

# MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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## SPECIAL REPORT

### **FY04 VOUCHER FUNDING CRISIS – WEEK 7**

#### **More Voucher Holders Facing Immediate Threats**

The harmful effects of HUD's sudden cuts to voucher program funding for FY04 appear to be hitting increasing numbers of housing authorities and voucher holders, with more authorities this week announcing plans to reduce their voucher commitments. Numbers of housing authorities appear to be undertaking, or considering undertaking, a strategy in which they would cancel all contracts with landlords, and then attempt to immediately re-enter into contracts with the same landlords at lower payment standards. For example, the housing authority in St. Paul, MN, announced in a June 1 memo that in light of the \$250,000 monthly shortfall it is experiencing, it will cancel and re-issue all contracts as of September 1. "Before that date, the PHA will contact all owners and offer new contracts with...lower payment standards and lower contract rents," the memo states. In addition, the housing authority will not accept requests for rent increases for the next 12 to 18 months, will reduce contract rents and payment standards, will delay issuing new vouchers to tenants moving from project-based assistance, and will not issue any vouchers to the waiting list.

Other agencies are reporting similar actions. Advocates are concerned that such a strategy of terminating all contracts and attempting to reissue them could have a detrimental effects on voucher holders and the program overall. Most seriously, voucher holders would likely pay more in rent each month, and landlords would have the opportunity to exit the program at the time their contract is terminated. The legality of this strategy has not been determined, but HUD appears to be informally encouraging it as a solution.

Further, it appears that increasing numbers of housing authorities are retiring vouchers as they receive them back from families that no longer need them, reducing the overall number of vouchers in use. Many agencies are reducing their payment standards, thereby restricting families' choices of where to live, increasing their rent burdens, and probably reducing the ability of families to use the vouchers they have. Many housing authorities that were not overleased have now withdrawn vouchers issued to families who were searching for units. Others have restricted families' ability to move into other communities.

*(See Vouchers on p. 2)*

## **National Housing Trust Fund New Cosponsors in House and Senate**

Representative Fred Upton (R-MI) is the newest cosponsor of H.R. 1102, the National Housing Trust Fund bill. Mr. Upton is the 16<sup>th</sup> Republican to join the bill. He brings the number of cosponsors to 213.

Meanwhile, S.1411, the Senate version of National Housing Trust Fund legislation, now has 11 cosponsors. This week, Senator John Breaux (D-LA) and Senator Jon Corzine (D-NJ) joined as the bill's 10th and 11th cosponsors. Thanks to the National AIDS Housing Coalition and advocates in Louisiana and New Jersey for working to get Senators Breaux and Corzine on board. A full list of cosponsors for both the Senate and House bills is at [www.nhtf.org](http://www.nhtf.org).

## POINT OF VIEW

*by Sheila Crowley, President*

One of the more curious arguments made by HUD officials about why the cost of the housing voucher program needs to be cut is that it is taking up too big a share of the HUD budget. It is true that the Housing Certificate Fund is growing faster than other HUD programs, but that is not hard to do when the others are stagnant or declining. Besides, what other way is there for HUD to spend its money than to help people who need housing? HUD Secretary Alphonso Jackson was quoted in the *Washington Post* this week saying that "Two-thirds of the HUD budget is for affordable and assisted housing." What else should it be for?

It is an article of faith among Administration officials and Congressional budgeteers that the HUD budget is capped at its current level and can go no place but down. Advocates are being asked to offer up sacrificial cuts in other HUD programs if we want to prevent cuts to the housing voucher program. The response to the avalanche of advocacy to preserve the voucher program seems to be: "OK, fine, but you all figure out what you are willing to give up instead." No thanks; that's your job.

The Bush Administration and Congressional leaders want to do it all - cut taxes, cut the deficit, and pay for war. And they somehow think they can do it by starving the tiniest portion of the federal budget - domestic discretionary spending that includes low income housing programs. Congress is attempting to perform mathematical impossibilities and getting no-

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



**NATIONAL LOW INCOME  
HOUSING COALITION**

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

To try to determine the full impact on housing authorities and voucher holders across the country, the Center on Budget and Policy Priorities is asking advocates to survey their local housing authorities about how the recent cuts are affecting them. A copy of the questionnaire is available at [www.nlihc.org/news/Sec8-04.html](http://www.nlihc.org/news/Sec8-04.html).

