

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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Resources

Poll Shows Housing Affordability Problems Widespread

More than half of likely voters either had problems meeting their own housing expenses last year or know someone well who did, a recent nationwide, bipartisan poll conducted for NLIHC shows.

Fifty-two percent of Americans replied that they or someone they knew well had had trouble meeting monthly housing expenses such as rent, mortgage payments, or household utilities any time in the last year. This familiarity with housing affordability problems extends across income categories, with majorities of respondents earning below \$20,000 (56%), between \$20,000 and \$40,000 (53%) and between \$40,000 and \$80,000 (57%) acknowledging problems. Only among respondents earning more than \$80,000 a year does familiarity with housing affordability problems drop, to 45%.

Even among respondents who did not identify housing affordability problems, concern about the issue was high, with a full 76% saying they were concerned about the lack of affordable housing some Americans face, and more than one-third of all respondents saying they were "very concerned." Eighty-two percent of voters said it was important that Congress provide adequate federal funding for housing for low income people, with one-third of respondents saying it was "absolutely essential."

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Capitol Hill

After Tax Cut, Rich Get Richer, While Poor Still Wait

Congress is leaving town for the weeklong July 4 recess without accelerating the refundability of the child tax credit to low-wage workers, having provided other workers an expanded tax credit under the tax bill President Bush signed on May 28. Legislation to put the acceleration into effect is stuck between a modest Senate bill that expands the credit to low wage workers and military families, using custom fees as an offset, and a significantly larger House bill that makes the credit available to higher income families as well as lower income families and has no offsets. Senate and House Minority Leaders Tom Daschle (D-ND) and Nancy Pelosi (D-CA) sent a letter to the President on June 25 urging him to use his influence to push House and Senate leadership to move the bills to conference.

(See **Capitol Hill** on p. 2)

Reminder: All NLIHC memberships expire June 30

If you have not yet renewed your membership in 2003, do so today to avoid missing out on *Memo to Members* and other member services! To renew, visit www.nlihc.org/about/join.htm or call 202-662-1530 x227.

Happy Independence Day From the NLIHC Staff

Because of the July 4 holiday, *Memo to Members* will not be published next week. The next issue will be published July 11. In addition, Congress will be on recess until July 7. June 30 through July 4 has been designated as a district work period, and NLIHC members are encouraged to use the recess to meet with members of Congress to discuss the National Housing Trust Fund and other current housing issues.

POINT OF VIEW

by Sheila Crowley, President

OMB Director nominee Josh Bolton says the Bush Administration will not seek more tax cuts beyond those already proposed (which are considerable), but Treasury Secretary John Snow says they might or they might not have more tax cuts in mind. Either way, most Americans do not think the tax cuts are meant for them. In a CNN/Gallop Poll on June 1, 56% of respondents did not think the latest tax cuts will help their family finances, while just 35% think that they will. The NLIHC sponsored poll reported in this issue of *Memo* has similar findings: 52% did not expect to benefit from the new tax cuts, and only 39% do.

Moreover, the majority of likely voters (57%) polled for NLIHC think Congress should increase funding for affordable housing rather than cut taxes, a percentage that has increased by 5% since likely voters were asked the same question last August. Likely voters who disagree with this sentiment likewise dropped from 44% last summer to 39% today. The increase in voter preference for spending on affordable housing over tax cuts perhaps is explained by the fact that 52% of those in the most recent poll for NLIHC have had first-hand experience with a housing affordability problem sometime in the last year. In both NLIHC sponsored polls, respondents overwhelming support more federal spending for low income housing: 66% in August 2002 and 82% in May 2003.

The news from Ohio last week that the state legislature has approved doubling

(See **Point of View** on p. 6)



NATIONAL LOW INCOME
HOUSING COALITION

Resources *(cont'd from p. 1)*

Further, a growing majority believes that spending money on low income rental housing is more important than Congress cutting taxes. Fifty-seven percent of respondents agreed with the statement: "Congress spending money to make sure that low income people have housing they can afford to rent is more important than Congress cutting taxes." This was an increase of 5% since the same question was asked in a similar NLIHC poll conducted in August 2002.

