

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

Volume 9, Issue No. 21 • May 28, 2004

SPECIAL REPORT

FY04 VOUCHER FUNDING CRISIS - WEEK 6

HUD 'Fix' Less Than Half of What's Needed, Group Finds

A variety of stakeholders, including advocates, industry groups and Members of Congress, continue to demand a solution to the FY04 voucher funding crisis, in which housing authorities across the country suddenly found themselves short of funds due to a notice issued by HUD on April 22 that retroactively changed the way the voucher program is funded.

Last week, HUD Secretary Alphonso Jackson announced that the funding crisis has been solved by HUD's plans to restore \$150 million to 500 agencies and to give agencies a full FY04 inflation adjustment. However, advocates remain unconvinced that these steps are adequate to solve the problem. The National Association of Housing and Redevelopment Officials (NAHRO) this week released its study of the funding shortfall, and finds that HUD's recent commitment of \$150 million is still at least \$170 million short of the amount needed to rectify the problem. The study was done based on the FY04 Omnibus Appropriations Act, HUD's renewal funding methodology as defined in its notice, and subsequent reports to Congress, and can be accessed at www.nahro.org/documents/2004/0528HAPCosts2003to2004.pdf.

Also this week, Representative Alan Mollohan (D-WV), ranking member of the House VA-HUD Appropriations subcommittee, sent a lengthy letter to Mr. Jackson asking him to clarify HUD's April 22 notice. In the letter, Mr. Mollohan asked four pages of questions intended to clear up the "uncertainty and a lack of clarity" in the notice. He asks HUD to clarify its rationale for determining the inflation factor based only on rental market increases when it has a number of databases that could be used to develop "regional and local factors;" to explain the appeals process for agencies that find themselves short of funds; and to explain where the \$150 million that HUD plans to make available will come from. Mr. Mollohan has requested that Mr. Jackson respond with detailed answers within a week.

(See *Vouchers* on p. 2)

The Administration

White House Notifies Agencies About Future Budget Cuts

The *Washington Post* reported this week that the White House has notified government agencies in a May 19 memo that, if the current Administration remains in power after the November elections, agencies should plan to set FY06 budget levels at the levels that were published but not made public when the FY05 budget was released in February. These projected FY06 levels include spending cuts for almost all domestic programs, including housing.

Even programs that received an increase in the FY05 budget are slated for cuts in FY06, including the McKinney-Vento Homeless Assistance grants program and the Low Income Home Energy Assistance Program (LIHEAP). And the *Post* points out that even the President's homeownership programs, which he has been touting on the campaign trail, would face cuts. Advocates can find the projected spending levels for 2005-2014 at www.ombwatch.org/article/articleview/2079/1/2/.

(See *The Administration* on p. 2)

POINT OF VIEW

by Sheila Crowley, President

I confess that I find something refreshing about HUD Secretary Alphonso Jackson's unscripted self. At least there is no chance of mistaking his intent. Here is Mr. Jackson in his own words from a speech delivered at the Call to Renewal conference on May 25 where he represented President George W. Bush on the subject of poverty:

"Being poor is a state of mind; poverty is the condition. I have wealthy friends who are poor...they complain that nothing is right."

"Redistribution of wealth is a failure...it did not raise one person up."

"The war on poverty created a vast social welfare bureaucracy that helped maintain people in poverty. Great Society remnants still exist. We have two to four generations in public housing, on welfare."

"Poverty won the war. The experiment was based on liberals' false idea that poor people can't work, can't be educated, can't save."

