

# MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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## SPECIAL REPORT

### **FY04 VOUCHER FUNDING CRISIS – WEEK 5**

#### **Advocates Question HUD “Fix” for Funding Problem**

While housing advocates around the country continue to argue for full funding of all FY04 Section 8 vouchers to fix the FY04 voucher funding crisis, HUD Secretary Alphonso Jackson claimed on May 18 that HUD had found a solution. Speaking in New Orleans before the Public Housing Authorities Directors Association, Mr. Jackson announced that HUD had come up with a revision to the program’s complicated funding formula that would allow cash-poor housing authorities to receive additional money now instead of later in the year. It was not clear from Mr. Jackson’s comments exactly how this proposal would work. Representative Barney Frank (D-MA) said in response to the announcement, “They may well have solved the short-term problem, but it is a problem of their own making and they didn’t solve the problem overall.”

Mr. Jackson then appeared before the House Financial Services Committee on May 20 and in his lead-off testimony, he told the Committee that he had “good news” and that HUD had solved the FY04 funding problem. Mr. Jackson stated that HUD would replenish PHA project reserves with a pot of \$150 million from FY03 funds and that PHAs would receive a full year’s inflation adjustment retroactive to January. (HUD issued a press release the same day elaborating on this clarification.) It was unclear to members of the Committee as well as the advocates in the room, however, whether this “fix” would solve the serious crisis facing many PHAs. A few members of the Committee told the Secretary that the refinement of the policy would still leave PHAs in their districts short of funds.

A number of letters continue to circulate in the House on the Section 8 funding issue, including one from the chair of the VA-HUD Appropriations Subcommittee, James Walsh (R-NY). Mr. Walsh states that his letter is intended to set the record straight on the language from the FY04 appropriations bill. The letter, to his House colleagues, explains that “to address the rapidly escalating costs in the program, direction was included in the conference agreement [on the FY04 HUD appropriations bill] for the Secretary to renew vouchers on a budget-basis with each public housing authority’s budget to be determined in accordance with the formula proscribed by statute in the conference agreement.” This is the same language which HUD has repeatedly referenced as justification for its fund-

(See **Vouchers** on p. 2)

## Capitol Hill

### **HUD Secretary Testifies in House Hearing, Angers Democrats**

On May 20, Secretary Alphonso Jackson testified before the House Financial Services Committee. The hearing, focused on HUD oversight, was scheduled so that members of the Committee could learn about HUD’s FY05 budget request and question Mr. Jackson on the current FY04 voucher funding crisis.

While Members of the committee were able to ask questions related to any HUD program, the majority focused on the Section 8 program, the HOPE VI program,

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## POINT OF VIEW

by Sheila Crowley, President

In his first appearance before the House Financial Services Committee as HUD Secretary on May 20, Alphonso Jackson caused quite a stir with his comment that “being poor is a state of mind.” At best, it was an unfortunate choice of words. At worst, it belies an attitude toward low income people that calls into question his qualification for the position he holds.

I have no particular insight into what Mr. Jackson was thinking, but the statement seems to imply that what keeps poor people poor is their own self-imposed limitations. This is a convenient way of thinking for someone whose primary assignment in the Bush Administration is to unravel the housing safety net.

It is also one side of the dichotomy of worldviews that people control their own destinies vs. people are controlled by forces beyond their control. Both points of view are simplistic and insulting to poor people by failing to recognize one, their experience is not monolithic and two, they are complex human beings, just like everyone else.

These complexities are artfully articulated in the David Shipler’s new book *The Working Poor* (NY: Alfred A. Knopf). His stories are of people who work hard, but do not get ahead, who spend their lives in the low wage work force. These are stories about bad decisions and bad luck. They are about oppressive working conditions, unresponsive bureaucracies, and punitive public benefits. They are about depres-

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## Vouchers *(cont'd from p. 1)*

ing policy and which states that renewals would be based on spending reported as of August 1, 2003, adjusted by a local or regional inflation factor.

Senator Paul Sarbanes (D-MD) released a statement on May 19 in reaction to Mr. Jackson's statement in New Orleans. In the statement, Senator Sarbanes said, "If HUD wants to fix this problem, it can do one simple thing—fund its housing vouchers based on the actual costs of vouchers." On May 20, Senator Charles Schumer (D-NY) and 18 co-sponsors introduced S. 2467. This is the companion bill to the legislation introduced in the House by Mr. Frank that requires HUD to fully fund all leased vouchers in FY04. Mr. Frank's bill, H. R. 4263, now has 101 cosponsors in the House, including one Republican, Representative George Nethercutt (R-WA). Also in the Senate, Minority Leader Tom Daschle (D-SD), Senator Jack Reed (D-RI) and 44 other Senators sent a letter on May 14 to Secretary Jackson expressing their strong concerns about HUD's April 22 notice on the FY04 Section 8 renewal crisis.

