

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

Volume 9, Issue No. 33 • August 27, 2004

FDIC

FDIC Proposed Rule Diminishes CRA

In a move that is worrisome to advocates for low income communities, the Federal Deposit Insurance Corporation (FDIC) has proposed increasing the asset threshold under which banks will be defined as “small” for purposes of meeting Community Reinvestment Act provisions. The August 20 proposed rule increases the asset threshold for a “small bank” from \$250 million to \$1 billion, meaning that more banks will be exempt from the more stringent CRA tests required of larger banks. By increasing the asset threshold, the FDIC is eliminating about 5,000 banks with 18,800 branches nationwide from the more stringent, and most effective, CRA guidelines.

Currently, banks with more than \$250 million in assets must demonstrate their work in three areas: community development, investing or services. The proposed rule would allow compliance with any one of those areas. Housing advocates are concerned that, if made final, the proposed rule would dramatically decrease banks’ commitment to investment and services in low and moderate income areas.

NLIHC has posted a call to action, available at www.nlihc.org/news/082004.html, describing the proposed changes and urging advocates to comment. The deadline for public comment on the proposed rule is September 20.

SPECIAL REPORT

FY04 VOUCHER FUNDING CRISIS WEEK 19

New England Groups Warn HUD On Housing Cuts

On August 20, the Vermont, Maine and New Hampshire Interagency Councils on Homelessness sent a letter to HUD warning that cuts in housing voucher funds will lead to an increase in homelessness. The letter was addressed to Philip Mangano and Veterans Affairs Secretary Anthony J. Principi, director and chair, respectively, of the U.S. Interagency Council on Homelessness.

The letter warns that, if proposed cuts sought by HUD for the Section 8 program are implemented, the ability of the Interagency Councils to address homelessness will be severely curtailed. The letter points out that New England states are experiencing a severe housing shortage and housing costs have escalated dramatically over the past decade. “The New England states are looking for your help in restoring the only lifeline most of our clients have,” the letter concludes.

Cathleen Voyer, Chair of the Vermont Interagency Council, said in a press release that without basic mechanisms for affordable housing, like Section 8 vouchers, the many efforts to keep families housed would be negated. As many as 740 low income families in Vermont, New Hampshire and Maine are at risk of losing their vouchers.

In addition, Burlington, VT, Mayor Peter Clavelle has written a strongly worded letter to HUD Secretary Alphonso Jackson arguing that there is a fundamental
(See Vouchers on p. 2)

POINT OF VIEW

by Sheila Crowley, President

Sheila Crowley is on annual leave this week. *Point of View* will resume next week.

Congressional Recess

Both the House and Senate have adjourned for the August recess and will return September 7. Advocates will use the time that Members of Congress are in their home districts to raise key housing issues with them.

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.

NLIHC Seeks Interns

NLIHC is seeking legislative, outreach and research interns for the fall semester who are passionate about social justice issues and who have excellent writing and interpersonal skills. Send a resume and cover letter to:

Internship Coordinator, NLIHC
1012 14th Street NW, Suite 610, Washington DC 20005
or to info@nlihc.org. Questions? Call 202-662-1530 x228.



NATIONAL LOW INCOME
HOUSING COALITION

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

contradiction in federal housing policy between HUD's initiative to end homelessness and HUD's recent Section 8 voucher funding policy for FY04.

Mr. Clavelle says that he previously wrote to Secretary Jackson on June 30 to alert HUD to this contradiction, but the response he received from Assistant Secretary Steven Nesmith "is a boilerplate response, one that does not even address the concern that I raised." He went on to say that without funding to support all authorized vouchers, "the City of Burlington's Ten Year Plan to End Homelessness is a meaningless document."

Vouchers Still an Issue in MT. Montana Governor Judy Martz (R) has written to the Montana Congressional delegation noting the importance of Section 8 and questioning changes to the program in both FY04 and FY05. Earlier in August, Senator Conrad Burns (R-MT) sent a letter to HUD Secretary Alphonso Jackson expressing concerns about the proposed changes to the voucher program (see *Memo*, August 13).

