

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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Capitol Hill

Appropriations Vote Halted By Partisan Strife

After weeks of uncertainty and delay, the Senate VA-HUD Appropriations bill finally came to the floor for a vote and final passage on Wednesday, November 13. However, the Senate did not have an opportunity to fully debate or vote on the bill, as the body was under strict orders by leadership to finish consideration by 6 pm so the Senate could begin its 30-hour debate on judicial nominations. By 5:30 pm, when Democrats knew they did not have enough time to offer five remaining amendments, Ranking Appropriations Member Senator Robert Byrd (D-WV) requested two additional hours to complete the bill. Leaders of the majority party denied the request.

Some amendments were able to be offered during the time of the debate, including Senator Paul Sarbanes' (D-MD) Sense of the Senate affirming Congress' intent to fully fund the voucher program. The amendment received bipartisan support, with 24 cosponsors including Republican Conference Chairman Rick Santorum (R-PA).

Since the Senate was not able to pass the bill, it will likely be wrapped into an omnibus bill with other remaining spending bills. Hill staffers say that VA-HUD may still be considered independently, but it is unclear when that could be, as the deadline to finish all appropriations bills by November 18 is quickly approaching.

In whatever form the bill finally passes, it must then move into conference so the House and Senate can work out the differences between their versions of the bill. If the bill is wrapped into an omnibus, the amendments offered on the floor—including the Sense of the Senate—would not be included in the bill that goes to conference, since they had not officially passed.

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National Housing Trust Fund

Day of Action to Coincide with National Hunger and Homeless Awareness Week

National Housing Trust Fund endorsers across the nation are preparing for a push to raise awareness about the Trust Fund during National Hunger and Homeless Awareness Week, November 17 through 21. Highlights include a national call-in day to Members of the House of Representatives in support of H.R. 1102, the National Affordable Housing Trust Fund Act, on Wednesday, November 19. Supporters will also submit letters to the editor, seek out more endorsements for the campaign, send postcards to Congress, and have petitions signed asking their Representative to co-sponsor H.R. 1102.

As part of their activities for the week, students are ready to get more than 1,500 Trust Fund postcards signed and sent to Congressional offices. Catholic University of America (Washington, DC), University of Massachusetts-Amherst, University of Maryland Baltimore City, the University of Wisconsin-Madison, and Loyola University (Baltimore, MD) are among the campuses participating in the Day of Action. More information is available at www.nhtf.org.



POINT OF VIEW

by Sheila Crowley, President

In last week's *Memo*, we reported on the findings of public opinion research on housing conducted by Peter Hart and Associates for the Fannie Mae Foundation. While they found widespread recognition of the housing affordability problem, the public does not have a good sense of what can be done about it. It should come as no surprise to low income housing advocates that the housing "message" is too diffuse to be meaningful—that we lack a unified voice for housing.

The research found that people do not consider affordable housing to be of particular importance to the public policy agenda. Mr. Hart offers some recommendations for how to move housing up on the agenda. The first is to educate the public about the "magnitude and consequences of the problem." This suggestion conflicts with the conventional wisdom of late that housing advocates should highlight success instead of talking about need, that talking about need is too much of a downer and turns people off. (Frankly, I always thought this advice was a little silly.) It is ironic that after the housing community has been busily touting its successes for years that we learn that the cacophony of "solutions" has created more confusion than support for the cause.

The other recommendation from Hart is to "provide a level of comfort that this a problem with workable answers," further indicating the need for housing advocates to come together with a unified voice. The respondents give us some clear direction. In response to the question "realistically, how much do you think can be done to

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Because of the looming deadlines, it appears that negotiations between House and Senate conference leaders have already begun. Advocates are contacting top Appropriators in both houses to urge them to keep Senate language that would protect key housing programs, including the Housing Choice Voucher program. A call to action is at www.nlihc.org.

Other amendments offered during Wednesday's debate included one by Senator Kit Bond (R-MO), Chair of the VA-HUD Appropriations subcommittee, directing HUD to reconvene the Public Housing Operating Fund Negotiated Rulemaking Committee. The Committee convened in 1999 to determine an operating cost funding formula for public housing authorities (PHAs), but adjourned in 2000 due to a lack of data. Advocates have requested the committee be reconvened, but HUD has been reluctant to do so (see the October 31 issue of *Memo*).

