

MEMO OF MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

Volume 9, Issue No. 48 • December 17, 2004

Memo is going on holiday. The next issue will be on January 7, 2005.
We wish you the most joyous of holiday seasons.

New From NLIHC

Out of Reach 2004: Housing Wage is \$15.37

With the publication of *Out of Reach 2004*, The National Low Income Housing Coalition once again must report that the cost of rental housing in the United States is out of reach of the vast majority of low wage earners and people who are elderly or disabled with public income benefits.

As in past years, *Out of Reach 2004* provides a side-by-side comparison of wages and rents in every state, Metropolitan Statistical Area (MSA), and county in the United States. Based on the federal affordability standard of paying no more than 30% of income for housing costs, the report calculates the Housing Wage, the hourly wage a household must earn in order to afford the local Fair Market Rent (FMR) for a two-bedroom apartment.

Today, the national Housing Wage for a two bedroom unit is \$15.37. This year, the Housing Wage for a two bedroom home is highest in the San Francisco, CA where a household must earn \$29.60 an hour to afford a modest two-bedroom apartment.

Again there is not a single jurisdiction in the country where a person working full time earning the prevailing minimum wage can afford a two bedroom rental home. Renter households in 991 counties, home to almost 79% of all renter households in the nation, must work more than 80 hours a week at the local minimum wage to afford a two-bedroom apartment at the Fair Market Rent.

The numbers in this year's report differ from those published in the last few years as they are based on newer data and a number of controversial changes in the way HUD calculated the FMRs. Thus the data in *Out of Reach 2004* cannot be compared to previous editions of *Out of Reach*. However, HUD Secretary Alphonso Jackson and Assistant Secretary for Public and Indian Housing, Michael Liu, have said these new numbers "help ensure HUD's resources reflect community need" and are "a reflection of reality."

The fundamental conclusion from this year's report is that the cost of housing is out of reach for low income Americans not only in the "hot markets" but everywhere, from the big cities to rural areas, from the coasts to the heartland, no matter how one calculates the numbers.

HUD

NLIHC Joins in Comments on GSE Housing Goals

The National Low Income Housing Coalition joined with the Consumer Federation of America, National Community Reinvestment Coalition, and other consumer and advocacy groups in sending comments to HUD on their Advanced Notice of Proposed Rulemaking (ANPR) to consider the impact of a high volume

(See HUD on p. 2)

POINT OF VIEW

by Sheila Crowley, President

At retail stores that sell luxury items, business is booming. At the places where most people shop, sales this holiday season are lackluster. Maybe when Wal-Mart's bottom line is threatened, policy makers will start to worry about the widening income inequality that is the hallmark of the American economy today.

Out of Reach 2004, released this year on December 20, describes a consequence of income inequality that threatens family well-being more fundamentally, the lack of affordable housing. Providing a home that is safe and secure for its members is the most basic of family responsibilities. But when the cost of modest housing exceeds what people earn, families are unable to succeed at what society expects of them.

The national Housing Wage for a two bedroom home this year is \$15.37. At the hourly wage, someone who works full time (40 hours a week, 52 weeks a year) must make \$31,970 a year. In Washington, DC, the Housing Wage is \$22.83 or \$47,486 a year. As you go about your activities this week before Christmas, take notice of the number of people you encounter whose earnings are too low to afford the housing in your community. What does the teacher at your child's day care center earn? What does the person who sells you your morning coffee earn? What is the wage of the person who walks around with a tray of hor d'oeuvres at a holiday party you attend? How about the sales clerk who helps you with last minute shopping? What about the person who tends to the needs of your elderly mother in the nursing home? Ask your-

(See Point of View on p.5)



NATIONAL LOW INCOME
HOUSING COALITION

HUD (Cont. from p. 1)

of mortgage refinancing on the ability of Fannie Mae and Freddie Mac to meet their housing goals.

