

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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Housing in the 2004 Elections!

Register NOW for NLIHC Annual Conference on April 26-27

Join us in Washington April 26-27 for sessions including Housing in the 2004 Elections, the National Housing Trust Fund Campaign, the latest on the Housing Vouchers, and more. Register today! For the complete conference schedule and registration forms, visit <https://www.nlihc.org/conference.html>.

And don't forget: NLIHC has been approved for 6.25 Continuing Education Units by the National Association of Social Workers! Call 202-662-1530 for details.

POINT OF VIEW

by Sheila Crowley, President

Sheila Crowley is on vacation. Point of View will return next week

HUD

HUD Sends Tough GSE Housing Goals to Hill

HUD sent to Congress its revised affordable housing goals for Fannie Mae and Freddie Mac on April 5. While the 496-page proposal is not yet available to the public, reports are that HUD is mandating the Government Sponsored Enterprises (GSEs) to do more for low income homebuyers. The goals will also encourage the GSEs to lead the market in single family home mortgages for first-time homebuyers, an area where Fannie and Freddie have lagged behind the primary market.

These revised rules have been sent to the members of the Senate Banking, Housing and Urban Affairs Committee and the House Financial Services Committee. The committees will have 15 days to review the rules and make comments before these rules are published in the Federal Register for a 60-day public comment period. The rules will take effect January 1, 2005.

HUD is mandated in the 1992 Federal Housing Enterprises Financial Safety and Soundness Act to revise and regulate the housing goals for the (GSEs). The last revision by HUD was during the Clinton Administration in 2000. The Bush Administration has been expected to revise the goals for some time.

As reported in *Memo* last week, S. 1508, The Federal Housing Enterprise Regulatory Reform Act of 2004, which was voted out of the Senate Banking, Housing, and Urban Affairs Committee on April 1, would create a new regulator for Fannie Mae, Freddie Mac, and the Federal Home Loan Banks and significantly expand their affordable housing obligations. Under S. 1508, the independent regulator would have responsibility for oversight of both safety and soundness of the GSEs and their mission requirements. HUD would no longer have responsibility for setting and regulating the housing goals for Fannie and Freddie.

The future of S. 1508 in the 108th Congress is uncertain as there are considerable differences on the role of the regulator among the Administration, Senate Republicans, and Senate Democrats.

(See HUD on p. 2)

National Housing Trust Fund

Senator Nelson Joins S. 1411

Senator Bill Nelson (D-FL) has signed on as a cosponsor to S. 1411, the Senate version of the National Housing Trust Fund Act, bringing the total of cosponsors to 6. Senator Nelson joins lead sponsor Senator John Kerry (D-MA) and Senators Lincoln Chafee (R-RI), Richard Durbin (D-IL), Joseph Lieberman (D-CT), and Paul Sarbanes (D-MD).

The House version of National Housing Trust Fund legislation, H.R. 1102, has 211 cosponsors. Details are at www.nhtf.org.

Capitol Hill

Congressional Recess

The House was adjourned the week of April 5, and the Senate joins them for recess the week of the 12th. Both chambers are set to return the week of April 19.



NATIONAL LOW INCOME
HOUSING COALITION

HUD (cont'd from p. 1)

There is bipartisan support for strengthening the affordable housing obligations for Fannie and Freddie. The Members of the Senate Banking, Housing, and Urban Affairs Committee unanimously approved an amendment to S. 1508 offered by Senator Jack Reed (D-MA) that in addition to expanding the housing goals directs Fannie and Freddie to put 5% of their pre-tax profits into a fund, half of which will be used for capital grants to build or produce housing for extremely low income households and half of which will become a loan loss reserve fund. Five percent of pre-tax profits for both GSEs is estimated to be \$1 billion last year.

First Session of Public Housing Operating Fund Neg-Reg Concerns Advocates

The first three-day session of HUD's negotiated rulemaking panel that has been convened to develop a new formula for the public housing operating fund concluded on April 1, with advocates concerned over the direction HUD is pushing the committee. According to some meeting attendees, HUD officials have hinted that HUD may have already developed an operating formula and may not intend to use the recommendations of the committee. HUD has also reportedly introduced issues other than the operating fund formula for the committee to work on, including "deregulation" of public housing authorities (PHAs). A third concern involves whether or not HUD will request additional funding for resident participation activities.

Advocates had already expressed concern over the composition of the committee and the process in which HUD convened it (see March 12 *Memo*). An earlier iteration of the committee met from 1999 to 2000, but deliberations were halted to allow for a study to be completed on how much it actually costs to run public housing. The study is now complete and a new negotiated rulemaking committee—one with little representation of tenants or advocates—has been convened. Jack Cooper of the Massachusetts Union of Public Housing Tenants and Veronica Sledge of Victory Point in Jacksonville, FL, are the only two committee members representing tenants.

