

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

Volume 9, Issue No. 45 • November 19, 2004

Happy Thanksgiving.

Memo to Members will take a vacation the week of Thanksgiving, and will return on December 3.

Capitol Hill

Congress Finishes Omnibus Spending Bill; HUD Programs Suffer Cuts

Congress spent most of the week of November 15 in a lame duck session negotiating the omnibus appropriations bill that contains nine of the remaining FY05 appropriations bills.

The bill finally passed on Saturday, November 20. According to a House Appropriations Committee press release, total discretionary spending for FY05 is \$388.4 billion, representing flat funding for all non-defense discretionary spending. In order to meet self-imposed spending caps, all non-defense and non-homeland security spending will be cut by .83%. Figures reported below **do not yet reflect** this across-the-board cut.

Funding for HUD announced in the press release is \$37.3 billion, more than the President's request, but less than the FY04 HUD budget.

Additional information in the press release includes:

- Funding for Section 8 is split into two accounts for tenant-based and project-based assistance.
- Tenant-based assistance (vouchers) are funded at \$14.9 billion and is treated as a dollar-based, not unit-based, system. The Administration's Flexible Voucher Program proposal was rejected.

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

New from NLIHC

Renter Incomes Did Not Keep Pace with Housing Costs in 2003

This week NLIHC released *Up Against A Wall: Housing Affordability for Renters*, an analysis of the American Community Survey (ACS) supplementary surveys in 2002 and 2003 that reports on median gross rents, housing cost burdens, and the ability of the average renter to afford the median rent at the national, state and local level.

In 2003, nearly half of America's renter households lived in unaffordable housing and in every state more than one-third of renter households lived in unaffordable housing. Between 2002 and 2003, the median gross rent increased in 79% of the 214 largest counties and in 71% of the cities with available data in the survey. Nationally, the number of households living in unaffordable housing also increased from 2002 to 2003 as renter incomes did not keep up with housing costs.

(See **NLIHC Report** on p. 3)

POINT OF VIEW

by Sheila Crowley, President

To no one's surprise, the final spending bill for the federal fiscal year 2005 cuts housing programs. People who need or rely on public housing, Indian housing, elderly housing, housing for people with AIDS or who are disabled, block grants for affordable housing and community development, and even homeless assistance will have to do with less in the coming year. The Section 8 program will be spared the same level of cuts, but will be weakened nonetheless. Many fewer families will have the benefit of a voucher than Congress intended in last year's budget. While public housing residents have had to struggle with reduced resources since FY02, this year marks the first time under the Bush Administration that all HUD programs will get less money for the coming year than they got in the last.

This heralds the future of federal low income housing programs in the second Bush Administration. With a huge federal deficit created for the purpose of constraining federal spending, those programs without powerful champions will bear the brunt of various strategies to give the illusion of deficit reduction. Hoping that Republicans who have advanced HUD programs in past years will have the political muscle to protect them now did not pan out.

Low income housing has been sufficiently marginalized by the Bush Administration that the President risks little by damaging these programs. Criticisms that HUD budget cuts contradict the President's agenda of increasing minority home ownership and ending "chronic" homelessness will be

(See **Point of View** on p.7)



NATIONAL LOW INCOME
HOUSING COALITION

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

(Preliminary analysis is that this amount will be sufficient to fund all vouchers in use, but not all vouchers authorized.

Utilization has decreased in the last year due to the destabilizing actions of HUD. A funding level that reflects reduced utilization effectively shrinks the program.)

