

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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SPECIAL REPORT

FY04 VOUCHER FUNDING CRISIS – WEEK 10

No Solution in Sight

“Based on this Administration’s behavior, it seems like they want to outsource Americans in poverty. I doubt there is room for travel in the budget, though,” said Representative Barney Frank (D-MA) on June 21 as he opened a symposium on the mounting negative impact of the Administration’s April 22 notice that retroactively changed the way the Section 8 housing voucher program is funded.

As a result of the April 22 notice, public housing authorities (PHAs) have been facing significant and immediate funding shortfalls, forcing them to take various steps to reduce their budgets. Mr. Frank called HUD’s actions a travesty, saying that in all his years working toward Section 8 program goals, he has never seen anything like this.

Mr. Frank’s forum included leaders representing PHAs, homeless and disabled persons, and representatives of the private sector, all of whom are directly feeling the effects of the April 22 notice. Those present at the symposium also pointed out that the Administration’s \$150 million allocation to PHAs on May 20 is inadequate to undo the damage caused by the original notice. All stressed that even more energy needs to be devoted to urging the Administration to recall its April 22 notice. Despite the significant opposition to the funding change, HUD has not taken any broad steps to solve the problem since its May 20 announcement.

Mr. Frank also sent a strongly worded letter to HUD Secretary Alphonso Jackson on June 17, expressing his dismay over HUD’s “continuing assault” on the voucher program. Mr. Frank pointed out that although Congress has not approved the Administration’s attempts to cut the program and turn it into a block grant, HUD seems determined to shrink the program surreptitiously through administrative actions such as the April 22 notice.

Mr. Frank’s letter points out that the April notice is forcing PHAs to make a number of policy changes because of untenable financial situations. HUD has encouraged housing authorities to reduce their payment standards, which could

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Capitol Hill

Displacement Prevention Bill Introduced

A bill providing assistance to privately-owned, HUD-subsidized low and moderate income housing was introduced June 24 by House Financial Services Ranking Member Barney Frank (D-MA) with 19 Democratic cosponsors. The Displacement Prevention Act of 2004, H.R. 4679, uses \$675 million in previously appropriated, but unused, housing funds to prevent the displacement of low and moderate income people living in Section 221(d)(3) and 236 housing.

(See **Capitol Hill** on p. 3)

Remember NLIHC During the Combined Federal Campaign

Please keep NLIHC in mind during the 2004 Combined Federal Campaign, which will begin soon. Our CFC number is 0828.

POINT OF VIEW

by Sheila Crowley, President

“In every community we visited, respondents cited the severe lack of affordable housing as affecting both the level of homelessness and the ability of programs to move people from shelter back into permanent housing.... Respondents were near-unanimous in feeling that their community will not be successful in ending homelessness until it can produce more housing and make it affordable to very poor people, including single people with disabilities.” This quote is from the May 2002 *Final Report of the Evaluations of Continuums of Care for Homeless People* published by the HUD Office of Policy Development and Research. The evaluation, conducted by the Urban Institute and ICF Consulting, studied 25 local continuum of care processes to determine if the local planning processes to address homelessness that HUD created in 1996 were making a difference. While the findings cite much improved local planning and coordination, the stumbling block to success remained the affordable housing shortage.

I bring this up because each week it seems, another city in America is announcing its plan to end homelessness with considerable fanfare. New York City and Washington, DC, are the most recent. These new homelessness plans are also federally inspired, this time by the Interagency Council on the Homeless. It may well be that the structure and approach to planning this time around is improved and more focused. It is also true that the buy-in by mayors to the new plans is much greater

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NATIONAL LOW INCOME
HOUSING COALITION

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

result in higher rents for current voucher holders, and many housing authorities have also stopped reissuing vouchers when they are turned in, thus exacerbating the housing shortage. Mr. Frank urged Mr. Jackson to rescind the April 22 notice and use the additional \$1 billion that Congress provided in the FY04 conference report to fully fund all vouchers currently in use.

Across the Capitol in the Senate, Senator Norm Coleman (R-MN) wrote to Mr. Jackson expressing concerns about reports he has received from constituents regarding the implementation of the April 22 notice. Senator Coleman reminded Mr. Jackson that he had expressed concerns about the notice in May, and had been assured that changes would be made to ease the burden on local PHAs. However, Senator Coleman noted that HUD's actions continue to confuse the issue and make it impossible for PHAs to solve the dilemma April 22 notice has put them in.