Only 39% of respondents said they expected to benefit from the tax cuts recently enacted by Congress. The majority of respondents (52%) said they would not benefit, and 9% said they did not know or refused to answer.

The broad support for housing is especially striking given respondents' self-identified political categorization. Forty-one percent of respondents identified as either somewhat or very conservative, 36% identified as moderates, and 17% said they were either somewhat or very liberal. Across racial and gender categories, women and African-American voters voiced the strongest and most consistent support for affordable housing.

The poll was conducted of 800 likely voters by telephone May 27-29, 2003. The previous poll was conducted August 19-21, 2002, under the same circumstances. Both polls were conducted by the bi-partisan polling firms of Laszlo and Associates, Inc., and Public Opinion Strategies, Inc, and both have a margin of error of +/- 3.46. Complete results will soon be available at www.nlihc.org.

Capitol Hill *(cont'd from p. 1)*

The Internal Revenue Service (IRS) has an oblique reference on its home page to the current state of affairs, noting that "New Tax Law Means Extra Cash for *Some Families This Summer*" (emphasis added). The IRS also released a report on June 25, as reported by many media outlets, showing that the income of the 400 wealthiest taxpayers increased while their tax burden diminished. In its Spring 2003 Statistics of Income Bulletin, the IRS reported that the tax rate for this elite group fell from 26.4% to 22.3% between 1992 and 2000, while their adjusted gross income accounts for 1.09% of the total income reported by all taxpayers, up from a little over half a percent in 1992.

How much of these elites' wealth could be passed on to their heirs continues to remain a question, with the permanent repeal of the estate tax having passed the House on June 18. Due to the need for 60 votes to overcome a filibuster, prospects in the Senate appear

less promising, but permanent repeal is still on the majority's agenda. OMB Watch reports that permanent repeal would cost the government \$1 trillion over 20 years. In addition, according to OMB Watch, permanent repeal would cause charitable giving to decline by approximately \$10 billion annually.

In other tax news, the New York *Times* reports that Josh Bolten, the Administration's nominee to head up the Office of Management and Budget, told the Senate Governmental Affairs Committee during his confirmation hearing that the President was unlikely to ask for any new tax cuts unless economic circumstances warranted. But the President would continue the call for tax cuts already requested and not yet enacted, such as permanent repeal of the estate tax, reduced taxation of savings, and making permanent measures in the most recent tax cut bill.

The House has already proposed additional tax cuts, however, as part of the Medicare drug benefit bill passed early in the morning of June 27. So-called "health savings security accounts" (HSSAs) would provide tax-advantaged savings that could pay for out-of-pocket medical expenses and would be offered with high-deductible insurance policies (\$500 deductible for individuals, \$1000 for families). The Center on Budget and Policy Priorities has raised the alarm that HSSAs would encourage employers to move away from low-deductible policies, ultimately increasing out-of-pocket costs for lower income workers—whose tax and income status makes tax-advantaged accounts of limited value—and older and less healthy workers. In addition, the Center notes, providing these tax advantages would cost \$163 billion over 10 years, putting further strain on the federal budget.

VA-HUD Appropriations Action in July?

Reports are that the House VA-HUD Appropriations Subcommittee will mark up its spending bill in mid-July, possibly on July 16. The rumored goal for the Senate is to mark up its bill before the August recess. Advocates remain concerned about funding levels for HUD's programs, given the likelihood that the President's request will be woefully short, due to increased Section 8 voucher utilization and costs nationwide, as well as bipartisan support for HOPE VI, which would be zeroed out under the President's request.

Meanwhile, other agencies within the subcommittee are predicted to have gaps to fill as well, leaving uncertainty about how the subcommittees can address these demands within their allocation. Although the allocation for the subcommittees in both the House and Senate is \$600 million above the President's request, HUD alone could absorb that boost and much more.

(See Capitol Hill on p. 4)

HUD HUD Announces Faith-Based Homeownership Initiative

Keeping with the theme of June as homeownership month, HUD on June 26 announced a new pilot program called 'Reaching the Dream,' which is intended to encourage faith-based and community groups to promote homeownership. Secretary Mel Martinez and Jim Towey, Director of the White House Office of Faith-Based and Community Initiatives, announced the program in Portland, OR, while on the 'homeownership express' tour, HUD's national tour to promote homeownership.

