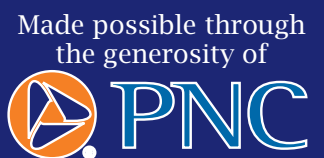




The National Low Income Housing Coalition presents

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2011 Advocates' Guide to Housing & Community Development Policy





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The National Low Income Housing Coalition is dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes.

The National Low Income Housing Coalition was established in 1974 by Cushing N. Dolbeare.

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The Guide was compiled with the help of many of our partner organizations. We are deeply grateful to each of the authors for their assistance; the Guide would not be possible without them. Several articles build on the work of authors from previous versions of the Guide, and we appreciate and acknowledge their contributions as well.

The National Low Income Housing Coalition's *2011 Advocates' Guide to Housing and Community Development Policy* is intended to provide advocates, policymakers, students, and others with information on the most relevant housing and housing-related programs and issues at the federal level, as well as information related to the community planning process. Each article provides basic information on a specific program or issue, and its current status. Where appropriate, advocates are provided talking points to assist in weighing in on particular topics. The appendices serve as a guide to the federal lawmaking and regulatory process and provide the kind of introductory information that can help anyone become an effective housing advocate.

Articles in the *Guide* are current as of March 8, 2011.

This year's *Guide* articles generally include information on both the FY11 and FY12 budget processes. Advocates may already be aware that the Congress has not passed a budget for FY11 and has instead passed a series of Continuing Resolutions to keep the government funded until such time as it passes a final FY11 budget. At the same time, the Administration has released its FY12 budget proposal and Congress has begun debate.

With new developments occurring in the budget process nearly every day, readers will want to stay up to date. We encourage advocates to join or renew NLIHC membership in order to receive weekly updates on housing policy through our newsletter, *Memo to Members*, as well as through regular Calls to Action. For your convenience, a membership form is located at the back of this guide and online at www.nlihc.org/join.

Finally, the success of the *Guide* is dependent on its usefulness to our members and other housing advocates. Please take a moment to fill out and return the short survey at the back of the *Guide* to let us know how we are doing and what we can improve.

Thank you for your continued advocacy for the housing needs of the lowest income Americans.

Want to know which topics are on the NLIHC 2011 Policy Agenda? Look for the icon!



The 2011 Advocates' Guide was underwritten by PNC.
NLIHC is grateful for this support.



NLIHC Policy Issues Agenda 2011

NLIHC's mission is to achieve socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes.

Our goals to meet our mission are:

- (1) To preserve existing federally assisted homes and housing resources.
- (2) To expand the supply of low income housing.
- (3) To establish housing stability as the primary purpose of federal low income housing policy.

Our objectives to meet our mission are to change public opinion, increase capacity of low income advocates, and to cause federal policy makers to act.

NLIHC's 2011 Policy Priorities

National Housing Trust Fund (NHTF). Advancing the National Housing Trust Fund remains NLIHC's highest priority. NLIHC will seek to capitalize the NHTF and continue to seek new funding sources, including through reform of federal tax expenditures; support legislative efforts to address issues not addressed in HUD's NHTF regulations; and seek to obtain project-based vouchers to go to states to accompany NHTF dollars.

Housing Choice Vouchers. To support the units added by the National Housing Trust Fund and otherwise assist the lowest income families in accessing affordable housing, NLIHC will continue to advocate for renewal of all vouchers in use and for expansion of the voucher program. NLIHC will work to secure at least 250,000 new vouchers, including by reforming the federal mortgage interest deduction. NLIHC will support enactment of the Section 8 Voucher Reform Act (SEVRA) and efforts to regionalize voucher administration.

Balanced Housing Policy. NLIHC will work to achieve greater equity in federal housing subsidies both along the income spectrum and between homeowners and renters, and will advocate for the redirection of these savings to fund NHTF and Housing Choice Vouchers.

Foreclosure Intervention. NLIHC will monitor compliance with the Protecting Tenants in Foreclosure Act of 2009 and educate the public about this law, protect tenants in private market multifamily properties that are threatened with foreclosure, and support bankruptcy and foreclosure prevention legislation.

Preservation of Public and Assisted Housing. NLIHC will support enactment of comprehensive Section 8 project-based and other multi-family housing preservation legislation, to include a mandate for federal agencies to collect and disseminate data, and capacity grants to support local data collection; support and promote policies that preserve severely distressed and non-severely distressed public housing stock through administrative and legislative vehicles; and work to ensure renewal of all project- and tenant-based rental assistance.

Gulf Coast Housing Recovery. NLIHC will support enactment of Gulf Coast Housing Recovery legislation that reflects issues identified by the Katrina Housing Group, which NLIHC coordinates, and will continue to work to influence the National Disaster Housing Strategy.

Budget and Appropriations. NLIHC will work to achieve the best possible HUD budget for FY12, including through the President's budget, the Congressional budget resolution, and appropriations bills.