Senator Bond also offered an amendment to increase by \$7.5 million the allocation to the Office of Federal Housing Enterprise Oversight (OFHEO), which regulates the government-sponsored enterprises (GSEs). The additional funds would be used to implement the reforms to the GSEs' management that Congress believes are needed.

A number of senators offered statements on the floor about housing affordability in general, with several quoting NLIHC's *Out of Reach* report to show the extent of affordability problems. Senator Susan Collins (R-ME) was one senator to reference the \$15 an hour a person needs to earn to be able to afford modest rental housing. "Our nation is facing a critical shortage of affordable housing," she added.

Many Senators offered statements on behalf of the voucher program. There was a consensus in statements that voucher utilization is increasing and that HUD should not do anything that would adversely affect the program. "We should expand the program so that more families can receive assistance they so desperately need, but if we cannot expand it, we should preserve it to ensure that families receiving vouchers can continue to depend on the support they have been promised," Senator Hilary Clinton (D-NY) said.

Senator Sarbanes spoke on the importance of housing programs and the inadequacy of the bill to meet the needs of low income people across the country. "While I support the overall bill that we are considering, it does not contain adequate funding to meet the needs of low income people around this country," Senator Sarbanes said. He also discussed the inadequate funding of public housing. Both Senators Sarbanes and

Bond discussed the benefits of the HOPE VI program and the need to make sure the program is funded.

Senator Barbara Mikulski (D-MD), Ranking Member on the appropriations subcommittee, addressed the benefits that housing programs bring to communities, noting that the Community Development Block Grant and the HOME Investment Program have produced both housing and jobs.

The Administration issued its position on the Senate VA-HUD bill in a "Statement of Administration Policy." The statement expressed the Administration's concern over various provisions included in the Senate bill, specifically the overleasing provision that would allow PHAs to temporarily lease more vouchers than they have been allocated in an effort to reach 100% utilization. The statement said that the Administration "will work with the Committee to ensure that provisions do not encourage public housing authorities to issue more vouchers than have been funded or authorized by the Congress."

The statement also urged Congress to authorize the Public Housing Reinvestment Initiative (PHRI), which would change the way public housing agencies (PHAs) fund their capital needs by allowing PHAs to use their operating and capital funds to facilitate the private financing of capital improvements. The proposal was not adopted in either the House or Senate bills.

The statement also praised the lower funding levels for the HOPE VI program, reflecting the Administration's desire to zero out the program. "The Administration applauds the significant reduction in the HOPE VI program and urges the Senate to redirect these resources to programs such as HOME and the American Dream Downpayment Initiative," the statement read.

"Exit Tax Relief" Bill Introduced

On November 12, 2003 Representatives Jim Ramstad (R-MN) and Benjamin Cardin (D-MD) introduced H.R. 3485, the Affordable Housing Preservation Tax Relief Act of 2003. For some time, advocates have been concerned that potential tax consequences have hampered opportunities to preserve federally assisted housing. Owners who might otherwise be willing to sell federally assisted housing to preservation purchasers have been discouraged because of the tax burden they would face upon the sale.

In its report issued to Congress in May 2003, the Millennial Housing Commission (MHC) stated that "it is critical that all multifamily owners be eligible for exit tax relief" and recommended the enactment of a pres-

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Update from the Field Portland Pushes for Funding

In Portland, OR, a Regional Blue Ribbon Committee on Housing Resource Development will hold its first meeting on November 21. The Committee, which will meet for five to six months, is charged with identifying a long-term and stable source of funding to support affordable housing development in the Portland metropolitan area. The Committee is the initiative of Portland Mayor Vera Katz and City Commissioner Erik Sten and includes public and private sector leaders representing businesses, housing and service providers, and faith-based and charitable organizations, as well as local and state officials.

The establishment of the Blue Ribbon Committee is due in part to the efforts of Affordable Housing NOW! (AHN), a broad campaign currently endorsed by 25 organizations and 200 individuals. AHN's stated purpose is "to secure a new, ongoing source of funding for affordable housing in order to address the affordable housing shortage that plagues our communities." In addition, as AHN seeks additional endorsers, it is building an increased base of support for affordable housing with the capacity to respond to critical affordable housing issues as they arise.