Meanwhile, in Washington and around the country, advocates—including Members of Congress and Governors—continue to besiege HUD Secretary Alphonso Jackson with requests to abandon the April 22 notice and return to the previous voucher funding formula, or, at the least, to implement changes to the notice that will reduce the harm being done to residents and the program.

The National Association of Housing and Redevelopment Officials (NAHRO) this week sent a lengthy letter to Representative Bob Ney (R-OH), chair of the housing subcommittee, pointing out that NAHRO's recent analysis of the HUD's "solution" to the funding shortfall is insufficient to prevent harm to the program and residents. Last week, HUD Secretary Alphonso Jackson announced that HUD would provide \$150 million provided to some housing authorities to replenish their reserves, as a lack of reserves has been exacerbating the situation for many housing authorities. As reported last week, the \$150 million appears to be less than half of what is needed to solve the immediate problem. In light of its findings, NAHRO is urging Congress to intervene with HUD to postpone the ongoing implementation of HUD's new formula and return to a funding formula that reimburses housing authorities based on the actual costs of vouchers.

On Capitol Hill, both Senators and Representatives weighed in on the FY04 issue this week. Senator Paul Sarbanes (D-MD), the Ranking Member on the Senate Banking, Housing and Urban Affairs Committee, has written to Mr. Jackson expressing concern both about the decision to change the funding structure for FY04 and for the lack of clarity given to public housing agencies about their funding levels. Senator Sarbanes has requested that HUD detail exactly how the policy outlined in the April 22 notice will be implemented.

Also in the Senate, Senator Christopher Dodd (D-CT) organized a letter to Mr. Jackson from the entire Connecticut delegation, which includes three Republican House Members. While thanking Mr. Jackson for recent actions to replenish Section 8 program reserves, the delegation expressed concern over the impact the April 22 notice will have on the thousands of low income families in Connecticut and throughout the na-

tion. The delegation also made several suggestions on implementation changes that HUD could take to provide relief to housing authorities anticipating a shortfall in renewal funding. One suggestion was to give all agencies, regardless of their fiscal year end, until December 31 to offset shortfalls. (Housing authorities with fiscal years closer to the beginning of the year have less time in which to make up their shortfalls.) Another was to urge HUD to quickly issue its guidance for granting waivers from the Annual Adjustment Factor (AAF), the modest factor HUD is using to adjust agencies' costs from August of 2003. The letter also urged HUD to broaden the scope of factors that are considered in the AAF to include decreases in tenant incomes as well as increases in utility costs, family sizes, the number of families living in high cost areas, and the number of enhanced vouchers in use.

In the House, the Congressional Hispanic Caucus sent a letter to Mr. Jackson expressing confidence that HUD can fund all vouchers in use as intended by Congress for FY04. The letter expresses particular concern about the 340,000 Hispanic families that will be affected by these changes. It points out as well that many Hispanic property owners, developers, investors, and housing agency employees make the Section 8 program a success.

Governor John Rowland (R-CT) also joined the chorus of those expressing concerns about HUD's implementation of the FY04 voucher funding. Governor Rowland urged Mr. Jackson to keep in mind the difficult issues of affordable housing and homelessness that many of the country's urban centers and states are working to solve. He pointed out that the Administration's goal of ending long-term homelessness in 10 years will not happen without stable affordable housing. Also this week, the National Council of La Raza wrote to the chairs and ranking members of both the House and Senate appropriations committees urging the appropriators to reaffirm their support for the funding of all existing vouchers and asking HUD to refrain from implementing the proposed funding structure.

Finally, the HUD employees' union, the American Federation of Government Employees (AFGE) Local 476, voted on May 17 to support a resolution urging Secretary Jackson to withdraw the April 22 notice and to fully fund the voucher program. Local 476 is made up of 2,400 HUD employees. The vote was taken after local representatives of the disability community met with members of Local 476 to discuss the effects of the April 22 notice.

Details, including copies of Congressional letters on the crisis, are available at [www.nlihc.org/news/Sec8-04.html](http://www.nlihc.org/news/Sec8-04.html).

