

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

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Housing in the Election

CHCDF Presidential Surveys Finalized

With the debates behind them and more people than ever before paying attention to the issues, the Presidential Candidates are doing everything they can to reach out to the voters and let them know where they stand on the crucial issues. With this in mind, the Bush-Cheney campaign joined the Kerry-Edwards Campaign in responding to the Campaign for Housing and Community Development Funding's (CHCDF) candidate questionnaire (See *Memo*, October 1).

The Bush-Cheney response was received on October 8, reporting that their answers had to be cleared by the White House, causing the delay in response. The Kerry-Edwards campaign had already responded by the second deadline after both campaigns failed to respond by the first deadline of September 1.

(See **Housing...Elections** on p. 5)

Capitol Hill

Corporate Tax Cut Bill Passes; Charities Targeted for Offsets

On October 11, Congress passed a 650-page corporate tax bill, H.R. 4520. The bill passed the House by a vote of 280 to 141 and the Senate by 69 to 17. President Bush is expected to sign the bill into law. In the end, the bill, motivated by a ruling in the World Trade Organization that the US must rewrite existing corporate tax policies or face trade sanctions, will result in over \$143 billion worth of corporate tax cuts.

Primarily the bill would lower the corporate income tax rate from 35 to 32 percent for U.S. producers, defined very broadly to include not only traditional manufacturers, but also firms such as Hollywood studios, architectural firms, oil companies and many others who will seek to qualify. The largest single tax cut in the bill, it alone is estimated to cost the federal treasury \$76.5 billion. The bill would also allow corporations with profits held in offshore tax shelters to repatriate their profits at a discounted corporate income tax rate of 5.25 percent. The cost of this provision is said to be \$42.6 billion. Secretary of the Treasury John Snow is reported as admitting that the tax cut favors international over domestic corporations.

(See **Capitol Hill** on p. 2)

National Housing Trust Fund

Discharge Petition Nears Signature Goal

The National Housing Trust Fund Campaign and endorsers are seeing the results of significant efforts over the past month to encourage Representatives sign the discharge petition on H.R. 1102, enabling the legislation to come to the floor of the House for debate and a vote. The count for signatures at the time Congress recessed was 178, over 80% of the 218 signatures needed to move the bill forward. These included one of the 17 Republican co-sponsors of H.R. 1102, Representative Rodney Alexander (R-LA), as well as five Democrats who are not cosponsors of the legislation. When the House reconvenes for the "lame duck" session on November 15, Representatives will be able to sign again at that time.

POINT OF VIEW

by Sheila Crowley, President

Congress went home finally after passing another tax cut bill that the country cannot afford. The President has announced he will sign it. Despite claims from its drafters that the bill would be revenue neutral, they ended up creating a net loss to the U.S. Treasury of \$77 billion over 10 years. The total tax cut is \$137 billion, but closing of tax loopholes and shelters will bring in \$60 billion in revenue. Congress could have chosen to collect the \$60 billion and use it for something useful. (What would you do if you had the chance to allocate \$60 billion for the public good?)

But no, the people who are elected to represent us all passed a give-away to corporations that have the political clout to get their individual problems taken care of. In true doublespeak, Congress named the bill the "American Jobs Creation Act of 2004," although there is nothing in the bill that will incentivize, much less require, companies to use their windfall to create new jobs.

Congress passed the bill and got out of town just three days before the U.S. Treasury announced the totals on federal revenue and expenditures for the fiscal year that ended on September 30. Federal outlays exceeded income by \$413 billion in FY04, a decline in the fiscal health of the federal government for the fourth year in a row. Passing this tax cut bill on October 11 in the face of the mounting federal deficit and debt is at the very least irresponsible. Senator John McCain (R-AZ) called it "disgraceful." Negligent or corrupt may be even better ways of characterizing this behavior.

As if all that is not bad enough, Congress failed to raise the debt ceiling before they

(See **Point of View** on p.8)



NATIONAL LOW INCOME
HOUSING COALITION

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

Although revenue-raising measures and savings from closed tax loopholes offset many of the tax cuts, Senator John McCain (R-AZ) called them “a classic example of the special interests prevailing over the people’s interest.” In this light, the corporate tax bill includes two measures that are particularly irksome to many members of the public interest community. The first measure is a restriction on the amount of money car owners can deduct from their income taxes for donating their cars to charities. It allows donors to deduct only the amount of money charities eventually sell the cars for. Some charities said that the measure is unfair to donors, because charities usually sell the cars below retail price. Charities expect this provision will be a disincentive to donate cars to charities. The measure could cost charities millions of dollars in donations in revenue.

The other measure is a \$10 billion buyout for tobacco farmers that does not grant the Food and Drug Administration (FDA) authority to regulate tobacco. Many have pushed for the FDA to have such authority, especially in light of the \$10 billion buyout.

Funding Falls Short for Important Census Survey

The Commerce-Justice-State appropriations bill passed by the Senate poses a significant threat to the future of the American Community Survey (ACS). The Senate Appropriations Committee appears to have provided no more than \$65 million for the ACS. This is about \$100 million below the Administration’s request and contrasts with \$146 million provided in the House version of the bill. The Census estimates it will take at least \$140 million to roll out the ACS next year.