Local Problems Continue. Senator Coleman's letter comes as Minnesota PHAs are among those facing immediate problems. The *St. Paul Pioneer Press* reported on June 24 that the St. Paul PHA has taken steps to counter the \$3 million shortfall it is facing by reducing payments to landlords by 7%. The PHA's housing director said that the decision to cut payments won't plug the shortfall, but will get the authority to the end of the year without having to cut families from the program. Questions remain whether landlords will continue to participate in the program.

Also in Minnesota, the *Duluth News Tribune* reported that the Duluth Housing and Redevelopment Authority Board of Commissions voted to reduce the subsidy payments by 7.76%. The reduction equals a loss of about \$46 per month per recipient and, unless landlords lower rents, tenants will have to come up with the difference or find a less expensive apartment.

State officials continue to weigh in on the voucher crisis. Governor Olene Walker (R-UT) sent a letter to Secretary Jackson saying she is seriously concerned about HUD's recent funding changes. Her letter outlined several problems in Utah, including those of the Cedar City Housing Authority, which could lose 20 of its 139 vouchers and will sustain a 16.5% cut in administrative fees. Governor Walker requested full reinstatement of Section 8 funding and, at the minimum, that no cuts be applied retroactively. She also described the impact the Administration's FY05 voucher budget request on Utah, which stands to lose 1,129 vouchers if the program is funded at the level requested by the President.

NAHT Holds Rally. On June 21, the National Alliance of HUD Tenants (NAHT) led more than 200 residents

and advocates in a rally outside of HUD's Washington headquarters to protest both current and planned cuts in 2004 and 2005. Protestors hoisted signs reading "Save Our Homes" and "Homeland Security Begins with a Home" and carried a "Notice to Quit" that they intended to deliver to HUD Secretary Jackson and President Bush, insisting that renters must not be forced from their homes.

Responding to the chants of community organizers from around the country, tenant representative Charlotte Delgado asserted that "Housing is a basic human right." Ms. Delgado, of Sacramento, CA, led the rally alongside the tenants who were in town for NAHT's 10th annual conference.

Others also spoke out against the planned cuts at the rally, including Carolyn Federoff, president of American Federation of Government Employees Council 222, the national union for HUD employees. "This is not just about home-owning," Ms. Federoff said, "but also about rental housing." Half a dozen other speakers repeated Ms. Federoff's message that affordable housing goes beyond homeownership, which has been a particular focus of the Administration recently.

"Tenants and renters are not the enemy, poor quality housing is the enemy," Ms. Federoff said. "All people deserve housing; owners and renters deserve a place to call home." The rally received coverage in several national outlets, including the *Washington Post* and National Public Radio.

CCD Alerts Jackson of Its Concerns. The Consortium for Citizens with Disabilities Housing Task Force also weighed in on the debate this week. In a June 21 statement, the coalition urged Secretary Jackson to rescind the April 22 notice; to inform housing authorities administering the Section 811-funded mainstream voucher program that the April 22 notice does not apply to the mainstream voucher program; and to immediately issue written guidance to housing authorities to implement FY02, FY03 and FY04 appropriations language requiring PHAs to continue to reserve 50,000 disability vouchers exclusively for people with disabilities upon voucher turnover.

CBPP Releases New Report. On June 18 the Center for Budget and Policy Priorities (CBPP) issued a paper explaining the impact of the April 22 notice on housing authorities across the country. The study notes that retroactive cuts will cause even more damage and that shortfalls will result in actions that harm low income tenants. Examples of actions local housing authorities have taken in response to the cuts are also provided. The report is available at www.cbpp.org/4-26-04hous.htm. More on the FY04 voucher funding crisis is available at www.nlihc.org/news/Sec8-04.html.

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

According to a recent GAO report, more than 193,000 residents of these properties risk losing their housing as owners are poised to finish paying off their HUD mortgages. Once these owners lose contractual connections to HUD, residents will lose any affordability restrictions currently in place.

HUD's budget request specifically rescinds this \$675 million and channels it to other activities. As described in the June 11 issue of *Memo*, Mr. Frank's bill will fund activities including property rehabilitation, assistance to facilitate purchases of at-risk properties by nonprofits, and annual payment assistance to help owners make up the difference between subsidized rents and comparable market rate rents. Owners would extend affordability in exchange for assistance. According to a press release from Mr. Frank's office, the bill is expected to "help stave off an emerging problem that could cause more than 100,000 low income families to lose their affordable housing by 2013."

In Big Win for Advocates, Budget Process Bill Defeated

Social justice advocates had a victory on June 24 when the House defeated, by a vote of 146-268, budget process legislation (see *Memo*, June 18) that would have set harmful multi-year spending caps on discretionary spending. As expected, House Appropriations Committee Chair Bill Young (R-FL) led the charge against the bill, opposing writing spending caps into law. Mr. Young saw the caps as an intrusion on Congress' authority on spending matters.

