

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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National Housing Trust Fund

Tuesday is the Day to Sign the Discharge Petition

H. Res. 748, the discharge petition for H.R. 1102, will be available for Members of Congress to sign on Tuesday, September 21. The National Housing Trust Fund Campaign is working with NHTF Congressional sponsors to plan events to draw attention to the petition and what it could mean for passing National Housing Trust Fund legislation.

Call-in days are scheduled for Monday and Tuesday, September 20 and 21. On these days, advocates across the country will call their Representatives and ask them to sign the discharge petition. Also on Monday, a legislative briefing for Congressional staff will be held to review the details of HR 1102 and the procedures for a discharge petition. Representatives from NLIHC and the National AIDS Housing Coalition, as well as the staff of Congressional sponsors, will present. The briefing is scheduled for 11:30 am in Rayburn 2220.

On Thursday, Members of Congress and Campaign members will hold press events, one for DC-based reporters and one, a conference call briefing, for reporters in the field. When the House adjourns for the day on Thursday, Representatives Bernie Sanders (I-VT) and Barbara Lee (D-CA) plan to hold special orders, meaning that they and other Members will speak for one hour about the Trust Fund and the discharge petition from the floor of the House of Representatives. The special orders should be broadcast on C-SPAN.

An updated list of events will be posted at www.nhtf.org.

HUD

Funding Issue For Project-Based Contracts Resolved

The Office of Multifamily Housing has resolved the concern that recaptured Section 8 funds would not be able to be used to cover shortfalls on project-based subsidy contracts. (See *Memo*, September 7). HUD reports that after discussion with staff in the House and Senate, recaptured funds will be available without the need for legislative action. The process will be managed very closely to be sure that there is no over- or under-funding.

Capitol Hill

Senate Committee to Consider FY05 HUD Approps

The Senate Appropriations Committee is scheduled to mark up its FY05 HUD appropriations bill on Tuesday, September 21. The bill will be an important marker for housing and community development groups working to gauge HUD FY05 funding possibilities. Details of the subcommittee's bill, passed last week, have still not been released (see *Memo*, Sept. 10).

The House bill, H.R. 5006, which passed full committee in July, adequately funds Section 8 but allows for the continuation of the same harmful dollar-based funding system that has caused havoc on the voucher program since April. Further, the House bill cuts funding for every other HUD program.

Reports the week of September 13 indicate that the House will designate a portion
(See *Capitol Hill* on p. 2)

POINT OF VIEW

by Sheila Crowley, President

Like hurricanes in the Atlantic this year, assaults on the housing voucher program by the Bush Administration have been unrelenting. The President's FY05 budget, released in February, underfunded and block granted the voucher program. The April 22 notice on the FY04 funding plan hit community after community with threats of cuts to assistance for current voucher holders. They hunkered down to protect what they had, and promises to new developments and new families were broken. Bowing to public pressure, HUD "found" extra money to plug some of the holes, but the fix will be insufficient.

The next hit came in August, when Secretary Jackson allowed the FY05 Fair Market Rents (FMRs) to be published, at least three months later than these crucial data are typically released, cutting short the opportunity for comment. (Judging from the number and nature of the problems with the FMRs this year, perhaps Mr. Jackson held on them so long to avoid the volume of complaints. Go to www.nlihc.org/2005fmrs or www.cbpp.org/fmr for specifics.) Why HUD did what they did to the FMRs is anybody's guess, but the result is clear – mass confusion.

No one thinks that the FMRs have ever been perfect, but at least in past years, they have been based on reasonable and predictable assumptions about the cost of rental housing. It is precisely their reasonableness and predictability that made them credible. And if there were problems

(See *Point of View* on p. 6)



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

of NASA spending “emergency” for the purposes of pulling it off-budget, enabling the possibility that the House bill could be considered on the House floor the last week of September or the first week of October.

Senate Committee Moves on Rural Spending Bill

The Senate Appropriations Committee passed its FY05 USDA appropriations committee bill, S. 4766, on September 9. The bill’s funding levels mirror that of the Senate’s agriculture subcommittee, which cut funding for the Section 515 very low income rental assistance grant program by \$30 million and the Section 515 loan program by more than \$25 million, compared to FY04 levels.