In the House, Representative Nydia Velazquez (D-NY) continues to work on a bi-partisan effort to bring to House Members' attention the serious problems caused by the April 22 notice as well as the Administration's proposal for voucher funding for FY05. A letter instigated by Ms. Velazquez was sent on May 19 to Mr. Walsh and his Democratic counterpart, Ranking Member Mollohan (D-WV). The letter, which urges the Appropriations Subcommittee to fully fund the voucher program in FY05 and expresses serious concerns about the proposed flexible voucher program, was signed by 169 Members, including 16 Republicans. Ms. Velazquez and Representative Peter King (R-NY) continue to solicit signatures for a letter from the New York delegation to Secretary Jackson regarding FY04 funding plan. Currently, half of the New York congressional delegation, including two Republicans, have signed on to the letter.

In California, there were some noteworthy responses to the repercussions from HUD's voucher funding policy. The *Los Angeles Daily News* reported that Mayor James Hahn spoke at a rally on May 19 protesting HUD's policy. The Mayor and members of the City Council urged Congress to take action to prevent cuts. Farther north, nearly 400 people attended a meeting held by the Alameda Housing Authority on May 18 for voucher landlords and tenants, according to a report in the *Contra Costa Times*. Also on Tuesday, that agency's Board of Commissioners voted to use voucher program reserves as well as reserves from the agency's managed complexes to cut the shortfall from \$3.2 million to \$723,000, enabling the agency to pay landlords

50% of June's rent. It was not clear, however, how the agency would make up the remaining shortfall. Councilman Frank Matarrese said, "The City council is not [in favor of] putting people out on the street or poisoning our good relationship with landlords."

## Events to Protest Voucher Funding Policies and Proposals Planned

Disability rights groups, including the Disability Action Rights Coalition for Housing and the National Center on Independent Living, are organizing rallies and other events on May 26, which is being called Housing Memorial Justice Day. The events will take place around the country, as well as in Washington, DC, to protest HUD's FY04 funding policy and budget proposal for FY05. To find out more information about events planned locally, advocates can contact people in their own region of the country.

**HUD Region I: CT, ME, MA, NH, RI and VT** (Contact: Janet Dermody, janet@vcil.org).

**HUD Region II: NY and NJ** (Contact: Bruce Darling, bdarling@rochestercdr.org, 585-546-7510 (v/tty), 1-585-546-5643 (fax)).

**HUD Region III: DE, DC, MD, PA, VA, and WV** (Contacts: Jimmy or Nancy, diaofpa@voicenet.com 215-627-7255; Cassie James, cassiejames@libertyresources.org, 215-634-2000x309)

**HUD Region IV: AL, FL, GA, KY, MS, NC, SC and TN** (Contacts: Cherie Johnson, cjohnson@disabilitylink.org; Mark Johnson, Mark\_Johnson@shepherd.org)

**HUD Region V: IL, IN, MI, MN and WI** (Contacts: Darrell Price, Chicago, Darrell@accessliving.org, 312-253-7000; Brian Peters, Wisconsin, bpeters@independencefirst.org, 414-291-7520)

**HUD Region VI: AR, LA, NM, OK and TX** (Contacts: Bob Kafka, bkafka@juno.org, 512-442-0252)

**HUD Region VII: IA, KS, MO and NE** (Contact: Becca, bvaughn@tilrc.org, 1-800-443-2207; Kevin Siek, ksiek@tilrc.org, 1-800-443-2207)

**HUD Region VIII: CO, MT, ND, SD, UT and WY** (Contacts: Barbara Toomer, 4onflr@mindspring.com, 801-966-2843; DRAC, dracslc@peoplepc.com, 801-685-8214; Babs, adaptbabs@earthlink.net)

**HUD Region IX: AZ, CA, HI and NV** (Contacts: Amor Taylor, amor@cfilc.org; Victoria, Victoria@ilrcsf.org, 415-543-6222)

**HUD Region X: AK, ID, OR and WA** (Contacts: Rob Cook, robcook@efn.org, (541) 741-4367; Andrew, ilr\_epstein@hotmail.com, 503-232-7411)

**HUD Headquarters: Washington, DC** (Contacts: Marjorie, marjrifkin@juno.com, 202-547-0198 x112; Bobby, Washington, D.C., ablebutdisable@earthlink.net; Kimball, Maryland, kimball.gray@verizon.net; Christopher, Virginia, cpjohns964@yahoo.com, 703-486-2790; Daniel, daniel@ncil.org)

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

and the Government Sponsored Enterprises' (GSEs') affordable housing goals. Representative Maxine Waters (D-CA) criticized the entire HUD budget, saying it has "many problems." She lambasted the Administration for eliminating funding for the HOPE VI program, the rural housing and economic development program, and the brownfields redevelopment program. Ms. Waters also criticized the Administration for its proposed Freedom to House demonstration program, which would allow 50 public housing agencies (PHAs) to set their own rents and impose time limits on residents.