The proceedings of the first three days of the committee meetings have been disappointing to tenants and tenant advocates. At the conclusion of the 1999 meetings, HUD agreed to request additional funds for resi-

dent participation, and Mr. Cooper and Ms. Sledge are urging HUD to follow through and include additional funding for resident participation activities to the operating fund. However, HUD reportedly opposes additional funding for resident participation, and has instead agreed to allow for a set-aside for resident participation within the lump sum PHAs will receive for the operating fund. PHAs on the committee are opposed to resident participation funds being a set-aside within the operating fund, but support resident participation funding if additional funds are allocated.

NLIHC has sent a letter to HUD and Members of Congress expressing concerns over the outcome of the first session of the committee, and urging HUD to ask Congress for additional time to address all the issues involved in developing an operating cost formula. HUD is under a July deadline to complete the formula. The second session is scheduled for April 13-15.

GAO**GAO Finds "Questionable Payments and Potential Fraud" in HUD Programs**

A GAO audit found that "significant internal control weaknesses" in the process used to pay contractors for work on HUD single-family properties resulted in questionable payments and possible fraud. The report (GAO-04-390) found that \$16.3 million in payments were questionable and that \$181,450 in payments were potentially fraudulent. The potentially fraudulent payments were made to the same contractor that GAO found to be engaging in similar practices in its review of the multifamily property program. Ten years into the single-family property program, actual costs have totaled over \$500 million, almost triple the original development budget.

The report, *HUD Single-Family and Multifamily Property Programs: Inadequate Controls Resulted in Questionable Payments and Potential Fraud* (GAO-04-390, March 3) can be found at www.gao.gov/cgi-bin/getrpt?GAO-04-390.

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/>.

Update from the Field

Walking Across CO for Housing

How far would you walk for housing justice? 20 miles? 500 Miles? 800 miles across a large state? Advocates in Colorado will go the distance for housing justice, planning to walk over 800 miles this coming summer. Housing Justice! Inc, of Colorado, is organizing The People's Walk for Housing Justice, to take place June 5 through August 26, across Colorado. The Walk will seek to raise awareness about the issue of housing across the state and to inspire and educate the communities along the walk. It is designed to focus on the local initiatives and situations while also working for a state housing trust fund.

The Walk will begin in Denver, with a send-off walk originating at the People's Fair, an annual downtown event. It will continue on through communities such as Fort Collins, Breckenridge, Grand Junction, Crested Butte, Pueblo, Colorado Springs, and others, returning to Denver for a final walk to the Capitol. Each day, walkers will travel distances ranging from 7 to 18.5 miles, sometimes along highways or larger roads, and other times along hiking trails. Each day's walk will end with a community potluck and discussion on affordable housing, where participants will focus on the particular community they are in and what housing issues it is dealing with, as well as how that community's situation ties into the larger state picture. As many as 2,000 people are expected to participate.

A major goal of the Walk is to set the stage for the creation of a statewide affordable housing trust fund, and to promote other tools communities can access to create more affordable housing. "A housing trust fund would be an investment in Colorado's future," said Britta Fisher, Executive Director of Housing Justice! "Affordable housing is a low-risk, high-return investment that will create jobs and stimulate Colorado's economy. We want communities to know about proven tools which could be available to them as they build their future."

Another major goal of the walk will be to raise awareness about the state of Colorado's housing among citizens and elected officials, business leaders, and others responsible for the future well being of Colorado.

"We believe that the housing crisis is solvable," said Blake Chambliss, one of the Walk leaders. "It will take empowered communities to build a decent home and a suitable living environment from the bottom up. This summer, we will be taking the first 1.6 million steps—literally—to get it done."

Advocates can follow the progress at
(Continued next column)

Housing in the Elections

MA Group Raising Family Homelessness in the Presidential Election

The One Family Campaign of Boston, MA, has initiated a grassroots advocacy campaign to address the issue of family homelessness, with a focus on inserting the issue into the presidential election. The Campaign, called "Every Child a Home," involves educating the general public about family homelessness and advocating for a broadening of the Section 8 program as a potential remedy.

The campaign has both public education and advocacy components. The advocacy arm consists a letter-writing and email postcard campaign that calls on the presidential candidates to address family homelessness as a part of their campaigns. Public education for the campaign focuses around distributing a call to action that calls on the Presidential candidates to reduce the housing-wage gap that deprives families of secure housing.

Being a Massachusetts-based organization, much of the group's local outreach focuses on Senator John Kerry (D-MA), the presumptive Democratic Presidential nominee. "I think because Senator Kerry is based out of Massachusetts it is in his best interest to respond to the concerns of his constituency here," Dan Vaccaro of the One Family Campaign said. The group is currently asking Senator Kerry to sign on to its call to action.