More details from the agriculture spending bill emerged as the Senate committee’s report (Senate Report 108-340) was published the week of September 13. A new program, included in the subcommittee version of the bill, establishes a \$6 million Section 515 housing preservation program. According to the bill’s report, the program would give funding priority to entities that provide matching funds, including housing tax credits for rural housing assistance, as well as to “entities with experience in the administration of revolving loan funds and the preservation of multifamily housing.”

The full House passed its USDA spending bill, H.R. 4766, on September 9.

New Prisoner Re-entry Bills; Changes Sought for One-Strike

Several plans to increase services for prisoners re-entering the community are now under consideration in Congress, and all of them emphasize the need for transitional and permanent housing. One would significantly change the one-strike procedures that mandate the eviction of entire households from public housing when one member of a family is convicted of a crime.

The Re-Entry Enhancement Act, H.R. 5075, was introduced on September 14 by Representative John Conyers Jr. (D-MI). The bill reauthorizes current Department of Justice grant programs for organizations that assist people leaving jails or prisons, including those that provide private or public housing programs.

H.R. 5075 also mandates that states receiving grant money create strategic re-entry plans that include housing, and creates an interagency task force on prisoner re-entry, which would include HUD. Additionally, the bill would include housing issues in a study of recently released prisoners, to be conducted by the National Institute of Justice.

These initiatives in H.R. 5075 are nearly identical to those in the Second Chance Act of 2004, which was introduced as S. 2789 on September 10 by Senator Sam Brownback (R-KS) and as H.R. 4676 in June by Representative Rob Portman (R-OH) (see *Memo*, June 25).

But H.R. 5075 also includes a variety of new and modified programs for training, employment, voting, and health care, as well as other support for current and former prisoners. Among the biggest changes would come to public housing’s one-strike rule.

Under H.R. 5075, people could not be evicted based solely on their family member’s criminal activity. Tenants could not be evicted if they were unaware a family member or guest had committed a crime, or if they were crime victims. And PHAs would have to consider the mitigating circumstances and family impacts of every eviction.

H.R. 5075 has been referred to the House Financial Services Committees, which has jurisdiction over housing issues, as well as to several other committees of jurisdiction.

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/>.

FDIC CRA Comment Deadline Extended

The Federal Deposit Insurance Corporation (FDIC) has extended the public comment period on its proposed changes to the Community Reinvestment Act (CRA) from September 20 to October 20. Many had criticized FDIC’s damaging and far-reaching proposal for not allowing sufficient time for public comment.

The proposal would raise the asset threshold for “small banks,” making more banks exempt from the CRA’s more stringent exams. The time extension will allow for more comments to be submitted on the CRA proposed rule change and, potentially, could delay a final decision by the FDIC until after the November 2 elections.

A letter September 9 from the Congressional Hispanic Caucus to FDIC Chairman Donald Powell contends that, “Adoption of the FDIC measure is likely to mean the loss of hundreds of millions of dollars in loans, investments and services for local communities and would disproportionately impact rural areas and small cities where the market presence of these mid-sized banks is often great.”

(See FDIC on p. 3)

SPECIAL REPORT

FY04 VOUCHER FUNDING CRISIS WEEK 22

New Funds Don't Meet All Needs

Housing authorities that appealed their FY04 renewal funding and received additional funds from HUD on August 31 continue to analyze the impact the additional funds will have. These funds were made available after Congress, housing authorities, and advocates expressed concern that HUD's new renewal proposal announced in April left many housing authorities facing severe shortfalls (see *Memo*, September 3).

The appeal award letters to the housing authorities did not provide an explanation of how HUD determined the level of additional funds provided. Some advocates have reported that the funding amounts appear to have been allocated based solely on past funding levels (in a "block grant" approach), as opposed to being based on an analysis of local conditions that would affect a housing authority's annual adjustment factor.

Reports from around the country seem to point in that direction. The Vermont State Housing Authority and the Rutland Housing Authority, for example, both received additional funds from their appeals, and while both agencies say they are grateful to have the additional funds, they continue to struggle to meet the needs of their low income tenants.

Richard Williams, executive director of the Vermont State Housing Authority, said he believes that the formula HUD used is based on the agency's expenses in 2003. Williams points out that while last year housing costs were averaging \$385 a month including utilities, this year the average voucher cost has increased to \$480 a month, primarily due to rising utility costs. The additional funding the agency received through its appeal will not be enough to cover this shortfall.