The current threats to the Section 8 program have made members of the committee, including Chairman Michael Oxley (R-OH) and Representative Bob Ney (R-OH), note the importance of rental housing. "Part of the American society is not ready for homeownership. There are several ways to provide affordable rental housing. However, efforts are being hampered by the threats to the Section 8 program," Mr. Oxley said.

Many members of the Committee criticized HUD's recent announcement of its "fix" for the current Section 8 funding crisis that would involve replenishing reserves and using a new inflation factor (see related article). Representative Carolyn Maloney (D-NY) told Mr. Jackson, "Your two new proposals do not help New York City. This is more spinning of a problem than fixing a problem," said Ms. Maloney. Representative William Lacy Clay (D-MO) of St. Louis also expressed concern that HUD's latest proposal would not help his district. "Frontloading of payments is not going to solve the problem because there will still be a shortfall at the end of the year," he said.

In response to Committee members' inquiries, the Secretary maintained the HUD mantra that HUD is only doing what Congress required in the FY04 Appropriations bill. Mr. Jackson also asserted that the changes to the Section 8 formula required PHAs to work within a budget, which he suggested was the only way to limit increasing voucher costs. Mr. Jackson also continued to assert that the original intent of the Section 8 program was for the program to be a "transitional" assistance program for public housing residents to move to "self sufficiency." He said that homeownership should be, and continues to be, the Administration's main focus. But Ms. Waters criticized Mr. Jackson for the Administration's emphasis on homeownership and said, "We don't want people to believe that they are going to leap into homeownership. Those that are poor are going to be renting and we still need resources for these programs."

Another theme highlighted at the hearing was HUD's lack of investment in low income rental housing. Representative Bernie Sanders (I-VT) urged HUD to support H.R. 1102, the National Affordable Housing Trust Fund Act. Representative Barbara Lee (D-CA), who introduced H.R. 1102 with Mr. Sanders, also urged HUD to invest more federal resources into the production of affordable rental housing. Ms. Lee said, "Homeownership is not going to help people who are unemployed."

Along similar lines, Mr. Jackson was challenged about the Administration's policies on public housing and HOPE VI. Representative Christopher Shays (R-CT) criticized the lack of investment in public housing and said that if the problem with the Section 8 program is the increase in cost because of the reliance on the market, it begs the question why the government would not be more interested in investing in the production of hard units. Mr. Shays also criticized the elimination of the HOPE VI program, arguing that it was the "best program that the government had done." Representatives Mel Watt (D-NC) and David Scott (D-GA) also criticized the Administration for proposing, for the second year, the elimination of HOPE VI.

HUD's recently proposed affordable housing goals for the GSEs was another topic receiving significant attention. Several members of the Committee expressed concern that the proposed goals were too high for the GSEs. Mr. Jackson asserted that the GSEs were chartered to provide housing to low and moderate income people and they were not leading the market in this area. Representative Katherine Harris (R-FL) expressed the concern that increased housing goals may jeopardize the safety and soundness of the GSEs.

During the hearing, Democrats questioned the Administration's commitment to low income housing and poor people, given the proposed HUD budget and the latest Section 8 debacle. Secretary Jackson responded that he believes "being poor is a state of mind, not a condition." This comment infuriated several members of the Committee, who called his comments insensitive and said that the Secretary clearly did not understand what it meant to be poor. Ms. Lee said, "It's obvious then, why you're cutting HOPE VI, Shelter Plus, and all the other homeless programs." Representative Michael Capuano (D-MA) told Mr. Jackson, "Apparently you don't know anyone facing eviction or not being able to pay their rent."

In response to the Democrats' criticism of his comments, Mr. Jackson attempted to clarify his statement

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## Capitol Hill *(cont'd from p. 3)*

by saying that his father taught him that being poor was a state of mind because there was always “hope” that you can improve your economic conditions. The Secretary asserted that he was “well aware that there is poverty and as Secretary of HUD wanted to work to eradicate poverty.”