One Family has developed a coalition of student and faith-based advocates to work with, and is now expanding its advocacy to the national level. By partnering with groups such as the Jewish Community Relations Council and the National Student Campaign Against Hunger and Homelessness, they are forming a grassroots coalition to educate and address family homelessness—and get the attention of the presidential candidates—nationwide.

In a recent election, One Family was successful in involving gubernatorial candidate Mitt Romney (R), now governor, in homelessness issues, and the group is now working with his administration to implement new policies.

For more information, visit www.everychildahome.org or contact Dan Vaccaro at dvaccaro@onefamilycampaign.org.

(Continued from previous column)

www.peopleswalk.org. More information about the walk can be found on the site, including a detailed schedule, map, and many ways for individuals and organizations to support the cause.

In Washington

Press Conference Marks Fair Housing Anniversaries

Marking the 50th anniversary of the Supreme Court decision *Brown v. Board of Education* and the 36th anniversary of the Fair Housing Act, the National Fair Housing Alliance (NFHA) released its *2004 Fair Housing Trends Report* and discussed reforms needed to combat discrimination in housing still evident at a press conference on April 7.

According to the report, at least 3.7 million fair housing violations still occur annually, with African- and Latino-Americans experiencing most of the discrimination. Yet HUD charged only four race discrimination cases in 2003, while the Department of Justice filed just six.

The report found that race was the most commonly reported form of housing discrimination (29% of all complaints), followed by disability (27%) and familial status (13%). "Housing discrimination based on race, national origin, and disability is occurring at an alarming rate," NFHA President Shanna Smith said. "It is inexcusable that housing discrimination is so widespread and remains virtually unchallenged" nearly four decades after passage of the Fair Housing Act, she added.

Ms. Smith called for an increase in HUD funding for local housing agencies and a restructuring of the administrative and enforcement processes of the Fair Housing program. She also called for the Office of Fair Housing and Equal Opportunity to be designated an independent agency, in order to establish an institution capable of objectively assessing discriminatory housing practices.

The event also included statements from victims of discriminatory practices, including predatory lending, the denial of available rental units, and rental housing segregation based of race or ethnicity. NFHA also released a poster commemorating the 50th anniversary of *Brown v. Board of Education*. The *2004 Fair Housing Trends Report* and the poster are available at www.nationalfairhousing.org.

Report: Lead Hazard Program Requires Full Funding

The Alliance for Healthy Homes and the Children's Defense Fund released on April 5 a report entitled, "Administration Should Seek Increased Funding, Not Propose Drastic Cuts, in Key Lead Poisoning Prevention Program." The report emphasizes the need for the Administration to fully fund the Lead Hazard Control program and increase funding for the Healthy Homes grant program.

The Lead Hazard Control program is a HUD-administered grant program in which states and local governments receive funding to evaluate and control lead paint hazards in low income housing. The program received \$174 million in FY04, but for FY05 President Bush has proposed a 20% cut, to \$139 million. The FY04 program also includes a \$50 million set-aside for an urban lead hazard reduction demonstration program that allowed funds to go directly to areas with the greatest need, and the President has proposed eliminating this set-aside. The Alliance and CDF are advocating for full funding of the Lead Hazard Control program, including the restoration of the urban lead hazard reduction demonstration program.

The report notes that while the Administration touts the Lead Hazard Control program as the "central element of the President's effort to eradicate childhood lead-based paint poisoning," the shortfall in funding could result in up to 40,000 homes having lead hazards not addressed. Currently, 40% of all U.S. housing contains high concentrations of lead. By increasing Lead Hazard Control funding to just \$200 million, an additional 15,000 to 20,000 additional lead-free housing units could be made lead-free per year.

Healthy Homes, another set aside program within the Lead Hazard Control program, seeks to address multiple housing-related hazards (lead, mold, asbestos) comprehensively. While the President proposes funding the program at \$10 million for FY05, the Alliance and CDF are advocating doubling funding to \$20 million.

The report is available at www.childrensdefense.org/childhealth/lead_poisoning.pdf.

Resources

Mixed Results in Siting LIHTC Properties, Report Finds

A new Brookings report finds that the Low Income Housing Tax Credit (LIHTC) program has achieved mixed results in meeting what it terms the “implicit spatial objectives” of the program, which are to allow low income people to move to opportunities and to provide decent housing for low income people in neighborhoods that need it.

The report by Lance Freeman of Columbia University finds that while LIHTC properties are located in neighborhoods (census tracts) that are more racially and ethnically diverse and higher income—and more likely to have increased on their diversity and income levels between 1990 and 2000—than tracts with other federally project-based subsidized units, LIHTC properties too are located primarily in urban neighborhoods facing concentrated poverty and a disproportionate share of the Black population.