On the subject of his tenure as director of the Dallas Housing Authority, Mr. Jackson decided that "everyone should pay rent. We were paying people to live in public housing. The white people at Legal Aid said that it was a shame that I had lost respect for my people. They said a lot of people will be put out and it was sad when a black man lost sight of being black. I saw public housing residents with some sense of worth; I did not see them

(See *Point of View* on p. 7)



NATIONAL LOW INCOME
HOUSING COALITION

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

On Capitol Hill, letters continue to be generated on the FY04 issue. A bipartisan letter initiated by Representatives Nydia Velasquez (D-NY) and Peter King (R-NY) was sent to Mr. Jackson on May 26 with the signatures of 23 members of the New York delegation, including four Republicans. The letter says, "If HUD continues to implement this renewal formula, the vouchers of families across New York State could be jeopardized, with New York City alone standing to lose approximately \$55 million." The Hispanic Caucus in the House of Representatives is also preparing to send a letter to Mr. Jackson pointing out the serious hardships that many Hispanic families will face because of the changes to the program in FY04.

Disability-rights groups held rallies across the country this week to protest the FY04 crisis and the planned cuts for FY05. According to the *Syracuse (NY) Post-Standard*, about 25 people gathered outside the local HUD office on Wednesday to protest proposed cuts to Section 8 in the FY05 budget. Protests were scheduled for each of HUD's regional offices. In other advocacy news, the Tacoma, WA, Housing Authority held a public meeting to address the concerns raised by HUD's April 22 notice. The housing authority explained that beginning on July 1, it will not receive enough money from HUD to pay for vouchers under lease.

Advocates are also exploring a litigation strategy for resolving the FY04 crisis. A group of organizations and leaders including former HUD Secretary Andrew Cuomo have come together as the Coalition to Save America's Affordable Housing. The group has announced that if HUD proceeds with implementation of the notice, the Coalition will support the filing of a lawsuit to challenge HUD's decision as illegal.

PHAs report administrative fee cuts. In a separate but related issue, housing authorities are also reporting cuts to administrative fees for FY04. NAHRO reported earlier this week that its members have begun receiving letters from HUD notifying them of retroactive cuts to administrative fees that NAHRO has calculated at approximately \$200 million. While PHAs were expecting administrative fee cuts of about 2%, these cuts averaged 16.8%, NAHRO said. NAHRO has told HUD that changes to the administrative fees do not comport with the statutory language from the FY04 appropriations bill.

Later in the week, HUD appeared open to reversing its course. After talking to industry groups, Assistant Secretary for Public and Indian Housing Michael Liu accepted the industry group's concerns and agreed to direct the HUD staff to reconsider the method of prorating the fees.

The Administration *(cont'd from p. 1)*

The Center on Budget and Policy Priorities (CBPP) analyzed the projected spending levels for the out years and finds that "by 2009 the total funding for domestic non-entitlement programs outside homeland security would fall to its lowest level, measured as a share of the economy, since 1963." Specifically, CBPP finds that the Section 8 voucher program will be cut by 30% by 2009, which would mean the loss of funding equal to 600,000 vouchers.

The Administration also told agencies in the May 19 memo that if they decide not to implement the proposed cuts for certain programs, the agency must find offsets elsewhere in their budgets.

As the Administration begins to talk about the FY06 budget, appropriators are beginning to discuss moving forward on the FY05 budget appropriations, even though the Senate has not yet finalized a budget resolution. It has been reported that the Senate VA-HUD subcommittee may begin working on the FY05 HUD budget as early as the beginning of June. It has also been reported that the House may start work earlier than expected. As reported in last week's *Memo*, House appropriators had planned to begin work on the FY05 budget in mid-July. It is now likely that they may begin work in late June.

Advocates feel that the appropriators' eagerness to deal with the FY05 HUD budget may be a positive sign that appropriators want to send a message to HUD and their constituents before upcoming elections on their intentions and expectations for the Section 8 voucher program. Although the FY04 voucher funding crisis has received much attention the last few weeks, advocates continue to pressure Members of Congress to fully fund all vouchers in use in FY05 and not to support the Flexible Voucher Proposal.

National Housing Trust Fund Two New Senate Cosponsors

On May 24, Senators Mark Dayton (D-MN) and Christopher Dodd (D-CT) joined as the 8th and 9th cosponsors of National Housing Trust Fund legislation in the Senate (S. 1411). Thanks to advocates in Minnesota and Connecticut for their hard work. A full list of cosponsors for both the Senate and House bills is at www.nhtf.org.

