

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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Capitol Hill

Appropriations Roller Coaster

Individual consideration of the remaining FY04 appropriations bills, including VA-HUD, is once again appearing less likely. The Continuing Resolution (CR) that has kept the federal government operating since the start of the new fiscal year on October 1 was set to expire on October 31. As the Senate has not been able to complete action on its outstanding appropriations bills, a new CR is now required. Senate leaders had been planning to pass a CR that would continue for 2 or 3 weeks, possibly as late as November 21. However, on Thursday, October 30, the House of Representatives passed an extension of the CR only until November 7, indicating renewed pressure on the Senate to finish its appropriations work within the week. The Senate followed by passing a CR to keep the government operating until November 7 as well.

This shorter time frame creates a dilemma for Senate appropriators who, as reported in last week's *Memo*, wanted individual consideration of the remaining bills. The Senate began the week of October 27 planning to consider the remaining spending measures individually, but finished only the Foreign Operations bill. The five remaining bills, including VA-HUD, would each require considerable Senate floor time. With a CR that goes only through November 7, the Senate may be forced to roll the remaining legislation into an omnibus appropriations bill.

Voucher Funding Saga Continues

Meanwhile, Senator Paul Sarbanes' (D-MD) "Sense of the Senate" resolution that calls for full funding of the housing voucher program in FY04 has gained a great deal of bipartisan support among Senators. NLIHC and other housing advocates continue to work to ensure that the resolution is part of the VA-HUD appropriations bill when it is considered in the Senate, and the outlook for Senate adoption of the amendment is good.

The next challenge in the voucher battle will lie in the VA-HUD appropriations conference committee, where Senators and Representatives will meet to work out the differences between their bills. Advocates will push the conference committee to retain the language from the Senate bill that requires HUD to use carryover funds from past years, as necessary, to adequately fund all existing vouchers in FY04.

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National Housing Trust Fund

Another Cosponsor For HR 1102

Representative Sherwood Boehlert (R-NY) became the 208th cosponsor of the National Affordable Housing Trust Fund Act, H.R. 1102, this week. Mr. Boehlert is the 12th Republican to cosponsor the bill.



New endorsements came this week from the cities of Eugene and Springfield, OR. Additionally, the Eugene-Springfield-Lane County Intergovernmental Housing Policy Board endorsed the campaign. These and other new endorsements bring the number of endorsers to more than 4,650. All endorsers are invited to join the monthly endorser call on Thursday, November 6, at 3 pm ET. Email julie@nlihc.org for details.

POINT OF VIEW

by Sheila Crowley, President

October in Washington, when our elected officials are busy deciding how to spend the taxpayers' contribution to our collective well-being, is not a time for the squeamish or the skeptical to look too closely at the process or the results. The potential to be turned off entirely to the democratic process is too high, and this year the risk is particularly acute.

While housing appropriators are turning over the cushions of the couch to scrape up loose change to hold onto already grossly inadequate funding levels, the Boeing Company, the U.S. Air Force, the White House, the Speaker of the House, and the Chairman of the Senate Appropriations Committee, as well as miscellaneous other actors on both sides of the aisle, are trying to get away with what Senator John McCain (R-AZ) called the "single worst exploitation and abuse of the system" that he was witnessed in his "20 years of public service."

The short version of the story is that Boeing wants the Air Force to acquire some airplanes that Boeing will retrofit, even though the Air Force does not need the particular airplanes in question and cannot afford to buy them anyway. But somehow a deal for Boeing to lease the airplanes to the Air Force ended up in the Defense Appropriations Bill for FY04 without benefit of hearings, debate, or votes in committee, or any number of standard review processes by the Pentagon designed to prevent waste, fraud, and abuse. Leasing the planes from Boeing means not

(See Point of View on p. 6)



HUD The Debate Over Public Housing Operating Costs Continues

HUD has created a website that will allow the public to discuss and submit comments on possible changes to the dispersal formula for public housing operating funds. While HUD officials assert that the website was created for informational purposes only, advocates are concerned that HUD may try to use its creation to avoid reconvening the negotiated rulemaking (Neg/Reg) committee, which Congress mandated be convened to engage stakeholders in creating the dispersal formula.

The recent debate follows earlier controversy on the issue. The Neg/Reg committee convened in 1999 but ceased working on the formula in 2000 because it determined that more data were needed to adequately learn the true cost of running public housing. Congress commissioned Harvard University's Graduate School of Design (GSD) to conduct a study to determine what operating costs should be. When the study was released in June, considerable debate followed among housing advocates and public housing agencies about the findings. (The methodology of the study is described in the June 13 issue of *Memo*.)