This survey, which has been under development since the mid 1990s and is already generating useful data for much of the country, was intended to replace the Census long form. Once it is fully ramped up, the ACS will provide annual local data on rents, home prices, incomes, housing quality, and other topics that will not be available elsewhere. Better data makes for better policy. For example, the ACS would provide HUD with a much better basis from which to calculate FMRs each year.

It takes at least five years, however, for the ACS to reach enough households to be able to replace the long form. Without adequate funding next year, the ACS will not be able to meet the 2010 deadline. In the *Washington Post* this week, Census Director Louis Kincannon stated that if the ACS does not receive

close to the amount provided by the House bill, “he will direct the decennial [Census] staff to shut down the ACS.”

It is likely that Congressional staff, especially staff in the Senate, will make key decisions on ACS funding in the next several days.

A number of calls to action have gone out to the housing community this week, and advocates plan to contact their senators, urging them to ask Senator Judd Gregg (R-NH, the Chair of the Commerce-Justice-State Appropriations Subcommittee) and Senator Ernest Hollings (D-SC, the Ranking Democrat on the Subcommittee) to ensure that the ACS is funded at the level provided in the House bill. Go to www.sdcbidc.iupui.edu/html/congress.html to access one such call to action.

Native American Homeownership Bill Hits President’s Desk

The Homeownership Opportunities for Native American Act, S.2571, passed the Senate on October 11. The House companion legislation, H.R. 4471, passed in June and the bill now heads to the President for his signature. The bill increases federal guarantees for loans made for housing projects on tribal lands.

Since tribal lands are held in trust by the Bureau of Indian Affairs, the land itself cannot be used as collateral for loans, complicating housing projects. To address this, as part of the 1996 Native American Housing Assistance and Self-Determination Act (NAHASDA), the Title VI Loan Guarantee Program was created to provide federal guarantees for housing projects on tribal trust land, allowing Native American tribes to leverage grant money for larger projects. Originally, the federal government would guarantee 95% of the loan, but a November 2000 OMB circular restricted federal loan guarantees to 80% unless statute mandated a higher amount. The Homeownership Opportunities For Native Americans Act restores the federal guarantee to 95% of the loan.

Military Housing Program Spending Cap Lifted

A provision inserted into the Defense Appropriations bill authorization conference lifted a funding cap on the program to privatize the renovation and building of military family housing. When Congress created the program, it placed a cap on spending for the program of \$850 million for the life of the program. In its analysis, however, the Congressional Budget Office

(See Capitol Hill on p. 4)

SPECIAL REPORT

VOUCHER FUNDING CRISIS

WEEK 26

Advocates Work For Full Funding

The VA-HUD appropriations bill has proven itself to be one of the most contentious being considered for an omnibus bill. Negotiations toward a final bill are not expected to resume until after the November 2 election. In the meantime advocates will work on both sides of the Hill towards the inclusion of Senate appropriations levels rather than House bill's levels, which are inadequate, in the final bill.

While Congress is out of session for the elections, advocates will thank Senators and their staffs for including sufficient funding for all HUD programs in S.2825 under extremely difficult budget constraints. These contacts will work toward ensuring satisfactory funding levels and adequate language for the FY05 Section 8 voucher program's segment of the presumed omnibus appropriations bill (see Memo, October 8). Housing advocates will also seek to clarify the Senate's funding formula for the Section 8 voucher program. Clarifications are needed to ensure that the actual funds necessary to finance all vouchers will reach the communities and families in need.

NAHRO Examines Voucher Funding Changes

The National Association of Housing and Redevelopment Officials (NAHRO) published a survey and analysis on October 11 titled, "NAHRO Analysis: Effects of FY 2004 Budget-Based Renewal Funding Policy for Section 8 Housing Choice Voucher Program." The analysis delineates how housing authorities adapted to the funding changes made for FY04, most of which left them underfunded.

While some agencies collected reimbursement for the faulty budgeting, many of these additional funds were improperly distributed, leaving 38% of agencies overfunded and 62% underfunded. This gap led to a \$93 million shortfall, affecting approximately 52,000 families.

Both before and after the reimbursements, the survey found that housing agencies coped in a variety of ways. Four percent of agencies had to terminate existing vouchers, while 10% recalled vouchers for families who had already been promised them. Another 27% of agencies banned the reissuance of turnover vouchers, and 27% increased rent by an average of 9%. Other methods of compensation included renting to higher income families, dropping housing affordability, and assisting less extremely low-income households.

The analysis further describes how the funding changes proved inadequate and how more families will have hous-

ing difficulties due to these changes. To view the publication, visit: www.nahro.org/pressroom/2004/200410renewalstudy.pdf.

Cleveland Struggles Under HUD's Section 8 Changes

To cope with the shortfalls created by the voucher funding crisis, the Cuyahoga Metropolitan Housing Authority announced that it now requires everyone in its Section 8 program to pay a minimum rent of \$50, unless they qualify for an exemption, because HUD has reduced program funding. This reduction is related to the recently released Fair Market Rents for the Greater Cleveland Area.