## Capitol Hill

### FY05 Discretionary Spending Outlook is Grim

As advocates work on the FY04 voucher funding crisis, they are also gearing up to battle over housing funding in the FY05 appropriations. While Congress has not yet been able to approve a budget resolution, appropriators are moving forward with FY05 appropriations work. The Appropriations Committee announced funding levels this week for the 13 bills that make up the government's discretionary spending, and it is not a pretty picture. Increased spending for Iraq and additional funding for homeland security, coupled with recent tax cuts, mean that the funding available for many vital programs has been squeezed, and many Members of Congress have begun expressing their displeasure.

Under the House plan, the VA-HUD appropriations subcommittee will receive \$92.93 billion. While this is \$801 million more than the President has requested for FY05, Subcommittee Chair Jim Walsh (R-NY) has said that this funding level will not be adequate to meet the demands from Veterans' groups to provide \$1.2 billion for benefits above the President's request. "I've got to come up with \$1.2 billion more for veterans, but I only have an \$800 million increase," Mr. Walsh told *CQ Today*. "It's going to be a real tough nut to crack."

This has housing advocates worried, since the allocation requested by the President is not adequate to meet the costs of the housing voucher program. It is estimated that at least \$1.66 billion more in funding is needed to fund all outstanding vouchers in FY05 above the President's request, and if this shortfall is not met, at least 250,000 families could lose their vouchers. If Mr. Walsh is already planning to use all the funding above the President's request plus more for veteran's benefits, housing and other programs funded under the VA-HUD bill will be even more tightly squeezed.

In the absence of a budget resolution, Members of Congress are working to pass other pieces of legislation that would restrain spending. The Republican majority in the House is continuing efforts to pass legislation that would make it much more difficult for Congress to increase spending, while allowing efforts to cut taxes to proceed. It appears that a vote could occur next week in the House on Budget Chairman Jim Nussle's (R-IA) bill to cap discretionary spending for five years while allowing tax cuts to move through Congress unrestrained by pay-as-you-go legislation. There is also a possibility that the House will consider an amendment to add an entitlement cap to the bill, which would slash programs such as Medicare, Medicaid, food stamps and unemployment compensation.

## American Dream Downpayment and Zero Down Payment Bills the Focus of Homeownership Month

HUD Secretary Alphonso Jackson kicked off the Administration's Homeownership month by announcing the release of funds under the American Dream Downpayment Act that was signed into law by President Bush last December. In his June 2 announcement, Mr. Jackson said that \$161.6 million will be allocated to more than 400 state and local governments to help first-time homebuyers to overcome the costs of a downpayment and closing costs. The funding comes from FY03 and FY04 appropriations to the program. To be eligible for assistance, a person must be a first-time homebuyer and have an income not exceeding 80% of the area media income. Grants cannot exceed the greater of \$10,000 or six percent of the home price. At a grant level of \$10,000, the program can serve 16,100 families.

The Administration's emphasis on homeownership continued to be evident at a House Financial Services Committee mark up on June 3 at which several homeownership bills were considered, including one, approved by unanimous consent, to authorize the President's Zero Down Payment initiative. Also considered were a bill to create a technical fix to the Self-Help Homeownership Opportunity Program and a clarification of language in the Native American Housing Assistance and Self-Determination Act of 1996.

The Zero Down Payment Act of 2004, H.R. 3755, would repeal a provision in current law that requires someone who wants to purchase a home with an FHA insured single-family mortgage to provide a minimum 3% down payment. Those who do not make a down payment would be required to participate in housing counseling before purchasing the home, and they would then pay a slightly higher insurance premium.

Committee Chair Michael Oxley (R-OH) said that the bill supports the President's commitment to homeownership. Mr. Oxley offered a manager's amendment to the Zero Down Payment bill to reduce the percentage of FHA homes eligible for the program from 30% to 10%. The change would also reduce the program's sunset date from 7 years to 5, increase the pre-purchase counseling for eligible families, and add additional consumer protections.

Ranking Member Barney Frank (D-MA) noted that the counseling and consumer protections that have been added to the Zero Down Payment legislation will help protect low income families. However, Mr. Frank cautioned that this bill should not be considered a substi-

(See *Capitol Hill* on p. 4

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

tute for the creation of affordable rental housing. Congress and the Administration have failed to provide necessary rental housing, he said, and this bill does not bridge the gap.