According to HUD, 'Reaching the Dream' will target 60 faith-based community groups in three cities, including Portland, to work with HUD in creating relationships with lenders in their communities. The program's goal is to have community groups and lenders work collaboratively to create mortgage products that would benefit people living in those communities. Also as a part of the program, HUD has released a brochure for faith based and community organization titled "5 Steps to Becoming a HUD-Approved Housing Counseling Agency." The pamphlet is intended to assist grassroots organizations in applying for the Housing Counseling program grant, in which HUD has provided \$35 million to counseling organizations. These organizations are to assist low and moderate income renters in purchasing a home.

"The Bush Administration believes faith-based and other community grassroots organizations are uniquely suited to provide homebuyer education to lower income first time homebuyers," HUD said in a statement. The program is part of the Administration's goal of creating 1.5 million new first time homebuyers over the next decade.

HUDClips

On Tuesday, June 24, under Directive FR-4753-F-02, HUD released its final deregulation rule for small public housing authorities. The rule was first proposed in August 2002, and goes into effect July 24th. The final rule is meant to further streamline the PHA Annual Plan requirements for certain small PHAs, and deregulates the assessment of small PHAs under the Public Housing Assessment System and the Section 8 Management Assessment Program (SEMAP). Small PHAs will have to provide information on site-based waiting lists, Section 8 homeownership programs, and the use of project-based vouchers.

(Continued next column)

National Housing Trust Fund NHTF legislation now has 201 cosponsors

National Housing Trust Fund legislation now has 201 cosponsors in the House of Representatives, with Representative Earl Pomeroy (D-ND) signing on to H.R. 1102 this week.



The number of endorsers continued to grow this week as well, with the Mayor Rene McLin of Dayton, OH; the Village of Alfred, NY; the United Steelworkers of America; and the Mechanical Contractors Association of America coming on board. The campaign now has 4,226 endorsers from all 50 states. More information is at www.nhtf.org.

(Continued from previous column)

Directive 02-11 provides guidelines for implementing risk analyses for monitoring Community Planning and Development (CPD) Grant Programs for FY03. In compliance with the Grants Management Process (GMP), the guidelines are to provide consistency in the method of monitoring, to ensure that both formula and competitive grantees with the highest risk are identified for monitoring within the resources made available.

On June 24th, under Docket FR-4825-I-01, the minimum funding under the Indian Housing Block Grant Program (IHBG) was revised, extending the period for which an Indian tribe, after its first year of funding, may receive a minimum grant amount under the need component of the IHBG formula. The interim rule authorizes the extension of the minimum funding provision under the need component through FY03, which originally expired on September 30, 2002.

All notices are available at www.huduser.org.

Tell Your Friends...

NLIHC membership is the best way to stay informed about affordable housing issues, keep in touch with advocates around the country, and support NLIHC's work. Membership information is available at www.nlihc.org, or by fax, mail, or e-mail. Just e-mail membership@nlihc.org or call 202-662-1530 to request membership materials to distribute at meetings and conferences.

Capitol Hill *(cont'd from p. 2)*

House Appropriators Boost Rural Housing Funds

On July 25, the House Appropriations Committee marked up an FY04 spending bill for the U.S. Department of Agriculture (USDA), including programs of the Rural Housing Service (RHS). There was mostly good news for low income rural housing. The Committee provided a substantial increase for the Section 502 single-family direct loan program, from \$1.04 billion in FY03 to \$1.37 billion FY04. All of this funding goes to low and very low income homebuyers. The bill also has a small increase for the Section 515 rental program, from \$115.8 million in FY03 to \$116.5 million in FY04. Bill language directs that two-fifths of the rental funds go to repair and rehabilitation and three-fifths to new construction, but is silent on preservation. The Administration had sought the Section 502 increase but also had asked Congress to cut the Section 515 program to \$71 million. The appropriators also approved small increases for farm labor housing and Section 521 rental assistance. Other low income rural housing programs mostly stayed at FY03 levels. House floor action on the unnumbered bill, and Senate work on its version, may occur in July.