In a letter to Senator Burns, Senator Max Baucus (D-MT) and Representative Dennis Rehberg (R-MT), Governor Martz said, "For over 30 years Montana's disabled, children, elderly and poor have had roofs over their heads with help from the Section 8 voucher program." The Governor points out that Section 8 has been the cornerstone of national housing policy since the Nixon years, and that it is being wrongly targeted.

The letter states that Montana housing authorities have appealed to HUD to have their funding restored for FY04. If successful, the appeal will keep as many as 400 families from losing their housing assistance.

The Governor also wrote that additional families stand to lose their homes if proposed voucher budget cuts for FY05 are implemented. She urged Congress to intervene, calling the voucher program good for Montana and good for the nation.

Advocates Prepare for Next Congressional Action. Advocates are preparing for further advocacy on FY05 HUD appropriations, including the voucher program, upon the reconvening of Congress the week of September 7. Before adjourning for the August recess, the House Appropriations Committee considered the FY05 HUD appropriations, restoring the cuts to the voucher program proposed by President Bush, but continuing harmful Section 8 language and proposing cuts to all other housing programs by more than 4%. The Senate has not yet considered the FY05 HUD appropriations. Additional information is at www.nlihc.org.

HUD

HUD Issues Notice on Prepayments

A new HUD notice—affecting many Section 236 and Section 221(d)(3) below market interest rate properties, properties with rent supplement contracts and certain properties with flexible subsidy loans, as well as some others—outlines when the HUD Secretary may grant a request for prepayment of these HUD-insured properties with subsidized rents. Advocates are examining what the effects on residents are likely to be.

The notice (H-2004-7) comes 22 years after Senator Chris Dodd (D-CT) raised concerns that subsidized, low income tenants in these properties had little or no protection from owners seeking to prepay their mortgages, which would mean the owners would no longer be required to keep rents affordable. In response to these concerns, Congress enacted Section 250(a) of the National Housing Act, which sets forth the parameters and protections for such prepayments. HUD has had mechanisms in place to ensure affordability and low income eligibility of existing insured mortgage properties.

Today, many of the properties covered by Section 250(a) are 20 to 40 years old and are in need of substantial amounts of recapitalization. Many owners of these properties are now seeking prepayments of their HUD-insured mortgages. The new HUD notice seeks to maintain affordable housing for these tenants.

The notice describes Section 250(a) of the National Housing Act and then goes on to contemplate how it should be put into practice regarding prepayments. Under the notice, the Secretary may not accept an offer to prepay unless the project has been determined to meet three conditions: the property no longer meets the need for rental housing for lower income families in the area; tenants have been notified by the owner, allowed to comment, and their comments taken into consideration; and adequate relocation assistance for comparable housing for displaced tenants is provided.

The notice outlines three ways in which a project may meet the criteria of no longer meeting a need for rental housing in an area. A project may meet the criteria if it does not receive a rental subsidy under the National Housing Act, if the local HUD office determines there is no longer a need for rental housing for lower income families, or if the owner of a subsidized project can show that the regulatory agreement executed by the owner is no longer needed because the building will continue to provide low-income housing without the agreement.

HUD sets forth a 150-day notice requirement of the owner's intent to prepay, which must be delivered to
(See HUD on p. 3)

HUD (*cont'd from p.2*)

each occupied unit, posted in three conspicuous places on the property, and sent to the head of the local government prior to approval. A 30-day comment period must be established for tenants.

Along with these requirements, HUD must ensure, prior to prepayment approval, that there is a plan in place for providing relocation assistance for adequate, comparable housing for lower income tenants displaced as a result of prepayment.

Owners must also obtain the appropriate use agreement of unspecified length (one for units covered by Section 8 housing assistance payment contracts and another for non-Section 8 units). HUD and the owner must execute this agreement prior to prepayment in order to be released from the regulatory agreement.