AHN's most recent effort has been a postcard campaign to City Council members, timed to coincide with the establishment of the Blue Ribbon Committee. Mayor Katz and the four Commissioners have received more than 2,750 postcards urging the use of the City's general funds for affordable housing in 2004. While AHN's overarching purpose remains the identification of an ongoing, regional source of funding for affordable housing, AHN acknowledges the long-term nature of that effort. Oregon's state legislature continues to preempt local jurisdictions' ability to utilize real estate transfer fees, stymieing, for the time being, access to one possible funding source.

In the meantime, as the postcards told the City Council, "Our communities cannot wait any longer. We need a significant new source of funding for affordable housing by 2004." AHN concedes that achieving a one-time infusion of general funds for affordable housing is itself a challenging proposition due to the budget crunch faced by the City. But the postcard campaign has shown the City Council the strong level of public support for affordable housing. Ian Slingerland, Executive Director of the Community Alliance of Tenants (CAT), hopes that the City Council will respond ac-

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HUD HUD Settles In RESPA Case

HUD and the Federal Trade Commission issued a press release on November 12 announcing a settlement with Fairbanks Capitol Corporation for alleged violations of the Real Estate Settlement Procedures Act (RESPA), including illegal loan servicing activity.

RESPA was enacted to protect consumers by prohibiting kickbacks, referral fees and other unearned charges that artificially drive up closing or settlement costs or otherwise increase the price of buying or refinancing homes. As a part of the settlement, Fairbanks must establish a \$40 million victim compensation fund. Many of the people adversely affected by Fairbanks' loan servicing activities were low income.

"Fairbanks and its top executive engaged in a litany of practices that violated their obligation to adequately serve hundreds of thousands of borrowers, many of them lower income families who were pushed to the brink of foreclosure," HUD Secretary Mel Martinez said.

HUD reports that this is the largest civil settlement involving allegations of RESPA violations. A district court in Massachusetts must approve the settlement.

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cordingly. "Thanks to the vision and commitment of Portland's City Council, Portland has a history of responding to local housing needs with courage and innovation," he said. "I am hopeful that, with broad community support, Council will continue this legacy and make funding for affordable housing a priority—especially in these tough economic times."

AHN was launched in late 2002 by three groups: CAT, a tenant membership organization and NLIHC's state partner in Oregon; the Coalition for a Livable Future, a network of non-profit and community-based organizations focused on equitable and sustainable development; and the Community Development Network (CDN), an association of non-profit community development organizations. In pursuing its goal of a long-term funding source for housing, AHN has identified several possibilities, including the real estate transfer fee and a tax levy. There are thorough descriptions—including pros and cons—of these possible funding sources at www.cdnportland.org/ahn.html.

For more information: Ian Slingerland, Community Alliance of Tenants, (503) 460-9702.

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ervation tax incentive. In a statement announcing the bill's introduction, Mr. Ramstad noted that H.R. 3485 "tracks closely with the recommendation made by the MHC" on exit tax relief.

H.R. 3485 would provide exit tax relief for the preservation of housing assisted with an insured mortgage under Section 236 or 221(d)(3); with project-based Section 8 assistance; with a loan insured by the U.S. Department of Agriculture; or with Low Income Housing Tax Credits. Under the bill, a housing credit agency—likely a state housing finance agency already allocating Low Income Housing Tax Credits—would award a tax credit in the event of a sale of an eligible multifamily property to a preservation purchaser. A preservation purchaser would be either a housing credit agency itself or an organization that a housing credit agency determines has sufficient capacity and commitment to make the preservation purchase a success.

To qualify for the tax credit, a preservation purchaser must agree to maintain affordability for an extended use period. This period would last 30 years or until a foreclosure sale, although a foreclosure sale for the purpose of ending the extended use period would be invalid. The use restrictions on the property would have to be legally enforceable and consistent with the property's physical and financial viability. Any successive purchasers would be bound by the restrictions, which would have to be made part of the property records of the state.