GSE Oversight Hearing Held

On Wednesday, June 25, the House Financial Services Capital Markets Subcommittee, chaired by Representative Richard Baker (R-LA), held a hearing to review the need to reform the regulatory structure that oversees housing government-sponsored enterprises (GSEs) Freddie Mac and Fannie Mae. Following the recent replacement of top executives at Freddie Mac, reports indicate that the management shakeup may be due in part to accounting irregularities. Freddie was forced to restate its earnings for 2002, 2001, and 2000 earlier this year.

OFHEO, the Office of Federal Housing Enterprise Oversight, the 10-year-old independent agency that monitors the firms' finances, has come under scrutiny in the past few weeks since the events transpired. On June 24, Mr. Baker introduced H.R. 2575, a bill to abolish OFHEO (currently a part of HUD) and charge the Treasury Department with monitoring the GSEs. The *Washington Post* supported such a restructuring in a June 27 editorial.

With only 130 full-time staff members and a low operating budget, the committee expressed great concern over whether OFHEO is up to the task of overseeing the two housing giants. Karen Shaw Petrou, Co-Founder and Managing Partner of Federal Financial Analytics, testified that new regulation would enhance the mission of the two GSEs. "The goals of [Freddie

Mac and Fannie Mae] have been too lax and general." She also went on to state that lack of financial discipline plays a key role in both GSEs.

Although the majority of the committee agreed that the regulation of Freddie Mac and Fannie Mae does need reform, some Members cautioned that rushing to judgment could prove detrimental. Concern was also raised as to whether Fannie Mae should be subject to intense scrutiny because of problems at Freddie Mac, and whether the recent occurrence was a one-time affair as opposed to part of a systematic problem.

"No program is so good that it should not be reviewed," Representative David Scott (D-GA) stated. He added that any actions should be undertaken deliberately, as a crisis at Freddie Mac or Fannie Mae could shake the economy, since together the companies own or guarantee more than 40% of the country's home mortgages. Representative Paul Kanjorski (D-PA) warned that the premise of the problems at Freddie Mac needed to be fully known before recommending a substantial change in the structure of the way the company is run.

New Legislation

Representative Chris Smith (R-NJ) introduced H.R. 2595 on June 25. The bill would restore the operation of the Native American Veteran Housing Loan Program during FY03 to the scope of that program as in effect on September 30, 2002. It was referred to the committee on veteran's affairs.

H.R. 2612 was introduced by Representative Michael Michaud (D-ME) on June 26. The bill would amend Title 38 of the United States Code to authorize the Secretary of Veterans Affairs to provide specially adapted housing assistance to veterans with permanent and total service-connected disabilities due to the loss, or loss of use of, both upper extremities. The bill was referred to the committee on veteran's affairs.

On June 26, Representative Michael Capuano (D-MA) introduced H.R. 2628, which was referred to the financial services committee. The bill provides affordable housing opportunities for families headed by grandparents or other relatives of children.

Senator Gordon Smith (R-OR) introduced S. 1349 on June 26. The bill amends the Internal Revenue Code of 1986 with respect to the eligibility of veterans for mortgage bond financing. The bill was referred to the finance committee.

Bills at a Glance

Current information on legislation being tracked by NLIHC is now available through NLIHC's new legislative action center, at <http://capwiz.com/nlihc/issues/bills>.

Update from the Field New Jersey Advocates Rally to Restore \$25 Million

In mid-June, more than 400 affordable housing advocates rallied at the New Jersey State House to express frustration at Governor James McGreevey's (D) proposed \$25 million cut to Housing and Mortgage Finance Agency (HMFA) programs and to spotlight the fact that affordable housing is a necessary component of the state's economic recovery plan. Participants in the rally rattled 1,000 house keys to symbolize the number of homes that would not be created if housing programs were raided again, for the third time in 12 months.

As a result of the rally, advocates got Democrats to restore the \$25 million they were going to cut from the HMFA to their proposed budget bill, which was introduced on Wednesday, June 18. Advocates are now focused on educating the Republican members of the New Jersey Senate to approve this budget. The current Republican budget proposal also takes the \$25 million from the HMFA budget.