The Rutland Housing Authority received an additional \$4,100 but needed \$28,000 to make its program whole. Rutland Executive Director Kevin Laso said his agency needed the additional funds because the needs of the clients have increased. Both Mr. Williams and Mr. Laso say they hope that Congress will take action to restore funding in the next session.

Texas City Proposes Minimum Rents. Even though Longview, TX, was one of the 379 housing authorities that received additional funds through the appeals process, the city's housing and community development manager, Linda Strotheide, revealed plans at a recent hearing to require certain Section 8 tenants to pay a minimum rent of \$50. This proposal must go before the

City Council for approval, and a meeting is scheduled for October 14.

Ms. Strotheide said in her presentation that this action was needed because Congress had cut the funds for the Section 8 program. She noted that none of the 144 families currently receiving vouchers would be taken off the program. However, Longview has 700 families on the waiting list, some of whom have been on the list since 2001, and the city is no longer accepting new applications.

In July, HUD Secretary Alphonso Jackson sent a letter to housing authorities suggesting a variety of ways authorities could deal with funding shortfalls, including imposing minimum rents on current tenants.

St. Louis Residents and Advocates Turn Out. More than 100 people attended a forum in St. Louis, MO, on September 10 to hear from a panel of affordable housing providers and advocates about the potential threats to the voucher program and how the proposed cuts would harm the region's homeless and low income citizens.

The panel included representatives from the city and county housing authorities and the department of human services, as well as representatives of a private developer and landlord and a local social service agency. In addition, a homeless mother told the audience about her struggles in moving her family from shelter to shelter while hoping to receive a voucher.

Panelists detailed the reasons why the voucher program was essential to the work they are doing to end the housing crisis, and jointly painted a bleak picture of what cuts to the program or changes to the funding mechanism would mean for the area. Following the forum, attendees wrote letters and made phone calls to their Congressional delegation urging them to fully fund the voucher program and to return the program to unit-based funding.

FDIC *(cont'd from p. 3)*

A Congressional Black Caucus letter circulated by Representative Melvin Watt (D-NC) and signed by 29 Members was also sent to FDIC Chairman Powell. The letter asks that the proposed redefinition of "small bank" be withdrawn. In addition, House Financial Services Committee Ranking Member Barney Frank (D-MA) is circulating a letter to Democratic colleagues opposing the FDIC's proposal to amend the regulations implementing the CRA.

NLIHC's call to action on the CRA changes can be found at www.nlihc.org/news/082004.html. Comments can be submitted at www.fdic.gov/regulations/laws/federal/propose.html.

Housing in the Elections

NAMI-VA Helps Clients Vote

As the voter registration deadlines in most states draws nearer (to find the last day for registration in your state, visit www.nlihc.org/vrem/education/deadlines.html), advocates across the country are pulling out the stops to ensure their clients are registered to vote in time for this year's November 2 elections.

The Virginia chapter of the National Alliance for the Mentally Ill (NAMI-VA), for example, under the sponsorship of the Virginia Office of Protection and Advocacy (VOPA), has developed the Vote Virginia! Campaign, which includes providing materials to people with disabilities and their families to ensure that each person has the resources necessary to become a registered voter and make it to the polls on Election Day.

Vote Virginia! provides information that includes registration instructions and deadlines, as well as information on how to vote and where to find the correct polling site. The campaign also highlights the special considerations offered for persons with disabilities. The information is mailed to all NAMI-VA affiliates and can be downloaded off the VOPA website, at www.vopa.state.va.us/Publications/Accessibility%20and%20Accommodation%20Publications.htm.

In addition to producing educational materials, NAMI-VA is also encouraging its affiliates to become a part of NLIHC's VREM campaign, and to think creatively about helping their constituents get to the polls on Election Day.

Val Marsh of NAMI-VA suggests offering absentee ballots to voters who might have trouble getting to the polls on Election Day as the best way to ensure that people are able to vote (find out about absentee voting in your state at www.nlihc.org/vrem/mobilization/absentee.html). She also suggests organizing carpools for those who want to go to a polling place to cast their ballot, or even group trips with balloons and buttons on public buses. "We want consumers and family members to start exercising their right to vote because that gives them leverage," Ms. Marsh recently wrote in an email to a NAMI member.