Representative Maxine Waters (D-CA) offered an amendment that would keep the percentage of FHA mortgages eligible for the program at the original 30%. After a short discussion in which Mr. Oxley promised to work with Ms. Waters on this issue before the bill is considered in the House, she agreed to withdraw the amendment. Ms. Waters also urged committee members to allow four-unit buildings to be eligible under the bill, up from the three-unit buildings currently allowed. Representative Jeb Hensarling (R-TX) said that while he supported the Zero Down Payment bill, he questioned the need for the legislation. He stated that homeownership in this country is at a high, and that the free market system seems to be working fine.

Also considered was H.R. 4363, the Helping Hands for Homeownership Act of 2004, which would amend the Self-Help Homeownership Opportunity Program that provides Habitat for Humanity affiliates with funds to acquire building sites. The bill, introduced by Rep. Mark Green (R-WI), is in response to a recent HUD interpretation in its Notice of Funds Available regarding the "sweat equity" hours that are required to receive a Habitat home. HUD's new interpretation allows individuals to count towards the requirement only hours contributed to the construction of their own homes, not hours spent helping to build homes other homes in the community. The amendment makes it clear that requirement can be met on other homes. The bill was unanimously approved.

Finally, Representative Rick Renzi's (R-AZ) bill, H. R. 4471, would clarify the loan guarantee authority under title VI of the Native American Housing Assistance and Self-Determination Act of 1996. It would make the loan guarantee 95% of the unpaid principal and interest due on the notes or other obligations guaranteed. This bill was also approved by unanimous consent.

None of these bills has been scheduled for floor action in the House, but each is expected to be considered in this session of Congress.

### House Republicans Launch Urban Working Group

The "Saving America's Cities" working group, comprised of Republican House Members, held an introductory press conference at the end of May. At the event, House Speaker Dennis Hastert formally launched

the group and announced that members will develop policy recommendations on urban issues. Public housing and low income homeownership are among the issues the group may consider.

Representative Michael Turner (R-OH), a former mayor of Dayton, will chair the group, Mr. Hastert announced. "Congressman Turner will coordinate with other members of Congress, Committees, and the Administration to look at ways to help rejuvenate our cities and combat depression in areas through initiatives of homeownership, job creation, crime reduction, and community organization assistance," Mr. Hastert said. "I sincerely hope that America's depressed cities will become a better place through this initiative."

A number of organizations, including the National Association of Home Builders, the American Planning Association, LISAC, and the Enterprise Foundation, have been designated third-party partner organizations and will provide input to the group.

Mr. Turner made a presentation on the objectives of his new group at the American Planning Association's annual conference on April 28 in Washington. Representative Shelley Berkley (D-NV), who followed Mr. Turner to the podium, questioned why the group was composed only of Republicans and challenged Speaker Hastert to open the group to other interested Members of the House.

More information, including a list of 24 members, is at [www.house.gov/miketurner/sac.shtm](http://www.house.gov/miketurner/sac.shtm).

### Field Hearing Scheduled

The House Financial Services subcommittee on housing will hold a field hearing on June 14 at 10 am at East Stroudsburg University in East Stroudsburg, PA. The hearing is titled "Broken Dreams in the Poconos: The Response of the Secondary Markets and Implications for Federal Legislation." The hearing comes after a recent *New York Times* article examined the high rates of foreclosures and other housing problems in the area.

### 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/>.

### 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).

## Update from the Field WY Advocates Work for Housing Trust Fund

The Wyoming Association of Housing and Redevelopment Officials (WAHR) has developed a concept paper and draft legislative language for the establishment of a housing trust fund in the state. While the campaign to establish a housing trust fund in Wyoming is still in its infancy, the effort is motivated by concerns about otherwise dwindling funding for housing and human services at the federal, state and local levels.

WAHR's membership includes public housing agencies, public officials, service providers, housing and homelessness advocates, housing counseling organizations, realtors, developers, public officials, and others. The concept paper and legislative language for a housing trust fund are currently under review by WAHR's membership. Virginia Sellner of the Wyoming Coalition for the Homeless (WCH) and a member of WAHR said she is pleased with the progress the groups are making. "WCH has been at the forefront in the state in its support of the National Housing Trust Fund Campaign, so we recognize the value of housing trusts funds and how they can leverage one another," Ms. Sellner said. "We are very excited that WAHR is working to establish a housing trust fund at the state level in Wyoming."