In other news, Campaign endorsements continue to increase. The addition of several local affiliates of the National NeighborWorks Association has helped to push the number of endorsers to more than 5,030.

HUD Homeownership Month Off to a Shaky Start

Two of the four large homeownership expos that HUD had scheduled for June as part of its homeownership month activities have been cancelled, apparently because of problems with the organization planning the events. And plans for the two remaining expos, scheduled for Las Vegas and Miami, have been scaled back.

HUD had contracted with Hope International Outreach, a conservative faith-based organization, to plan day-long public homeownership expos in four cities in June. HUD appears to have made the decision to cancel the two earliest expos, scheduled for St. Louis and Philadelphia, following “frustration” with Hope International. It appears that events were not well-publicized and that organizations trying to arrange to have vendor tables were running into difficulties.

According to Hope International’s website for the expos, (www.hopeinternationaloutreach.org/pages/1/index.htm), the group is linked to many conservative groups, including as an affiliate of the National Heritage Foundation (NHF, www.nhf.org). The NHF website notes that “[t]he American democratic experiment is slowly collapsing under the increasing burden of taxation, inflation, and inefficient government administration.”

The expos were intended to allow members of the public to attend sessions and visit booths to gather information on buying a home. However, few housing-related organizations in the four cities were aware that the events were scheduled. HUD now plans to begin a marketing blitz to promote the Las Vegas and Miami events, scheduled for June 19 and 26, respectively.

Vendors were invited to exhibit for a \$350 fee, which HOPE International collected. Vendor booths for the two remaining expos will now be offered at no charge.

The expos were planned in states that are likely to be key in the Presidential election. Secretary Alphonso Jackson still plans to travel to St. Louis for a town hall meeting on June 5.

Current plans for Homeownership Month

June 5	St. Louis, MO	Expo cancelled; town hall meeting with Secretary Jackson planned.
June 12	Philadelphia	Expo cancelled.
June 19	Las Vegas	Scaled-back expo: 50-100 booths, 1,500 participants expected; Secretary Jackson expected to attend.

June 26 Miami

Scaled-back expo: 50-100 booths, 1,500 participants expected.

For more information: www.hud.gov/initiatives/homeownership/flyer.pdf.

Next Neg-Reg Meetings Scheduled

The Public Housing Operating Cost Advisory Committee, working to determine a formula for the distribution of operating funds to public housing authorities, will meet on June 8 and 9 at the Bolger Center in Potomac, MD. These meetings will be the fourth meetings for the group, which originally only was scheduled to have two sessions. The issues that remain unresolved include defining what project-based management means and determining what factors should be included in the operating formula, such as whether to give PHAs credit in the operating formula for units used for resident participation services.

The committee remains under a Congressionally imposed mandate to have a final rule on an operating fund formula published by July 1.

HUD Threatens to Fire Leading Expert on Healthy Homes

Controversy is brewing over Secretary Alphonso Jackson’s proposal to fire Dave Jacobs, who has directed HUD’s Office of Healthy Homes and Lead Hazard Control for the past 9 years. Mr. Jacobs, who is regarded as the leading national expert on these issues, is widely credited for balancing affordability and health concerns in crafting sensible policy in this contentious area. Mr. Jackson bases his charges on a HUD Inspector General report, which criticizes grants to five nonprofit organizations (www.hud.gov/oig/ig4a0001.pdf).

In his public response, Mr. Jacobs disputes the charges as inaccurate, unjustified, and unfair (www.djacobs.homestead.com/djacobsresponse.pdf). Mr. Jacobs has obtained an attorney and seeks to have his full authority restored as director of the office. Almost 50 individuals from across the spectrum have written to urge Mr. Jackson to reexamine the facts and to reconsider Jacobs’ dismissal.

Tensions in this office over the past few months have prompted several veteran staff to leave.