While George Phillips, the Housing Authority Executive Director, said in an article in the *Cleveland Plain Dealer* that the authority would appeal the FMRs, measures had to be taken to cut costs. In response to the cuts, the current preference system is to be adjusted. The authority added working families to the preferred renter list—one that is normally limited to families displaced from public housing and those referred from a program for people with mental disabilities. Adding working families, likely increases recipients' incomes and contributions, will reduce the amount of funds that the authority must pay to landlords. This will help the housing authority make up for insufficient HUD funding, but it will also deny housing to those with the greatest need.

RHS New Preservation Notice for Rural Housing

The U. S. Department of Agriculture's Rural Housing Service (RHS) issued Administrative Notice 4010 on September 23 to encourage and facilitate multifamily housing transfers to preserve aging Section 515 properties.

In the notice, RHS' state multifamily housing preservation officials are encouraged to expedite requests by owners, coordinate state revitalization activities, and develop working relationships with third-party funding sources. Some suggestions from RHS include considering creative financing mechanisms such as subordinated loans and reamortization of existing RHS debt. RHS must also determine whether there is a need in the community for affordable housing and identify all physical needs of the property during a revitalization transfer.

The notice states that these exceptional efforts are now needed to revitalize the portfolio because of prolonged reduced program funding, as well as the portfolio's increased age and existing owners' desires for viable program exit strategies. To view the notice go to: www.ruralhome.org/announce/RHSTransferAN4010.pdf.

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

determined that while the program produced new and renovated housing more quickly, the program did not generate the expected cost savings (see *Memo*, July 23). As a result of this finding, the projected costs of the program grew, far exceeding the \$850 million cap. House Budget Chairman Representative Jim Nussle (R-IA) initially resisted lifting the cap, arguing that it would cause the House Appropriations Military Construction Subcommittee to far exceed its \$10 billion allocation of discretionary funds. Political pressure in an election year to avoid the perception that Congress was not funding housing for military personnel, however, finally won out. The military construction bill, which is separate from the defense bill in which the cap is lifted, would provide \$4 billion for military family housing, considerably more than either the Administration request or the amount Congress initially provided. The entire military construction bill grew from \$10 billion to a \$25 billion package that included hurricane and drought relief.

New Legislation

Senator Michael DeWine (R-OH) introduced S. 2937, a bill to establish a grant program to provide supportive services in permanent supportive housing for chronically homeless individuals, on October 7. The grant would be administered by the Department of Health and Human Services. The bill is the Senate companion to H.R. 4866, introduced by Representative Richard Burr (R-NC) on July 20 (see *Memo*, July 23). The Senate bill has been referred to the Senate Health, Education, Labor and Pensions Committee.

A new Senate bill would extend the Low Income Home Energy Assistance Program (LIHEAP) until 2011 and significantly increase the base funding for the program to its highest level ever. S. 2949, introduced by Senator Jim Jeffords (I-VT) and cosponsored by seventeen other Senators, raises program appropriations to \$3.4 billion each year until 2007, up from the current \$2 billion a year. It allows for "such funds as may be necessary" from 2008 to 2011, and otherwise makes no changes to the program. LIHEAP began in 1982 and is run through the Department of Health and Human Services as a block grant program to states. It provides direct assistance in paying home energy bills to millions of low income families, especially those that include children, senior citizens, or the disabled. Since the program's inception, the need for LIHEAP assistance has significantly outpaced available funds. In fiscal year 2000, only 13% of eligible families received LIHEAP support.

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/>.

HUD

Quality of Lead Grant Review Process Called Into Question

The Alliance for Healthy Housing (AFHH) has formally complained to the HUD Inspector General that there were "improprieties in the review and award of FY2004 lead safety and healthy homes grants by the Office of Healthy Homes and Lead Hazard Control (OHHLHC)." In a letter dated October 7, 2004, AFHH Executive Director Don Ryan requested an IG investigation of "abuses and mismanagement" by OHHLHC in the grant application review, ranking, and award process that resulted in awards announced by HUD Secretary Alphonso Jackson on September 27, 2004. Seventy-two projects in 28 states and the District of Columbia were awarded a total of \$168 million.

AFHH's specific allegations focus on improper outsourcing of the grant review process in violation of federal statute to a company with limited capacity on a sole source basis. The qualifications and training of the reviewers engaged by the company are questioned. In addition, the review process is described as "forced and haphazard" in order to meet an artificial deadline of October 1, the beginning of the federal fiscal year.

Of most concern is an award of \$1,981,258 to AIMCO, a national rental property management company that was found by both HUD and the Environmental Protection Agency (EPA) in 2002 to be in violation of federal disclosure law on lead safety. In addition to financial penalties, a consent agreement required AIMCO to make its 130,000 rental properties lead safe and to train its employees in lead safety. Additional penalties were levied when AIMCO delayed fulfilling the requirements. AFHH's letter states that it is improper to award federal funds to AIMCO for activities AIMCO is required to undertake as part of a consent agreement.

