

# MEMO 2 MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

Volume 8, Issue No. 32 • August 15, 2003

## IMPORTANT NOTICE

### IF YOU RECEIVE *MEMO* BY FAX, PLEASE READ THIS!

Because NLIHC includes notices about membership and the annual policy conference in *Memo to Members*, new FCC regulations governing faxes prohibit us from sending it you by fax unless we have written permission from you to do so.

If you elect to receive *Memo* by email, this problem is eliminated. If you wish to change to email delivery of your *Memo*, please email your request to [info@nlihc.org](mailto:info@nlihc.org) or call (202) 662-1530, ext.227. If you want to continue receiving *Memo* by fax, we must receive the form on page 5 of *Memo* from you or your organization by **Friday, August 25**. Please complete the form, either for an organization or an individual, filling in all blanks, and fax it to NLIHC at (202) 393-1973.

## Capitol Hill

### Lower CBO Short-Term Deficit Estimate Does Not Mean Long-Term Relief

In its Monthly Budget Review, released on August 8, the Congressional Budget Office (CBO) predicts a deficit of \$401 billion for FY03, less than the \$455 billion predicted by the Office of Management and Budget (OMB) in its mid-session review last month.

According Richard Kogan, with the Center on Budget and Policy Priorities (CBPP), CBO's smaller deficit projection should not be taken as an indication that the nation's economic circumstances are getting better. In an analysis released on August 13, Mr. Kogan points out that CBO's smaller projection simply reflects the assumption that spending that OMB assumed would take place in FY03 will take place in FY04 instead. In its review, the CBO itself explains its estimate anticipates less spending in FY03 than OMB, particularly in the areas of defense and homeland security.

According to Mr. Kogan, OMB may have overestimated the FY03 deficit because it was being cautious and prudent in its analysis. The difference between the OMB and CBO projections may have also been caused by reasonable differences of opinion between analysts. Alternatively, OMB may have overestimated the deficit intentionally to make the reduction of the deficit later in the decade look more dramatic. Mr. Kogan disputes OMB's assertion, however, that the deficit will be cut in half by FY08. Rather, CBPP predicts that the deficit will drop by only 11%, even with an improving economy. Mr. Kogan notes that CBO's smaller projection remains consistent with CBPP's previous estimate of a \$4 trillion deficit over the course of 10 years between FY04 and FY13. (See the full Kogan analysis at [www.cbpp.org](http://www.cbpp.org).)

CBO's summer update on the budget and the economy will be released on August 26 and is likely to present a similar FY03 deficit figure as its August 8 review.

### Bills at a Glance

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

### Reminder: All NLIHC memberships expired 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](http://www.nlihc.org/about/join.htm) or call 202-662-1530 x227.

## POINT OF VIEW

by Sheila Crowley, President

If I were unemployed and worried about making my next house payment, I would have moved from worry to panic after I listened to the President's report on what he and his economic team are going to do to improve my prospects of getting work. What he said they are going to do is precisely nothing, except wish it were so, which he did several times in the press conference he gave after a two hour meeting with his economic advisors on August 13, 2003.

Here's what he said: "...this administration is optimistic about job creation." "We believe it is more likely in the upcoming year that people are going to be able to find a job." "We're interested in people being able to work in America." "We're upbeat about the chances for our fellow citizens who are looking for work to be able to find a job." "We feel like the plans we have in place are robust enough to create jobs." "We feel like the tax relief plans that we have passed will be robust enough to create the conditions necessary for economic growth, and therefore people will find a job." "I think people are going back to work." "I firmly believe that what we have done was the absolute right course of action in order to help people find a job." "I

(See *Point of View* on p. 5)



NATIONAL LOW INCOME  
HOUSING COALITION

## Update from the Field Merger in Washington State

On August 5, two sister housing advocacy organizations in Washington State became one. The Washington Low Income Housing Congress, an organization focused exclusively on policy advocacy in the state capitol since 1988, merged with the Washington Low Income Housing Network, a grassroots education and advocacy group formed by the Congress in 1993 to work for better housing policy and funding at the federal as well as state level. The merged organization will be known as the Washington Low Income Housing Alliance.