The Secretary’s reply did not satisfy the outraged Democrats. Ranking Member Frank, Ms. Lee, and Representative Ruben Hinojosa (D-TX), chair of the newly formed Rural Housing Caucus, each issued press statements rebuking the Secretary for his comments.

Mr. Frank said in his press release, “Given the assault HUD has been waging on programs that help people in need, his cavalier assertion that being poor is simply a state of mind could serve as a dictionary illustration of adding insult to injury to poor people in America.” Mr. Hinojosa, whose district includes the colonias, said, “I have never heard more offensive and ludicrous statement in all my years in Congress. I challenge [the Secretary] to experience life in a home with dirt floors, no running water, power, or sewage and then say poverty is a state of mind.” Mr. Hinojosa added, “But through the outrage, the greatest disappointment from today’s hearing is to learn that the Administration has charged such an insensitive individual with the goal of providing decent and safe housing to the 32.9 million Americans who currently live in poverty.”

### No Senate Action on the Budget

After months of debate and negotiations, the House passed a budget resolution on a 216-213 vote on May 19. The budget that House leadership brought to the floor for a vote was a reiteration of an earlier proposal that would create budget rules for one year. To the credit of advocates, moderate Senators remain leery of the proposal and were not able to come to an agreement before the Congress adjourned for the Memorial Day recess.

As passed in the House, the FY05 budget resolution would apply for only one year the contentious pay-as-you-go provision, which requires offsets for both tax cuts and increases in entitlement spending. Specific tax cuts that the Administration has been adamant about extending this year, including the marriage penalty tax and the child care tax, would be exempt from the pay-as-you-go provision, however. The budget resolution also sets a discretionary spending limit of \$821.4 billion.

Moderate Senators, including Olympia Snowe (R-ME),

Susan Collins (R-ME), and John McCain (R-AZ), remain unsupportive of any proposal that exempts any tax cuts from the pay-as-you-go provision. Senate leaders continue to be hopeful that after the recess there will be room for more discussions and negotiations.

Republicans are concerned that, without a budget, Democrats could make it very difficult to pass tax cuts. Even lacking a budget, appropriators are planning to move forward with appropriations bills. Fiscal conservatives are concerned, however, that without a budget in place to set spending limits, money will be added to spending bills during the appropriations process.

House Appropriators have begun making plans for appropriations work this summer. The VA-HUD Appropriations Subcommittee has tentatively scheduled to mark up the VA-HUD Appropriations bill on July 19. The full Appropriations Committee will begin its work on the bill on July 22. With little time for discussion of the bill before the full Committee begins work, Hill staff reports that there will be little or no opportunity to offer amendments in Subcommittee and all negotiations will take place in connection with the full Committee’s consideration of the bill.

### Community Reinvestment Act Under Attack

The Community Reinvestment Act (CRA), enacted to encourage federally insured financial institutions to meet the credit needs of the communities they serve, is under attack on several fronts and was the subject of a recent hearing in the House Subcommittee on Financial Institutions and Consumer Credit.

Four federal banking agencies, the Federal Reserve, Comptroller of the Currency, Federal Deposit Insurance Corporation and the Office of Thrift Supervision, have proposed to significantly weaken CRA. And in the legislative arena, Representatives Richard Baker (R-LA) and Jeb Hensarling (R-TX) have introduced H.R. 3952, Promoting Community Investment Act of 2004, which advocates say would actually reduce investments.

The proposal issued by the bank regulators would eliminate the investment and service test portions of CRA exams for 1,100 banks by increasing the definition of small banks from \$250 million in assets to \$500 million. In effect, these banks would no longer have the same obligations to provide branches in low and moderate income areas or devote their assets to community development loans or other investments. The proposal also contains a predatory lending standard that focuses predominately on the liquidation and fore-

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## Capitol Hill *(cont'd from p. 4)*

closure value of the home rather than the ability of the borrower to make the mortgage payments.

In response to the proposed regulatory changes, a group of 30 Senators led by Senator Paul S. Sarbanes (D-MD) wrote to the regulators on May 18 expressing opposition to weakening CRA regulations. The letter said that “this proposal dramatically weakens the effectiveness of CRA, develops a weak predatory lending compliance standard and will have a negative impact on economic development and access to low cost services in low and moderate income neighborhoods across our nation.” The Senators urged the banking regulators to withdraw their proposal. NLIHC expressed opposition to these proposed changes during the comment period that ended April 6.

A hearing before the House Subcommittee on Financial Institutions and Consumer Credit on May 12 looked at ways to streamline the law. The hearing focused on H.R. 3952 as well as the regulators’ proposal. Many advocates argue that H.R. 3952 would promote disinvestment in communities since it would go even further than the bank regulators’ proposal by eliminating the investment and service test component of the CRA exam for banks up to \$1 billion.