AFHH has administered numerous HUD lead grants since 1991 with consistent high performance. AFHH applied for or was a designated subcontractor in five lead safety and healthy homes grants this year. None were awarded. Earlier this year, AFHH led the fight to protect the reputation of Dave Jacobs, the veteran director of OHHLHC, who was threatened with termination by Secretary Jackson after a negative IG report on grantmaking under Mr. Jacobs' leadership. The allegations in the IG report were proven wrong and Mr. Jackson had to withdraw his threat to fire Mr. Jacobs. However, Mr. Jacobs was reassigned to other duties at HUD and is no longer associated with OHHLHC. (see *Memo* articles of May 28, 2004 and September 3, 2004).

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

Housing in the Elections

(Continued from Page 1)

The complete Kerry Campaign and Bush Campaign answers, as they were submitted to CHCDF, can be read at www.nlihc.org/news/100404.html. Many NLIHC members plan to use the answers for pre-election discussions. Some will print and distribute them to low income housing residents, advocates, and others in voter education campaigns.

For more on educating and mobilizing low income citizens, visit www.nlihc.org/vrem or contact Katie Fisher at 202-662-1530 x222 or Katie@nlihc.org.

Registering Low Income Voters in Utah

Low income housing providers and advocates in the greater Salt Lake area, encompassing Salt Lake City and Salt Lake County, have been busy involving their residents in election season activities. Since late August, more than 500 public housing and Section 8 residents have registered to vote and hundreds of others have applied for absentee ballots, most of them for the first time. Salt Lake County and Salt Lake City Housing Authority resident advisory boards and resident councils have taken the lead by setting up voter registration tables at various events.

On October 8, the Community Development Corporation of Utah and Crossroads Urban Center, in collaboration with Salt Lake-based housing and community service providers, presented the first "Autumn Housing Fair" aimed at assisted housing residents. The almost 500 residents, their supporters, and others attending shared an amazing array of service exhibits and demonstrations. Numerous U.S. Senate, Congressional, gubernatorial, and local county political candidates or their representatives met and talked with attendees one-on-one at the fair and fifty new voters were registered. The event is planned again for next year.

On October 13, Rowland Hall-St Mark's High School community service student and parent teams coordinated with Section 8 project-based housing providers to register residents in their projects. Setting up registration tables in eleven projects for two hours, the teams registered 150 voters (over 10% of the units) and took another 60 absentee ballot applications. Another team working off the back of a pick-up truck close to Mexican food street vendors registered 14 people.

In observing the activity in Utah, NLIHC board member Tim Funk said, "Residents obviously know there is much at stake this election and are taking more responsibility for what happens to them."

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"My Vote is My Voice" in Pittsburgh

The Allegheny County Housing Authority and Urban League of Pittsburgh teamed up just over a year ago to start the "My Vote is My Voice" campaign in Allegheny County.

The team adopted a three-pronged attack, with efforts focusing on voter registration, education, and mobilization. First, they launched an aggressive voter registration campaign in which volunteers went door-to-door and attended community meetings to inform citizens about the upcoming election while registering new voters. The team then began educating voters about the importance of voting and distributed information about the candidates. In addition to registering voters, they spent considerable time educating the area's councilmen and women.

The third prong of the campaign - voter mobilization - is now underway. The team's mobilization campaign started with an effort to "voterize" their 18 senior and 12 family public housing building. The team is also voterizing their staff and volunteers by distributing "November 2" iron-ons, bumper stickers, and buttons displaying the "My Vote is My Voice" campaign slogan.

The campaign will continue to distribute these and "as many other materials as we can get a hold of that remind people to vote," explained Barbara Baulding from the Allegheny County Housing Authority. Starting a week before the election, the Urban League of Pittsburgh and the Allegheny Housing Authority will answer their phones saying "Don't forget to vote," as another mobilization approach.

In an effort to ensure that the "My Vote is My Voice" campaign continues long after the November 2 Presidential Election, the team plans on collecting the "I Voted," stickers from the public housing residents after the election and displaying them in the lobbies of the buildings to remind people of their strength. "This program won't end with this election. We've got to keep this voice going," declared Baulding. "We have a strong voice if we just vote!"

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Resources

The Changing Sheltered Homeless Population

The Brookings Institution published a new study on homelessness conducted by Barrett A. Lee and Chad R. Farrell titled, "Metropolitan Neighborhoods with Sheltered Homeless Populations: Evidence from the 1990 and 2000 Censuses." The study explores metropolitan neighborhoods that include emergency and transitional shelters with 100 or more homeless people, called critical mass neighborhoods.

Within the study, researchers attempt to answer four questions. First, which metropolitan areas have higher and lower numbers of critical mass neighborhoods? According to the census data and an evaluation of 49 metro areas, New York City holds the largest number of sheltered homeless people with 23,111 of the 66,442 person population. Researchers found that between 1990 and 2000, the number of critical mass neighborhoods decreased from 297 to 271—a decline of 16%. This can be attributed to the creation of small shelter and non-shelter housing programs.