The groups' comments suggested that Fannie Mae and Freddie Mac have improved their performance over the years, but the more ambitious goals announced by HUD on November 1, will motivate the GSEs to address remaining gaps in their performance.

Fannie Mae and Freddie Mac argued for excluding refinance loans from goal compliance, but the groups' comments urge that they not be excluded. However, the comments suggest that HUD could alleviate the challenges presented by wild swings in refinancing levels by taking them into account when monitoring goal compliance. One way to accomplish this would be to limit the amount of refinance loans that are considered in calculating GSE goal compliance during the high refinance years.

The comments suggest that better targeting and anti-predatory lending safeguards by the GSEs would lead to their ability to meet their goals in high mortgage refinancing environments. If HUD issues a Notice of Proposed Rulemaking after considering comments on the APNR, the group urged that these options be considered.

Proposed Rules for Demolition or Disposition of Public Housing

On December 15, HUD published proposed rules revising the regulations for the demolition or disposition of public housing. These proposed rules reflect changes in the Quality Housing and Work Responsibility Act (QHWRA). Since QHWRA was enacted in 1998, HUD has implemented the revisions through a series of notices.

Prior to QHWRA, demolition of a public housing project could only be carried out if the project was obsolete and unusable for public housing, while for disposition there had to be a determination that retaining the property was not in the best interest of tenants based on several criteria.

The proposed rule, in accordance with the statute, turns the decision making for demolition or disposition over to the public housing authority through a certification process. HUD is required to approve the certification, unless HUD can prove that the information in the certification is incorrect.

In a request for demolition, the proposed rule requires

a PHA to certify that the development is physically obsolete and no reasonable program of modifications will be cost-effective to return the development to a useful life. For disposition the PHA must certify one of the following three criteria: the location affects the health and safety of the residents or the ability to operate the project; disposing of the property will allow the PHA to develop, rehab, or acquire another property that can be more efficiently and effectively used as public housing; or the disposition is otherwise in the best interests of the residents and the PHAs and consistent with the statute.

The proposed rules discuss the importance of consultation with affected residents. A proposal for demolition must be developed in consultation with tenants, resident advisory boards and resident councils. In case of a disposition proposal, eligible resident organizations must be given 30 days to indicate an interest in purchasing the development after notice of the sale. A change in the proposed rule based on the statute requires only the resident offer in cases of disposition and not demolition.

Tenants will be given 90 days notice before the date of displacement. Residents of public housing must be offered comparable housing that meet housing quality standards and is located in an area generally no less desirable than the location of the displaced resident's housing. The PHA will pay for actual and reasonable costs of relocation.

Comments are due by February 14. A copy of the proposed regulations can be found at www.epa.gov/feddocket and follow the link "View open HUD dockets."

Rural Housing Comment Period Extended for RHS Multi-Family Regs

At the Housing Assistance Council conference on December 10, 2004, HUD Undersecretary for Rural Development Gil Gonzalez announced that the comment period for the RHS Multi-family housing regulations will be extended to January 26, 2005. Advocates had written to request a 30-day extension.

The original release of the multifamily-housing regulations (see *Memo*, December 3) required that comments be in by December 26. However, many advocates were concerned that such a short time frame, especially over a holiday period, would not allow proper analysis and comment on such far reaching changes to rural housing programs.

RHS has also asked that comments be coordinated as much as possible among various advocacy groups in order to avoid having thousands of comments, many that might be duplicative.

Update from the Field Statewide Group Forms in Oregon

A new group in Oregon is bringing together the power of many statewide partners in order to advocate for affordable housing policy at the state level. The Housing Alliance, modeled after a similar coalition in Washington state, convenes many voices and constituencies concerned with the lack of affordable housing and its affect on families and individuals in Oregon.