After the legislative proposal and supporting materials are finalized and approved by its membership, WAHR will reach out to allies in the state capitol who might be willing to introduce housing trust fund legislation. The organization has already had preliminary conversations with key legislators. As WAHR's members serve an estimated 30% of the state's population in a variety of human service and housing capacities, the organization hopes that it will be able to develop broad support for its trust fund proposal.

As proposed by WAHR, the trust fund would be available for grants and loans for a range of purposes, including creating and maintaining affordable housing and infrastructure to support such housing, providing homebuyer assistance, providing rental assistance, creating and improving homeless shelters, gap financing to be used in conjunction with public and private sources, among other uses.

A board to administer the trust fund would be appointed by the Governor and confirmed by the Senate and would include public, private and consumer interests. While the board would develop the application process, the legislation lays out 15 criteria that could

serve as preferences, such as the extent of leveraging of other funds, the capacity of the applicant, whether the project serves people with the lowest incomes, and the proximity of the project to employment opportunities and transportation. As proposed by WAHR, the legislation also requires the distribution of at least 30% of the trust fund in rural areas.

Gerry Bolger of the Evanston Housing Authority and a WAHR member involved in the development of the housing trust fund concept paper and legislative language said, "WAHR members, advocates and developers have been very successful at elevating affordable housing. The current budget crisis in the nation makes it apparent that we explore a new source of funding for affordable housing."

For more information: Gerry Bolger, Evanston Housing Authority, (307) 789-2381 or [gerry@evanstonhousing.org](mailto:gerry@evanstonhousing.org).

## News & Events KnowledgePlex Chat on Rural Housing

KnowledgePlex will host an online chat focusing on housing for America's rural residents on Wednesday, June 16 at 3 pm EDT. Bob Rapoza, executive secretary of the National Rural Housing Coalition, and Eileen Fitzgerald, senior director of housing for the Fannie Mae Foundation, will be online to take questions and comments. The National Rural Housing Coalition works to focus policy-makers on the needs of rural areas by advocating directly and by coordinating a nationwide network of rural housing advocates. The 1990 Census found that more than 2.5 million rural Americans live in substandard housing, and 35% of rural renters are cost-burdened. Community development corporations face special challenges in developing housing in rural areas. You must be a registered user of KnowledgePlex to view or participate in the online chat; registration is free at [www.knowledgeplex.org](http://www.knowledgeplex.org).

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

## Resources

### 2003 AHS Data Released

HUD released its 2003 American Housing Survey data for public use this week. These data provide the most current and comprehensive picture of the housing situation of Americans since the 2001 American Housing Survey was released in 2002. In their current form, the data can provide advocates with a number of useful statistics, particularly using the Census Bureau's summary tables that can be downloaded with the raw data (see Fact of the Week). The data are not yet available in a user-friendly format, however, and the Census report "2003 American Housing Survey for the U.S.," with its prepared summary tables, will likely not be available for a few more months. In addition, some important information such as HUD Area Median Incomes and Fair Market Rents have yet to be made available.

Because of these factors, it will likely take some time for more thorough research that is based on this data to appear. In addition, it is likely that there will be some necessary revisions and clarifications as researchers begin to use the data. One issue that has already been noted is that this survey shows roughly 400,000 fewer households in the United States than it did in 2001. This decrease appears related to the Census demographic projections, which the AHS uses to adjust its data to an outside control. Until further adjustments are made, the value of comparisons will be limited. Still, the release of this data—the earliest release of the American Housing Survey yet—is an important step. The data can be found at [www.huduser.org/datasets/ahs/ahsdata03.html](http://www.huduser.org/datasets/ahs/ahsdata03.html).

### The NY Housing Market

*Out of Balance*—a new report by the Regional Plan Association of New York, New Jersey, and Connecticut and the Citizens Housing and Planning Council of New York—looks at quality, choice, and affordability in the tri-state housing market. The report finds that, by all three measures, the region is failing to meet the needs of low income households. And while affordability is less of a problem for middle and high income households, lengthening commute times and aging housing stock increasingly compromise these families' quality of life.

The report begins by describing a balanced housing market. It poses 15 questions that can be answered to determine whether an area's market fits this description, such as "Are housing prices proportionate to the area's size and wealth?" and "Can all occupational classes find housing reasonably proximate to their jobs?"