Even as separate entities, the Network and the Congress had worked closely together, successfully pushing for the expansion of the state's admired housing trust fund, increased protection for low income tenants, and additional funding sources for housing development and operation, among other accomplishments. But with shared staff, board and nearly identical names, the organizations decided it did not make sense to compete for members and funding from similar sources in an increasingly tight environment.

Impact Capital, Washington State's LISC affiliate, financed a consultant to help the organizations assess and structure their merger, walking them through a strategic analysis and other exercises over the course of the year leading up to the merger. A committee with eight members was formed to guide the merger, four from each organization's board. Carla Okigwe, one of the founding members of the Congress, a long-time Congress board member, and the Executive Director of the Housing Development Consortium of Seattle-King County, will serve as the Alliance's first board chair. Ms. Okigwe describes the merger as a "natural progression. We thought through the whole process very carefully. After examining the details, we decided a merger would make our voices stronger and successes greater."

The rest of the Alliance's board includes members of each of the founding organization's board. In addition, the Alliance is planning to have four committees guiding its work, with an executive committee and a program committee comprised of board members, and a state legislative committee and a federal legislative committee that will include board members and key members of the broader housing advocacy community. The Alliance's Executive Director, Shane Rock, is new to both organizations but has substantial experience in the nonprofit advocacy world. Megan Farley will continue as Education Coordinator, a position she has held for the Network since 2001. Jota Borgmann, who worked for the Network since 2000, most recently as Executive Director, has departed to pursue an advanced degree.

Jumping right into federal advocacy efforts, the Alliance held a Federal Housing Forum on August 14th with more than 50 participants from housing advocacy organizations, the neighboring community, tenants, media, and congressional staff. The forum took place at the former Puget Sound Naval Air Station in Seattle, a portion of which is home to 170 residents living in transitional family, single occupancy and youth housing. The forum featured presentations on the experience of tenants living in transitional housing, the past, present and future of federal housing programs, and a tour of the resident housing. WLIHA officials said they knew the day was a success when several congressional staffers approached them to make sure that their bosses had signed on to H.R 1102, the National Affordable Housing Trust Fund Act of 2003.

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## HUD

### OFHEO Seeks Comments on Strategic Plan

Under a notice published on August 11, 2003 in the Federal Register, the Office of Federal Housing Enterprise Oversight (OFHEO) is seeking comments on its revised strategic plan. OFHEO has oversight responsibility for the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac. OFHEO's strategic plan describes its mission, its goals and the strategies it plans to employ achieve them for FY03 through FY08. Comments on the draft strategic plan must be submitted by August 27, 2003, and may be sent by regular mail or emailed to [StrategicPlan@ofheo.org](mailto:StrategicPlan@ofheo.org).

All notices are available at [www.hudclips.org](http://www.hudclips.org).

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## Housing in the Election Presidential Candidates Invited to Address Housing Advocacy Group

The Campaign for Housing and Community Development Funding (CHCDF), a broad-based coalition of over 100 national organizations concerned about funding for housing and community development programs, has invited each of the 10 Presidential candidates from the two major parties to address the group over the course of the autumn of 2003. CHCDF meets every other Friday morning to share information and develop its advocacy strategy on housing and community development appropriations. CHCDF has invited each candidate to select a Friday meeting to attend.

CHCDF's invitation to each candidate notes that it hopes to learn about the candidate's housing and community development priorities. Visits by the Presidential candidates or their representatives to CHCDF meetings will be reported in *Memo to Members* as they occur.

## Resources

### Home Owning: Boon or Bubble?

The Center for Economic and Policy Research has released a paper that argues that the current rise in home prices is not sustainable and that a collapse will have numerous economic repercussions for the economy and low and moderate income homeowners in particular.