Advocates now want HUD to reconvene the Neg/Reg Committee so they can openly discuss the findings of the Harvard study and complete their original task. HUD asserts it is not mandated to reconvene the committee. NLIHC President Sheila Crowley and Board member Dushaw Hockett of the Center for Community Change are members of the Neg/Reg Committee.

On October 24, groups representing public housing authorities held briefings in both the House and Senate critiquing the Harvard Study and requesting that Members of Congress support the reconvening of the Neg/Reg committee. In June, Representatives Barney Frank (D-MA) and Maxine Waters (D-CA), Ranking Members on the Financial Services Committee and Housing and Community Opportunity Subcommittee, respectively, sent a letter to HUD requesting the reconvening of the Reg/Neg committee, but HUD has not yet responded.

The website, www.hud.gov/offices/pih/divisions/ffmd/formulacomment.cfm, is on the web but not officially operational yet, as HUD has not solicited public comments on the issue through the *Federal Register*. HUD officials report that such a notice should be published in two to three weeks. The topics on the site will change based on public interest, but initial topics are: Harvard Cost Study Project Expense Level (PEL), Transition Policy, Appeal Policy, Utilities, and Income.

Using Vouchers To End "Chronic" Homelessness

HUD's Office of Public and Indian Housing released PIHN-03-25 on October 28 to provide suggestions on how public housing authorities (PHAs) that administer Public Housing or Housing Choice Voucher programs can help support the President's initiative to end chronic homelessness. As part of the initiative, HUD is "strongly encouraging" PHAs to take proactive measures that include establishing local preferences for homeless families on their waiting lists. PHAs may limit this preference to homeless families that include a person with disabilities. They may also limit the number of families that may receive this preference. PHAs are encouraged to offer specialized housing search assistance to homeless families under the Housing Choice Voucher program. A hard-to-house fee of \$75 per family can be charged against the annual budget authority to assist large families or families that include a person with disabilities in locating suitable housing. The notice expires October 31, 2004.

HUD Implements "Appraiser Watch"

On October 29, HUD announced that "Appraiser Watch," its risk-based appraiser monitoring system, has become fully operational. An effort to curb predatory lending, this system will identify appraisers who either knowingly or unintentionally place homeowners at risk for losing their homes to foreclosure because of inflated valuations. Appraiser Watch will track the historical performance of appraisers by examining factors including appraisers' association with mortgages with high default rates.

All notices are available at www.hudclips.org.

Capitol Hill (cont'd from p. 1) New Legislation

On October 30, Senator Tim Johnson (D-SD) announced the introduction of the second part of a two-part legislative package, the Native American Housing Enhancement Act of 2003. The bill would amend the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) and other Acts to improve Indian housing and encourage homeownership in Indian Country. Under one of the bill's provisions, NAHASDA grant recipients would pay no more than the fair market rent for housing. The first part of the package, the Tribal Economic Enhancement Act, which would create a wide range of tax, regulatory and investment incentives, was introduced in July.

Bills at a Glance

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

Housing in the Elections

Ask Presidential Candidates Questions in Online Forums

Each Democratic candidate for president will be live online at Washingtonpost.com during the week of November 3 to field questions from the general public. Advocates can use the online discussions to ask candidates their views on housing issues, educate them about policies needed to end the affordable housing crisis in America, and let them know that housing is an issue important to voters.

Advocates can log on to the discussion at www.washingtonpost.com/wp-dyn/liveonline/politics/candidates/. It is also possible to submit questions to each candidate early. Below are the times and dates that candidates will appear, along with links to their campaign websites (all times Eastern):

Monday, 10:30 am: Dick Gephardt: www.dickgephardt2004.com/
 Monday, 1:45 pm: Joe Lieberman: www.joe2004.com/
 Tuesday, 11 am: Dennis Kucinich: www.kucinich.us/
 Wednesday, 11 am: Al Sharpton: www.al2004.com/
 Wednesday, 1:30 pm: Wesley Clark: www.clark04.com/
 Thursday, 2 pm: Carol Moseley Braun: www.carolforpresident.com/
 Friday, 10:30 am: John Edwards: www.johnedwards2004.com/
 Friday, 2 pm: John Kerry: www.johnkerry.com/
 TBA: Howard Dean: www.Deanforamerica.org/

In addition, questions and comments to President Bush regarding housing policy can be submitted to White House Web Mail (<https://sawho14.eop.gov/PERSdata/intro.htm>). His campaign website is www.georgewbush.com/.

Housing Advocate Running for Delegate

The Commonwealth of Virginia will hold elections for the Virginia Legislature Tuesday, November 4, and one candidate is a long time low income housing advocate. In addition to having affordable housing high on his platform, Al Eisenberg, a candidate for the Virginia Housing of Delegates, also has an extensive list of accomplishments in the field.

