

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

Volume 9, Issue No. 42 • October 29, 2004

Housing in the Election

Homeless Voters Targeted for Challenges in Ohio

First-time homeless and low income voters in Ohio scored a victory this week when a judge stopped the state's Republican Party from officially challenging more than 35,000 new registrants across the state, primarily in low income and minority neighborhoods.

Had the judge's temporary restraining order not been issued, each challenged voter would have had to appear at a hearing to prove his or her registration valid. Voters who had not appeared in court – on a weekday morning and on short notice – would have been allowed to vote only provisionally, meaning that they would have received a ballot that would not be counted until the validity of their registration could be confirmed. In most cases, provisional ballots are not counted until many days after an election.

The challenges were issued with no personal knowledge of the validity of the registrations. Instead, the party sent letters to tens of thousands of new registrants in targeted areas and then challenged those whose letters were returned or not accepted. Many of those who did not receive their letters were homeless men and women who had registered at a shelter but were no longer receiving mail there. In Columbus alone, 291 – 12% of the challenges – were to shelter residents.

In Cuyahoga County, where Cleveland is located, 757 of the challenges were issued to people who used the address of a shelter or other homeless program as their voter registration address. Another estimated 302 homeless persons who used an alternative address as their voter registration address were challenged.

"We really don't understand how the GOP arrived at their target list, but we hope they did not intend to create undue hardship for senior citizens, persons with disabilities, homeless veterans, and low-income single parents," said Bill Faith, Executive Director of the Coalition on Homelessness and Housing in Ohio (COHHIO). "However, that is exactly what they did."

COHHIO filed an affidavit to the suit seeking to stop the challenges. Mr. Faith said that while the ruling was a great victory, low income voters are not out of the

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Capitol Hill

Congressional Recess

Both the House and Senate have adjourned and will return November 15. Advocates will use the time that Members of Congress are campaigning in their home districts to raise housing issues with them.

Bills At a Glance

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

POINT OF VIEW

by Sheila Crowley, President

Those of us who are advocates for the enactment of the National Housing Trust Fund (which includes most *Memo* readers) have gotten used to officials who oppose its enactment by citing the use of FHA surplus funds as revenue for the trust fund as the basis for their opposition. There have been a number of variations on this theme that I detailed and refuted in testimony before the Housing Subcommittee of the Senate Banking Committee on May 15, 2002. The fact that so many different and often contradictory arguments have been made has the effect on the one hand of discrediting them all, but on the other hand of distorting the debate.

Despite all the distortions we have had to confront, none have been so stunningly untrue as the assertions made by HUD Secretary Alphonso Jackson in a recent letter to the editor in the *New York Times* (October 23, 2004). Mr. Jackson's letter was in response to a *New York Times* editorial (October 18, 2004) that criticized the Bush record on housing and endorsed the National Housing Trust Fund including use of the FHA surplus to fund it. In his letter, Mr. Jackson said, "Your editorial supports the proposed National Housing Trust Fund legislation, but it would hurt low-income Americans and put every taxpayer at risk. The trust would be financed with Federal Housing Administration reserves, which have been required by Congress since 1990. If the reserves were not available to reimburse financial institutions for defaulted mortgages, the impact on our mortgage system could be dramatic."

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NATIONAL LOW INCOME
HOUSING COALITION

Election *(Continued from Page 1)*

woods yet. The GOP plans to have workers in many precincts on Election Day to challenge voters at the polls.

Public Housing Residents in Orlando GOTV

While the national media focus all their Get Out the Vote (GOTV) coverage on large and well-funded GOTV organizations, there are many smaller, yet no less important or effective, GOTV operations taking place all over the country. One such operation is happening right around the corner from many of the expensive partisan efforts that have been gaining much of the nation's attention since the recount in 2000.

The Orlando Housing Authority (OHA) began its program after the 2000 election when it set a goal to register, educate and mobilize all eligible OHA residents in time for the 2004 presidential election. Beverly Woodbury, OHA voter registration director, said that the housing authority wanted to help residents not only be eager and proud to vote but also to understand who they are voting for and why.