While further analysis of the notice is under way, advocates are encouraged that HUD has moved forward with this notice. However, there are several indications that improvements to this notice are needed in regards to the best interests of low income residents and others in need of affordable housing,

HUD Closes Section 8 Loophole

In an August 26 revision to its housing occupancy requirements, HUD closed a loophole that had allowed wealthy students access to subsidized housing. The issue was first highlighted in June articles in the *Des Moines Register*, and then received national attention. In July, Iowa Senator Tom Harkin (D) introduced legislation and formally asked HUD to close the loophole.

The August 26 revision details how eligibility of a student as head or co-head of household must be verified for several major HUD programs, including project-based Section 8. Under the new requirements, students must verify that they have established a household separate from parents or guardians or that they meet the U.S. Department of Education definition of an independent student, verify that they are not being claimed as a dependant on a parent's income tax return, and certify the amount of support being provided from parents or guardians.

Advocates are analyzing the revision, with a particular eye on whether it addresses one of the issues originally highlighted by the *Des Moines Register*, in which students receiving scholarships that including housing allowances were also receiving HUD-subsidized housing assistance. Advocates believe that such scholarship funds should be treated as income. HUD's revisions closely mirror changes proposed by Senator Harkin in his legislation, S. 2690.

Information on Proposed 2005 FMRs

In order to assist advocates in responding to specific changes in their fair market rents (FMRs), NLIHC has released a set of materials that looks at the proposed 2005 FMRs, which were released to the public on August 6. Included is a database (in Microsoft Excel format) that allows advocates to compare their 2005 proposed FMRs to 2004 final FMRs as well as to that of other jurisdictions. The database also includes data on income levels, wages, and other housing affordability measures.

This release also contains information about the initial public comment period (which ends September 7th), a guide to the NLIHC-prepared database, and information from HUD regarding the new FMRs. It also has a guide that looks at how the creation of 2005 FMRs has differed from years past.

The information can be accessed at www.nlihc.org/2005fmrs/index.htm.

National Housing Trust Fund**New Mayoral Endorser; Advocates Prepare for Discharge Petition Work**

Mayor-President Bobby Simpson of Baton Rouge, LA, has endorsed the National Housing Trust Fund. Mayor-President Simpson is now finishing his first term in office and will join Louisiana's 80 Campaign endorsers. As Mayor, Mr. Simpson also holds the title of President of the East Baton Rouge Parish. The total number of endorsers remains at more than 5,200, with a complete list available at www.nhtf.org.

In other news, advocates are poised for the return of Congress to line up support for the discharge petition recently filed on National Housing Trust Fund legislation. Advocates will be working to encourage both cosponsors and Members who have not yet cosponsored to sign the discharge petition—which would provide the opportunity for the Trust Fund bill to move to the full House floor for debate and a vote—as soon as they are allowed. According to House rules, the petition must sit for seven legislative days after being filed before Members are allowed to sign, which means signatures should be allowed during the week of September 13.

Capitol Hill**Bills At a Glance**

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

Update from the Field

Bad and Good News from Florida

The impact of Hurricane Charley has dominated recent news from Florida. The storm has had a devastating impact on the housing circumstances of thousands of Floridians, particularly people with low incomes. In more positive news for low income residents of the state, a proposal to increase the state's minimum wage recently made the November ballot.

The hurricane caused the second greatest amount of damage, measured in financial terms, in Florida's history, second only to Hurricane Andrew in 1992. Recovery in the hardest-hit areas will take months, if not years. "Families in the path of the hurricane who were already precariously perched now find themselves with nothing," said Greg Mellowe of the Florida Coalition for the Homeless (FCH). In Charlotte County, where the hurricane landed, virtually every building in the storm's path sustained some damage, and at least 12,000 homes were destroyed.

Mr. Mellowe noted that manufactured housing, which tends to serve a disproportionate number of poor households—particularly seniors—fared much worse than other structures. Also, while FEMA will assist many uninsured property owners, *underinsured* families face extremely high deductibles put into place after Hurricane Andrew. While some may ultimately receive federal aid, such aid will come only after their insurance claims are settled. *CQ Today* reports that the White House plans to ask Congress for nearly \$2 billion in supplemental funding for FEMA and other assistance programs for victims of the hurricane.