The Housing Alliance is comprised of advocates, government, housing authorities, community development corporations, business interests, and others dedicated to increasing resources for affordable housing and making the state a place where all can afford safe and decent housing. The range of groups includes the Association of Oregon Community Development Organizations; City of Ashland; City of Eugene; City of Portland; Community Alliance of Tenants; Community Development Network; Enterprise Foundation; Homeless Families Coalition; Housing Advocates Group of Washington County; Multnomah County; Neighborhood Partnership Fund; Network for Oregon Affordable Housing; 1000 Friends of Oregon; Oregon Action; Oregon Food Bank; Oregon Homeless and Housing Coalition, and nearly 15 others.

The group's primary focus will be on state level advo-

cacy, and it has retained the services of Public Affairs Counsel as its legislative representative. Public Affairs Counsel will work with the group on educating and informing policy makers and developing a legislative strategy. The group has set its first Lobby Day for February 1, 2005, early in the legislative session, which begins in January.

"Because housing underlies so many other social concerns, we will insert the housing issue into broader conversations about economy, hunger, health care, land use, prison populations, poverty, and education," said Janet Byrd, of the Neighborhood Partnership Fund. "Over time, we will elevate housing as a priority issue for legislative action and attention."

For more information, please contact Janet Byrd at the Neighborhood Partnership Fund, 503-226-3001 ext. 103.

Resources Survey Finds Homelessness, Hunger, and Housing Problems Rising

The U.S. Conference of Mayors and Sodexo USA has released "Hunger and Homelessness Survey: A Status Report on Hunger and Homelessness in America's Cities." Using data from 27 U.S. cities, the report shows that hunger, homelessness, and housing problems rose in cities over the past year. The survey looks especially at the number of met and unmet requests for emergency food assistance, emergency shelters, and assisted housing. The report also provides insight into the causes for individuals and families to seek assistance. To view the full report, go to: www.usmayors.org/uscm/hungersurvey/2004/online-report/HungerAndHomelessnessReport2004.pdf.

Race and Rural Housing Report

In conjunction with its 2004 National Rural Housing Conference, the Housing Assistance Council (HAC) released "Race, Place, and Housing: Housing Conditions in Rural Minority Counties." Using information and data from the 2000 Census, HAC investigates predominantly minority rural counties – those with more than 33 percent minority populations – and the considerable problems that these 304 counties face.

While 14.3 percent of rural county residents in America experience poverty, 23.4 percent of residents in Rural Minority Counties (RMCs) are poor. RMCs also tend

(See **Resources** on p. 4)

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

to be more spread out and isolated than typical rural counties, allowing for less access to resources such as social services and jobs.

The report looks at the plight of African American RMCs in the Southeast, Native American RMCs in the Midwestern and Western states, and Hispanic RMCs in the South and Southwest. Major problems confronted by these groups include housing affordability and inadequate housing conditions, particularly problems obtaining indoor plumbing. Crowding and subprime lending, as well as individualized problems for each community and population, also plague RMCs.

The report concludes with recommendations to discuss and research issues such as rural segregation, subprime lending, immigration, and community relations. The report is available at: www.ruralhome.org/pubs/RacePlaceandHousing/index.htm.

Events

Social Security Briefing

The Coalition for Human Needs will hold a briefing on Social Security on Friday, January 7 from 9:00-10:30 a.m. Attend "Social Security: Vital, and Not Just for Retirees" to learn more about how Social Security is the most important safety net program for low and moderate-income Americans, women, children, people of color, and those with disabilities, and what must be done to protect it. Speakers will include Barbara Kennelly, President and CEO, National Committee to Preserve Social Security and Medicare; Marty Ford, The Arc and UCP Public Policy Collaboration; Joan Entmacher, National Women's Law Center; and Al Campos, National Education Association. The briefing will be held in the AFSCME board room, 1625 L Street, NW, Washington, DC.

NLIHC News

NLIHC Seeks Two Staff Members: State Coalition Director and Policy Analyst

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. Direct experience with a statewide housing coalition a plus. Salary in the 50s.

NLIHC seeks policy analyst to track, analyze, and advocate on federal legislative and regulatory issues related to NLIHC mission. Reports to Deputy Director. Direct experience with the legislative process a plus. Salary in the 40s.