Prior to the registration deadline on October 4 the OHA held door-to-door registration drives and made registration available to all new residents. These efforts resulted in all eligible voters with no religious objection, more than 1,500, registering to vote.

The OHA educated residents by holding discussions about important political issues at community association meetings and discussing issues and civic engagement during door-to-door visits. Mrs. Woodbury said the message presented to voters was simple, but worked because it inspired them to learn about pressing national and local issues. "By voting, you have given this person the right to represent you, but if they don't, you have the right to fire them," residents were told. "If you don't vote, you give up that right and your only chance to make a difference."

Over the last several weeks the OHA has shifted its energies to their GOTV campaign, which has three components: absentee voting, early voting and GOTV for November 2.

The OHA began offering absentee ballots as soon as the Board of Elections processed the voter's registration. All registered voters were offered an absentee ballot request form and a stamp. Mrs. Woodbury said 550 residents, more than the number of votes that decided the presidential election in Florida in 2000, re-

quested, received and returned their ballots to the Board of Elections.

The second component, early voting, was added because after the 2000 elections Florida made early voting available to any Florida resident who wishes to cast their ballot at a designated polling location prior to Election Day.

In order to ensure their residents could take advantage of the early voting option, the OHA went door to door to tell voters they would operate shuttle buses to voting sites multiple times daily starting October 18 when the early voting polling locations opened.

The third and final piece of their GOTV campaign will be another round of door to door reminders to all those who have not already voted about the location of their polling place and the times the polling places are open. The OHA will be using the GOTV post-it notes provided by the NLIHC VREM campaign to remind residents that their vote could have a serious impact on the future of affordable housing funding.

Mrs. Woodbury said the GOTV message is also a simple one, "The only way to make a change is to be a part of it. I explain voting is all we have. We have to use it the best we can."

Administration

President Signs Tax Bill

On October 22, President Bush signed the corporate tax bill (H.R. 4520, see *Memo*, October 15) into law. Although the original purpose of the law was to remove corporate subsidies so the European Union would lift trade sanctions against the United States, which the E.U. has agreed to do for now, the law also provides businesses \$143 billion in tax cuts over the next 10 years. The centerpiece of the law is a \$76.5 billion dollar tax cut that lowers the corporate income tax rate from 35% to 32% for domestic "producers." The law defines domestic producers to include traditional manufacturers and others such as Hollywood movie studios.

The law provides a host of smaller tax cuts. The largest is a \$42.6 billion tax cut for corporations with profits in offshore tax shelters. There are also tax cuts that apply to miscellaneous businesses, such as sporting goods producers and restaurateurs. Revenue raising measures, such as a restriction on the amount of money car owners can deduct from their income taxes for donating their cars to charities, and savings from closed tax loopholes offset many of the tax cuts.

Voucher Funding Crisis – Week 28

Baltimore Struggles with Deep Cuts

News from across the country continues to echo the concerns of housing advocates.

An editorial in the *Baltimore Sun* said that housing is under siege, pointing out that housing authority administrators around the country are using a war-time vocabulary, with words like “under assault” and “battered” when referring to the Bush administration’s ill-conceived funding cuts and untenable restrictions.

HUD recently cut the Baltimore Housing Authority’s administrative funding by \$400,000 and followed up with new rent reimbursement figures for the Section 8 voucher program that were unrealistically low given the prevailing rents in the city, the editorial stated. This year alone the housing authority has lost \$11.2 million in HUD funding for public housing and Section 8.

The editorial pointed out what many advocates continue to worry about: the consequences of HUD’s systematic dismantling of the successful Section 8 program. Landlords participating in the program are likely to pull out of the program for fear of losing money, and developers who received federal subsidies for building affordable housing for Section 8 tenants can be expected to do the same.

The editorial concluded by urging Paul T. Graziano, Baltimore’s housing commissioner, and other metro area housing authorities to marshal their resources and enlist the help of congressional representatives to stave off further cuts.

Housing in Southern Maryland in Short Supply

Three counties in Southern Maryland, within commuting distance from Washington, DC, are reporting a serious housing shortage for low income families.