In addition, as reported by the *New York Times* on August 23, much of the public housing in the town of Punta Gorda was rendered uninhabitable by the storm, leaving people with limited ability to pay for housing homeless and with even fewer options. "Not only did Charley instantaneously cause significant homelessness, but its lingering effects will cause more homelessness in the months ahead," Mr. Mellowe said.

People with low incomes can take some heart, however, in a successful effort to put a minimum wage increase on the ballot for the November election. According to ACORN, which took the lead on this effort, the ballot initiative received nearly 1 million signatures. The substance of the initiative also passed judicial muster, as required. The ballot measure would amend the state constitution to increase the minimum wage from the federally mandated \$5.15 per hour to \$6.15 per hour, indexed to inflation in the future. News reports note opposition from expected quarters, including owners of restaurants and retail establishments.

FCH actively supported the minimum wage campaign, collected signatures for the ballot initiative, and will work on voter education and get-out-the-vote activities in preparation for the election. "For advocates and providers dedicated to alleviating and preventing homelessness, the connection between livable wages and housing affordability and retention is immediate," Mr. Mellowe said. "Efforts to increase the supply of decent, affordable housing and efforts to increase incomes to levels where decent housing is affordable are the same work."

For more information: Greg Mellowe, Florida Coalition for the Homeless, flahomelesscoal@mindspring.com.

Housing in the Elections

VA Voter Project Focuses on Public Housing Communities

Three Virginia organizations have joined forces to make certain each public housing resident in Charlottesville, VA, has an opportunity to become a registered and educated voter. The Public Housing Association of Residents (PHAR), the Virginia Organizing Project (VOP) and the Quality Community Council (QCC) are leading the efforts to make sure residents become full participants in their communities' civic life.

Joy Johnson, a PHAR representative and an NLIHC board member, says the organizations began the project last summer in hopes that the newly registered voters would encourage their candidates and elected officials to discuss "real issues important to real people" by questioning them at debates and by writing letters.

"We want to provide the residents with all the education they need to make good decisions on Election Day, which is why we don't miss an opportunity to talk to people about why, how, when and where to vote," says Ms. Johnson, who says she became frustrated when she realized how little information about the electoral process was getting into the hands of the residents.

The groups attribute their success in registration and education to the multitude of tactics they employ. For example, members have hosted a series of forums in which candidates and elected officials were pressed about their positions on poverty, affordable housing, welfare, and education. At the same time, members of the audience were encouraged by the organizers to submit questions, and, of course, register to vote.

But the organizations also make sure they reach unregistered members of the community who do not at-
(See **Housing...Elections** on p. 7)

Resources

New ACS Data Shows Increase in Housing Problems in Recent Years

According to the American Community Survey (ACS), the median gross rent in 2003 was \$679, up from \$668 the year before and \$649 in 2000 (all numbers are in 2003 dollars). The ACS is the Census's largest and most detailed general population survey outside of the decennial census. It is conducted on an ongoing basis, with results on the demographic, economic, housing, and social characteristics of American communities published annually.

There has been a statistically significant increase in median gross rents every year since ACS data started being released in 2000. According to the new 2003 data, the proportion of renter households living in unaffordable housing also increased from 41% in 2000 to 47% in 2003. The proportion of renters renting for less than \$750 fell from 63% in 2000 to 59% in 2003. Similarly, while 15.32% of renters paid more than \$1000 in gross rent in 2000, this jumped to 19% in 2003.

Difficulties were not limited to renters. From 2000 to 2003 the proportion of owners with a mortgage living in unaffordable housing increased from 27% to 30%. Despite declining interest rates, median monthly housing costs for these households increased from \$1,153 to \$1,204 over this period.

Crowding, however, appears to have remained fairly steady with no statistical change over the past four years in the proportion of households living with more than one person per room. There was, however, a statistically significant decline in households with more than one and a half persons per room in the last year.