Most recently, Mr. Eisenberg served as a consultant for the U.S. Millennial Housing Commission. Previously, he was Deputy Assistant Secretary for Trans-

portation Policy at the U.S. Department of Transportation, where he served on the White House Task Force on Livable Communities and worked on other housing-related issues. At the local level, Mr. Eisenberg helped to reform Arlington County's rental assistance program and aided in the formation of the county's homeless assistance and prevention programs. He is a former member of the Arlington County Board of Supervisors.

Mr. Eisenberg's dedication to solving the affordable housing crisis sets an example for all elected officials. "A community that fails adequately to house its people yet aspires to prosperity and a high quality of life will gain neither," he said in a speech to the Fairfax County Housing Authority.

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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 e-mail membership@nlihc.org or call 202-662-1530 to request membership materials to distribute at meetings and conferences.

Update from the Field

Preservation of Rural Housing in Ohio

Efforts are being made around the country to maintain the assisted rural housing stock through sales of assisted units to preservation-minded purchasers who agree to keep the housing affordable into the future. The preservation of rural housing was the focus of a session for buyers and sellers of assisted rural properties held in Ohio on October 23. Presenters at the event described transactions that could serve as examples for preservation deals elsewhere in Ohio and the country.

The session was sponsored by the Ohio Capital Corporation for Housing (OCCH), the Council for Rural Housing and Development of Ohio and NeighborWorks, in cooperation with USDA. OCCH is a tax credit syndicator that focuses on the preservation of assisted housing stock. In addition, OCCH acts as a consultant to developers lacking expertise in the details of assisted housing transactions.

Each transaction had different characteristics and relied on different funding sources. One transaction involved a public housing agency in eastern Ohio that has administered tenant-based Section 8 vouchers but otherwise has no hard housing units. With the guidance of Doug Klingensmith of OCCH, the public housing agency—Tuscarawas Metropolitan Housing Authority (TMHA)—formed a non-profit entity to purchase a well-maintained Section 515 property with 40 units. The new non-profit applied for a grant from the state to support the building’s acquisition and rehabilitation. The existing Section 515 loan was transferred to the non-profit as part of the acquisition, which closed on December 9, 2002. The rehabilitation is still in progress. TMHA manages the property.

Mr. Klingensmith described another transaction involving a 40-unit elderly property in northern Ohio with a Section 515 loan and project-based Section 8 rental assistance on all of the units. As the property was experiencing vacancy problems due to a lack of amenities, the non-profit developer sought funding from the Federal Home Loan Bank’s Affordable Housing Program to support upgrades.

In a third transaction, the existing owner of a 34-unit property in southeastern Ohio brought in a non-profit to serve as a general partner to provide services to tenants in a bid to reduce turnover. Units in the property had been turning over once a year on average, creating administrative burdens and expenses for the property owners. Tax credits and additional soft funds financed improved amenities.

The fourth Ohio transaction preserved and rehabilitated a 48-unit Section 515 property in western Ohio. A new Section 515 loan was placed on the property, subordinate to the original Section 515 loan. In addition, tax credits and other soft funds supported the renovation.

For more information, contact OCCH at www.occh.org/

In Washington

Accounts Would Help Children Save

More than a third of the children born each year in the United States are born into families that have no appreciable savings to manage emergencies or invest in their children’s futures. The Corporation for Economic Development (CFED) held a briefing on Capitol Hill on October 28 to launch an initiative that would give all children a stronger financial foundation by creating a long-term savings and investment account that is established for each child at birth and allowed to grow over his or her life.

CFED Chair Robert Friedman described the Saving for Education, Entrepreneurship, and Downpayment (SEED) program. Money for each account would be provided by the federal government, and voluntary contributions from the child or his family would receive an additional match. SEED accounts, to which contributions could be added over the course of the child’s life, could be drawn down to help finance higher education, start a small business, buy a home, or invest for retirement.

In Great Britain, the new Child Trust Fund provides a government endowment for every child born in Britain since September 2002. Under the Fund, each child receives 250 pounds, and low income children receive an additional 250 pounds. The government will add to each account until the child turns 18, when he or she is allowed to access the funds with no restrictions.

The CFED has begun pilot programs in ten communities across the nation, funded with private dollars. More information is available at www.cfed.org.

Do you currently receive *Memo* by fax? If so, please consider switching to email delivery: You’ll receive a higher-quality reproduction each week, and emailing is substantially less expensive than faxing, so you’ll help NLIHC reduce costs. To switch, call 202-662-1530 x227 or email memo@nlihc.org.