Charles County recently celebrated the reopening of the Department of Community Services building, which had been gutted by fire in May 2003. The fire destroyed many of the Department’s records and closed down the waiting list for subsidized housing that had grown to 3,000. While officials and advocates welcomed the reopening of the waiting list, housing itself remained

in short supply. In Charles County, 52% of residents cannot afford the median rent for a two-bedroom apartment (\$1,218), according to the Maryland Center for Community Development (MCCD). They also reported that there is almost no housing for sale at lower price ranges in the county.

In Calvert County, also in southern Maryland, 314 families have housing vouchers, but twice that number are on the waiting list for housing assistance. Because of HUD’s Section 8 funding mechanism instituted in FY04, the county lost \$209,000 in annual support. The Calvert County Housing Authority said that, as a result, low income families will be asked to increase their contributions toward rent over the next year.

And in St. Mary’s County, where 1,263 households have vouchers, the waiting list has doubled over the past two years to about 1,500 families. The housing authority in St. Mary’s had a deficit of \$230,000 that would have forced them to drop 20 families from the program. However, they appealed to HUD for additional funding and recently received \$195,000. But the county has another problem. Under the new FMRs issued October 1 the rents for St. Mary’s county are assumed to be on average \$200 less than the Washington metro area. The executive director of the housing authority, Dennis Nicholson, said that the real rental costs in St. Mary’s do not bear that out and HUD’s approach on FMRs for the Section 8 program has created a great deal of stress and problems for all communities.

Portland, OR Seeks Feedback on Voucher Changes

The Housing Authority of Portland sent out 18,000 letters to Section 8 voucher recipients, private landlords who participate in the voucher program and 7,000 people on its voucher waiting list alerting them to likely changes to the voucher program and asking them for feedback on how the Portland HA should respond to federal funding cuts. The Portland HA is considering several options, having been left short of sufficient funds for its voucher program by a flawed HUD funding system put in place in April 2004. The Portland HA may raise rents on voucher residents; reduce the number of people receiving vouchers; ask landlords to accept decreased rent payments; lower the value of vouchers when voucher-holders move with them; or terminate the program for the highest income residents, among other options. Decisions will be made at the Portland HA’s December board meeting.

HUD

FMR Comment Deadline is Nov. 5

Comments are due to HUD by November 5 regarding the final FY2005 Fair Market Rents. HUD changes to the proposed FY2005 FMRs, after an outpouring of complaints and suggestions by housing advocates, addressed some minor issues but many remain unresolved.

All are strongly encouraged to submit comments regarding the still-flawed FMRs. Areas of particular concern include: validity of the random digit dialing surveys completed (and in the process of completion) for the FY2005 FMRs; how large bedroom sizes were calculated; the inadequacy of the comment period (especially for housing authorities and others who learned on October 1 that their FY2005 FMRs would decrease); elimination of state minimum FMRs; and how HUD counted (or didn't count) rents of assisted housing units, which have expanded significantly since the 1990 Census via the HOME and low income housing tax credit programs.

Learn more about the current FMR issues and how to comment at www.nlihc.org/2005fmrs.

HUD Income Verification Notice

HUD is updating its income verification program which involves comparing income data provided by applicants or participants in HUD's assisted housing programs and independent sources of income information. The program provides for the verification of the matching results and the initiation of administrative or legal action. A March 2004 notice covered income matching using Social Security Administration, IRS and state wage and unemployment data. The new October 25 HUD notice (FR-4922-N-03) describes computer matching of HUD tenant data to the Office of Personnel Management's personnel data. One of HUD's goals is to provide private owners (and their agents) of HUD assisted housing with the same degree of income verification tools available to other HUD housing administrators (public housing authorities, for example). The notice describes administrative and legal actions to be taken by the private owner or agent when an income discrepancy is flagged during the computer matching process. Computer matching will begin on November 24, 2004 unless comments convince HUD otherwise. Comments are due November 24. The notice can be found at www.hudclips.org.