The second question relates to the visibility of sheltered homeless people within the critical mass neighborhoods. Although census data could not completely answer this question, it could indicate the density and size of the homeless population within any given area. They found that sheltered homeless people only comprise about 10% of the population within their neighborhoods. While they do live in concentrated areas, the density for typical center city populations is usually high. This led researchers to conclude that the sheltered homeless populations do not dominate the neighborhoods they are part of.

Researchers' third inquiry centers on where in the city the sheltered homeless live. Speculation had led them to believe that the sheltered homeless population was moving out of the central city areas and dispersing. To support this, researchers found that in 1990, critical mass neighborhoods were an average of 4.3 miles from the central business district. They were recorded at an average of 5.4 miles in 2000. However, researchers also observed that 86% of critical mass neighborhoods were located within the center city, and 73% of the sheltered homeless lived there.

The final question is on the conditions and environment of the critical mass neighborhoods. By looking at demographic composition, economic and social disadvantage, and housing, researchers found critical mass neighborhoods were in very disadvantaged locations. Characteristics of these locations included high unemployment and high poverty rates, and were often only accessible by car, resulting in the isolation of shelter residents.

Researchers concluded the report with reflections on changing sheltered homeless populations, particularly

(Continued next column)

HUD *(Cont. from p.4)*

HUD's FMR Changes Not Satisfactorily Explained, Unjustified

It was reported last week in Memo that many of the random digit dialing surveys used in the Final FY05 Fair Market Rents (FMRs) issued by HUD were sampled from populations using the wrong geographic definitions (See Memo October 8). Now, a new report by the Center on Budget and Policy Priorities (CBPP) reveals yet another concern. The report, "Large Families Face Higher Rent Burdens and Fewer Housing Opportunities Under New HUD Rent Rules," outlines the problems unleashed by an as yet unexplained cut in three- and four-bedroom FMRs for 2005.

FMRs for three- and four-bedroom housing units are based on the FMR for a two-bedroom unit, and historical relationships between these units and two-bedroom units in the most recent Census. Furthermore, HUD establishes a minimum percentage for three and four bedrooms to be certain that larger units had higher FMRs. Finally, to account for the difficulties larger families have in finding decent housing with a voucher, an additional "boost" was applied to the FMRs of larger units to facilitate these families' housing search. While this practice appears to remain in place, in the final FY05 FMRS the minimum percentage difference between the FMRs for two-bedroom unit and a three-bedroom unit declined from 25% to 20%. For four-bedroom FMRs, the change was from 40% to 23% of the two-bedroom FMR. The result is to lower the FMRs for larger housing units in many areas.

The report points out that a reduced FMR can mean any number of problems for large families with already strained expenses. By decreasing the value of the voucher, families will likely have to pay more for rent or move into poorer neighborhoods where housing is more affordable but crime rates are high, job opportunities are low, and schools perform poorly. Reducing the voucher limits the range of affordable housing, making it difficult to find housing within the time limit given by housing authorities. Also, reducing financial assistance for families means that they will have to decrease their spending in other areas in order to spend more money on rent. This could result in spending less money on food, child care, and eventually driving a family to homelessness.

The report specifies that families in three- and four-bedroom households who already use vouchers would not feel the effects of these new FMRs for one to two years. However, new voucher holders, as well as those who move, will be affected immediately.

View this report at: www.cbpp.org/10-12-04hous.pdf.

(Continued from previous column)
referring to the movement to smaller shelters away from the central city areas. To view this report, go to: www.brookings.edu/dybdocroot/metro/pubs/20041011_homeless.pdf.

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Update from the Field

Washington Low Income Housing Alliance Prepares for Budget Year

The Washington Low Income Housing Alliance (WLIHA) is planning now for the state's next legislative session, which begins in January. The state legislature prepares a budget only every other year, and 2005 will be one of those years, an occasion that provides the coalition with additional opportunities and challenges.

At a planning meeting held earlier this month to set the coalition's priorities for the upcoming session, WLIHA members agreed that they would make a concerted effort to increase funding for their state housing trust fund to \$100 million for the two-year period. Funding is currently at \$81 million.

Already, advocates have been calling and writing Governor Gary Locke (D), urging him to include the increase in his budget, which comes out in December.

"We have a decent chance at this because our momentum is strong," said WLIHA Associate Director Megan Farley Hyla. "Also, this is the governor's last budget, and we believe he'd like to reflect his priorities."

WLIHA also plans to work for an increase in funding for the state's relatively new Homeless Families Services Fund. The housing and services program, currently funded at about \$2 million, was modeled after a transitional housing program in Washington's Puget Sound region that was funded by the Bill and Melinda Gates Foundation (see *Memo*, March 19). Advocates are working to increase funding for the successful program, which is popular because it encourages the state to leverage private resources, to \$15 million for the two-year period.

The Alliance will also work for policy improvements to housing-related legislation. A top priority will be pass the Tenant Relocation Assistance legislation, popularly known as the "slumlord bill," that would allow municipalities to place a lien on properties that have been condemned as uninhabitable and assist tenants with relocation expenses.

