/#policy-guidance-and-faqs

A building developed by the H Street Community Development Corporation, Washington, DC. Photo source: H Street Community Development Corporation

though unlike Section 202, the minimum requirement is set at only 15% of each jurisdiction's allocation. In practice, the HOME allocation of funds to CHDOs is higher than the 15% minimum, averaging slightly higher than 20% nationally. It is possible that HOME funds also go to other types of non-profit housing developers that do not satisfy the geographic restrictions of CHDOs, but this data is not reported in the national HOME database.

- Because the wording of the HOME statute is so open-ended, requiring only that "the jurisdiction shall reserve not less than 15% percent of such funds for investment only in housing to be developed, sponsored, or owned by community housing development organizations" (42 USC §12771), HUD could elect to require a higher percent in its HOME regulations (24 CFR §92.300), or Congress could simply increase the required percentage to 50% (or higher) in the annual HOME appropriations language.[36]

The HOME program received a one-time $5 billion boost in the American Rescue Plan Act of 2021, with a focus on relieving homelessness.[37] These funds may be used for, inter alia, the "acquisition and development of non-congregate shelter units, all or a portion of which may be… converted to permanent affordable housing…" Although the minimum expenditure for CHDOs is waived for this tranche of funds, this new appropriation is a significant opportunity for states and localities to support community based non-profit acquisition of buildings to be used for rental housing.

Community Development Block Grants

The CDBG program, also a state and local block grant program, can be used for a wide variety of housing and community development activities to benefit low income families. The program is not primarily a housing production program, but it includes multiple opportunities to support community based non-profit housing organizations, including housing acquisition and rehabilitation. CDBG funds are generally expended on non-profits, small landlords, or individual homeowners.

36 Note however that Congress created some flexibility in the allocation of HOME funds to CHDOs in recent budget appropriations, permitting release of CHDO-earmarked funds for other HOME eligible uses where a jurisdictions failed to commit funds after two years. See National Low Income Housing Coalition, *Advocates Guide 2020*. It would be well within the spirit of the original HOME legislation for HUD to limit such reallocations to other community based non-profit organizations.

37 H.R. 1319, §3205, https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf.

Additionally, if a jurisdiction chooses to use CDBG funds for new housing construction, those funds *must* be given to a community based nonprofit (defined as a Community Based Development Organization or CBDO), 24 CFR §570.204(c). CDBG funds spent on housing rehabilitation have no such limitation.

Tenant-owned cooperative with affordable housing units in Washington, DC. Photo source: Mi Casa, Inc.

- Because the CDBG program is an entitlement program, distributed by formula, HUD can do little to prioritize acquisition or steer housing funds to community-based non-profit organizations, beyond the priorities already listed in the statute and regulations. However, HUD would do well to clarify for grantees that CDBG funds can be used for acquisition of private rental housing[38] by community based non-profits,[39] and set out examples of community acquisition funds that would qualify under the statute. HUD should also remind grantees that new housing development by CBDOs is an eligible use of CDBG funds,[40] a fact that is sometimes overlooked by local governments.

- Congress, of course, is free to add priorities for CDBG expenditures in annual appropriations bills, including funding setasides for use by community based nonprofits for the acquisition of private rental housing – or the establishment of a community acquisition fund for the same purpose.

Public Housing and the Rental Assistance Demonstration

The Rental Assistance Demonstration (RAD) facilitates refinancing and reinvestment in public housing by shifting the funding source to a predictable monthly income stream based on local Section 8 payment standards.

In spite of the strong legal guarantees for long term affordability and public use of RAD properties, much of the criticism of the RAD program has emphasized the potential harms of "privatization" of public housing. In the case of public housing, there are a number of legal protections designed to preserve public control. PHAs can transfer ownership either to a PHA-affiliated non-profit, a non-affiliated non-profit, or in some cases to a for-profit developer. A

38 42 USC 5305(a) (1)

39 42 USC 5305(a) (15)

40 24 CFR 570.204

large number of RAD conversions have been to public housing authority affiliated non-profits, with continuing PHA oversight, and the RAD program guidance already requires significant continuing ownership/control for public housing conversions in most cases.[41]

- Public housing preservation: Implementing a public housing RAD conversion with a *PHA-affiliated non-profit* keeps the property in the social sector, and gives the PHA continued responsibility and connection to the development and its residents. HUD should incorporate an even stronger requirement for non-profit ownership in its RAD guidance documents, with a focus on community oversight and control.[42]

Alternative Features

In addition to explicit regulatory priorities for community-based non-profits, preferences could also be included in Notices of Funding Availability (NOFAs) for future HUD competitive grant programs, highlighting features of ownership and management that are more likely to involve community ownership and control.[43] These types of criteria are best illustrated by the community-facing language of the Community Development Block Grant and HOME programs, which grew out of a movement in the 1980s for more meaningful community control in community development investments.[44]

For example, the criteria for Community Based Development Organizations (CBDOs) in the CDBG program include the requirement that a CBDOs "maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation," and "has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation." 24 CFR §570.204(c).

Likewise, the criteria for non-profit CHDOs in the HOME program (originally proposed by the Center for Community Change) emphasize "accountability to low-income community residents,"

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41 See *Guidance & Sample Language for RAD Ownership/Control* (HUD, 2017), available at https://www.radresource.net/output.cfm?id=ogcownership.

42 In San Francisco, tenants' rights groups gained even stronger guarantees of community control in the housing authority's request for proposals than were included in the RAD guidance: "Respondents must be community-based non-profit entities with experience developing housing for low income households in San Francisco, either individually or in joint-venture with other entities (including faith-based) for development and ownership purposes. The ownership entity may be a limited partnership with a for-profit entity only if Low Income Housing Tax Credits and tax exempt bond financing is used to finance rehabilitation." National Housing Law Project, *An Advocate's Guide to Public Housing Conversions Under Component 1 of the Rental Assistance Demonstration* (January 2016)

43 *See* Homes for All Campaign of the Right to the City Alliance, *Communities Over Commodities: People-Driven Alternatives to an Unjust Housing System* (March 2018).

44 The CDBG reforms during the Carter Administration were strongly influenced by a broad coalition called the Working Group for Community Development Reform, which included the Center for Community Change, the National Low Income Housing Coalition, National People's Action, the National Council of La Raza, the Conference of Catholic Bishops, the League of Women Voters, the Leadership Conference for Civil Rights, the National Center for Urban Ethnic Affairs, the National Urban League, and legal services and other groups.

including "maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations….providing a formal process for low-income program beneficiaries to advise the organization in its decisions …..and [h]as a history of serving the community within which housing to be assisted with HOME funds is to be located." 24 CFR §92.2.

A Cautionary Note

Allocation preferences for community based non-profits may raise fair housing concerns, since the geographic catchment areas of these organizations tend to be focused on low income neighborhoods. Shifting more public funding to community-facing non-profit organizations is valuable for these neighborhoods, but consistent with HUD's responsibility to affirmatively further fair housing,[45] and related site and neighborhood standards,[46] such policies should also be balanced with investments in areas with greater opportunities for families and children, including communities where low income families have been traditionally excluded. Until more nonprofits move into these higher cost rental markets, HUD may need to continue to support the for-profit housing sector as part of its fair housing mandate.

45 42 U.S.C. §3608.

46 *See generally, Opportunity and Location in Federally Subsidized Housing Programs: A New Look at HUD's Site & Neighborhood Standards as Applied to the Low Income Housing Tax Credit* (PRRAC, Kirwan Institute, and The Opportunity Agenda, October 2011).

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