"The high cost of housing puts many New Jersey residents at risk of homelessness," said Sandy Accomando, chairperson of the New Jersey Alliance for the Homeless. "Housing is a basic human right. Everyone in New Jersey needs to have access to housing that they can afford."

Advocates report that if the \$25 million is not restored,

- Development of 1,000 safe, decent, affordable places to live will not happen.
- Governor McGreevey's pledge to create 20,000 units of affordable housing will be broken.
- Draining the agency's reserves would jeopardize the HMFA's bond rating.
- Other state programs will be undermined, and taxpayer dollars wasted.

"Reducing the state's investment in affordable housing will not help working families," said Diane Sterner, executive director of the Housing and Community Development Network of New Jersey. "In fact, raiding HMFA amounts to a tax increase on 1,000 lower income families who will have to pay higher housing costs to live in less desirable housing."

For more information, contact the Housing and Community Development Network of New Jersey at 609-393-3752.

Fact of the Week Housing-Burdened Low Income Families

States with the Highest Percentage of Housing-Burdened Low Income Families

New Jersey	73%
Connecticut	72%
Colorado	69%
New York	69%
Washington	69%
Rhode Island	68%
California	67%
Nevada	67%
Massachusetts	66%
Florida	65%

Source: The Annie E. Casey Foundation, *Kids Count Data Book: State Profiles of Child Well-Being*, 2003. www.aecf.org/kidscount

News & Events

McAuley Institute Courage in Community Awards

The McAuley Institute is honoring an outstanding woman in the field of community development with its ninth annual Courage in Community Awards. The 2003 award will honor contributions made by women in the development of decent, safe, affordable housing and strong communities. Eligible nominees are women working in their communities to provide housing that is decent, safe and affordable to the lowest income and most vulnerable members of their communities. Two awards are given, one of which is presented specifically to a woman of faith. Each award winner will receive \$1,500 for herself and \$1,500 to her nonprofit organization. Nomination forms are available at www.mcauley.org and must be postmarked by July 7.

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Point of View *(cont'd from p. 1)*

the recording fee on real estate transactions to generate \$50 million a year for the Ohio Housing Trust Fund signals public support for tax increases to address the affordable housing crisis. Ten years after gubernatorial and legislative study commissions first recommended raising the recordation fee to create a dedicated source of revenue for the Ohio Housing Trust Fund, the generally conservative state legislature finally agreed to the fee change.

Ironically, it may have been the state's current budget squeeze that motivated the legislature to give the perennial proposal a second look and set aside their aversion to tax increases and dedicated sources of revenue. As an April 25 editorial in the *Cincinnati Post* puts it: "Raising the recording fee is a tax hike, no two ways about it. But it is one which, in this climate, is warranted. The revenue source is closely allied with the use of the money raised. And the benefits far outweigh the costs."

The Ohio Housing Trust Fund Campaign was led by the Coalition on Homelessness and Housing in Ohio (COHHIO). COHHIO's Executive Director Bill Faith also chairs the NLIHC Board of Directors. We applaud the COHHIO victory that informs and inspires the National Housing Trust Fund Campaign.

NLIHC Staff

NLIHC Seeks Legislative Director

NLIHC is seeking an experienced advocate with in-depth knowledge of federal housing programs and well-developed analytical and communication skills to serve as legislative director. Requires direct experience with the legislative process and a demonstrated commitment to social justice. JD or master's degree required. Salary commensurate with experience. Send cover letter and resume to Deputy Director, National Low Income Housing Coalition, 1012 14th St. NW Suite 610, Washington, DC 20005, or fax to 202-393-1973. AA/EEO. Applications accepted until position is filled.

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About NLIHC: Established in 1974, the National Low Income Housing Coalition is dedicated solely to ending America's affordable housing crisis. NLIHC educates, organizes, and advocates to ensure decent, affordable housing within healthy neighborhoods for everyone. NLIHC provides up-to-date information, formulates policy, and educates the public on housing needs and the strategies for solutions.

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