- Project-based assistance is funded at \$5.34 billion, \$270 million more than FY04.
- The bill directs a synchronization of all public housing agencies operating budgets to the same fiscal year, which yields a one time savings of \$994 million in the public housing operating fund.
- Public housing capital fund is at \$2.6 billion, HOPE VI is \$144 million, and the Native American Housing Block Grant is \$627 million. All are a 3% cut over last year.
- HOME is funded at \$1.9 billion, less than FY04. The set-aside for the American Dream Down Payment program is \$50 million, a quarter of the Administration's request and \$35 million less than last year.
- Homeless assistance, HOPWA, Section 202 and 811, CDBG, Fair Housing, and Lead programs are all less than FY04.
- Rural Housing and Economic Development was saved once more, but at a reduced amount.
- Most USDA Rural Housing Service programs also were reduced. The 515 program is funded at \$100 million, \$16.5 million less than FY04, but \$40 million more than the Administration's request.
- A bright note is that the new preservation demonstration program proposed in the Senate Agriculture bill at \$6 million survived the omnibus cuts and is still in the bill, although at just \$3 million.

The bill itself and report language was not available as *Memo* went to press, so many issues remain unknown, including the critical distribution system for Section 8 voucher funds and how omnibus negotiators addressed the controversial provision to prevent public housing agencies from using any of their federal funds for voter registration efforts among public housing residents. However, in his press release, House Appropriations Committee Chair Bill Thomas (R-FL) said the bill is "free of controversial legislative riders. The only provisions that were included had bipartisan, bicameral support."

NLIHC will publish an updated budget chart as well as detailed information on the HUD portion of the omnibus spending bill and the related report language as soon as information is available.

Senate Attempt to Ban Use of PHA Funds for Voting Efforts

The Senate HUD appropriation bill's prohibition of use of any public housing funding on voter registration, identification or get out the vote activities received additional attention in the last hours of debate on the omnibus spending bill. The NAACP alerted its members to contact members of Congress on the issue, saying "it is the place of the Federal government to promote civic participation and to assist those that may need help in pursuing their Constitutional right to have a voice in their government, including casting an unfettered ballot and having it counted."

Many advocates, including NLIHC, have asked that the section be removed in its entirety from the appropriations bill. Others are seeking language restating current law, which clearly prohibits partisan electioneering with federal funds. One solution might involve asking HUD to tighten the existing regulations on the use of funding for voting-related efforts.

The source of the controversy appears to be the San Francisco Public Housing Authority that contracted with nonprofits for voter registration drives two years ago. Although HUD approved the contract, some members of Congress are concerned that the contracts may have been politically-motivated. Others fundamentally question whether public housing funds should be used for any sort of voting effort whatsoever, regardless of political motivation.

House and Senate Begin to Organize

House Republicans changed their party rules on November 17 to allow party leaders and committee chairmen to keep their positions even if they are indicted by state or federal grand juries. The change was made to benefit House Majority Leader Tom Delay (R-TX), who is the subject of an ongoing criminal investigation in Texas and may face indictment.

In the Senate, Senator Harry Reid (D-NV) will ascend to the position of Senate Minority Leader at the departure of Senator Thomas Daschle (D-SD). Senator Reid has been called a quiet insider, consensus-builder, legislative technician, and vote counter. Democrats

(See Capitol Hill on p. 3)

Capitol Hill *(cont'd from p. 2)*

are hoping that these characteristics will help Senator Reid guide them through the 109th Congress in which the Republican majority will increase to 55.

Also in the Senate, Republicans reelected Senator Bill Frist (R-TN) as Majority Leader and Senator Mitch McConnell (R-KY) as Majority Whip. They are also contemplating changing the rules that govern the operation of the Senate. Filibusters can be used to block decisions if there are not at least 60 votes to stop debates. Senate Republicans are considering lowering the threshold of votes needed to end filibusters.

Federal Debt Ceiling Increased

On November 17, the Senate passed legislation to increase the \$7.4 trillion federal debt ceiling by \$800 billion. According to Senate aides, the additional borrowed funds will allow the Treasury Department to pay the federal government's debts for another year. The vote was 52 to 44. Senators Zell Miller (D-GA) and John B. Breaux (D-LA) were the only Democrats to vote for the legislation. Senator John Ensign (R-NV) was the only Republican to vote against it.