Much of the brief paper, titled "Homeownership in a Bubble: The Fast Path to Poverty?" is focused on highlighting current signs that rising home prices represent a financial bubble. One sign the authors see is the growing divergence between the owner and rental housing markets. While rents have leveled off somewhat in the past year, there has not been a commensurate slowdown in the owner market. Another sign of a problem the authors point to is the rapid rise of home prices when compared to the inflation rate, especially since 1995. The authors note that some of the increased housing costs may be related to an increase of desirability of certain areas and that the disconnect between inflation and housing prices is not uniformly spread throughout the country: the largest gaps are located largely on the West Coast or the Eastern Seaboard.

Based on these indications, the authors conclude that generally there is lack of rationality in the homeownership market and that it is set for a fall. Since many of the gains in housing prices have been in low and particularly moderate priced homes, they suggest the economic ramifications may be greatest for low and moderate income homeowners in the fastest growing markets. They make the controversial recommendation that lower and moderate income households should think twice before buying in the current market.

This analysis contrasts to the *State of the Nations Housing* report released this June by Harvard's Joint Center for Housing Studies (See June 20 *Memo*). That report also recognizes that the current rise in home prices has been somewhat anomalous. Rather than trailing off with the economic downturn, and perhaps leading an eventual recovery as in past recessions, this time prices continue to rise even as economic uncertainty persists, raising concerns of a real estate bubble. That report concludes, however, that homeownership remains a good investment for individuals and the economy. A collapse of the housing market is seen only as a possibility in markets with large numbers of job losses or large increases in housing costs relative to income growth. It concludes further that even though the economy has stagnated, these sorts of developments do not appear likely in most of the country. A similar line was taken in a

(Continued next column)

## National Housing Trust Fund Illinois Road Trip

The National Housing Trust Fund Campaign will be taking to the road in Illinois next week. In partnership with the Statewide Housing Action Coalition and the Chicago Rehab Network, the National Low Income Housing Coalition will highlight statewide and local housing issues and focus on how creating a National Housing Trust Fund would assist states and localities in solving the severe affordable housing shortage. The Illinois tour, which will take place August 18-21, will feature local organizations that share NLIHC's mission of ending America's affordable housing crisis. The trip includes stops in Jackson, Williamson, Marion, Peoria, Kane, Lake, Cook, DuPage, and McHenry counties. In each stop, advocates will meet with key state and national elected officials, editorial boards, and local housing advocates. More information is available at [www.nhtf.org](http://www.nhtf.org).



(Continued from previous column)

recent *New York Times* article (August 6, 2003 "Around U.S., a House Is a Home but Not a Bonanza"), though its message is considerably less upbeat than the *State of the Nation's Housing* report.

By focusing attention on the rise in prices in the owner market relative to inflation and the rental market and on potential problems in the fastest growing housing markets, the Center for Economic Policy Research report serves as a foil to the more optimistic analyses that argue that current trends in home prices are sustainable or are at least not set to drop precipitously. This is clearly a developing debate.

The report can be downloaded at [www.cepr.net](http://www.cepr.net).

### NLIHC Staff

Sheila Crowley, President, x224  
 Julie Eisenhardt, Field Organizer, x223  
 Katie Fisher, Field Organizer, x222  
 Melissa Higuchi, Membership Associate, x227  
 Harry Lawson, Field Director, x243  
 Khara Norris, Executive Assistant, x224  
 Danilo Pelletiere, Research Director, x237  
 Irene Basloe Saraf, Legislative Director, x242  
 Kim Schaffer, Communications Director, x230  
 Michelle Goodwin Thompson, Office Manager, x234  
 Mark Treskon, Research Analyst, x245  
 Carol Vance, Receptionist/Office Assistant, x221  
 Cathy White, Deputy Director, x228  
 Kim Willis, Policy Analyst, x314

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

believe that we've laid the foundation for good economic growth and vitality." "I think people are more likely to find a job in the upcoming year." (You can read the whole 13-minute press event yourself on the White House website [www.whitehouse.gov](http://www.whitehouse.gov).)