Members in favor of spending caps offered a number of amendments in an attempt to "improve" the budget process, including amendments to cap the growth of entitlement programs and to require pay-as-you-go offsets for discretionary spending but not for tax cuts. Representative Mark Kirk (R-IL) led the attempt to cap entitlement spending, but his amendment was defeated 120-296.

Congress left the Capitol June 25 for its July 4 recess, and it is still unclear when the VA/HUD appropriations bill will be considered. When Congress returns on July 6, Members will have only two weeks to work before adjourning for the six-week summer recess.

Rural Housing Gets Some Support

The House Appropriations Committee passed its FY05 agriculture and related agencies spending bill on June 23. Due to the work of Representative James Walsh (R-NY), the Section 515 rural rental housing program was appropriated \$116.1 million, a relatively modest

\$400,000 short of its FY04 funding level. During appropriations subcommittee mark-up of the bill on June 16, funding for the Section 515 program was cut to \$60 million, the amount requested by the President.

According to the Housing Assistance Council (HAC), Mr. Walsh went to bat for the program at the urging of his constituents, including the New York State Rural Housing Coalition and the National Rural Housing Coalition. The Section 515 rural rental housing program is the Rural Housing Service's only construction program for very low income housing. HAC reports that Mr. Walsh was able to work with Representative Henry Bonilla (R-TX), Chair of the Agriculture and Related Agencies Appropriations Subcommittee, to include the Section 515 increase in Mr. Bonilla's manager's amendment, thereby limiting controversy over the spending increase during the full committee mark-up. It is unclear when the Senate will begin work on its agriculture spending bill.

Temporary TANF Extension Passes

A temporary extension of the TANF welfare law (see *Memo*, April 2) passed both the House and Senate on June 22. Congress, still unable to pass a permanent TANF reauthorization bill, agreed to extend the program with no changes to current law until September 30, 2004.

The good news for advocates is that the extension does not include the superwaiver language that had been included earlier in the year in a House measure. Such language would allow governors to waive federal laws and regulations related to the integration of various welfare and workforce programs, including housing and homelessness. The earlier Senate bill did not include housing in its superwaiver provision.

With Congress planning to adjourn by October 1 to prepare for the elections, there will likely not be enough time to complete TANF reauthorization this session. In that case, lawmakers will have to vote on another extension to carry the program into the next Congress.

FHA Loan Limits Get Hearing

The Financial Services Subcommittee on Housing and Community Opportunity held a hearing June 16 to discuss H.R. 4110, the FHA Single Family Loan Limit Adjustment Act of 2004. Introduced earlier this year by Representatives Gary Miller (R-CA) and Barney Frank (D-MA), the bill would increase FHA loan limits for single-family homes in high-cost areas like California, Connecticut, New Jersey, New York and Massachusetts and would allow FHA loan limits to rise to the local area median home price, which would provide

(See Capitol Hill on p.4)

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

more housing opportunities for families living in high-cost areas.

The FHA's single-family mortgage insurance program is a national program that aids in making homeownership available in all markets at all times. However, it is not a useful tool in high-cost areas because its maximum loan limits can be too restrictive. As a result, working families are often unable to purchase homes in the communities where they work.

FHA's loan limit is capped at 87% of Freddie Mac's conforming loan limit, which results in an FHA ceiling of \$290,319 this year. However, the 2003 median home price was \$364,040 in California and \$353,000 across the New York-New Jersey-Connecticut-Massachusetts area, with much higher costs in specific cities. This bill would eliminate the current loan ceiling and allow FHA limits to rise to the median home price in each locality.

John Weicher, HUD's Assistant Secretary for Housing/Federal Housing Commissioner, began his testimony by stating HUD's opposition to H.R. 4110, noting that the Department opposes the removal of the cap on FHA mortgage lending. "It is unclear that this is the market the Federal Housing Authority should serve, and that it is unserved by the conventional market or the government sponsored enterprises," Mr. Weicher said. He added that HUD is concerned that this legislation would result in a need for increased commitment authority, resulting in higher FHA expenditures on insurance authority while serving fewer households. When challenged by Mr. Frank about HUD's opposition, Mr. Weicher responded that the FHA programs are mainly intended to help first-time homebuyers. "I think the problem is that we have some areas which have extremely high home prices. And those areas are not really markets in which first-time homebuyers are active," Mr. Weicher said, a statement that Mr. Miller and Mr. Frank vigorously opposed. After much debate, Mr. Weicher admitted that he could see no foreseeable downside to this legislation if given enough commitment authority.