Testifying before the Subcommittee, John Taylor, President and CEO of the National Community Reinvestment Coalition, said that streamlining CRA exams for banks with up to \$1 billion dollars would mean that 93% of banks, or 8,667 banks in the United States, would now have cursory exams that look only at limited lending activities. Judith Kennedy, President of the National Association of Affordable Housing Lenders, also testified. Ms. Kennedy said some states would see significant changes if either the bank regulators’ proposal or the legislation were to be implemented. Ms. Kennedy said that in Ohio, the 82 institutions currently subject to the investment and service test would drop to 44 institutions under the regulators’ proposal, reducing investment in affordable housing and community and economic development by at least \$78 million. If the threshold were raised to \$1 billion, as proposed in the Baker-Hensarling legislation, only 26 institutions in Ohio would fall be subject to the investment and service test.

### **Additional Bills on Section 8 and Housing Assistance Introduced**

On May 20, Representatives Peter Deutsch (D-FL) and Alcee Hastings (D-FL) introduced H.R. 4436, the Fair Housing Protection Act. The bill includes the language from Representative Barney Frank’s (D-MA) bill, H.R.

4263, which requires HUD to provide unit-based funding to public housing agencies (PHAs) for all vouchers.

The bill also mandates that HUD cannot take money from PHA reserves without local approval and, if HUD does take any money, the agency must notify the PHA before doing so. HUD would have to replenish the reserves on a quarterly basis. In addition, H.R. 4436 also requires HUD to study exactly how many people are on public housing waiting lists nationally and to assess the best ways to shorten waiting lists. HUD would also have to study best ways to create an incentive program to bring more units into the Section 8 program.

There is also a provision requiring a doubling of funding to process discrimination claims. The bill does not currently have any additional cosponsors, but Mr. Deutsch plans to make a concerted effort to gather as many cosponsors as possible. The bill has been referred to the Financial Services Committee.

Also related to the Section 8 program, Representative Jim Gerlach (R-PA) introduced the Revitalizing Older Communities through Housing Improvements Act of 2004, H.R. 4441, on May 20. The bill would allow PHAs to increase payment standards to between 110 and 150 percent of the fair market rent. In a summary of the bill issued by Mr. Gerlach’s office, the assertion is made that this provision would remove “a cumbersome HUD-approval process to increase payment standards in high cost areas or in cases of disabled families who typically have a harder time finding affordable housing.”

Also included in the bill is language to require HUD to implement the recommendations for the Section 8 program that were included in the 2002 bi-partisan Millennial Housing Commission report, “Meeting Our Nation’s Challenges.” The bill mandates HUD to implement a rent survey to ensure that published fair market rents do not lag actual rents in the market. The bill also requires that exception payment standards be more quickly approved when census data demonstrate that the average rent is at the level of the exception being sought.

H.R. 4441 would establish the creation the “Commission to Revitalize Older Communities Through Housing Improvements.” The commission would study the effectiveness of the public housing community service requirement, which requires all public housing residents who are not working full time, elderly, or disabled to perform eight hours of community service per

*(See Capitol Hill on p. 6)*

## In Washington

### Role of GSEs Reviewed at Forum

Past practice met future possibilities in a May 20 forum on government sponsored enterprises (GSEs). Mark Pinsky, President and CEO of the National Community Capital Association, which sponsored the forum, said that the forum's purpose was to get beyond current public policy disputes and debate and discuss how to increase the flow of capital to economically underserved markets and people. There have been many individual affordable housing and community development success stories, Mr. Pinsky said, but "we're losing the war" on poverty. Forum participants spent a half day hearing how public purpose finance might begin to win the war on poverty.

Mark Calabria, a senior professional majority staff member with the Senate Banking, Housing and Urban Affairs Committee, stated that there was consensus within the committee to accept the amendment offered by Senator Jack Reed (D-RI) to increase investments by Fannie Mae and Freddie Mac in affordable housing. Fannie Mae, Freddie Mac and the Federal Home Loan Banks receive substantial public benefits and they therefore must provide substantial public benefits, according to Mr. Calabria. He believes that the current regulatory structure is inadequate to assure Congress that all that could be done under the banner of safety and soundness is indeed being done by the GSEs.