On November 18, the House followed suit and passed the legislation. Urging other House members to oppose the debt ceiling increase, House Democratic Whip Steny Hoyer (D-MD) said, "We are literally mortgaging our future. Foreign holdings of U.S. debt grew from 30 percent to 43 percent since President Bush took office. And the interest payments on the debt – funds no longer available for homeland security, education and other priorities – are projected to increase from \$153 billion in 2003 to \$319 billion in 2010. I urge my Republican friends: Face fiscal reality. Join us in adopting pay-as-you-go budget rules that apply to both mandatory spending and taxes. Until you do, I cannot support the continuation of this irresponsible and immoral borrow-and-spend binge." The House vote to increase the debt ceiling was 208 to 204.

Treasury Secretary John Snowe wrote letters to Congress on November 16, stating that the Treasury Department has "taken all previously used prudent and legal actions to avoid reaching the statutory debt limit. I therefore strongly urge Congress to pass a debt limit increase immediately."

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/.

NLIHC Report *(Cont. from p. 1)*

In nearly two-thirds of the cities surveyed in 2003, a household with the median renter income could not afford the median gross rent.

Along with renter affordability data for all 50 states and the District of Columbia, a 20-page data appendix in the report provides data on renter households in counties in the U.S. with a population of more than 250,000 and most cities within these counties with a minimum population of 65,000.

Based on the *Up Against the Wall* report, NLIHC also released a ranking of the most unaffordable states in 2003. The new rental "unaffordability" index ranks California as the most unaffordable state for renters in 2003. Rounding out the top five most unaffordable states are Florida, Oregon, New York, and Louisiana.

As the fifth most unaffordable state, Louisiana stands out because its median gross rent is the 11th lowest among all 50 states and considerably lower than those found in the top four. However, it has one of the highest shares of severely cost burdened renter households as well as one of the least affordable rental markets for the average renter in the country. Thus, this ranking makes clear that on a national basis low rents do not preclude local affordability problems. Mississippi, Alabama, and West Virginia, are all in a similar situation. In these states, lower renter family incomes combine with a relative shortage of affordable housing to aggravate the situation facing renters.

The ranking is based on state median gross rent levels, the ability of a household earning the median renter income to afford the median priced apartment, and the proportion of renters living in severely unaffordable housing.

Up Against the Wall is available at www.nlihc.org/pubs/uaw04/UpAgainstaWall.pdf.

The unaffordability index is available at www.nlihc.org/pubs/uaw04/ACSranking.pdf.

Voucher Funding Crisis – HUD Week 31

Housing authorities continue to fight for additional Section 8 funds, but gaps still remain and agencies are serving fewer families than last year.

Funding Shortfall Threatens MT Families

Lucy Brown, executive director of the Billings Housing Authority, reports in the *Billings Gazette* that funding for 2004 was inadequate.

The various changes set in motion by HUD's April 22 notice of funding for Section 8 vouchers caught Montana at the end of their fiscal year, and as a result Billings has 60 fewer families in affordable housing. Montana, like many housing agencies, appealed to HUD for additional funds and did receive half of the money needed, but that still left the Section 8 program in Montana \$340,000 short for the year. Across the state there are 200 fewer families being served this year because of the cuts, according to George Warn, head of the state program.

MO Agency Receives Additional Funds

The Columbia Housing Authority in Columbia, MO, announced receipt of an additional \$88,000 from HUD for the Section 8 voucher program. The funds will allow the CHA to get through the end of the year without losing any affordable housing units. CHA received these funds after writing to HUD about their dire circumstances.

This summer, the agency began cost-containment measures after inadequate funding from HUD to cover the cost of their Section 8 voucher program. However, even after instituting these measures the agency would still have been short of funds to pay all of the programs participating landlords. Columbia's executive director, Doris Chiles, said in a story in the *Columbia Missouri Daily Tribune*, "you can't make payments if you don't have the money in the bank." While CHA will be able to get through the end of the year, the future remains uncertain because of the continuing efforts by the administration to cut the Section 8 voucher program.