To find out more about NAMI-VA's "Vote Virginia!" project, www.namivirginia.org/vote_virginia.htm.

To learn how you can get involved in NLIHC's VREM campaign contact Katie Fisher at 202-662-1530 x222 or Katie@nlihc.org or visit www.nlihc.org/vrem.

Update from the Field

KS Coalition Hires First Staff

For years, the Kansas Statewide Homeless Coalition has been active in efforts ranging from holding an annual Statewide Summit on homelessness issues to working to establish a state housing finance agency to keeping organizations across the state up-to-date on current housing and homelessness issues.

Now, the Coalition actually has a part-time staff person.

For the first time, the Coalition has received funding, from the Kansas Housing Resources Corporation, to hire first a part-time and then a full-time staff person. The position will augment the work of the Coalition's all-volunteer board of directors. The staff member will also serve as the Coordinator for the Balance of State Continuum of Care work being done across Kansas.

In addition to continuing current projects, the new staff member will coordinate efforts to help communities across the state become more effective at dealing with homelessness, said coalition chair Randy Crandall. He said that each year, millions of dollars in funds that could otherwise go to Kansas organizations are returned to HUD, and the Coalition will now devote new energies to helping communities with their funding proposals. As part of its efforts, the Coalition has applied for funding it can use to provide organizations across the state, particularly in rural areas, with technical assistance and training.

"Like most states, urban areas have done a good job of taking advantage of external resources and going after additional funds. We'd like to transfer that learning and expertise in rural areas," Mr. Crandall said. "We want to make sure that people know that the Coalition is for real and that it is here to serve."

The Coalition will also work to increase the state's commitment to affordable housing. In the fall of 2001, NLIHC reported in *Memo* that 'Kansas stands alone,' as the only state without a state housing finance agency. After six years of advocacy, the state did create a state agency last year, the Kansas Development Finance Authority (KDFA). In the most recent legislative session, however, legislation to allow KDFA to manage the release of housing bonds was defeated. Now, passing legislation to provide the agency with funding authority is a priority for the upcoming session.

For more information: Randy Crandall, Chair, Kansas Statewide Homeless Coalition, Randy.Crandall@med.va.gov.

Resources

Officer and Teacher Next Door Programs Have Mixed Results

HUD's Office of Policy Development and Research (PD&R) recently published a program evaluation of the Officer Next Door (OND) and Teacher Next Door (TND) programs, focusing primarily on crime rates in participating neighborhoods. Begun in the late 1990s, both of these programs were initiated to improve conditions in low to moderate income communities by encouraging law enforcement officers and teachers to move into HUD's Revitalization Zone (RZ) neighborhoods.

PD&R's study uncovered interesting results, which may lead to changes or alterations in the program. Based out of two of the program's cities—Spokane, WA, and Rialto, CA—evaluators measured the effectiveness of the program by examining the crime rates before and after the officers and teachers entered the community (1999–2002). These levels were also compared with crime rates in other areas of the city. The program seemed to have a favorable effect on the studied neighborhoods in Rialto. There, levels for Part I crimes, including theft, assault, and murder, remained stable, while worsening in other areas of the city. However, similarly positive results did not occur in Spokane, an effect researchers attribute this to the greater density of the clusters of OND/TND homes in Rialto. Spokane had only 28 program homes within its RZ, while Rialto hosted 90 officer and teacher households. Another factor may have been the larger percentage of law enforcement officers participating in the Rialto program.

Further, researchers did not find a decrease in drug crime rates. The researchers offered a variety of hypotheses, but no conclusive evidence, for why drug crime levels did not decline.

As a result of their findings, researchers see the need to continue studies on Revitalization Zones that are as densely populated by officers and teachers as is Rialto. If similar results are found, a shift toward greater density of OND/TND homes in the program could lead to a decrease in crime in these neighborhoods.

The researchers also note other factors important to consider in the development and stability of Revitalization Zone communities. The level of community involvement of officers and teachers could have some bearing on program results, as well as the rates of the discounted mortgages provided to the participants of the program. While measuring crime levels can point to some degree of change, other aspects must be considered in order to fully understand the impact of the OND/TND program.

The report is available at www.huduser.org/publications/COMMDEVL/OND_TNDProgEval.html.