Qualifications for both positions include highly developed organizing and communication skills, knowledge of federal housing policy, and commitment to housing justice. Masters' degree preferred. NLIHC provides a generous benefit package.

To apply for either position, 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 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!

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

self how they are faring this year. How many hours of labor does it take for them to earn enough to pay the rent and have a little leftover to buy gifts for their loved ones?

As regular *Memo* readers know, the release of *Out of Reach* was delayed this year because of concerns about how HUD had calculated the Fair Market Rents (FMRs), an essential data source for calculating the Housing Wage. HUD has made numerous adjustments to the FMRs and more are still to come. But after doing everything they could to suppress FMRs, claiming that they have been leading the market when they are supposed to follow the market, HUD officials now state the FMRs are an accurate reflection of local housing costs. Housing advocates in some places think the FMRs are still too low, but there is no one who thinks that any FMR is too high.

Yet, the major policy agenda for HUD in 2004 was to ratchet down the cost of the housing voucher program, the federal program that is the most effective in bridging the gap between low wages and housing costs. The Secretary argued that voucher costs were out of control and must be subject to greater discipline. The result is an FY05 appropriations for HUD that barely covers vouchers in use (after utilization fell this year with the attacks on the program) and reductions in all the rest of housing programs.

I thought about HUD's urgent claims that the cost of low income housing assistance must be contained when I read the report in the *Washington Post* (December 11, 2004, p. A10) of the \$4.5 billion cost overruns on the development of a new stealth spy satellite by Lockheed Martin. This use of tax dollars made it through the legislative process without the public's knowledge because it is part of the "intelligence" budget that is only debated behind closed doors. The initial cost of the satellite, which many members of Congress think is of dubious value, was \$5 billion, but now the price tag is \$9.5 billion. The lobbyists for Lockheed Martin will be getting a nice Christmas bonus this year, so they can buy those luxury gifts for their loved ones.

So when moms and dads are choosing between paying the rent and keeping the heat on this winter, they can take heart that one day they might be able to feel a little safer with a \$9.5 billion spy satellite watching over them.

I want to express my deepest thanks to everyone who is part of the NLIHC network for your generosity and hard work in 2004. I am sorry to be so downbeat, but it

is hard to find much positive to reflect on about our federal government in 2004. That is why we should make the most of time spent with family and friends this holiday season, replenishing our resolve to ramp up the fight for fairness and equality in 2005.

Fact of the Week

Number of hours a worker making the minimum wage needs to work in order to afford a two bedroom fair market rent apartment, Five least affordable counties:

Pitkin County, CO	190
Hunterdon County, NJ	181
Middlesex County, NJ	181
Somerset County, NJ	181
Eagle County, NJ	179

Source: NLIHC, *Out of Reach 2004*, www.nlihc.org/oor2004/

Do you currently receive *Memo* by fax? If so, please consider switching to email delivery: You'll receive a higher-quality reproduction each week, and emailing is substantially less expensive than faxing, so you'll help NLIHC reduce costs. To switch, call 202-662-1530 x227 or email memo@nlihc.org.

Tell Your Friends...

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

NLIHC Staff

Matt Achhammer, Field Organizer, x229
Bonnie Caldwell, Senior Legislative Director, x242
Linda Couch, Deputy Director, x228
Sheila Crowley, President, x224
Katie Fisher, Media Coordinator/
Voterization Project Manager, x222
Melissa Higuchi, Membership Associate, x227
Khara Norris, Executive Assistant, x224
Danilo Pelletiere, Research Director, x237
Mister Phillips, Staff Attorney, x250
Tessa Silvestri, Research Intern, x239
Michelle Goodwin Thompson, Office Manager, x234
Mark Treskon, Research Analyst, x245
Carol Vance, Receptionist/Office Assistant, x221



National Low Income Housing Coalition
Memo to Members
December 20, 2004
Vol. 9, No. 48

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.