It is important to note that, according to the ACS, median household income also fell in the past four years in inflation adjusted terms from \$44,270 in 2000 to \$43,564 in 2003. The number of families and all households earning less than \$10,000 a year both increased significantly over this period.

With each year, data is becoming available at lower geographic levels. ACS data for 2003 are available for the entire United States, more than 800 counties and places with populations of 250,000 or more, and more than 200 Congressional districts. Also included are data profiles and narratives, ranking tables for some variables, and access to the public use micro samples (PUMS).

NLIHC research staff will be examining the data in coming weeks. Advocates are encouraged to make timely

use of this data, as it is the most up-to-date and comprehensive local data available until the next decennial census.

Data can be found at www.census.gov/acs/www/Products/Profiles/Single/2003/ACS/index.htm.

Census Reports on Income, Poverty, and Health Insurance Coverage

On August 26th, the Census Bureau released "Income, Poverty, and Health Insurance Coverage in the United States: 2003." The report found no change in real median household income, increasing poverty numbers and rates, and rising numbers and percentages of people without health care coverage.

The report is part of the Annual Social and Economic Supplement to the Current Population Survey, conducted by the U.S. Census, and is based on a survey sample of about 100,000 addresses. It is divided into sections on income, poverty, and health insurance coverage. These sections include further demographic breakdowns as well. Final sections look at state-level (using two- to three-year averages) and historical data.

Income and poverty estimates in the report are based only on income before taxes and exclude the value of items such as food stamps, employer-provided fringe benefits, Medicare, and the like. Two forthcoming reports will deal with alternative income measures and alternative poverty measures, respectively. A third report will focus on "material measures of well-being."

The real median household income remained constant between 2002 and 2003. Hispanics, however, experienced a 2.5% decline in real median income between 2002 and 2003. Additionally, while the real median earnings of men who worked full-time year-round remained unchanged between 2002 and 2003, incomes of the comparable group of women declined by 0.6%, marking the first time the female-to-male earnings ratio has declined since 1998-1999.

Between 2002 and 2003, the poverty rate increased from 12.1% to 12.5%. In 2003, 35.9 million people were in poverty, an increase of 1.3 million from the year before. Additionally, this is the third consecutive year that both the number and rate of people in poverty have risen. The poverty rate for children (under 18) and the number of children in poverty also increased, rising from 16.7% to 17.6%, and from 12.1 million to 12.9 million.

Because of increases in population, both the number of people with health care and the number of people

(See **Resources** on p. 6)

Resources *(cont'd from p. 5)*

without health care increased between 2002 and 2003. The number of people with health insurance increased by 1.0 million, and accounted for 84.4% of the population. On the other hand, 45.0 million people were without health insurance coverage in 2003, an increase of 1.4 million. This increase meant that the percent of people without health insurance coverage also rose - from 15.2% to 15.6%. Also notable is that the percentage and number of people covered by employment-based health insurance fell from 175.3 million to 174.0 million. This drop in coverage was offset by an increase in the percent and number of people covered by government health insurance programs, from 73.6 million to 76.8 million.

The report provides a snapshot of the circumstances of households in this country, and shows the continuing problems of poverty and health care coverage. It is available on the U.S. Census Bureau website at www.census.gov/prod/2004pubs/p60-226.pdf.

Housing Problems for Hispanic Americans

Housing affordability and quality remain problems for a disproportionate share of Hispanic Americans, a new statistical brief from the National Council of La Raza reports. On average, Hispanic families spend 36% of their income on housing, exceeding the recommended 30%. And while almost 30% of all Americans experience these severe and moderate cost burdens, 41.8% of Latinos do. Furthermore, homeownership rates among Latinos, after rising steadily for almost 10 years, began to decline in 2001.