Housing Plus Services. Work in this broad subject area includes the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH) implementation, as well as Section 3 legislation, healthy housing legislation, and implementation of the 2010 Section 202 and Section 811 reforms.

Planning for Just Communities. NLIHC will advocate for improvements to the Livable Communities Act/Sustainable Communities Initiative and will seek reform of federally required planning processes, including the Consolidated Plan and the duty to Affirmatively Furthering Fair Housing, to achieve greater interdepartmental coordination.

Low Income Housing Tax Credits. NLIHC will support efforts to help the LIHTC program rebound and to revise the LIHTC to require 25% of LIHTCs to be used for housing affordable for extremely low income households.

Definition of Affordability and Income. NLIHC will monitor and inform proposals to redefine the federal poverty level to assure consideration of housing costs. NLIHC will also monitor and inform any changes to Fair Market Rents and income limits.

Housing Funding from Other Sources. NLIHC will seek ways to maximize resources for affordable housing for extremely low income households through the Capital Magnet Fund, climate change legislation, energy retrofit legislation, Community Reinvestment Act legislation, and the transportation bill, as well as other potential resources.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Housing Need

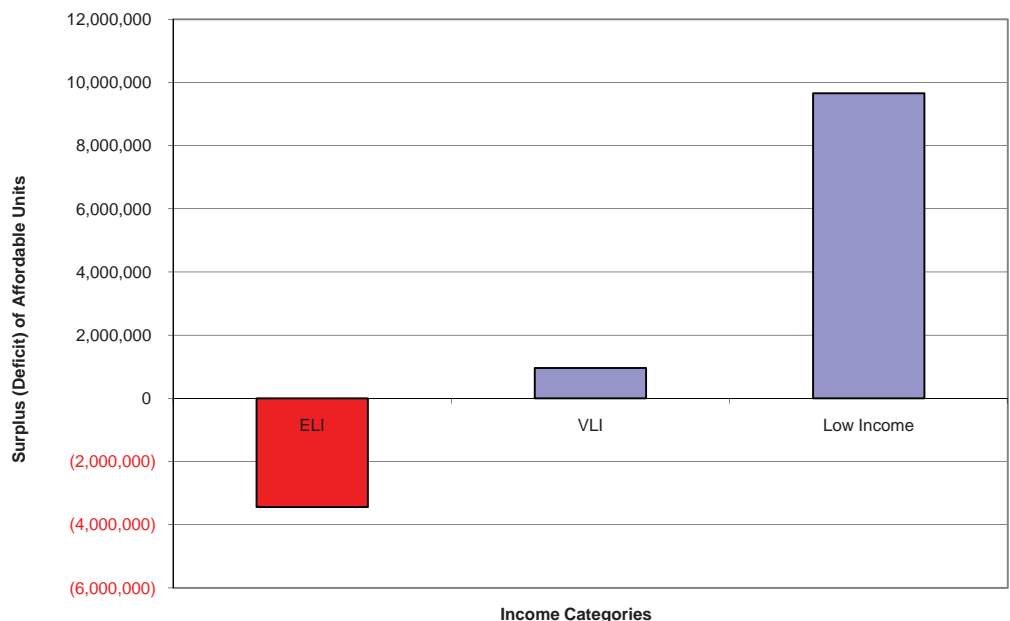
By Megan DeCrappeo, Research Analyst, National Low Income Housing Coalition

There are a variety of different ways to measure the need for affordable housing in this country, and regardless of which measurement is used, advocates will find that the need, especially among the lowest income households, is staggering. While there are some signs that the housing market and economy are starting to rebound, these are still extremely difficult times for many Americans, and the demand for low-cost rental housing continues to grow while the supply of rental units affordable to the lowest income households continues to shrink. This has further exacerbated the persistent mismatch that these families face between their incomes and the costs of available housing in the United States.

One way to measure the need for affordable housing is to compare the average wages that households earn to the average rents where they live. This provides a clear picture of how difficult it is to find a decent rental home on local wages. According to NLIHC's annual publication, *Out of Reach*, as of 2011 there remained no county in the 50 states and the District of Columbia in which a full-time worker earning the locally prevailing minimum wage can afford even a one-bedroom apartment at the Fair Market Rent (FMR). A person would need to earn an hourly wage of \$18.46 in order to afford a two-bedroom rental home at the nation's FMR, and the estimated median wage among all U.S. private sector workers is only \$16.56.

Observing the gap between the number of extremely low income (ELI) renter households (households earning at or below 30% of the area median income, or AMI) and the number of rental units that they can afford (using the standard affordability measure of spending no more than 30% of households income on housing costs), is another clear indicator of the need for affordable housing. According to NLIHC's recent analysis of the 2009 American Housing Survey (AHS), there are 9.9 million ELI renter households and only 6.5 million rental units they can afford. This creates an absolute shortage of 3.4 million rental homes for these households nationwide. This is the only income group for whom there is an absolute shortage of affordable housing (See Figure 1).