The second panel to testify consisted of representatives from Fannie Mae and Freddie Mac, as well as mortgage brokers, realtors, and a representative from the National Council of State Housing Agencies. Jonathan Kempner of the Mortgage Bankers Association testified in favor of the bill, saying it would broaden the housing stock available to FHA borrowers in many high-cost areas without shifting the FHA from its focus on first-time home buyers and the underserved. Freddie Mac Vice President and Chief Economist Frank

Nothhaft testified that families are best served by a higher loan limit for FHA, as set forth in the bill, coupled with a higher loan limit for Freddie Mac and Fannie Mae in high-cost markets.

There is no word yet as to when the subcommittee or full committee may take further action on this bill. However, staff report that the bill may see changes based on this week's testimony before any further action. Currently, there is no Senate version of the bill.

VA Loan Limit Increased by House. In a related matter, the House of Representatives passed on June 23 legislation that would increase the amount of a veteran's home loan that can be guaranteed. The VA home loan program allows a government guarantee for the first 25% of a home loan, with the current mortgage limit set at \$240,000. The bill would increase the mortgage limit to \$333,700 and tie the limit to the Freddie Mac's mortgage loan limits, which are reset annually (unlike current VA loan limits). The legislation, H. R. 4345, is sponsored by Representative Ginny Brown-Waite (R-FL).

Senator Jon Corzine (D-NJ) introduced the bill in the Senate, but it has not yet been considered.

Subprime Lending Hearing Held

At a joint hearing of the House Subcommittees on Financial Institutions and Consumer Credit and Housing and Community Opportunity, a panel of witnesses testified June 23 on the issue of subprime and predatory lending. The hearing was titled, "Promoting Homeownership by Ensuring Liquidity in the Subprime Mortgage Market."

In her opening statement, Representative Maxine Waters (D-CA) said she believes that there is liquidity in the subprime market, and said a distinction needs to be drawn between subprime lending and predatory lending. Michael Calhoun of the Center for Responsible Lending noted in his testimony that predatory lending is now epidemic, costing U.S. families an estimated \$9.1 billion in lost homeowner equity each year.

Groups representing consumers at the hearing testified in favor of effective federal predatory legislation that should represent minimum requirements, which would allow states to enact their own more stringent legislation. Advocates are concerned that federal legislation, such as that introduced by Representative Bob Ney (R-OH), could preempt stricter state laws. At the same time, the need for subprime lending for consumers with impaired credit ratings was acknowledged.

In his opening statement, Representative Richard Baker

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(R-LA) expressed concern that a balance is needed in determining whether a bank or another type of investor purchasing a loan from the original lender can be held responsible for predatory practices by the original lender, a concept known as "assignee liability." Micah Green of the Bond Market Association said the Association welcomed predatory lending legislation, but cautioned that in order for the secondary market to function in the subprime market, assignee liability must be clear and objective.

Mr. Ney's legislation is not expected to be considered this year because of the short time remaining in the Congressional schedule.

Earlier in the week, Senator Paul Sarbanes (D-MD) spoke to the Community Law Center in Baltimore at its first annual conference on predatory lending. Senator Sarbanes noted that since the Baltimore City Flipping and Predatory Lending Task Force was formed, through the efforts of the Center, property flipping in the City of Baltimore has been reduced by more than 80%. Senator Sarbanes added that current laws need to be enforced more effectively. He encouraged consideration of a recent recommendation by the Federal Trade Commission to increase civil penalties for violations of the 1994 Home Owners and Equity Protection Act (HOEPA).

Flood Insurance Clears Congress

Legislation to reauthorize the National Flood Insurance Program through September 2008 passed the House on June 21. The bill, S. 2238, passed the Senate on June 15, and is now on its way to the President for his signature.

The flood insurance program, which would have expired on June 30, was operating under a short-term extension that had been included in February's 2004 omnibus appropriations act. The bill includes a pilot program to determine how to deal with payments to owners of a small number of properties prone to flood damage.

Native Am. Housing Bill Passes House

A bill making changes to a 1996 HUD loan program for Native American housing passed the House on June 21. The bill, H.R. 4471, is sponsored by Representative Rick Renzi (R-AZ).

The original legislation was designed to encourage reservation housing by having the government act as the loan guarantor, since Indian land cannot be used as collateral for a loan. In the original 1996 legislation, the amount of the loan to be guaranteed was never

stipulated, but HUD had promised to repay 95% of the loan. However, the Office of Management and Budget ruled subsequently that HUD could not guarantee more than 80% of a single loan. H.R. 4471, which passed the House by voice vote, would put the 95% guarantee level in statute.

The bill has not yet been introduced in the Senate.