This is a somewhat difficult and precarious time for GSEs, according to Allan Mendelowitz, a member of the board of directors of the Federal Housing Finance Board (the regulator of the Federal Home Loan Bank system). Mr. Mendelowitz described the advantages GSEs have over other financial institutions, including the implied guarantee, the ability to borrow from the Treasury in a pinch, not having to register with the Securities and Exchange Commission, having special tax advantages or tax status, and their Congressional charters. There are public benefit responsibilities that go along with these advantages, he said. Mr. Mendelowitz spoke proudly of the good work the Affordable Housing Program and the Community Investment Program have done in partnership with Community Development Financial Institutions (CDFIs) and others.

Throughout two panels, representatives from the Senate, Fannie Mae, Freddie Mac, the Federal Housing Finance Board, the Atlanta Federal Home Loan Bank, the Center for Community Self-Help and others presented views on how GSEs might work better with CDFIs to meet their public responsibilities.

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month. The Commission would also review the best means to determine and enforce compliance of the community service requirement. In addition, the commission would examine the practicality of extending the requirement to Section 8 voucher holders.

The commission would also study the feasibility of capping the number of Section 8 vouchers that can be used in any one municipality to reduce poverty concentration and the effect such a cap would have on portability requirements. H.R. 4441 has no cosponsors at this time and has been referred to the House Financial Services Committee.

### Hill Briefings on Healthy Homes

Briefings for House and Senate staff on May 25 will focus on substandard housing's impact on health, disparities in childhood lead poisoning and asthma rates, and current opportunities to protect children. Groups educating Hill staff at the briefings will include the Children's Defense Fund, the National Center for Healthy Housing and the Alliance for Healthy Homes. For HUD's FY05 budget, the Alliance seeks to double Healthy Homes grants from \$10 million to \$20 million and to restore the Administration's proposed cut of \$35 million to Lead Hazard Control grants.

### Congress Goes Home for Memorial Day

The House and Senate will not be in session from May 24 through May 31.

### New Legislation

On May 19, Representative Mark Green (R-PA) introduced H.R. 4363. The bill would help facilitate self-help homeownership opportunities. The bill was referred to the House Financial Services Committee.

### 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/>.

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## Housing in the Elections National Voice Provides Funding Info, Other Resources for Voting Projects

National Voice is a coalition of non-profit and community groups working to maximize public participation in our nation's democratic process. Unlike some of the partisan groups currently gearing up to do voter campaigns, National Voice is interested in working solely with nonpartisan, tax-exempt (501(c)(3) organizations, including locally-based direct service providers and community groups.

National Voice is at the forefront of the effort to ensure that 501(c)(3) organizations empower their constituencies through voter registration, education and mobilization efforts. "A key activity of National Voice is helping local groups incorporate voter education and registration activities into their work," says Mark Ritchie of National Voice. "Every non-profit and community group doing voter work should visit our website, [www.nationalvoice.org](http://www.nationalvoice.org), to find local projects, submit a funding proposal, and post volunteer opportunities."

To enhance the capacity of the groups with which it is working, National Voice has developed a number of tools that organizations can use as a resource to maximize communication, enhance collaboration and avoid duplication. National Voice has an electronic library of technical, legal, and organizing information. National Voice also has staff dedicated to assisting groups serving African Americans, Asian and Pacific Islanders, Latinos, Native Americans and youth.

The National Voice website includes listings of projects, events and trainings for every state. Michigan is a good example of state in which National Voice is serving as a clearinghouse for community groups interested in participating in civic engagement events, with a list of voter projects taking place across the state. For example, a link to the Michigan Interfaith Voice Project includes information about voter registration, an issues convention, and faith-based community organizing.

The National Voice website also includes a funding matchmaker tool in which organizations seeking funding for civic engagement projects can post their project proposal so that National Voice's network of more than 300 potential donors can find one that matches their specifications. In addition, a volunteer clearinghouse, [www.electionmatch.org](http://www.electionmatch.org), allows groups to list their volunteer needs, so that people interested in participating in nonpartisan voter registration activities can connect with organizations in need of help. This por-

tion of National Voice's campaign will be publicized with a bus tour scheduled to begin in mid-June.

National Voice also plans to produce grassroots advertising materials, such as posters and door hangers, that 501(c)(3) organizations will be able to use when registering, educating and mobilizing their constituents. "National Voice is working at all levels," according to National Voice's Dayne Walling. "We connect neighborhood and community groups with statewide and national efforts. It is this combination of local power and large infrastructure that will empower the disenfranchised

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## Update from the Field MA Advocates Working to Protect Anti-Snob Zoning Law

Massachusetts has been noteworthy for its anti-snob zoning law, commonly known as Chapter 40B, which encourages communities to allow the development of affordable housing. Compromise legislation that would have changed 40B was considered by the Massachusetts House of Representatives on May 10. To the dismay of advocates, amendments were adopted on the House floor that would unacceptably weaken 40B.