Rural Housing

Rural Losses Outpace New Units

For the second year in a row more affordable apartments in rural areas left the federal housing inventory than were added, according to the Housing Assistance Council (HAC) in an October 27 statement. In FY2004, 2,814 rural affordable apartments were lost, while only 902 new rental units were financed by the Rural Housing Service's Section 515 program. According to HAC, the average annual income of Section 515 tenants is \$9,365 and more than half the residents are elderly and disabled. HAC Executive Director Moises Loza, also an NLIHC board member, called upon USDA, of which the RHS is a part, to make it easier for nonprofit organizations, public agencies and for-profit entities committed to affordable housing to purchase these at-risk housing units. Mr. Loza also called on financing sources, including Fannie Mae and Freddie Mac, government agencies and private donors to provide the money to purchase and maintain them. These rural housing preservation issues must be addressed concurrently with resources to meet existing rural housing needs.

News

Realtors Move to Green Building

The National Association of Realtors (NAR) moved their Washington, DC office into a brand-new building on October 12. The REALTOR building, located close to Capitol Hill at 500 New Jersey Avenue NW, is one of the most environmentally-friendly office buildings in the nation, according to NAR president Martin Edwards, Jr.

Mr. Edwards said the building's design, which includes the use of recycled and locally-produced building materials, a rain water capture basin for use in landscape irrigation, and an emphasis on natural light, sends an important message about NAR's priorities, both by its proximity to Capitol Hill and by its commitment to environmental sustainability. Five of the building's 12 floors will be occupied by NAR's policy staff, which advocates on behalf of issues including GSE loan limits in high cost areas and low income housing tax credits. The other seven floors will be leased as office and retail space.

Update from the Field

Nevada: Partnership Develops State's First Affordable Assisted Living Project

Two non-profits and one for-profit developer are partnering to build the first affordable assisted living project in Nevada. Silver Sky Assisted Living Residence in Las Vegas, Nevada will cater to low-income seniors needing assisted-living but not nursing home care, a group often overlooked in affordable housing discussions.

Approximately 18% of seniors aged 65 to 74 and 27% of seniors 75 and older in Nevada have household incomes less than \$15,000 annually. Nevadans over 85 were the age group with the largest proportional increase during the last 3 years — 30%. On average, assisted living can cost more than \$2,200 per month.

The project became possible when State Assemblywoman Barbara Buckley convened a Model Assisted Living Advisory Committee (MALAC) in 2002 that conducted research concerning the need for and models of affordable assisted living. The Committee included representatives from the long-term care community, State agencies, AARP, FannieMae Nevada Partnership Office, City of Las Vegas, and Harrah's Entertainment, Inc. MALAC issued a request for proposals and Affordable Housing Resource Council (AHRC) and Affirmative Investments (AI) were selected as developers in the fall of 2002. Nevada H.A.N.D. joined the project in 2004. Southern California Presbyterian Homes will operate Silver Sky upon its completion.

AHRC advocates and acts to increase the supply of housing for low and moderate income households in Nevada, and has been involved in the creation of more than 2,400 affordable units. AI specializes in innovative solutions for affordable housing, pioneering the use of low income housing tax credits and Medicaid-reimbursement funds. Nevada H.A.N.D owns and operates several affordable housing projects in Southern Nevada, as well as H.A.N.D Construction Company that manages construction of new developments, assuring their long-term quality.

Developing the project has been extremely challenging, as structuring the financing for affordable assisted living projects is complicated and difficult. The various funding sources such as Medicaid waivers and housing programs have different, and sometimes conflicting, rules. To assist, Senator Harry Reed sponsored

legislation to obtain donated land from the Bureau of Land Management (BLM) for the project. Using BLM land strictly for an affordable housing project was a first. Other funding sources include Las Vegas HOME funds, the Nevada Low Income Housing Trust Fund, a grant from the Federal Home Loan Bank's Affordable Housing Program, and Low Income Housing Tax Credits.

A grant of \$800,000 from Harrah's Entertainment, Inc. provided up-front development costs. This was a key component in securing tax credits, since engineering and design costs accrue before construction begins. In addition to its generous donation, Harrah's is working with the project operator, Southern California Presbyterian Homes, to plan volunteer opportunities for its employees.

"This project is important," said Jonnie Pullman, executive director of AHRC, "not only because it will provide a critical service to our most vulnerable seniors, but also because it is the result of real collaboration between public and private organizations, and the for-profit and non-profit sectors working together for a common goal."