Re-Entry Legislation Includes Housing

Legislation addressing a variety of issues stemming from the under-planned release of nearly 650,000 people from prison each year was introduced on June 23 by Representatives Rob Portman (R-OH), Mark Souder (R-IN), Steve Chabot (R-OH), Chris Cannon (R-UT), Danny Davis (D-IL) and Stephanie Tubbs Jones (D-OH).

Among many other post-release tools, the Second Chance Act of 2004 (H.R. 4676) establishes grants to state and local governments that may be used to provide structured post-release housing and transitional housing, including group homes for recovering substance abusers, through which offenders receive supervision and services immediately following re-entry in to the community. Housing also must be addressed in the strategic plan that each state receiving funds is required to develop, and housing is one of the performance outcomes each state is required to monitor. Further, the federal task force on re-entry created by the legislation includes HUD as a member.

A Senate version of the bill is expected from Senators Sam Brownback (R-KS) and Joseph Biden (D-DE).

Roundtable on Mortgages for Manufactured Housing

A roundtable discussion on the manufactured housing mortgage market, hosted by Representatives Bob Ney (R-OH) and Barney Frank (D-MA), was held on June 21.

A variety of participants took part in the discussion, including Fannie Mae and Freddie Mac, Washington Mutual and other lenders, Massachusetts Manufactured Housing, and other borrowers and industry groups including the Manufactured Housing Association. The focus was on bringing together all parties to determine how to expand the secondary market for manufactured housing mortgages.

The discussion centered on the fact that there is no uniform mortgage product for manufactured housing, which makes expanding the market difficult. Almost every segment of the industry supported additional regulation, but developing a consensus will be chal-

(See Capitol Hill on p. 7)

Update from the Field

Student Abuse of Section 8 Sparks Outcry in Iowa

College students, including athletes on full athletic scholarships, are living in federally subsidized housing in Iowa City and in other college towns across the country, according to an investigative story in the June 20 *Des Sunday Moines Sunday Register*. In Iowa City, home of the University of Iowa, half of the 248 apartments at Pheasant Ridge, a project-based Section 8 property, are occupied by college students. The *Register* described a similar situation in Lincoln, NE, where a third of one subsidized property's tenants are University of Nebraska students.

The Iowa Coalition for Housing and the Homeless (ICHH) has expressed outrage over this practice, both in the Sunday article and a follow up article that appeared in the *Des Moines Register* on June 22. ICHH sent a letter to Senator Tom Harkin (D-IA) on June 21, asking him, as a member of the VA-HUD Appropriations Subcommittee, to investigate the problem. ICHH also wrote Representative Jim Leach (R-IA) and Governor Tom Vilsack (D) about the issue. The June 22 *Register* article reported that Senator Harkin will ask HUD to implement changes to fix the problem; if HUD does not act, he will pursue such changes legislatively.

Among the 35 athletes living at Pheasant Ridge is the son of the University of Iowa's football coach, who makes nearly \$2 million a year. As an athlete on a full scholarship, the coach's son receives over \$700 a month for housing and food. Neither the scholarship nor the housing and food allowances received by athletes are considered income for determining rent or eligibility for federally subsidized housing. The *Register* interviewed a student who purposefully quit a part-time job to lower his income and, therefore, his rent at Pheasant Ridge.

The athletes and other students at Iowa and elsewhere are taking advantage of a 1995 rule adopted by HUD that allows the exclusion from annual income the full amount of student financial assistance for residents of federally subsidized housing. This exclusion was among eight exclusions allowed in the 1995 rule. In its publication of the rule in the Federal Register, HUD stated that it believed that the exclusions were "essential for achieving its goals of ensuring economic opportunity, empowering the poor and expanding affordable housing opportunities." HUD anticipated long-term savings as a result of the rule, because low income people could improve their economic well-being and lower their subsequent reliance on housing assistance, welfare and other social services funding.

HUD Assistant Secretary and FHA Commissioner John Weicher, who oversees project-based Section 8 housing and other HUD housing programs, told the *Register* that HUD "is looking into changes to make sure the program serves those it was intended to serve." Both Mr. Weicher and NLIHC President Sheila Crowley agree that, in practice, the exclusion is overly broad.

In Iowa City, there are long waiting lists for assisted housing generally. But project-based Section 8 owners have flexibility, within the federal guidelines, to manage the applicant pool for their units. The *Register* notes that students have had limited opportunity to have developed a history of bad credit or evictions. As a result, students may appear to be better applicants for subsidized housing projects than prospective low income tenants, who may have struggled to pay their bills in the past.