Bills at a Glance

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

Housing in the Elections

330,000 Low Income Voters Registered

Project Vote and its major voter registration partner, ACORN, announced this week that they have passed a landmark in their efforts to jointly register and mobilize low income voters. Since July 2003, the groups have registered 330,290 new voters, putting them more than one-third of their way towards their goal of registering at least 900,000 people by the election. These efforts open the possibility that almost one million more low income voters will vote in November 2004 than did in November 2000.

For the past 11 months, each of the group's 42 field offices in 18 states has been focusing its registration efforts in communities that are majority minority and low income residents. They primarily register voters in high-traffic locations, such as grocery stores, shopping centers and hospitals, while also sending teams of people door-to-door in certain low income neighborhoods with low voter turnout.

At each of their field offices, Project Vote and ACORN have local staff trained to engage people in conversation about important issues before registering them to vote. "We have been able to register more voters as our staff has continued to grow. Everyone is trained to engage people on the issues," said NaKeisha Sylver of Project Vote. "We really feel that it is important to focus our efforts on the communities that have been the most disenfranchised. If we want them to turn out to the polls, we have to connect with them on the issues that are important in their lives," she added.

Many of the local offices work closely with public housing communities. For example, the Columbus, OH, office registers voters in public housing communities on the first and fifth of every month, as people come in out of the leasing offices to pay their rent and utility bills. The Minneapolis, MN, office also conducts voter registration in the lobbies of public housing communities throughout the city.

Ms. Sylver says that having the new registrant fill out the voter registration card is just the beginning of getting a person engaged in the civic process. "Closer to the elections, we will knock on doors and make phone calls to people we've registered," she said. "Our goal is to keep them engaged, and to remind them to actually go and vote."

Voter registration and mobilization are a natural fit with advocacy efforts by groups like ACORN. According to the Project Vote website, "[t]he neighborhood residents we contact are incorporated into existing permanent grassroots organizations in the community. This makes it more likely that they will become habitual voters."

Ms. Sylver says that not only are the voters more likely to participate on Election Day when they are connected to community groups and reminded through door knocking and telephone calls about the election, but they also are more likely to become integrally involved in community-based organizing undertaken by local advocacy groups. This type of involvement will give low income people an even greater voice in local, state and federal housing policy.

For more about Project Vote and ACORN's voter registration efforts, visit their websites at www.projectvote.org and www.acorn.org. For more information about getting involved in the NLIHC's voter registration, education and mobilization project (VREM), please contact Katie Fisher at Katie@nlihc.org or 202-662-1530 x222.

Capitol Hill

Hill Staffers Learn About Healthy Homes

A briefing on the federal Healthy Homes Initiative was held May 25 on Capitol Hill for House and Senate staffers. The Children's Defense Fund, the National Center for Healthy Housing, the Alliance for Healthy Homes, and Doc4Kids organized the event to discuss the impact substandard housing has on health, focusing on that of children.

Presenters demonstrated that a child's home environment directly impacts his or her health. As many as 5 million families live in physically substandard or generally unaffordable housing, which can result in asthma, injuries, lead poisoning, malnutrition, and chronic disease. For example, children from low income families are eight times as likely to be lead poisoned as those from higher income families, presenters noted. The economic costs of these illnesses to society are substantial, encompassing lost learning and earning potential of children; lost work days for parents caring for ill children; medical expenses including emergency room visits; and special education costs. The high costs for medical care and other costs to society demonstrate the need to address unhealthy housing conditions before they cause illness.

Funding for the Healthy Homes Initiative has remained at approximately \$10 million since its initial appropriation in 1999. However, as HUD can currently fund only one out of eight proposals submitted, advocates are urging Congress to increase the Healthy Homes funds to \$20 million. This increase would yield multiple benefits, including improved intelligence, learning, and school success for children from low income families; health gains; savings in health care costs; more durable housing; reduced housing maintenance and energy costs; and more efficient and cost-effective publicly funded housing programs.