Silver Sky is envisioned as a model for other projects like it around the country — a development built upon strong partnerships with dedication to its future senior residents so that they may age in a setting that promotes autonomy, choice, and dignity.

For more information please contact Ms. Jonnie Pullman, Executive Director of AHRC, ahrc@gbis.com or (775) 324-1870.

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!

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Resources

Voucher Funding's Impact on the Business Community

A new analysis published by the Center on Budget and Policy Priorities (CBPP) evaluates the harm done to the business community as a result of HUD's changes to the voucher program in the past year. The report, titled "Funding Instability Threatens to Erode Business Community's Confidence in the Housing Voucher Program," suggests that the federal government must properly fund the program in order to ensure that the positive relationship between the public and private sectors continues.

Author Barbara Sard outlines changes made in the Section 8 voucher program, and highlights some of the implications funding instability can have among the landlords, developers and other businesses associated with the program. This report is available at: www.cbpp.org/10-14-04hous.pdf.

Homeownership and Vacancy Rates Steady

On October 25 the Census Bureau released the quarterly "Housing Vacancies and Homeownership" report for the 2004 third quarter.

The vacancy rates for rental housing stood at 10.1% and for homeowner housing 1.7%, statistically unchanged from the second quarter of 2003 and little changed from the previous year. The vacancy rate for units excluding one-family homes on 10 acres or more was 9.5%, also unchanged from 2003.

Homeownership rates also did not show major changes, although families earning less than the median family income saw a slight increase in the homeownership rate over the last year.

This report is available at: www.census.gov/hhes/www/hvs.html.

Closing the Minority Wealth Gap Linked to Homeownership, CRA

A new report by the Pew Hispanic Center examines trends in wealth among Hispanic, White, and Black households from 1996 to 2002, finding that median net worth increased for the first two groups, but decreased for Black households. Additionally, Black and Hispanic families experienced significantly greater declines in

net worth during the 2001 recession than did White families, with Black families' net worth recovering considerably more slowly.

The report's author, Rakesh Kochhar, attributes these findings in part to racial disparities in income, but says this single factor is insufficient to explain the wealth gap. He mentions demographic factors such as immigrant status, age, educational attainment, and region of residence as important contributing factors. Homeownership is also lower among Hispanic and Black households than among White. If this were to change, Dr. Kochhar feels it would significantly reduce racial disparities in wealth accumulation.

The director of the National Council of La Raza's Policy Analysis Center, Eric Rodriguez, spoke with Dr. Kochhar at a New America Foundation discussion of the report on October 28. Mr. Rodriguez discussed the need for government intervention in the traditional financial services sector, which is neglecting the needs of minority and low income individuals. According to Mr. Rodriguez, many of these potential clients are turning to a network of "fringe banks" and subprime lenders because traditional financial institutions do not serve their needs, and programs such as the Community Reinvestment Act can help change this.

The Pew Hispanic Center's Report, "The Wealth of Hispanic Households: 1996 to 2002" is available online at: www.pewhispanic.org/site/docs/pdf/The%20Wealth%20of%20Hispanic%20Households.pdf.

Latino Homeownership Findings

The Congressional Hispanic Caucus Institute (CHCI) and the National Housing Initiative (NHI) issued a joint report about impediments to homeownership for Latinos titled *Focus Group Findings: Cross-Site Report*, based on the results of focus groups conducted in 11 cities throughout the United States.

The report states that many Latinos would like to become homeowners but for a variety of reasons do not believe they can. While many Latinos do lack sufficient income and savings to purchase housing in metropolitan areas and other competitive housing markets, for example, some who have sufficient income and savings do not understand the home buying process.

Another reason is that many Latinos lack relationships with mainstream financial institutions from which to obtain home loans. According to the report, many

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Resources *(cont'd from p. 6)*

Latinos do not patronize mainstream financial institutions out of fear and distrust, fostered by many of these institutions' failure to make any effort to serve them, or their strategies of serving them with products, such as subprime loans, that are not always in their best interest.