The findings in the report are based primarily on a comparative analysis of descriptive statistics for census tracts differentiated according to the presence subsidized housing and what type of subsidized housing it may be. As Freeman makes clear, given the limitations of the data, the analysis does not look within LIHTC properties or other project-based subsidized units. Also, trend data for 1990 to 2000 is simply the difference between 1990 and 2000 values for the statistics describing specific census tracts. This has a few important implications for the findings.

First and foremost, it is not possible to look at the spatial distribution of LIHTC properties by characteristics such as race, income, or age of householder. This means that there is no way to test the implications of the fact that LIHTC units themselves are seen to serve a higher income, more elderly, and more diverse clientele than other more restricted and older subsidy programs. In other words, it is not possible to determine which of the observed characteristics and changes within census tracts are due to the characteristics of the population within LIHTC properties and which are due to the characteristics and changes in the surrounding neighborhood. Similarly, because there is no population change data between censuses, it is difficult to draw conclusions about the impact specific LIHTC properties occupied during the decade had on surrounding neighborhoods.

Still, along with simply describing the relative characteristics of census tracts with LIHTC units, Mr. Freeman draws some important policy implications from his analysis. He concludes that these results add weight to the literature that says, “LIHTC units (and other project-based housing assistance for that matter) do not inevitably drag down their surrounding neighborhoods.” He also finds that lawmakers should revisit the LIHTC statute, which may limit the building of family units and provides incentives to build in neighborhoods below specific income and poverty thresholds. According to Mr. Freeman, the LIHTC program could be redesigned to serve families better, in particular allowing families “to benefit from a broader array of neighborhood choices.” With neighborhood choice as a goal, he warns that any changes should also not expressly disadvantage development in inner-city neighborhoods. Targeting the data limitations he faced, Mr. Freeman calls on the federal government to initiate a pilot data collection project for LIHTC properties.

The report is available at www.brookings.edu/urban/publications/20040405_Freeman.htm.

Fact of the Week

National Characteristics of LIHTC Neighborhoods

(Census tracts containing LIHTC properties)

Percent White	51.4%
Poverty Rate	19.1%
Homeownership	45.7%
Housing less than 10 years old	20.8%

Source: Freeman, L. *Siting Affordable Housing: Location and Neighborhood Trends of Low Income Housing Tax Credit Developments in the 1990s*. Brookings Institution. 2004.

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.

New Members!

NLIHC welcomes the following new and renewing members who joined in January and February of 2004:

January 2004

Bethany House Services, OH
Cheyenne Crossroads Clinic, WY
Coalition for a Better Acre, MA
Five Rivers CDC, SC
Foundation for Community Empowerment, TX
Habitat for Humanity Trenton, NJ
Libreria Del Pueblo, CA
Middle Way House, IN
Northern Communities Land Trust, MN
Northside Plaza CDC, TX
Northwest Philadelphia Interfaith Hospitality Network, PA
Ocean Springs-Long Beach Investment Interfaith Hospitality Network, MS
Rockland Housing Action Coalition, NY
Sandhills Interfaith Hospitality Network, NC
Sister Margaret Bulmer, TX
Marisel Canales-Del Valle, PR
Katherine Cotrell, OR
Debra Dantzler, NC
Margaret Dominici, MS
Arla Ertz, CA
Rev. Mark Hallinan, NY
Nancy Holmes, KY
Jean Oliver Johnson, RI
Thomas Kappner, NY
Henry Korman, MA
Kimon Kotos, OH
April Lasker, MI
Mary Helene and Nick Mele, WA
Dan Numrich, WV
Damaris Perez, CA
Lori Rach, MI

Sister Claire Regan, NY
Andrew Reid, CO
Joe Stevenson, KY
Cecilia Webe, IN
Lynda Wool, AL

February 2004

AIDS Housing Corp, MA
California Budget Project, CA
Chicago Community Loan Fund, IL
Community Advocates, NY
Eskaton Properties, CA
Grove House of Jacksonville, FL
Habitat for Humanity of Lackawanna County, PA
Metropolitan Council on Housing, NY
Ohio Multi County Development Corporation, OH
Quality Review Services, OH
San Luis Obispo County Housing Trust Fund, CA
Silver Sage Manor, NV
Sisters of Saint Joseph, MO
William Barnes, TN
Joe Collier, VA
Stephen George, GA
Donna Gunn, MS
Hank Hughes, NM
Ann Humphrey, MD
Tanja Kubas-Meyer, RI
Allan J. Lindrup, IL
Louise Marks, MA
Linda Mayfield, WI
Valerie Moore, NC
Steve Pershing, DC
Martin Poretsky, DC
John Relman, DC
Jaime Anne Sharrock, NJ
Ian Slingerland, OR
Anne Trout, PA



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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.