Resources

Worker Advancement in the Low-Wage Labor Market

The Center on Urban and Metropolitan Policy at the Brookings Institution released a report in October looking at the low-wage labor market. The report, "Worker Advancement in the Low-Wage Labor Market: The Importance of 'Good Jobs,'" looks at the circumstances of low-wage earners, especially where they have been most successful in moving up to higher-paying employment. The report is specifically interested in how low-wage earners can be matched to 'good jobs' that allow for professional development and wage-growth.

The report looks at data from the U.S. Census Bureau, specifically the Longitudinal Employer Household Dynamics (LEHD) program from 1996 to 2001. These data look at employer size and industry and are merged with other survey records on workers and employers. The authors look at the concepts of 'good jobs' and low-wage workers and use the data to look at cases where lower-wage workers have been able to move to higher-wage positions.

One of the major findings is that smaller firms, and those in retail or service industries, pay lower wages. Low-wage earners finding work at higher-wage firms were the most successful in increasing their earnings. Additionally, workers who changed jobs during the study period were more likely to escape low-wage status than those who stayed at the same job, and geographic accessibility of high-wage firms willing to hire lower-wage workers is a major issue.

The study finds that an effective way for low-wage workers to improve their earning status is to increase their likelihood of becoming employed in high-wage firms. These firms, especially, are more likely to provide opportunities for wage-growth over time. The authors describe two broad policy threads to make this happen. One involves improving the access of low-income wage earners to high-wage jobs, and the other is to create more such jobs, especially in areas where few currently exist. To some extent, 'temp' agencies addresses some of the first issue by getting low-wage earners employed in higher-wage firms.

The second policy option of creating more higher-wage jobs has sometimes been addressed by local economic

development attempts to bring higher-wage jobs into specific areas. This has not always been successful, and in any case has not created many jobs for low-income workers. The authors suggest a combination of service provision and technical assistance to companies (especially in regard to human resources), and partnership building between employers, worker and community groups, skills providers, and other agencies.

The report is available at www.brookings.edu/es/urban/publications/200310_holzer.htm.

Fact of the Week

Distribution of workers with low earnings in 1996–1998

By earnings status and firm wage premium, 1999–2001

Earnings status 1999-2001	Job changers	Job stayers
Still low earners	46.0	64.1
Partial escapers	44.2	32.5
<u>Complete escapers</u>	<u>9.8</u>	<u>3.4</u>
Total	100	100

Source: Brookings Institution: *Worker Advancement in the Low-Wage Labor Market: The Importance of 'Good Jobs'*, October, 2003 www.brookings.edu/es/urban/publications/200310_holzer.htm

News & Events

National Resource Center on Homelessness and Mental Illness

The National Resource Center on Homelessness and Mental Illness is holding a National Training Conference, *HOPE: The Key to Ending Homelessness for People with Mental Illnesses and/or Substance Use Disorders* from December 3 to 6 in Phoenix, AZ. The conference includes sessions featuring evidence-based and promising practices for housing, treatment and supports for people who are homeless and have mental illnesses or substance use disorders. More information about the conference is available at www.nrchmi.samhsa.gov/conference.

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

as much money is needed right away, so the expenditures are not elevated in the short term. But the leasing arrangement is ultimately more costly to the taxpayers by \$5.6 billion and (not coincidentally) more lucrative for Boeing. Senator John Warner (R-VA), Chairman of the Armed Services Committee, is now attempting to broker a deal where some of the planes are purchased and some are leased. But no one seems to be backing away from this boondoggle.

Before you get swept up in the press of your work week, stop now and pick up the phone. Call your Congressman and your Senators and protest this outrageous act of greed and deceit. Tell them what good could be accomplished in your community if they were not squandering your money on needless military equipment. Tell them how angry you are.

Those of us of a certain age will remember the poster published in 1979 by the Women's International League for Peace and Freedom that says "someday our schools will have all the money they need and the Air Force will have to hold a bake sale to buy a bomber."

NLIHC News


Vote for NLIHC in Working Assets Fund

The Working Assets phone company each year donates a portion of its profits to select nonprofit organizations, and each year Working Assets customers vote on how funds should be distributed. This year, NLIHC is one of 50 groups in the running for a share of the funds. Members of Working Assets can vote for funds to be appropriated to NLIHC by filling out the Working Assets 2003 Donations Ballot and marking support for NLIHC. The distribution of funds is determined solely by how many votes each group receives.

There are three easy ways to vote:

1. Fill out the ballot in your Working Assets phone bill.
2. Vote online at www.workingassets.com/voting.
3. Call the voter hotline at 1800-920-VOTE.

Voting ends December 31. Thanks for participating!



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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.