To make this assessment, the report first looks at the entire tri-state region in comparison with the other larg-

est metropolitan regions in the nation. The next section addresses housing affordability within the region, comparing its four urban and suburban rings – Manhattan, the urban core, the inner suburbs, and the outer suburbs – in a variety of categories, including job growth, rents, home value, and average wages. The report concludes by suggesting possible policy strategies for correcting the problems it finds in the region's market.

Using Census data from 1990 and 2000, the report finds that several trends have coincided to increase imbalances in the regional housing market over the past ten years. While the number of low income renter households has increased in every part of the region except Manhattan, the number of affordable housing units has decreased, changing the difference between need and supply from a 95,000-unit surplus of affordable rentals in 1990 to a 67,000-unit deficit in 2000. The region's commute times, already the longest in the nation, are increasing, indicating a geographic mismatch between jobs and housing. The type of jobs available and most common family sizes in the region show a need for smaller, inexpensive housing in the urban core; however, the units being built are mostly larger, more expensive houses in the outer suburbs. Finally, the report finds, using data from the American Housing Survey, that NY-NJ-CT renters and homeowners receive smaller and lower-quality housing for their money than in most other parts of the nation.

*Out of Balance* is available at [www.chpcny.org/outofbalance\\_paper.pdf](http://www.chpcny.org/outofbalance_paper.pdf). The executive summary and appendices are available at [www.chpcny.org/outofbalance\\_summary.pdf](http://www.chpcny.org/outofbalance_summary.pdf) and [www.chpcny.org/outofbalance\\_appendices.pdf](http://www.chpcny.org/outofbalance_appendices.pdf).

## Fact of the Week

### 2003 American Housing Survey Data

	All households	Those in Poverty
Homeowners	68.25%	42.83%
More than one person per room	2.41%	6.24%
Housing: moderate physical problems	4.07%	8.14%
Housing: severe physical problems	1.86%	3.49%
Public/ federally subsidized housing	3.65%	14.68%
Pay over 30% of income in rent	31.6%	62.39%
Pay over 50% of income in rent	13.59%	47.31%

Source: NLIHC calculations from IFC Consulting tables provided with 2003 American Housing Survey public use data (available at [www.huduser.org/datasets/ahs/ahsdata03.html](http://www.huduser.org/datasets/ahs/ahsdata03.html).) These statistics should be considered preliminary, and may not be directly comparable to results reported elsewhere from the 2001 American Housing Survey.

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

where. So there is no budget resolution and likely no 2005 budget before the election, let alone on time for the 2005 fiscal year to begin.

Meanwhile, the May 19 directive from OMB to federal agencies on budget preparations for 2006 says: "The 2006 budget will constrain discretionary and mandatory spending while supporting national priorities: winning the war on terror, protecting the homeland, and strengthening the economy." This is what passes for governing in Washington these days.

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## NLIHC News


### NLIHC Seeks Policy Analyst

NLIHC seeks staff member to track, analyze, and advocate on federal legislative and regulatory issues re-

lated 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 14<sup>th</sup> St. NW, Suite 610, Washington, DC 20005. Applications accepted until position is filled. EE0/AA.

### New Research Intern

Beth Coddington is the Coalition's new research intern. Originally from Eugene, OR, Beth is currently majoring in economics at Wesleyan University in Middletown, CT. She has previously worked for literacy and community-building nonprofit organizations in public housing and low income neighborhoods in Connecticut.



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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.

# The NIMBY Report

*on the continuing struggle  
for inclusive communities*

National Low Income Housing Coalition

June 2004

## MISSISSIPPI Homeowners Resist Rental Units

As *The NIMBY Report* went to press, the planning committee of the Jackson (MI) City Council was considering a moratorium on new apartment construction. Meanwhile, nearly 6,000 low income families are on regional waiting lists for affordable units. The impetus for the moratorium appears to be the age-old complaint from neighbors who have unspecified concerns about property values and crime.

Jackson, a city of 185,000 and the state capital, is experiencing strong growth. The city's master plan calls for developing housing for working class families and young professionals closer to the downtown area. But concerns expressed by homeowners have led Council members to consider taking the extraordinary step of halting permits for new multifamily construction. Officially, the Council committee is reviewing recent zoning decisions throughout the city, and will reconsider whether existing zones permitting multifamily zoning, by right or by special use permit, are appropriate for future development. Rehabilitation of existing buildings and new apartment projects for seniors would evidently be exempted from the moratorium.