Update from the Field

NC Advocates Pursue Foreclosure Protection Bill

In an effort to address the explosive increase in home mortgage foreclosures, the North Carolina Housing Coalition and the North Carolina Justice Center, along with a large group of other nonprofits and banking representatives, have developed a legislative proposal for the North Carolina Home Protection Fund. The advocates putting forward this legislation hope that it will be acted upon during the state's short legislative session, which officially runs from May 10 through the end of June.

The bill responds to a growing crisis in foreclosures in the state. From 1998 to 2003, home foreclosure filings have nearly tripled in North Carolina, from 15,282 filings in 1998 to 44,213 in 2003, an increase of 289%. In the same five-year period, North Carolina lost 217,000 manufacturing jobs, a loss of 27%. Recent research also shows that manufacturing workers who find new employment after being laid off average 50% lower wages than what they were previously earning. Advocates believe this connection between job losses and foreclosure increases warrants a response, and their bill is modeled after 20-year-old legislation in Pennsylvania enacted to address that state's economic woes.

The Fund would establish a loan program to help families avoid foreclosure, as well as strengthen the capacity of North's Carolina's existing network of housing counselors to provide foreclosure prevention counseling. Homeowners who become 60 days behind in mortgage payments due to job loss, family member illness or underemployment would receive notice and have 30 days to contact a certified housing counselor. The counselor would then guide them through the application process and ultimately help eligible homeowners negotiate with lenders to repay their mortgages. All loan recipients would begin repayments immediately.

A key feature of the Fund is that participants could receive payments for up to two years while they go through job retraining or education programs. This would allow workers who need to develop new skills to keep their homes. Once re-employed, the homeowners would reassume responsibility for their mortgages and as well as begin paying back the Home Protection Fund for the money paid on their behalf. Limitations on the size of the total mortgage payments that could be covered by the Fund would ensure that

the Fund serves primarily low and moderate income households.

The advocates intend for the Fund to be flexible and responsive to changing economic circumstances and to regional differences throughout the state. Based on Pennsylvania's program, which is now fully self-sustaining, the Fund would require \$7.5 million for the first year of operations. As Fund loan payments are received, allocations will decrease annually, and the Fund would become self-sustaining in ten years.

While advocates hoped that the Fund would be rolled out throughout the state, political and fiscal exigencies this year mean that the proposed legislation is likely to be limited to an 18-county pilot program at first. If focused on counties with the most serious economic issues, a pilot program would cover 50% of the total foreclosures in the state.

"In order to soften the blow of the current downturn and preserve wealth for future economic growth, we must take action now to protect the stability of homeowners," said Chris Estes of the North Carolina Housing Coalition. "It is essential that state leaders use the tools at their disposal to help save the most important asset for thousands of families—their homes."

For more information: Chris Estes, North Carolina Housing Coalition, 919-881-0707 or cestes@nclihc.org.

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Resources

Flexible Vouchers and Fair Housing Brief Available

The Poverty and Race Research Action Council has released a policy brief on the fair housing implications of the Administration's Flexible Voucher proposal. The brief makes the point that in addition to its other shortcomings, the proposal would have a less-recognized but negative impact on the fair housing goals of the Section 8 program. First, by potentially limiting the rent levels, the proposal would limit the ability of low income minority households to move to less segregated, better served, and healthier neighborhoods. Conversely, if rent levels were maintained, then fewer families would have access to that housing. Second, allowing local variation in eligibility and program administration will further hurt these tenants by complicating, and therefore limiting, portability. And finally, a proposed mandatory one-year waiting period before a new voucher holder could move to another jurisdiction restricts mobility still further. The brief expands on each of these points and can be found at www.prrac.org/policy.php.

Realtors' Poll Finds Support for Affordable Housing

This week the National Association of Realtors released another installment of their National Housing Opportunity Pulse (For a look at the previous poll, see *Memo*, September 26). The poll finds considerable concern among adults in metropolitan areas about the cost of housing. A lack of affordable housing ranked second only to a lack of affordable healthcare options as a "very big problem." In this poll, as a big concern it ranks above jobs and unemployment, crime, the environment, and keeping America safe from terrorism. Fully 67% of the respondents are concerned about the cost of all housing in their region, and 71% say that the gap between those that can afford to buy a home and those who can not is widening is also a "big worry."