Finally, Washington advocates will again continue their quest for a bill that provides an enforcement measure to the state's mobile home landlord-tenant act. "The law that we have is pretty good, but it has no teeth," Ms. Farley Hyla said. "Now, finally, it appears that we have a state department willing to take the lead on enforcement." The bill has been a priority of the Alliance for several years.

For more information: Megan Farley Hyla, WLIHA, 206-442-9455.

FDIC

CRA Comment Deadline October 20

Reports suggest that many bank employees are furiously writing in as individuals in support of drastic changes to the Community Reinvestment Act, which will inevitably lead to less affordable housing and community development investment.

Affordable housers are asked to speak out in opposition to the changes and in support of strong CRA requirements for mid-size banks (with assets of between \$250 million and \$1 billion). The proposed changes would exempt all but the very largest banks from all but the most cursory of community reinvestment standards.

Comments to the Federal Deposit Insurance Corporation are due by October 20. It is easy and quick to make a comment. A simple note stating opposition to the proposed changes would suffice, or advocates can use NLIHC's longer comments as a basis for their own (www.nlihc.org/news/092104.html). To comment, go to www.fdic.gov/regulations/laws/federal/propose.html.

News & Events

The Third National Conference on Housing Mobility December 3-4

The conference will explore the potential of housing voucher programs specially designed to assist low income families move to lower poverty and less racially isolated neighborhoods.

Cosponsors include Poverty & Race Research Action Council, the National Fair Housing Alliance, NLIHC, The Urban Institute, the Center on Budget & Policy Priorities, the Leadership Council for Metropolitan Open Communities, and the National Council of La Raza. The conference is scheduled to be held at the Urban Institute in Washington, DC on Friday and Saturday, December 3-4, 2004. For more information, **please contact Rebekah Park (rpark@prrac.org) or go to www.prrac.org/mobility**

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!

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

left town, not wanting to explain why it is necessary to the voters before the election. So the debt ceiling of \$7.4 trillion was reached on October 14, and the Administration has to delay making a payment to the federal employees' pension fund as a result. When Congress does raise the debt ceiling in its lame-duck session, the payment will be made - with interest. According to the *Washington Post*, this is only the fifth time since Congress established a debt ceiling in 1917 that such pension fund payments have not been made. Three of them have been during the current Bush Administration. The escalating federal deficit has forced increases in the debt ceiling of \$1.4 trillion since President Bush took office.

If you are represented in Congress by one of the 69 Senators or 280 Congressmen who voted for the corporate tax cut, thereby compromising your country's fiscal integrity and selling out your country's financial future to their corporate cronies and campaign contributors, please hold them accountable on Election Day.

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.



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.

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Fact of the Week

Impacts of Dollar Based Section 8 Funding FY04

Estimated Impacts of Dollar Based Funding the Section 8 Program in FY04
 (Includes subsequent HUD funding replenishments)

Number of Agencies Underfunded	500
Likely Under Funding Amount	\$93 million
Number of Families Affected	52,000

Source: NAHRO.2004. www.nahro.org/pressroom/2004/200410renewalstudy.pdf

National Low Income Housing Coalition
Memo to Members
October 15, 2004
Vol. 9, No. 40

The NIMBY Report

*on the continuing struggle
for inclusive communities*

National Low Income Housing Coalition

October 2004

GEORGIA

Developer Sues for Failure to Annex

The NIMBY Report previously chronicled how profit-motivated housing developers have begun to use the Fair Housing Act to remove zoning and land use barriers. (See Kelli Evans, “Oldsmar: Using the Fair Housing Act to Build Affordable Housing,” *The NIMBY Report*, Fall 2002, available at www.nlihc.org/nimby/fall2002.pdf). Now, it appears that Touchstone Homes of Suwanee, Georgia, is pushing the trend one step farther. In a lawsuit filed September 1, Southeast Real Estate Fund #2, a Touchstone subsidiary, claims that the City Council of Snellville violated the Act and state law by refusing to annex a former horse farm on which it planned to build 207 townhomes at relatively affordable prices.

Southeast wanted the city to annex the property, which sits about three miles from the downtown area, because of various advantages to being in an incorporated city, rather than being subject to Gwinnett County’s administration. The county school board has recently shown some resistance to new developments because of the potential impact on enrollment.

Suggesting that the development would be too dense, unacceptably increase traffic on county roads and lead to school overcrowding, more than 200 neighborhood opponents donned red shirts for the late July hearing before the City Council. The Council subsequently voted 4-1 against the annexation.

The lawsuit, filed in Gwinnett Superior Court, claims that Snellville’s refusal to annex the 50-acre parcel is racially discriminatory and impairs the value of the land. Southeast also alleges that Snellville has a policy of excluding minorities from its city limits. By failing to approve land-use plans favorable to multifamily housing — homes that the suit claims have a high proportion of African-American and Hispanic occupants — the city has “directly impacted racial minorities” and their housing choices. The suit asks for compensation and punitive damages against the city.