The bill includes a formula that establishes a ceiling for the amount of preservation credits allocated to each housing credit agency. In addition to awarding preservation credits, a housing credit agency must determine whether the preservation purchaser's plan for the property will allow it to remain viable for 30 years. A housing credit agency must also monitor the affordability and use restrictions and notify the Internal Revenue Service if the property does not comply. It appears that the minimum affordability required by the bill would be the same as that under the current Low Income Housing Tax Credit program.

One dilemma advocates may face as the bill moves forward is whether, to be considered by Congress, it would have to be attached to a larger tax bill that could have negative repercussions for low income people.

New Legislation

Senator Lisa Murkowski (R-AK) introduced S. 1851 on November 12. The bill would raise the minimum state allocation of funding for HOME Investment Partnerships in the Cranston-Gonzales National Affordable Housing Act from \$3 million to \$5 million. It has been

referred to the Committee on Banking, Housing, and Urban Affairs.

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/>.

MacArthur Foundation Preservation Initiative Announced

The Chicago-based John D. and Catherine T. MacArthur Foundation has announced a new funding initiative, "Window of Opportunity," that will provide \$50 million over 10 years to preserve and improve the nation's affordable rental housing stock. The foundation hopes to support the preservation of 100,000 units of affordable housing over the decade, as well as foster public policies that encourage the preservation of rental units.

Funds have been allocated as follows:

- \$35 million in grants and low-interest loans to national and regional nonprofit organizations with large rental housing portfolios to acquire, refinance, and renovate affordable rental housing.
- \$10 million in low-interest loans to help specialized lending intermediaries finance preservation transactions.
- \$5 million in grants to support research, policy analysis, and public education regarding pressures on the supply of affordable rental housing. NLIHC is a recipient of a MacArthur research grant through this initiative.

In describing the impetus for the initiative, the Foundation notes that nearly 200,000 privately owned, government-subsidized rental units have been lost since 1997, as owners have opted out of their expired contracts. "Ongoing additions to the affordable stock are important but modest in comparison to the overall need," Debra Schwartz of the MacArthur Foundation said in a statement. "If losses of existing affordable units are left unchecked, we will be running harder than ever just to stay in place."

More information is available at www.macfound.org/announce/press_releases/11_13_2003.htm; a full report on the initiative will follow next week.

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

Resources

Components of Inventory Change

HUD has released a series of “Components of Inventory Change” (CINCH) reports showing changes in individual housing units over time. The reports use data from the American Housing Survey (AHS) to track changes in characteristics of both surveyed units and their occupants. There are five two-year reports as well as a 10-year report that compiles all the data from the 1985 to 1995 study period.

Each report contains two sections, ‘losses’ and ‘gains,’ that look at how the housing stock for a surveyed area has changed over the course of the study period. The ‘losses’ and ‘gains’ are looked at independently of each other, so that the losses section looks strictly at units lost over the study period, while the gains section looks only at new units during the period. In total, the reports found that 13.6 million occupied housing units were created between 1985 and 1995, for a total of 96.6 million units. At the same time, 1.4 million occupied units were lost, for a net gain of 12.2 million occupied units. The number of vacant units increased by approximately 450,000, to 10.7 million.

Units with minority (African-American and Hispanic) households were nearly twice as likely than units with non-Hispanic whites to be lost from the housing stock. Most units containing minority households were lost through damage or condemnation, while the majority of units lost by white non-Hispanics were lost through demolition or disasters. Units containing low income or renter households were also considerably more likely than other units to be lost. Renter-occupied units were lost at twice the rate of owner-occupied units.

The number of units with minority households increased consistently, while the number of units with non-Hispanic white households remained relatively stable. Units were gained in both metro and non-metro areas; within metro areas, suburban growth in units occurred at between two to three times central city growth. The number of owner-occupied units grew consistently, while the number of renter-occupied units remained relatively constant.

While the datasets in the report go only through 1995, these reports should still be interesting to those wanting to look at long-term trends in the housing market. The reports also reaffirm some of difficulties of preserving low income and rental housing.

The reports are available from the HUD User website at: www.huduser.org/datasets/cinch.html.