Jim Cain of ICHH calls the practice of allowing students from middle- and upper-class backgrounds to live for little or no rent in subsidized housing "a gross misinterpretation of HUD's intended policy to assist truly impoverished Americans." In addition to urging HUD and Congress to change the rule to end this practice, Mr. Cain has criticized University of Iowa officials, saying that the school as "a moral responsibility not to turn a blind eye to the practice of its students occupying housing intended for truly poor people, financed by taxpayers."

For more information: Jim Cain, ICHH, (515) 288-5022.

CO Walkers Raise Housing Issues

Colorado housing advocates have begun what will ultimately be a three-month, 800-mile trek across their state to raise awareness of the issue of affordable housing and to inspire and educate communities along the walk. The Colorado People's Walk for Housing Justice is designed to focus on local initiatives and situations while also drawing attention to efforts to establish both a state and national housing trust fund.

Housing Justice! Inc, of Colorado, is organizing the Walk, which will take place June 5 through August 26. The walk began in Denver and will pass through more than 50 communities before returning to Denver for a final walk to the Capitol. Each day, walkers will travel distances ranging from 7 to 18.5 miles before holding a community potluck and a discussion on affordable housing.

The Walk kicked off with a rally at the state capitol that was followed by a Community Walk in which more than 130 walkers participated. Many political and faith

(See *Update...Field* on p. 7)

Housing in the Elections GRO a Creative Force in MO

For some organizations, voter registration is simply a way to change the outcome in the elections. For GRO, a small, community-based organization in Missouri, it's also the key to empowerment for low income citizens. GRO, short for Grass Roots Organizing, was founded in October of 2000 to give a voice to the people and communities who are seeking social and economic justice. GRO has tirelessly fought for the rights of low income people in Missouri, and has allied with the Center for Community Change to further their efforts on voter registration, education, and mobilization.

GRO works primarily in six, mostly rural, counties in Missouri. Despite the difficulties a rural area can create for doorknockers, many of whom are disabled, GRO volunteers have been aggressively registering up to 300 voters apiece. The volunteers are almost all low income people who have found a new strength and spirit in these registration activities, said GRO Executive Director Robin Acree. "And they [the volunteers] have realized...there's even more empowerment than this when they get people to the polls," Ms. Acree said.

One of GRO's strengths in its voter empowerment efforts has been its members' creativity. One of the groups most interesting initiatives has been its "Ride and Register" program. Because many low income voters use mass transit, GRO volunteers boarded the buses with registration forms in hand. In this and other ways, GRO has managed so far to register 1,573 voters of their target 2,500.

GRO also works on other important issues affecting low income voters, and has action teams dedicated to issues like dental care and food stamps. The group has participated in events like the "March Forth on March 4th" rally on healthcare, education, and job issues.

More information is available at GRO's website, www.gromo.org.

Update...Field *(cont'd from p. 6)*

community representatives spoke at the rally to lend support. "Too many Coloradans – more than 10,000 by some estimates – are homeless," said House Minority Leader Andrew Romanoff (D). "That's just not acceptable. No one in Colorado, in 2004, should be forced to live on a street, or in a car, or under a bridge. We can do better. Increasing the supply of affordable housing is key."

On a recent day, the People's Walk left from Commerce City and headed north towards Brighton, where a forum was held with members of City Council and the community to address the specific housing needs in their community, and to begin strategizing about solutions. The Walk has also stopped so far in Platteville, Greeley, Sterling, Fort Collins, and Windsor, where participants have held additional community forums. This weekend, the walk will stop in Breckenridge, Frisco, and Copper.

Participants report that the Walk has been going well. "This first week of the walk has been very encouraging," said Blake Chambliss, one of the Walk's leaders. "We have been warmly welcomed into each community we have stopped in, and the people we have spoken with have agreed that steps need to be made towards solving the housing crisis in our state and are ready to do whatever it takes to solve this problem."

To follow the progress of the Walk or to find information on any of the Community Walks, visit www.peopleswalk.org.

Capitol Hill *(cont'd from p. 5)*

lenging. Mr. Frank indicated that he plans to continue the dialogue at another meeting, but no date has yet been set.

GAO Finds RHS Overestimated Rental Assistance Budget

A recent GAO report finds that many of the contracts for the 521 Rental Assistance program, which provides rental subsidies to 250,000 rural tenants, were likely over-funded, causing the contracts to remain active after their intended expiration date. This has been the result of contracts that tie expiration to the disbursement of rental assistance amounts listed in them. USDA, which administers the program, takes the position that to end the contracts earlier would result in a breach of contract. Representatives Michael Oxley (R-OH), Sue Kelly (R-NY), and Robert Ney (R-OH) asked GAO to look at the program in order to determine whether it would be possible to deobligate the balances in these contracts. The report indicates that the GAO will issue a separate legal opinion on this issue. Advocates can find the report, *Rural Housing Service: Agency Has Overestimated its Rental Assistance Budget over the Life of the Program* at www.gao.gov/new.items/d04752.pdf.