City officials have refused comment on the suit, although Snellville Mayor Jerry Oberholtzer—the sole dissenter in the July vote—has been quoted in the *Atlanta Journal Constitution* as saying that “[t]ownhomes have their place around cities where the density is, [but we] don’t want to put them out in

the country.” The city filed its answer earlier this month denying that it discriminated and asking that the suit be dismissed. A hearing on that request has not yet been scheduled.

For more information: Bryan Cohen, President of Touchstone Home. Telephone: 770-945-5228

MASSACHUSETTS

Not Even YMCA is Safe from Community Opposition

The citizens of Ipswich, Massachusetts liked the YMCA so much that they raised more than \$200,000 to build a new headquarters building a few years ago. Now, many feel that their generosity was misplaced because the YMCA is proceeding with development of 48 units of affordable housing adjacent to its gymnasium. In the region where the concept of citizen government was invented, neighbors feel they should be advised of such projects and be able to weigh in on them. They feel the YMCA hushed up the project to avoid community opposition.

This is a difficulty facing affordable housing developers around the country: if they announce their plans in advance they risk giving opponents a head start in derailing a project before it has gained traction, but if they proceed quietly to gain support for the project and move it through the process, they stand to be accused of being less than forthright with the community.

Ipswich, a small town of 13,000 situated 30 miles up the coast from Boston, has an affordable housing obligation under the state’s “anti-snob zoning law,” also known as Chapter 40B of the state code. The town is 107 units short of its minimum requirement for affordable housing, but it is concerned that a profit-motivated developer will use the 40B process to sidestep local zoning requirements. In that context, having a community institution like the YMCA involved in the project seemed to make sense, according to Jack Meany, CEO of the YMCA of the North Shore. Over two years of “a long and arduous process,” Meany

said recently, the Y has met more than 20 times with the Zoning Board of Appeals (ZBA), the conservation commission, the town planning board and assorted other town boards, spending more than \$200,000 on experts to respond to community concerns. "We dug into it. We looked at the local habitat, the housing density, traffic issues, ad infinitum," he said.

The ZBA approved the proposal in September 2004, and it has been submitted to the state agency for final approval. But unhappy neighbors have not let that get in their way. More than 100 opponents crowded a meeting of the town's selectmen in early October. The newly formed group, Ipswich Citizens for Responsible Growth, took the lead. "We don't dispute the need for affordable family housing," said James Douglas, one of the group's leaders. "We know we're late coming to you. But we don't think there should be an expiration date for talking about a project that will have such negative impact," he said. The group's chief concern? The apartments would be "too much of a visual presence" in the neighborhood. Dave Morrow, another opponent agreed. "If the Y feels this project is so good, why didn't they do more to publicize it?" He and others suggest they might turn in their YMCA membership cards. Some neighbors expressed concern about school overcrowding and believe that a project that may add 50 students to the town's enrollment is too much.

In the end, because the project is consistent with the town's Community Development Plan, has met ZBA concerns, and is responsive to the need for affordable housing, it is likely to proceed smoothly. But the cost appears to be that the YMCA may face a somewhat less supportive community for some time to come.

For more information: Jack Meany, YMCA of the North Shore. Telephone: 978/922-0990. E-mail: meanyj@northshoreymca.org

Virginia

Portsmouth Relocation Benefits Lawsuit Settled

Under the Uniform Relocation Act, cities that use federal housing and community development funds to revitalize neighborhoods are supposed to ensure that families that are displaced are given benefits to ensure they can get into new affordable housing. More often than not, however, such projects proceed with very little attention to these casualties of urban renewal.

Residents of Portsmouth's Fairwood Homes refused to take their displacement lying down. Rather, in June 2002, they sued the city in federal court, claiming that the residents were entitled to federal relocation benefits because the City used Empowerment Zone funds to close and redevelop the Fairwood Homes site. HUD also got involved, threatening to withhold Empowerment

Zone funding if federal relocation benefits were not provided.

More than two years later, the parties have reached a tentative settlement, which was submitted to the federal court in late September. The court is expected to endorse the agreement, which will provide between \$1,200 and \$3,200 per family, depending on the number of families who file claims. Once it is approved, attorneys plan to mail notice of the settlement to former residents and will set up a website (www.fairwoodhomescase.org) and a 1-800 number to provide additional information.

Two of the most important provisions of the settlement are an obligation that the Portsmouth Redevelopment and Housing Authority (PRHA) supports developers seeking to build affordable housing, and a requirement that the City and PRHA consult with HUD if it determines that relocation benefits are not owed in future redevelopment plans.