Currently, under 40B, if less than 10% of a community's year-round housing is affordable to households earning 80% of the area median or below, then a developer who applies for a "comprehensive permit" and who intends to make at least 25% of the units affordable may appeal to the state if the city or town denies the application. The law is intended to prevent communities—particularly in affluent suburban areas—from using local zoning laws as the basis for rejecting affordable housing development proposals.

There have been ongoing efforts to weaken 40B since its inception. In an attempt to forge a compromise between 40B's goals and the legitimate concerns raised by municipal officials, Governor Mitt Romney (R) established a task force to review the law and develop recommendations.

The Housing and Urban Development Committee in the House, chaired by Representative Kevin Honan (D), drafted legislation embodying these recommendations. The Citizens Housing and Planning Association (CHAPA) supported this compromise legislation. CHAPA has expressed serious concerns, however, about the amendments made to the legislation on the House floor on May 10. Under the legislation as amended, at least 17 communities would be put over the 10% threshold without the addition of even one new affordable home.

*(See Update from the Field on p. 9)*

## Resources

### Reporters and Researchers

#### Question Homeownership

Over the last month, press and research reports have questioned the emphasis on homeownership that has characterized housing policy over the past few decades. This reassessment of homeownership, though limited, occurs as home prices in many metropolitan areas have skyrocketed beyond incomes, sub-prime lending and foreclosure rates have inched up, the wave of refinancing seems to be petering out, and the oversight of Freddie Mac and Fannie Mae has been taken up on the Hill. Meanwhile, the Administration continues to champion proposals to increase low income and minority homeownership while it destabilizes funding for housing vouchers, the nation's premier rental subsidy program.

In April, the *Washington Monthly* and the *National Journal* printed articles raising concerns about whether the nation is experiencing a housing bubble. The articles discussed a housing bubble's likely impact on homeowners, particularly low income homeowners, and the implications for federal policy. The *New York Times* ran a two-part series on how dreams of low cost homeownership in the Poconos turned into a nightmare for many New Yorkers. On April 29, *Wall Street Journal* columnist David Wessel declared that "[h]omeownership isn't always the answer" and called for a more balanced housing policy.

Two recent empirical analyses raise additional questions about the low income homeownership. A short research note from the Center for Housing Policy at the National Housing Conference (NHC) looks trends in homeownership among working families with children since 1978. This report is a new installment in NHC's research into the housing situations of what it terms "working families," defined as those households that earn between the fulltime minimum wage and 120% of the area median income. In this case, the focus is on working families with children.

Relying on American Housing Survey data, the study found that after a steep decline in homeownership from 1978 to 1991, working families failed to make up this lost ground in the 1990s. While the homeownership rate for all households increased from 65% to 68% over the entire period, the rate for working families with children fell from 63% to 57% nationally. According to the study, while much of the national decline may be explained by an increase in working households headed by a single parent (who are less likely to be homeowners), even two-parent working households experienced a decline in their rate of homeownership. The report cites rising housing costs relative to in-

come—with incomes actually falling for some segments of the population—as the more general cause of the observed decline in homeownership among working families with children.

A discussion paper based on a recent Ph.D. dissertation by Carolina Katz Reid of the University of Washington raises troubling concerns about the experience of low income households once they have achieved homeownership. Of the 5,297 renter families in Ms. Katz Reid's sample, 2,036 became homeowners at some point between 1976 and 1993. Only 47% of the low income families in this group remained homeowners after five years compared to 77% of high income families. The percentages are worse for low income minority homeowners. Moreover, among those who returned to renting, the majority of low income families remained renters while higher income families were much more likely to move back to homeownership within two years.

Ms. Katz Reid also found that properties owned by low income white and minority homeowners and middle income minority homeowners appreciated less than properties owned by moderate and upper income white families over the same period, even when controlling for the length of ownership. Low income homeowners did, however, have higher housing and non-housing wealth than their renting counterparts. Ms. Katz Reid determined that, although low income renters tend to move to neighborhoods with improved social and economic characteristics when they become homeowners, their neighborhood situations as homeowners do not appear to improve over time.

Ms. Katz Reid concludes from her research that homeownership alone does not address the instability of low income families' lives, which arises primarily from low wages and poor access to services. In turn, this instability threatens already uncertain gains from homeownership for these families. If homeownership is the goal, more emphasis must be placed on supporting these families in homeownership.

Both studies run counter to the widely-held view, empirically-based and otherwise, that all segments of American society are achieving homeownership at unprecedented levels and that homeownership is a simple answer to the asset ownership gap that tracks race and income levels. These studies and articles support advocates who question the viability of a single-minded focus on homeownership, given today's political and economic climate.