You've got to give him credit for staying on message at least (although one wishes the message writer could have gotten the syntax right, i.e. people find jobs, a person finds a job). President Bush is a master of reification, substituting the saying of something for the real thing. I am reminded of the time when the first President Bush told the public that he "cared" about people hurt by the recession. We were expected to confuse the pronouncement of caring with actual caring. It did not work then and it should not work now.

To be fair, the President did say there were some other things that others should be doing to help the economy. Congress should not spend so much money. Congress should pass the energy bill. Congress should pass tort reform. Congress should pass associated health plans legislation. He also said he might not ask for more tax cuts. Sorry, if I were unemployed, none of these would give me confidence that my job prospects are going to improve.

I find it curious that the Bush economic team does not include the HUD Secretary. Surely housing, the sector of our economy that has kept it afloat for the last two years, deserved to be represented during the President's meeting on the economy. But then it would have been too risky to have the HUD Secretary at the post-briefing press conference and photo-op. His presence might have triggered a question about the Bush Administration presiding over the biggest increase in homelessness since the Reagan era or about how are unemployed people going to keep their homes when their unemployment benefits run out or about what will happen when the housing bubble bursts or about some other unpleasant indicator of economic woe that would be hard to answer with the "people will find a job" message.



**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.

## News & Events

### National Association of Housing Coops

The National Association of Housing Cooperatives will hold its Annual Conference September 10-13 at the Hyatt Regency in Atlanta, Georgia. The conference will include numerous workshops including Co-op Board Member Boot Camp, The Professional Challenges of Being a Site Manager and Mortgage Payoff Planning and Decision Making, as well as an awards program and exhibitions. More information is available at [www.coophousing.org/2003%20AC.shtml](http://www.coophousing.org/2003%20AC.shtml).

## NLIHC Staff

### NLIHC Interns

NLIHC is seeking a research intern for the fall semester who is passionate about social justice issues and who has excellent writing and interpersonal skills. A detailed job description is available at [www.nlihc.org](http://www.nlihc.org).

Send a resume and cover letter to:

Internship Coordinator, NLIHC

1012 14th Street NW, Suite 610, Washington DC 20005  
or to [info@nlihc.org](mailto:info@nlihc.org). Questions? 202-662-1530 x228.

## Fact of the Week

### Metro Areas With Most Rapid 5-Year Housing Price Percent Increases:

Metropolitan Area	5-Yr.	1-Year
Barnstable-Yarmouth MA	97.69	13.74
Santa Barbara-Santa Maria-Lompoc CA	89.09	14.96
San Luis Obispo-Atascadero-Paso Robles CA	87.10	13.16
Vallejo-Fairfield-Napa, CA	86.11	12.45
Salinas, CA	85.34	7.63

Source: *Center for Economic and Policy Research from the Office of Federal Housing Enterprise Oversight, 2003.*

## 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](http://www.nlihc.org), or e-mail [membership@nlihc.org](mailto:membership@nlihc.org) or call 202-662-1530 to re-

### National Low Income Housing Coalition

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**FAX CONSENT FORM**

**FOR ORGANIZATION CONSENT**

\_\_\_\_\_  
Name of organization for which consent is being provided

\_\_\_\_\_  
Name of person authorized to provide consent

\_\_\_\_\_  
Fax number(s) for which consent is being provided

I understand that by providing the fax number(s) above, on behalf of the organization specified above, I am authorized and hereby consent for the organization to receive faxes sent by or on behalf of the National Low Income Housing Coalition.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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**FOR INDIVIDUAL CONSENT**

\_\_\_\_\_  
Name of person providing consent

\_\_\_\_\_  
Fax number(s) for which consent is being provided

I understand that by providing the fax number(s) above, I hereby consent for the organization to receive faxes sent by or on behalf of the National Low Income Housing Coalition.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**MEMO TO MEMBERS**