Fact of the Week

Causes of Housing Unit Losses by Tenure, 1993-1995

	<u>Owner</u>	<u>Renter</u>
Total lost units	824,000	729,000
Conversion/merger	16.0%	25.5%
Moved out of mobile homes	57.3%	11.9%
Changed to Non-residential use	4.0%	11.4%
Demolition/disaster	9.3%	18.4%
Badly damaged/condemned	4.9%	19.5%
Lost in other ways	8.9%	13.3%

Source: HUD: “Components of Inventory Change: 1993-1995” www.huduser.org/Datasets/CINCh/CINCH_1993-1995.pdf

News & Events

New Section 8 Renewal Formula

“Adapting to the New Section 8 Renewal Formula: Reaching Full Voucher Lease-up” is the subject of an upcoming AudioShort hosted by the National Association of Housing and Redevelopment Officials. The national conference call will take place Wednesday, November 19, from 1 to 2:30 pm ET. Participants will learn how to maximize PHAs’ voucher lease-up rates under HUD’s new renewal funding system through speaker presentations and a question-and-answer session. Participation is \$65 for NAHRO members and \$95 for non-members; visit www.nahro.org for details.

Food Stamp Rights

The National Law Center on Homelessness and Poverty will hold a conference call on ensuring homeless people’s rights in the food stamp program on Wednesday, November 19, at 3 pm ET. An NLCHP staff attorney will explain the legal rights that protect homeless persons in the food stamp program, such as the right to apply for food stamps without a permanent address and the right to receive food stamps while living in a shelter. There will also be a discussion of strategies for improving access to food stamps, and a question-and-answer period. Register at www.nlchp.org/audioregistration.pdf.

Affordable Rental Housing Forum

The National Neighborhood Coalition will hold a forum from noon to 2 pm on Friday, November 21, titled “The Affordable Housing Continuum – Spotlight on Rental Housing” in Washington, DC. Speakers will discuss rental housing production and the policies needed to begin addressing the affordable rental housing shortage. To reserve your space, RSVP to Janice Clark at 202-408-8553 or janice@neighborhoodcoalition.org, or fax your name, organization, phone and email to 202-408-8551.

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solve the problem of housing affordability,” 30% replied “a great deal” and 28% said “a fair amount.” Only 9% replied “nothing at all.” The overarching theme of the affordable housing movement is not complicated, but simply this: The affordable housing crisis in the United States is a very solvable problem. The solution is easily within our reach, if we decide to make it so. America has the know-how and the resources to tackle and overcome any challenge that confronts us, including the affordable housing crisis.

Recently, I tuned into a Senate debate on global warming and heard Senator Hillary Rodham Clinton (D-NY) challenge her colleagues to see global warming as a problem that Americans could solve once we put our minds to it. She said to think otherwise is pessimistic and fatalistic, and moreover, unpatriotic and un-American. I would say the same thing about the affordable housing crisis.

Alas, when it came time to take up housing legislation in the Senate this week, the Senate leadership decided housing did not even merit a full debate or a vote. Consideration of the long-delayed VA-HUD FY04 Appropriations bill was sidelined to make time for the made-for-TV partisan 40-hour marathon on judicial nominations. Congress could not get away with this kind of neglect if there were a housing movement unified around a bold statement that the affordable housing crisis is a problem that Americans can solve.

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The forum will also be available online, at www.neighborhoodcoalition.org, approximately one week after the event. Click on “Forum Theater” to view.

Federal Budget Process And Outlook

The Coalition on Human Needs is hosting a briefing on the federal budget process that will include a review of budget terms and procedures, predictions and analysis of what to expect during the next year’s budget debates, and opportunities for advocates during the budget process. The forum will be held Friday, December 5, from 9 to 10:30 am at the AFL-CIO building at 815 16th Street, N.W., in Washington, DC.



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.

NLIHC Interns

NLIHC is seeking legislative, outreach and research interns for the spring semester who are passionate about social justice issues and who have excellent writing and interpersonal skills.

Details are available at 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. Questions? 202-662-1530 x228.

Vote for NLIHC in Working Assets Donations Pool Today

Each year customers of the Working Assets phone company vote on how a share of the company’s profits should be distributed. This year, NLIHC is one of 50 groups in the running for a share of the funds. There are three easy ways to vote for NLIHC: fill out the ballot that Working Assets includes in your phone bill; vote at www.workingassets.com/voting; or call the voter hotline at 1800-920-VOTE. Voting ends December 31. Thanks for participating!

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Memo to Members

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