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/>.

Resources

Burdens on Homeowners Increase

Two recent reports from Fannie Mae – one focusing on middle income families, the other on urban minorities – highlight growing affordability problems for homeowners in the nation's largest cities. Beginning this year on the national level, a median-income household will no longer qualify for a mortgage on a median-priced home. In addition, while minority households experienced growth in homeownership rates over the past decade, the percentage of these homeowners with severe affordability problems jumped dramatically.

The first report, *Homeownership Affordability in Urban America: Past and Future*, examines past and predicted trends in affordability for selected large metropolitan areas as well as the nation as a whole, finding that a first home is affordable for median-income buyers in only three out of 11 cities. It also gauges affordability for people working in four middle-class occupations – as teachers, firefighters, nurses, and police officers. Using data from the National Association of Realtors, the Monthly Interest Rate Survey, and the Current Population Survey, the authors calculate a homeownership affordability ratio for the nation and the different cities and occupations, defined as the ratio of the income needed to qualify for a mortgage on a median-priced home to the area's median family income. For teachers, firefighters, nurses, and police officers, the report uses the average annual wage for each profession as reported by the Bureau of Labor Statistics. An affordability ratio equal to 1 indicates that homes in the market are barely affordable. A ratio of less than 1 indicates the market is affordable, while a ratio greater than 1 indicates the market is unaffordable.

The 11 cities covered in the report fall into three categories of affordability. In the first category are Atlanta, Houston, and Philadelphia – the only three urban markets in which median-priced homes are affordable and projected to remain affordable. These cities are also the only three where a nurse or teacher can afford a median-priced home. Chicago, Denver, Seattle, and Washington, DC, make up the next category – cities moving from barely affordable to unaffordable for median-income residents. Finally, the market in Boston, Los Angeles, New York, and San Francisco is unaffordable and projected to get worse, with families needing to earn twice the area's median income to afford a first home. Even a family with two members working in the report's middle-class occupations could not afford a median-priced home in these markets. At the national level, teachers, firefighters, nurses, and police officers cannot afford a median-priced home without a second income in the family.

The second report, *A Tale of Two Cities: Growing Affordability Problems Amidst Rising Homeownership for Urban Minorities*, addresses affordability problems for minority homeowners in the nation's 25 largest cities. The report, using decennial census data, finds that by 2000, 12.5% of Latino homeowners and 14.1% of black homeowners had severe affordability problems; in Los Angeles and New York, more than 20% of black and Latino households were paying half their incomes for housing.

While the 1990s were noted for rising homeownership among all families, including minorities, the cities in this report saw even greater increases in minority homeowners with affordability problems. On average, the number of black homeowners in these cities increased by 16% between 1990 and 2000; however, the number homeowners who spent at least half their income on housing increased by 39%. Latinos saw a 54% gain in homeownership rates, but a 98% jump in severe affordability problems. Many cities' gains in homeownership were far outstripped by increasing affordability problems; in Chicago, Los Angeles, New York, Philadelphia, and Phoenix, for example, the number of severely cost-burdened Latino households more than doubled, while the Latino homeownership rate increased, on average, by under 5%.

Both reports are available from Fannie Mae's website, *Homeownership Affordability in Urban America: Past and Future* at www.fanniemaefoundation.org/programs/pdf/042904_housing_affordability.pdf, and *A Tale of Two Cities: Growing Affordability Problems Amidst Rising Homeownership for Urban Minorities* at www.fanniemaefoundation.org/programs/pdf/census/notes_14.pdf. *A Tale of Two Cities* is part of Fannie Mae's Census Note series.

Fact of the Week

Rising Cost Burdens Outpace Increases in Homeownership

| | Increase in homeownership, 1990-2000 (%) | Increase in number of severely cost-burdened owners, 1990-2000 (%) |
|-----------------------------|--|--|
| In the 25 largest cities: | | |
| All households | 11.7 | 41.7 |
| Black households | 15.8 | 38.7 |
| Latino households | 54.0 | 98.3 |
| Non-Latino white households | -1.9 | 23.2 |
| All households in U.S. | 18.3 | 52.0 |

Source: Fannie Mae Foundation, *A Tale of Two Cities: Growing Affordability Problems Amidst Rising Homeownership for Urban Minorities*, 2004, www.fanniemaefoundation.org/programs/pdf/census/notes_14.pdf.