2Q Issue of “U.S. Housing Market Conditions” Released

HUD's Office of Policy Development & Research published the 2nd quarter 2004 issue of “U.S. Housing Market Conditions.” Key findings in this publication centered on housing production and homeownership. During the second quarter, the number of housing permits exceeded the previous quarter by 4%, signifying that more permits are being issued than have been for 30 years. The homeownership rate set a new record, rising to 69.2%. Production of housing units saw an increase as well, while the rental vacancy rate was down slightly, to 10.2% nationally. In the Northeast, the rate dropped to as low as 7%. Median rents rose slightly during the second quarter.

Additional information in the report consisted of economic and housing market profiles for a variety of areas in the country, such as Denver-Boulder, CO, and Toledo, OH. The issue is available at www.huduser.org/periodicals/ushmc.html.

2001 Residential Finance Survey Report Modifications

The Census Bureau continues to review and edit data from the RFS microdata base so that a final version of the 2001 Residential Finance Survey report can be completed. Input from users has been taken into account as the data is finalized. Recently, a user pointed to incorrect information concerning multifamily properties. These errors were corrected by the Census Bureau, which attributed the discrepancy to misplaced decimals and inaccurate number placement. As a result, the Bureau will look more closely at these specific records.

Fact of the Week

Delinquencies and Foreclosures

	1 st Quarter, 2004	4 th Quarter, 2003	1 st Quarter, 2003
Total Past Due (%)			
All Loans	4.33	4.49	4.85
Subprime Loans	11.19	11.59	12.40
90 Days Past Due (%)			
All Loans	0.83	0.83	0.89
Subprime Loans	2.65	2.55	3.38
Foreclosures Started (%)			
All Loans	0.46	0.45	0.41
Subprime Loans	1.99	2.14	1.43

* End of first quarter, 2004

Source: U.S. Housing Market Conditions, 2nd Quarter, 2004. www.huduser.org/periodicals/ushmc/Summer2004/USHMC-04Q2.pdf.

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

with the calculations that called their reasonableness into question, there was plenty of time for corrections before they had to go into effect. No so this year.

As most users of *Out of Reach* know, its signature measure, the housing wage, is based on the FMRs. It is a indication of how reliable NLIHC has considered the FMRs to be that we have used the proposed FMRs for *Out of Reach* for the last five years, and had to make few and minor adjustments once the final FMRs were released for October 1. This year the proposed FMRs as published are so un-credible that we are delaying publication of *Out of Reach* until we are certain we have sound data with which to work.

Public housing agencies that have to implement the FMRs on October 1 do not have that choice. But if they are required to go forward with the data as they exist today, the program will descend further into chaos, only to be disrupted again when and if new data are released. That is why NLIHC and numerous others have called for a delay in implementation of the FY05 FMRs until HUD fixes the problems with its current numbers.

It is beyond me how an agency of the federal government could get away with doing something so reckless. But when we have the HUD Secretary and the Assistant Secretary for Public and Indian Housing asserting that the housing voucher program is broken and beyond repair, as Mr. Jackson and Mr. Liu have done in the press recently, it is not much of a stretch to think there is method to the madness. Any program will break apart if battered hard and often enough. If the program can be so destabilized that landlords, lenders, and developers will give up on it, it will much easier to cut down.

Housing...Elections *(cont'd from p. 4)* Order GOTV Stickers, Posters

Organizations can now order get-out-the-vote stickers from NLIHC that can be used to help remind residents and others of when and where to vote. These removable stickers have a message making the connection between affordable housing and voting, and have a place to write in the address of residents' polling locations. They can be stuck to doors, lockers, desks, food pantry grocery bags, and other places in the days leading up to election. Get-out-the-vote posters and flyers are available as well. To view and order materials (at no cost), visit www.nlihc.org/vrem.

News & Events

Housing Statistics Users Group Meeting

On October 1, UC Berkeley will host a meeting of the Housing Statistics Users Group-West. Presentations topics include the American Community Survey results and their impact, California population growth and housing needs, and the influence of growth management tools on the local housing market. For more information and to register for the event, visit <http://urbanpolicy.berkeley.edu/hsugwest.htm>.

NLIHC News

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!



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.

National Low Income Housing Coalition
Memo to Members
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