Neighborhood opponents have latched on to the new HUD policy that requires housing authorities to take steps to "deconcentrate" poverty (see Deconstructing "Deconcentration," *The NIMBY Report* Semi-Annual edition, March 2004, at [www.nlihc.org/nimby/20032.pdf](http://www.nlihc.org/nimby/20032.pdf)). Opponents are suggesting that any neighborhood that has more than its fair share of affordable housing is a victim of "oversaturation." Ward 4 Councilman Bo Brown, a former HUD housing inspector, supports a temporary moratorium because of these concerns. Low income families are likely to share this concern about concentration and want to live in nicer neighborhoods, but few new apartments appear to be going up in such neighborhoods, due in part to higher land and development costs, and in part due to neighbors' resistance.

Willie Martin, executive director of the Jackson Housing Authority, understands the Council's desire to review zoning, but is concerned that a moratorium could interfere with the financing and construction of much-needed affordable housing. "Our creation of new housing stock is not keeping pace with the demand created by the market itself," he said. Chip Triplett of Park Development Co., a company that builds and rehabilitates low income housing, supports a comprehensive review of vacant land and run-down complexes, but opposes down-zoning land that is currently available for construction of new, affordable units.

Advocates worry that a moratorium, even if not intentionally aimed

at housing for people of color, for families with children and for people with disabilities, will have the harshest impact on those groups, all of whom are protected under the Fair Housing Act. HUD, the federal agency charged with enforcement of the Act, is reportedly monitoring the situation to ensure compliance.

For more information: Willie Martin, Executive Director, Jackson Housing Authority. Telephone: (601) 362-0885. Chip Triplett, President, Park Development. Telephone: (601) 939-0225.

## CALIFORNIA Latino Families Mark Cinco de Mayo with Suit

The City of Gilroy (pop. 42,000) is nestled in a rural part of Santa Clara County and relies on the surrounding agricultural economy. Nearly half of the city's residents claim a Latino heritage. But despite their numbers, and a state law requiring that every community plan and provide for affordable housing, Latino community leaders are so unhappy with the City's response that they marked the Cinco de Mayo holiday (May 5) with a lawsuit demanding more affordable housing. "The lack of affordable housing in Gilroy is a matter of basic human dignity, but it's also a civil rights issue," said Norma Fonseca, the lead plaintiff in the suit. "All low income families are suffering, but Latino families are suffering the most."

The suit alleges that Gilroy's housing policies have not only exacerbated the local and regional housing crisis, but specifically discriminate against the city's large Latino community. Plaintiffs challenge the city's current housing plan, which has been determined to be deficient by the California Department of Housing and Community Development. They contend the plan limits zoning and other steps needed to create wider housing options. Gilroy's policies fail to designate enough vacant land for new rental housing—the only housing affordable to lower income families. The plan also caps the total number of new housing units that can be built in Gilroy in any year, with the lion's share of those "allocations" going to build new high-end single-family homes.

"The City of Gilroy has placed enormous obstacles in the path of affordable housing development," said plaintiffs' lead attorney, Richard Marcantonio, managing attorney with Public Advocates, Inc. "The City has forced this lawsuit by ignoring repeated requests to level the playing field for low income and Latino families." Filed in Superior Court in San Jose, the case will now proceed through discovery, during which time the city will be required to turn over records concerning its housing plan.

For more information: Richard Marcantonio, Public Advocates. Telephone: (415) 431-7430. James Zahradka, Public Interest Law Firm. Telephone: (408) 280-2423.

## MINNESOTA

### Federal Court Throws Out NIMBY Lawsuit

Minnesota continues to be at the vanguard of NIMBYism. In few other states have opposition groups been so sophisticated and persistent. But in few other states has the affordable and supportive housing movement been so emphatic in its response. The May 18 decision from the federal district court in Minneapolis in the case of *Ventura Village, Inc. v. City of Minneapolis and Project for Pride in Living* is the latest evidence.

Project for Pride in Living (PPL), a local nonprofit that has been working with homeless and low income people for many years in disadvantaged Minneapolis neighborhoods, sought to build 20 units of permanent supportive housing for homeless families with at least one family member who has a disability. Despite its long history in the neighborhood (now known as "Ventura Village," in homage to the former governor), PPL faced immediate and massive resistance from the city-recognized neighborhood association (Ventura Village, Inc.), 12 individual residents and one small business.