HUD GAO Finds Problems with HUD Oversight of FHA Lenders

The Government Accountability Office (GAO) has reviewed data on lenders HUD granted direct endorsement authority to (allowing them to complete FHA loans prior to any review by HUD), as well as the lenders and loans that HUD had targeted for reviews in 2003 and 2004 and the case files acted on by the Mortgage Review Board within HUD. The ensuing report concludes that HUD's Homeownership Centers often did not follow the guidance they were given in granting direct endorsement authority to lenders and that "efforts to hold poorly performing lenders accountable for their performance have not been comprehensive."

Though the report does include recommendations to improve HUD's FHA program, there is no discussion of the impact that the problems GAO found may have had on homebuyers. Previous GAO reports, in April 2000 and January 2003 found problems with HUD's lender approval, monitoring, and enforcement efforts, and that this contributed to making HUD's single-family mortgage insurance programs a "high-risk" area for HUD. The report "Single-Family Housing: Progress Made, but Opportunities Exist to Improve HUD's Oversight of FHA Lenders" can be found at: www.gao.gov/new.items/d0513.pdf

Barrier Removal Awards

On November 17, HUD announced the Affordable Communities Awards Program, a new national awards program designed to recognize local and state governments that reduce regulatory barriers to affordable housing. HUD defines regulatory barriers as "public statutes, ordinances, regulations, fees, processes and procedures that significantly restrict the development of affordable housing without providing a commensurate health or safety benefit." HUD is now accepting nominations for the awards. More information on how to nominate a local or state government is available at www.hud.gov/affordablecommunities. Nominations must be postmarked no later than March 15, 2005.

National Housing Trust Fund Campaign

Discharge Drive Wraps Up

The effort to get signatures on the discharge petition for H.R. 1102, the National Affordable Housing Trust Fund Act of 2003, comes to an end as the 108th Congress adjourns. The discharge petition has 180 signatures in total, including most recently added Representatives Jerry Costello (D-IL) and Rob Simmons (R-CT). The number of signatures on the discharge petition demonstrates the strong support for the National Housing Trust Fund, Support in Congress, coupled with the growing number of endorsers of the NHTF Campaign, sets the stage for a strong push when the 109th Congress convenes in January.

The NHTF Campaign now will undertake a close examination of policy lessons learned in the 108th Congress to develop the policy position of the Campaign for the round of bills to be introduced in the 109th Congress.

Update from the Field

Affordable Housing Victories in RI

Rhode Island's housing advocates have been seeing their work pay off with two recent wins. The state's Low and Moderate Income Housing Act has been revised to provide enforcement mechanisms for communities that do not meet affordable housing requirements. Further, the Rhode Island Association of Community Development Corporations has incorporated a statewide land trust.

The Low and Moderate Income Housing Act was enacted in 1990 to help address the state's lack of affordable housing by removing unnecessary barriers involving local approval processes, local zoning, and other restrictions. Its objective is to encourage the construction of affordable housing for families earning below 80% of the median income in all communities throughout the state. This means that every city and town in Rhode Island must ensure that at least 10% of its housing stock is kept for low and moderate income households.

Even though the law has been on the books for 14 years, it had not been enforced because no deadlines were set for when localities' affordable housing plans

had to be submitted. In the revision, a deadline of December 2004 was established for the submission of the plans, and an implementation committee has been set up to find ways of enforcing the law. The committee is currently trying to craft incentives for communities that do provide their shares of affordable housing. At the same time, it is possible that these incentives may be used to the opposite effect for those areas that do not meet the requirements. Currently, 29 out of 39 districts have less than 10% of affordable housing.

The Rhode Island Association of Community Development Corporations was recently able to incorporate a statewide land trust based on Vermont's successful model. This land trust will be a federation of six local housing trusts, and will provide a structure that will help standardize the forms and procedures of the local trusts. Under a land trust model, a non-profit corporation holds the deed to a given plot of land in order to keep housing costs affordable over time.