The NHC report can be found at [www.nhc.org/chp\\_homeownership\\_study04.htm](http://www.nhc.org/chp_homeownership_study04.htm) and the Katz Reid discussion paper can be found at [csde.washington.edu/downloads/04-04.pdf](http://csde.washington.edu/downloads/04-04.pdf).

## Fact of the Week

### Homeownership Rates by Family Type

#### All Households

1978 65.2

2001 68.0

#### All Families with Children

1978 70.5

1991 68.4

#### All Working Families with Children\*

1978 62.5

2001 56.6

\*Defined as households earning less than 120% of the local median income but more than the full-time minimum wage equivalent

Source: "Working Families with Children: A Closer Look at Homeownership Trends" in *Center Pieces: Noteworthy Research from the Center for Housing Policy*, The Center for Housing Policy, May 2004. [http://www.nhc.org/CenterPieces\\_homeownership\\_2004.pdf](http://www.nhc.org/CenterPieces_homeownership_2004.pdf)

## Update from the Field (cont'd from p. 7)

CHAPA is worried about the effects of the following amendments:

- 50% of all mobile homes would be eligible to be included toward the city or towns affordable housing threshold.
- 75% of assisted living units, requiring an entrance deposit and a monthly fee, would be considered as rental housing. CHAPA is still assessing this provision for its full implications.
- The Planning Board rather than the Zoning Board of Appeals would be given responsibility for reviewing and approving Chapter 40B application and the Planning Boards would have the authority to "choose among multiple applicants which comprehensive permits will be accepted."
- If a city or town accepts a zoning change requested by a developer, the developer may not seek a 40B approval for one year following the zoning change.

The legislation has now been referred to the Ways and Means Committee in the Senate and is expected to be taken up before the session ends on July 31. CHAPA's Chris Norris said, "We are hopeful that the Senate will reject the problematic amendments added to the legislation in the House and we look forward to working with the Senate to ensure the continuation of 40B's underlying purposes."

For more information: Chris Norris, CHAPA, 617-742-0820, [cnorris@chapa.org](mailto:cnorris@chapa.org).

## News & Events

### Southern Housing Trust Fund Workshop

The Housing Trust Fund Project of the Center for Community Change will present its very first regional workshop, the Southern Housing Trust Fund Workshop June 9 in Atlanta.

The workshop is geared toward communities in the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. The purpose is to provide educational and technical training in the creation of affordable housing trust funds. The workshop will provide an opportunity for housing advocates to learn about the basics of creating a housing trust fund and to exchange information with other states and organizations. Seven panelists from South will be on hand to discuss their research as well as issues that arise in creating housing trust funds. Over 300 organizations and individuals have been invited to attend.

Registration materials that provide a description of the workshop are available at

[www.communitychange.org/housing/SouthernHTFWorkshop2.doc](http://www.communitychange.org/housing/SouthernHTFWorkshop2.doc). For more information, contact Karen Khan at 202-339-9364.

### Teleconference on Section 3

On June 17, at 2:00-3:30 PM (eastern), the National Housing Law Project NHLP is sponsoring a 90 minute teleconference on Section 3. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD financial assistance shall to the greatest extent feasible be directed to low and very low income persons and business concerns which provide opportunities to low income persons. The teleconference will provide a basic overview of Section 3. The training will also highlight the key elements of an advocate's experience representing individual clients who have been denied job opportunities by a housing authority. The registration deadline is June 10 and the fee for the teleconference is \$30. A registration form is available at [www.nhlp.org](http://www.nhlp.org)

## Tell Your Friends...

NLIHC membership is the best way to stay informed about affordable housing issues, keep in touch with advocates around the country, and support NLIHC's work. Information is available at [www.nlihc.org](http://www.nlihc.org).

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

sion, premature aging, disabling injuries, chronic illnesses, and inadequate health care. They are about being broke, constrained choices, and narrow vistas. They are also stories of remarkable resiliency, of people who get up each morning and keep trying.

In an economy in which working full time is not sufficient to make a living, being poor is a material state that is harmful to family life, physical and emotional health, intellectual development, and community well-being.

Secretary Jackson will represent President Bush this week at a gathering of several hundred clergy members called "Pentecost 2004, A Call to Unity: Making Poverty a Religious and Electoral Issue." Representative Rosa DeLauro (D-CT) will represent Senator John Kerry. Apparently, the Bush campaign thinks Secretary Jackson is a worthy spokesperson for the President on the subject of poor people.

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**National Low Income Housing Coalition  
Memo to Members  
May 21, 2004  
Vol. 9, No. 20**

**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.