On a personal level, 21% of those responding said housing costs were so high they had to delay or cut back on healthcare expenses, 26% on children's education, and 37% on major purchases. These findings are similar to those of a more recent NLIHC poll that found that 70% of likely voters felt the cost of their housing was a burden and 26% said they had difficulty meeting housing expenses in the last year (See www.nlihc.org/research/conferencepoll.html).

The Realtors are highlighting two findings from the poll. The first is that 63% of the respondents answered "yes" when asked whether they would be willing to support more affordable homes being made available for people to purchase or rent next door to them. Over three-quarters of the respondents said they would support such housing in their wider community. In addition, 62% of the respondents said that "the issue of housing that is affordable" would be an important factor in determining what candidate to vote for. From this the Realtors conclude, "Affordable housing will be an election issue."

The survey of 1000 urban and suburban adults was conducted April 6-8, 2004 and has a margin of error of 3.1%. The poll results can be found at www.realtor.org/PublicAffairsWeb.nsf/Pages/04AffordableHousingStudy?OpenDocument.

NLIHC Staff

NLIHC Seeks Policy Analyst

NLIHC seeks staff member to track, analyze, and advocate on federal legislative and regulatory issues related to NLIHC mission. Reports to Deputy Director. Qualifications include highly developed communication and policy analysis skills, knowledge of federal housing policy, and commitment to housing justice. Direct experience with the legislative process a plus. Masters' preferred. Send cover letter and resume to Deputy Director, NLIHC, 1012 14th St. NW, Suite 610, Washington, DC 20005. Applications accepted until position is filled. EE0/AA.

Two New Interns Join Team

NLIHC welcomes the two new interns who have joined the staff this week. Kathryn Lowe comes to NLIHC as a legislative intern. Originally from Ann Arbor, MI, Kathryn is working on her bachelor's degree in Urban Planning from Miami University in Oxford, OH. She became interested in NLIHC's work after her experiences working with the Race Street Tenant Organization Cooperative (ReSTOC) in Over-the-Rhine, Cincinnati.

Ellie Dayhoff-Brannigan is an outreach intern working with the VREM (Voter Registration, Education and Mobilization) project. A DC-metro area native, Ellie is a sophomore at the University of Maryland majoring in history and English. She previously interned with the Chris Van Hollen for Congress campaign, and has volunteered for local nonprofit organizations. Welcome, Kathryn and Ellie!

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


as unique or distant. If you ask for responsibility, you get it. No one moved out and people paid rent. In Texas, you can't tell public housing from other housing. People may still have been in poverty, but they did not feel poor."

On the subject of his own upbringing and faith-based charities, Mr. Jackson described growing up as the last of 12 children of parents who worked hard, but did not have much money. His father "had cancer in his final years. The social worker came to the house and said 'Mr. Jackson, you are eligible for Social Security, supplemental social security, food stamps, and welfare.' My father replied that he was only eligible for two, Social Security and supplemental social security, because he had earned them. The church that my mom and dad attended became our faith-based charity. President Bush reinstated faith-based charities for a reason. He is not interested in you pushing your religion, but wants you to share it with others."

"Someone asked me, 'Why aren't you more compassionate? You expect too much out of people who have too little.' Government can hand out money every day, but government cannot make people love each other. Liberals believe government can cure all evils. President Bush says it cannot be done."

On his appointment as HUD Secretary, President Bush said to him, "'A.J., HUD is neither Republican or Democrat. It is there to serve the needs of the people. I do not want politics to run your job.' I am to the right of the President, but we have run HUD to lift people out of poverty and make them self-sufficient. We will end generation after generation of poverty perpetuated by our government."

"The way we help people is not government programs. We should agree on ending poverty. Will it be by returning to the welfare handouts of the Great Society or by helping people with compassion? Welfare redistribution or an ownership society?"



National Low Income Housing Coalition
Memo to Members
May 28, 2004
Vol. 9, No. 21

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.