For more information: Jonathan P. Hooks of the Lawyers' Committee for Civil Rights Under Law. Telephone: 202/662-8326

Louisiana

Moratorium Mania in New Orleans

In the 2001 Blueprint for a Better New Orleans, the Committee for a Better New Orleans called for an increase in the city's supply of affordable rental housing, including scattered-site, small rental housing complexes throughout the city. Smaller rental houses, like New Orleans' traditional "double shotgun" style homes, have been a significant part of the city's housing stock. Now, however, the New Orleans City Council is proposing or renewing several temporary moratoriums on permits for new or expanded multiple-family housing. Of New Orleans' five council districts, A through E, moratoria now exist in parts of Districts A, D and E, and another is proposed for all of District C. Only B does not have a moratorium proposed or in place. Advocates from the Affordable Housing Alliance, a group of non-profit-based supporters of affordable housing, opposed the moratoria before the City Council.

The proposed District C moratorium was scheduled for a final vote at the October 7 City Council meeting; that vote has now been deferred until November 4. That proposal would place a temporary moratorium of

up to one year on permits for new construction or expansion of two-family or multi-family units.

In parts of Districts D and E, temporary moratoriums are now in place for permits for both group homes and adult day care centers as well as for multi-family housing. On September 23, the City Council voted to extend these for another six months. When the moratoriums end in April they cannot be renewed again.

Advocates point out that the moratoria on permits for multi-family housing mean that the future of both rental and owned affordable housing would face a setback in a city that faces a huge gap between what people earn and what housing costs.

Each moratorium includes a waiver process that builders can pursue to move ahead in spite of the moratorium. However, such procedures cost time and money that can cut into affordability margins and may stop someone from even trying to construct this type of affordable housing, according to Lucinda Flowers of the New Orleans Neighborhood Development Collaborative. In addition to providing needed housing options, advocates note that constructing new housing could help to rejuvenate the New Orleans economy. The New Orleans City Attorney has issued an opinion suggesting that the moratoria on group home and adult day care center permits may be illegal, and that the moratoria on multi-family housing could be illegal if they had a discriminatory impact on persons protected by the Fair Housing Act.

In a related matter, the New Orleans City Planning Commission is considering a zoning change that would prevent two-family homes from being built on single-family lots for a section of Council District A known as Lakeview. The area has had a moratorium on and off since 1997. The current moratorium is set to expire this December. The proposal would change the zoning there to ban most new doubles and limit the size of new houses but would allow existing doubles to be expanded or replaced.

At a September 28 City Planning hearing on the proposal, the Lakeview Civic Improvement Association argued that new doubles cause unnecessary density and can make smaller neighbors feel engulfed. On the other hand, Lucia Blacksher of the Greater New Orleans Fair Housing Action Center and Ms. Flowers, both Affordable Housing Alliance members, testified against the zoning change. As described by the *New Orleans Times-Picayune*, they made the point that “even though predominantly upper-middle-class Lakeview might seem an unlikely site to build housing for poor people, approving a ban on doubles there would set a bad precedent in a city where doubles offer the only way many people can afford to become homeowners.” The City Planning Commission voted to defer action on the proposal for at least one month. Planning Commission staff had recommended denial of the zoning change.

“We know that each moratorium may have a different motiva-

tion behind it. But the bottom-line effect in our view is still the same: less opportunity for affordable multi-family housing in our city,” Ms. Flowers said. She said that a long-term resolution to the issue may involve citywide planning to address affordable housing needs in a way that is equitable across the city.

For more information: Lucinda Flowers, New Orleans Neighborhood Development Collaborative, lflowers@nondc.org.

SHORT ITEMS

Pennsylvania Recovery Home Forced to Sue

Next Step Foundation, a non-profit substance abuse recovery organization, filed suit in federal court in late August against Stowe Township, alleging disability discrimination because of the township’s refusal to issue an occupancy permit. The foundation, led by David and Lynne Francis, proposed to open a recovery home for men who are former addicts and alcoholics and who follow a strict program of recovery. Renovations started on the property in May 2004, and a hearing on the permit request was held on August 4, 2004. The complaint alleges that township officials have issued at least 21 citations on the property since that time. The foundation also alleges that staff members and clients have been subject to continual harassment by township residents and officials. David Francis says “[a]ll we’ve ever wanted was to establish safe and secure houses for people who are trying to turn their lives around by combating the disease of drug and alcohol addiction. Our residents have jobs, pay taxes, and lead clean lives.” For more information: Matthew D. Racunas, Esq (counsel for Next Step), Papernick & Gefsky. Telephone: 412/373-2212. David Francis. Telephone: 412/628-4496.

Chicago Study Says Housing Subsidies Reinforce Segregation

According to a new study by the Chicago Area Fair Housing Alliance, examining where the Chicago metropolitan region’s more than 56,000 voucher holders live, the federal Housing Choice Voucher program reinforces historic patterns of racial and economic segregation in the area. The patterns persist despite a federal mandate that local housing authorities de-concentrate poverty and affirmatively advance integration and other fair housing goals, the study says. For more information: visit CAFHA’s website, at www.state.il.us/dhr/Housenet/Vouchers.pdf

Thanks to Michael Allen of the Building Better Communities Network (BBCN) for writing The NIMBY Report, and to Tangi Slattery of NLIHC who contributed the article on New Orleans. More information about BBCN is available from its website, at www.bettercommunities.org Suggestions for articles for The NIMBY Report can be sent to Michaela@bazelon.org.