The report offers concrete steps that can be taken to remove impediments to homeownership for Latinos. For example, housing professionals can do more to work with Latinos who do not have traditional credit histories. Housing advocates can work closer with housing professionals to make sure that Latinos receive the services they need. Elected officials can amend the Real Estate Settlement Procedures Act to make the home buying process simpler. And, Latinos can help themselves by participating in mainstream homeownership education programs.

The full report can be found on-line at www.chci.org/nhi/nhi_focus.html.

Events

The Sustainability of Homeownership

At the next session of the Fannie Mae Foundation's Research Seminar Series, Donald R. Haurin of Ohio State University will present his paper (co-authored with Stuart S. Rosenthal of Syracuse University), "The Sustainability of Homeownership: Factors Affecting the Duration of Homeownership and Rental Spells." Friday, November 12, 2004, Noon to 1:30 p.m., 4000 Wisconsin Ave., NW, Washington, D.C. RSVP no later than Tuesday, November 9, to Tia Miller via e-mail (tmiller@fanniemaefoundation.org) or by phone at (202) 274-8037.

Federal Spending on Human Needs

The Coalition on Human Needs will host a briefing by the two authors of the recent Economic Policy Institute study entitled "The Budget Arithmetic Test: Repairing Federal Fiscal Policy." The study describes the crisis facing human needs spending. The authors, EPI Research Director Lee Price and EPI Economist Max Sawicky, show that we can have adequate human needs spending in the future, but only if we are prepared to re-think current assumptions about balancing the budget, raising taxes beyond what either party now proposes, and maintaining current spending policies for security and health care entitlements. Tuesday, November 9th at 9:00 a.m. at the Economic Policy Institute, 1660 L Street, NW, Washington, D.C., in the Wellstone Conference Room on the 12th Floor.

Fact of the Week

Homeownership Rates by Race and Ethnicity

	2004 3 rd Quarter	2004 2 nd Quarter	2003 3 rd Quarter
U.S.	69.0%	69.2%	68.4%
Non-Hispanic White	76.1%	76.2%	75.7%
Black Alone	48.4%	49.7%	48.0%
Hispanic (of any race)	48.7%	47.4%	46.1%

Source: U.S. Census Bureau: "Census Bureau Reports on Residential Vacancies and Homeownership." October 25, 2004. Table 7, page 8.
www.census.gov/hhes/www/housing/hvs/q304prss.pdf

NLIHC Staff

Matt Achhammer, Field Organizer, x229
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 Mark Treskon, Research Analyst, x245
 Carol Vance, Receptionist/Office Assistant, x221

Tell Your Friends...

NLIHC membership is the best way to stay informed about affordable housing issues, keep in touch with advocates around the country, and support NLIHC's work. Information is available at www.nlihc.org.

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

In an example of the Bush Administration's disregard for the facts, Mr. Jackson fails to report that the two legislative proposals for a National Housing Trust Fund that rely on FHA generated revenue as their funding source (S. 1411 and H.R. 1102) call only for use of the FHA revenue in excess of what is required for the reserves, not the reserves themselves. H.R. 1102 would use only funds collected above the current required reserve level of 2%. S. 1411 does even better and only allows use of funds in excess of a 3% reserve. The last actuarial analysis by Deloitte and Touche found that the surplus above 2% for 2003 was \$14 billion (2004, January. *Actuarial review of MMI fund as FY2003* as submitted to HUD).

Moreover, Mr. Jackson fails to report that the Bush Administration is already spending the FHA surplus to pay for other HUD programs. An accounting change made by OMB early in the Bush Administration now credits the FHA revenue as HUD revenue. HUD even wanted to increase the FHA excess this year with the zero down payment FHA mortgage product they proposed, estimating that it would bring in an additional \$150 million each year by charging higher insurance premiums. They need all the money they can find to pay for the tax cuts and the war.

The Administration opposes the National Housing Trust Fund because they oppose increasing federal spending on housing that is affordable for the lowest income people. It is a position with which we disagree, of course, but one that they should be honest enough to own up to instead of masking their position with scare tactics and deception.



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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Memo to Members
October 29, 2004
Vol. 9, No. 42