Brenda Clement, executive director of the Housing Network of Rhode Island and chair of SHAC, the State-wide Housing Action Coalition, said that land trusts can benefit both communities suffering from disinvestment and communities facing rapidly escalating costs. Lower income communities can use the land trusts as a way to prevent abandoned homes, and areas where housing values are increasing can find land trusts helpful in controlling housing costs.

For more information, contact Brenda Clement at bclement@housingnetworkri.org.

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Resources

Poll: One in Three California Renters Want to Move Because of Housing Costs

A poll by the non-partisan Public Policy Institute of California (PPIC) found that 37% of California renters and 24% of all adults said the cost of housing in their region is making them seriously consider moving to another part of California or out of the state entirely. This week, NLIHC released a report on rental affordability, and in a state by state ranking California was found to be the least affordable state for renters.

The survey, a collaborative effort with the William and Flora Hewitt Foundation, the James Irvine Foundation, and the David and Lucile Packard Foundation, was the eighth in a series of polls conducted by PPIC since 2001 and the first to focus on housing. The survey and the report are thorough, covering topics such as housing, neighborhood and commuting satisfaction; housing costs and appreciation; the homeownership gap; and renters and homeowners attitudes, particularly toward state and local government policies. “Despite all the recent focus on coastal versus inland California or blue versus red counties,” said the author of the report, “we need look no further than the demographics of homeownership to see a great social divide facing our state.”

The complete report can be found at: www.ppic.org/main/publication.asp?i=567.

Human Rights Watch Calls for Better Housing Policies in U.S.

Human Rights Watch, an international organization committed to human rights for all, released an examination of public housing’s “one strike” policies on November 18. “Everyone deserves safe housing, but these policies yield more misery and desperation than public safety,” Human Rights Watch researcher Corinne Carey said in a statement, referring to the estimated 3.5 million people currently prohibited from accessing much-needed public housing because of a felony offense.

Human Rights Watch called on Congress to lift bans for people with certain criminal records from living in federally-assisted housing, asked HUD to adopt policies that ensure that criminal records more than 10 years old do not prevent people from admission into federally-assisted housing, asked public housing authorities to adopt policies that require individualized consideration of each applicant with a criminal record

to determine whether he or she will pose a risk to existing housing tenants, and asked legal services organizations to monitor PHA policies and practices. HRW also called on the United Nations’ Committee on Economic, Social and Cultural Rights to comment on the human rights dimensions of government-assisted housing.

The report, “No Second Chance,” is available at www.hrw.org/doc/?t=usa.

A Field Guide to OMB’s Metropolitan Area Changes

The Brookings Institute released a new report titled, “Tracking Metropolitan America into the 21st Century: A Field Guide to the new Metropolitan and Micropolitan Definitions.” The field guide, authored by William H. Frey, Jill H. Wilson, Alan Berube, and Audrey Singer, explains the OMB’s new definitions of metropolitan and micropolitan areas and evaluates how the new definitions will affect planning, research, and policy.

The new definitions include a variety of changes. The Metropolitan Statistical Area (MSA) is now the standard tool when comparing metropolitan areas, rather than the three categories (MSA, CMSA, and PMSA) previously used. Also, OMB created a new category called micropolitan areas. Micropolitan areas have a core but only have a population of 10,000 to 50,000, while MSAs have a population of at least 50,000. The insertion of this category means that 93% of the U.S. population and 46% of land area are covered. Other modifications include changes in territory and population due to the new system, the renaming of central cities to principal cities, and an alteration of national rankings—especially in terms of social and economic issues. MSAs and Micropolitan areas are jointly referred to as “core-based statistical areas” or CBSAs.