The opponents claimed that the Ventura Village neighborhood already had enough supportive housing, but PPL garnered support from the planning commission and the Minneapolis City Council and secured all the necessary permits to proceed with construction. Undaunted by PPL's success, the opponents hired a lawyer and filed a lawsuit in August 2002, claiming that the City's approval of the project violated the Fair Housing Act. Their claims were that the City discriminated against existing residents by placing unwanted supportive housing in racially diverse neighborhoods rather than wealthier, whiter neighborhoods, and that steering supportive housing projects to neighborhoods like Ventura Village amounted to discrimination on the basis of race and disability against the prospective residents of supportive housing. (See "We Already Have Our Fair Share": Fair Housing Complaints as a Weapon in the Battle Against Affordable Housing, in *Deconstructing "Deconcentration," The NIMBY Report*, Semi-Annual edition, March 2004, available at [www.nlihc.org/nimby/20032.pdf](http://www.nlihc.org/nimby/20032.pdf).)

The federal court refused, in November 2003, to stop construction of the project and, on May 18, sided with PPL, dismissing the lawsuit. After carefully analyzing the evidence, Judge David Doty held that neither the race discrimination nor the disability discrimination claims were supported. Plaintiffs had not, he said, "brought forth any evidence of a significant adverse impact on people of color...and produced no evidence that the purported policy differentially impacts handicapped citizens." There has been no decision made as to whether plaintiffs will appeal Judge Doty's decision. At this point, the decision is available only via the Westlaw subscription service at 2004 WL 1118625 (D.Minn. May 18, 2004).

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## SHORT ITEMS

### Portland, ME, Experiencing Neighborhood Opposition

Steven Scharf of SCS Media Services in Portland reports that NIMBYism is rearing its ugly head in, of all places, the West End of Portland, home to some of the most liberal people in the State of Maine. The Portland Housing Authority is facing opposition to its potential sale of property adjacent to Harbor Terrace high-rise in Portland's West End neighborhood for the development of affordable housing. Neighbors at a meeting asserted that the site was not suitable for housing development due to the number of housing units already subsidized in the neighborhood, the narrowness of the streets, the lack of parking, the elimination of valued open space, and the fear that their views would be obstructed and their properties would be devalued. Opponents have even formed a group, "Salem Street Neighborhood Association Against Harbor Terrace Housing Development."

A Volunteers of America (VOA) housing project in the West End is also facing neighborhood opposition even though it would provide housing for half the number of residents as the previous owner of the property. For 18 years, the non-profit Friendship House has operated a 12-bed home for men recovering from alcohol abuse. Earlier this year, the organization decided to merge two houses into one in South Portland, where it faced neighborhood opposition to its plan. Meanwhile, VOA purchased Friendship's West End property and plans to establish a medically based home for six homeless men with mental illness, drawing neighbors' ire. For more information: Steven Scharf, SCS Media. Telephone: (207) 774-9393. E-mail: [SCSMedia@aol.com](mailto:SCSMedia@aol.com).

### Omaha (NE) PHA Sues City of Omaha

Apparently not concerned about biting one of the hands that feeds it, the Omaha Housing Authority (OHA) filed suit May 7, 2004, in federal court, alleging that the City of Omaha is violating federal and state fair housing laws and discriminating against people of color. The case grows out of a disputed OHA project to build 41 affordable houses and duplexes in the Keystone neighborhood. The project received the unanimous support of the City's planning board, but ran into neighbors' concerns about lot size, concentration of low income people, street design and the homes' lack of basements. It was derailed in an April 20 vote of the city council, purportedly over the issue of basements. Mayor Mike Fahey says that he remains fully supportive of the OHA effort, which has been in development for more than two years. Saying that he hoped "like-minded people" can settle the suit and get the project back on track, Fahey has offered to play the role of conciliator. For more information: Mike Fahey, Mayor, City of Omaha. Telephone: (402) 444-5555.

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*Thanks to Michael Allen of the Building Better Communities Network (BBCN) for writing The NIMBY Report. More information about BBCN is available from its website, at [www.bettercommunities.org](http://www.bettercommunities.org). Suggestions for articles for The NIMBY Report can be sent to [Michaela@bazelon.org](mailto:Michaela@bazelon.org).*