People

Senator Brooke Receives Presidential Medal of Freedom

Former Senator Edward W. Brooke III (R-MA) was honored at a White House ceremony June 23, where he was honored with the Presidential Medal of Freedom. The medal is the highest bestowed on a civilian. Senator Brooke is best known among housing advocates for the rule bearing his name that limits the amount a public housing resident pays in rent each month to 25% of his or her income (now 30%). Senator Brooke, who was elected to the Senate in 1966, was the first African-American elected to the Senate since reconstruction.

Bert Seidman

It is with much sadness that we report that advocate Bert Seidman died on June 24 at the age of 84. Mr. Seidman most recently represented the Alliance for Retired Americans on housing, aging, health and other issues. He retired in the early 1990s from the AFL-CIO. AFL-CIO President John J. Sweeney called him "a man of honor who could always be counted on in the battle for human rights. He was a union man through and through who, during his long and distinguished career, earned our respect and gratitude. His death deprives workers and retirees alike of one of their most vocal and effective advocates." There will be a memorial service for Mr. Seidman at the AFL-CIO, 815 16th Street NW, on July 12 at 4 pm in the 1st floor Gompers Room.

NLIHC Staff

- Matt Achhammer, Field Organizer, x229
- Bonnie Caldwell, Senior Legislative Director, x242
- Beth Coddington, Intern, x239
- Linda Couch, Deputy Director, x228
- Sheila Crowley, President, x224
- Ellie Dayhoff-Brannigan, Intern, x241
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- Katie Fisher, Field Organizer, x222
- Melissa Higuchi, Membership Associate, x227
- Cheryl Jackson, Intern, x232
- Liz Krimmel, Intern, x244
- Kathryn Lowe, Intern, x243
- Khara Norris, Executive Assistant, x224
- Danilo Pelletiere, Research Director, x237
- Irene Basloe Saraf, Associate Director, 202-744-5766
- Kim Schaffer, Outreach Director, x230
- Michelle Goodwin Thompson, Office Manager, x234
- Mark Treskon, Research Analyst, x245
- Carol Vance, Receptionist/Office Assistant, x221

NLIHC News

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.

NHTF Interns Join NLIHC

Two interns have joined NLIHC for the summer to work on the National Housing Trust Fund Campaign. Liz Krimmel, originally from Tucson, AZ, is junior sociology major at The Johns Hopkins University. While at school, Liz has worked as the local director for the National Student Partnerships—Baltimore, a local social service resource center that works one-on-one with Baltimore residents to help them attain self-sufficiency and success through employment, housing, and education.

Stephen Fee, a new resident of Washington, DC, is a rising sophomore at Harvard University, where he is majoring in social studies with a focus on economics and American Indian public policy. He is active in family advocacy in Boston and keeps busy as an editor and writer for the college daily's weekend magazine.

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.

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.

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

than it was when the Continuum of Care process was first developed. As someone who worked with other community partners to develop a local plan to address homelessness before even the McKinney Act was passed, I am impressed by the sophisticated understanding of homelessness that is evident in these plans. We have learned a lot in the 25 years of America's contemporary experience with homelessness.

But plans are roadmaps; they are not homes. Plans without resources to carry them out are ideas, not new construction. Plans are necessary, but not sufficient, as the saying goes. The people who have labored to help homeless people for these many years who have once again joined in the planning processes in good faith know this is true. But what does the average person who, reading his or her daily paper, learns that the Mayor of New York City has announced a plan to end homelessness think? Does he or she understand that what it will take to implement the plan has not yet materialized?

My problem is not with these plans per se. My problem is that they are being instigated by, with much of the credit going to, the Bush Administration, which

has no intentions of putting up the dollars that it will take to give these plans meaning. In New York City Mayor Michael Bloomberg's speech last week announcing his plan to end chronic homelessness, he recognized "Philip Mangano, Executive Director of the Interagency Council on the Homeless in the Office of President Bush, (who) more than any other single individual has re-energized our nation's efforts to end homelessness." This is the same Bush Administration that is trying to cut housing vouchers and has thwarted enactment of the National Housing Trust Fund, both of which are essential to any serious plan to end homelessness.

Philip Mangano is expected to testify before a House Committee in the coming weeks about the Bush Administration's \$70 million Samaritan Initiative to help increase the services in permanent supportive housing. Members of the Committee need to ask him what he intends to do, as the Bush Administration's homelessness "czar," to prevent cuts to the voucher program and to seek more resources for housing production and preservation. If he does not have good answers, then I am afraid the work of the Interagency Council on the Homeless is little more than political cover for an Administration that has no serious interest in the problem of homelessness in America.



National Low Income Housing Coalition
Memo to Members
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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.