The report suggests that these changes have implications for federal policy, research, and popular usage. Because many federal programs are centered on OMB-defined metropolitan areas – such as HUD’s Fair Market Rents – a shift in definitions could greatly alter federal program features or program eligibility or applicability for a given area. In research, new definitions allow more choices for researchers. They can also change public perceptions. Naming an area as a “core” micropolitan or as part of a metropolitan area may result in increased information and resources for the area and a changed perception of what a place is and its importance within a state or regional economy.

To view this report, go to: www.brookings.edu/dybdocroot/metro/pubs/20041115_metrodefinitions.pdf.

Fact of the Week

Percent of Renter Households Living in Unaffordable Conditions: Top Five States

Florida: 51.9%
 Oregon: 51.3%
 Louisiana: 51.1%
 California: 50.8%
 Washington: 49.3%

Source: *Up Against a Wall*, National Low Income Housing Coalition, www.nlihc.org/pubs/uaw04/UpAgainstaWall.pdf

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

blunted with bromides about deregulating the housing market and calling on the “armies of compassion.”

We should expect escalating discourse that housing “problems” are centered in the people who have them, and certainly not in the housing market or low wages or below subsistence disability benefits. Use of the term “chronic” to describe homeless people serves to pathologize the lack of a home. Calls for time limits on housing assistance assumes that if people were just more industrious, housing would become affordable.

Tougher times are ahead for low income people in the United States.

NLIHC News

NLIHC Seeks State Coalitions Director

NLIHC seeks staff member to enhance and expand relationships with NLIHC’s affiliate state coalition members and to increase state coalitions’ involvement in federal policy advocacy in a manner that furthers the mission of NLIHC. Reports to the President/CEO. Qualifications include highly developed organizing and communication skills, knowledge of federal housing policy, and commitment to housing justice. Direct experience with a statewide housing coalition a plus. Masters’ degree preferred. Salary in the 50s; generous benefit package. Send cover letter and resume to Deputy Director, NLIHC, 1012 14th St. NW., Suite 610, Washington, DC 20005. Applications accepted until position is filled. EE0/AA.

NLIHC seeks applicants for FannieMae Research Fellow Position

NLIHC is seeking applicants for a one year research fellowship to work on three specific re projects developed in conjunction with Fannie Mae. They are: the implications of how Americans view housing costs and expenses and how this affects their choice of tenure and their ability to invest in other areas of their life such as education or retirement; how housing costs affect domestic immigration patterns to high and low housing cost metropolitan areas; and the implications of federal housing subsidy waiting lists for determining demand for housing assistance.

Qualifications for the position is Ph.D. or Ph.D candidacy in economics, political science, sociology or similar social policy related field; substantial quantitative research experience and capacity, particularly in the areas of housing economics or housing policy.

The one year fellowship includes a \$30,000 stipend.

Send cover letter and resume/vita to Research Director, NLIHC, 1012 14th St. NW., Suite 610, Washington, DC 20005. Applications accepted until position is filled. EE0/AA.

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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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.

Events

Employer-Assisted Housing: Online Discussion

Join Esther Park, fund adviser to the National Community Investment Fund; Jon Zimmer, executive director of ACTION Housing in Pittsburgh, a counseling provider that has teamed up with a university hospital system; and Mark Wilburn, chief lending officer at 66 Federal Credit Union, which provides housing benefits to Tyson Foods employees, on Monday, Nov. 22 at 2 p.m. ET for a KnowledgePlex online discussion about Employer-Assisted Housing. Hear how employers and counseling agencies are promoting homeownership, simultaneously improving the financial prospects for low-income consumers, companies, and the communities in which they do business. For more information, go to www.knowledgeplex.org/event.html?id=55052.



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About NLIHC: Established in 1974, the National Low Income Housing Coalition is dedicated solely to ending America's affordable housing crisis. NLIHC educates, organizes, and advocates to ensure decent, affordable housing within healthy neighborhoods for everyone. NLIHC provides up-to-date information, formulates policy, and educates the public on housing needs and the strategies for solutions.