The report, "Hispanic Housing and Homeownership," uses data from the Census, HUD, and other organizations to summarize many facets of the Hispanic housing market, including cost burdens, physical conditions, homeownership, discrimination, and growth patterns in the Hispanic population as a whole. While noting that Latino households are nearly equally distributed between suburbs and central cities, the report also finds that Latinos tend to live in high-cost areas. Of the 20 cities with the highest Hispanic populations, 16 have above-average rents and owner costs, while four of those - Oakland, CA; Washington, DC; San Jose, CA; and Orange County, CA - are among the top 10 least affordable cities in the country. Additionally, the rate of overcrowding among Hispanic

households is five times the national average of 2.5%, and a full 40% of Latino immigrants live in crowded housing conditions.

The homeownership market contains additional areas of concern for Latinos. While the Hispanic homeownership rate has increased over the past five years, it peaked in 2001 at 47.3%, and has declined by 0.6 percentage points in the years since. Latinos also buy homes later in life, and fewer Latinos than blacks or whites own their own home as senior citizens. Further, 19.7% of Latinos experienced ethnic discrimination when trying to buy a home, a number that - while having declined over the past decade - exceeds measured discrimination to black homebuyers. Finally, discrimination against Latino renters has increased since 1989, affecting 27.2% of Latino renters in 2000.

A press release linking to the report is available on NCLR's website at www.nclr.org/content/news/detail/26114. Site registration (free) is required to access the full report.

Fact of the Week

Poverty Rate

	2002		2003	
	Number*	Percent	Number*	Percent
Total	34.6	12.1	35.9	12.5
White alone, not Hispanic	15.6	8.0	15.9	8.2
Black Alone	8.6	24.1	8.8	24.4
Asian Alone	1.2	10.1	1.4	11.8
Hispanic Origin (any race)	8.6	21.8	9.1	22.5
Under 18 years	12.1	16.7	12.9	17.6
18 to 64	18.9	10.6	19.4	10.8
65 year or older	3.6	10.4	3.6	10.2

*Numbers in millions

Source: U.S. Census Bureau: "Income, Poverty, and Health Insurance Coverage in the United States: 2003." August 26, 2004.

Housing...Elections *(cont'd from p. 6)*

tend civic education events by catching them at the local grocery store, buses, schools, community festivals and at home. Each potential voter receives a voters' guide that lists when and where to vote, and provides the presidential candidates' positions on everything from welfare reform to foreign trade policies.

The organizations have also found other creative ways to educate the public about how to vote. Ms. Johnson has been working on a documentary with members of the state legislature to educate ex-felons on regaining their rights as citizens. "We have been a little successful, because we got the governor to make the process less complicated. It still takes too much time, and that is what we are working on now," Ms. Johnson said. "We just want to make sure that people getting out of prison understand they need to start the process of getting their rights back immediately because it takes so much time."

The groups are planning at least two more civic education events. One, which they will sponsor jointly with NLIHC, will highlight the importance of federal policy to the local community. At another, organization members will take local youth and others interested community members Richmond, the state's capital, to see first hand how the legislative process works and why it is important for them to fulfill their role in it.

For their final push before the November elections, the groups will implement a mobilization plan to ensure that all newly registered and educated voters make it to the polls on Election Day.

For more information on PHAR, VOP, and QCC's voter project, contact Joy Johnson at 434-971-1200.

Save the Date! NLIHC Annual Conference

NLIHC's 2005 Annual Housing Policy Conference and Lobby Day will be held Monday and Tuesday, May 2 and 3, at the Capital Hilton in Washington, DC. The Leadership Reception will be held the evening of May 3. Mark your calendar and plan to join us!

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.

NLIHC Staff

Matt Achhammer, Field Organizer, x229
 Bonnie Caldwell, Senior Legislative Director, x242
 Linda Couch, Deputy Director, x228
 Sheila Crowley, President, x224
 Stephen Fee, Intern, x314
 Katie Fisher, Field Organizer, x222
 Melissa Higuchi, Membership Associate, x227
 Cheryl Jackson, Intern, x232
 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



National Low Income Housing Coalition
Memo to Members
August 27, 2004
Vol. 9, No. 33

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.