Figure 1: A Comparison of Households and Units by Income Threshold* (2009)



ELI = Extremely Low Income (<=30% AMI)
 VLI = Very Low Income (<=50% AMI)
 Low Income = (<=80% AMI)
 * Units are affordable within an income category if rent and utilities cost 30% or less of top threshold income. Adjusted to reflect 2008 Census guidance, may differ from previous results

Source: NLIHC Tabulations of 2009 AHS data

In actuality, the situation is much worse, because many of the units affordable to ELI households are in fact rented and occupied by higher income households. Thus, on a nationwide basis, the shortage of affordable and available rental homes for ELI households is 6 million. Nationally, there are only 39 affordable and available rental homes for every 100 ELI renter households; this represents a decline from 44 units in 2007.

In light of this significant shortage of affordable and available housing, low income renters must make a number of sacrifices in order to make ends meet. Many end up spending a precariously great proportion of their income on rent. Seventy-two percent of ELI renters and 70% of ELI owners spent more than half of their incomes on housing costs in 2009, according to the AHS, leaving very little for other basic necessities such as food, health care, and transportation. HUD estimated that in 2007 there were 5.9 million households with 'worst-case housing needs,' which HUD defines as households earning at or below 50% of AMI who do not receive any housing assistance from the government and who spend over half of their income on housing costs, lived in severely substandard housing conditions or both. NLHC analysis of the 2009 AHS data suggests that this number is now closer to 7 million.

Beyond paying more than they can afford and living in substandard housing, many households also cope with unaffordable housing costs by doubling and tripling up in units, creating overcrowding. A recent HUD analysis found that in 2009 the rate at which households were moving in with other households had increased 25% from the height of the housing bubble in 2005. Housing problems such as this are increasingly linked to significant impacts on health. For example, a recent study from Children's HealthWatch found that children who live in crowded units or have moved twice or more in the last year are more likely to be food insecure, at-risk for development delays, in fair or poor health and gaining weight too slowly. Living in stable, affordable housing can lead to healthier and more successful life outcomes for children of low income families.

ELI households include people who work at the low wage jobs that are so critical to a healthy economy. They are child care providers, nursing home aides, hotel housekeepers, office cleaners, retail clerks, and receptionists. In Denver, CO, families with a total annual income of \$22,750 or less are considered extremely low income. In Birmingham, AL, the annual income of an ELI household is \$18,500 or less, and in Boston, MA, it is \$27,550 or less. ELI households are also often elderly and disabled people whose income is limited to Supplemental Security Income (SSI); the federal SSI benefit level is \$8,088 annually in 2011 for an individual and \$12,132 for a couple.

Whatever measurement is used, the available data confirm that there is a critical and continual need for a sufficient supply of affordable housing and it is imperative that researchers and advocates continue to work together to meet this need. Unfortunately, the situation appears to be getting worse, not better. The U.S. housing market remains in considerable flux, the unemployment rate remains high at 9.4%, and in 2009 the poverty rate rose to at 14.3%, its highest level in 15 years. Increases in poverty are directly correlated with increases in homelessness and housing instability. With more and more Americans facing poverty in 2011 and a Congress focused on cutting domestic spending, it seems likely the United States will continue to see a rise in unaffordable housing and homelessness.

See also: *Federal Data Sources for Housing Advocacy*.

National Housing Trust Fund

By Ed Gramlich, Regulatory Director, and Linda Couch, Senior Vice President for Policy, National Low Income Housing Coalition

Establishing the National Housing Trust Fund (NHTF) has been NLIHC's number-one priority for many years. Since 2001 NLIHC has led the National Housing Trust Fund Campaign, and has garnered endorsement of a national housing trust fund by more than 5,700 organizations nationwide. The goal is to build or preserve 1.5 million rental homes affordable for extremely low income households in 10 years.

Legislation to establish the National Housing Trust Fund was signed into law by President George W. Bush in July 2008. This is the first new federal housing production program specifically targeted to extremely low income households since 1974.

The NHTF Campaign is now focused on securing short- and long-term funding for the NHTF. Proposed regulations to implement the NHTF were published on October 29, 2010; a final rule is anticipated in summer 2011. The program will be administered by HUD's Office of Community Planning and Development.

History

The National Housing Trust Fund (NHTF) became law with the passage of H.R. 3221, the Housing and Economic Recovery Act of 2008 (HERA) near the end of the 110th Congress. HERA was signed by President Bush on July 30, 2008 (P.L.110-289).

Winning the NHTF entailed a multi-year campaign; NHTF legislation was introduced in the 106th, 107th, 108th, and 109th Congresses. The primary sponsors of earlier versions were John Kerry (D-MA) in the Senate and Bernie Sanders (I-VT) in the House. After Congressional leadership changed in 2007, House Financial Services Committee Chairman Barney Frank (D-MA) made the NHTF a top priority, and Senator Jack Reed (D-RI) led the fight in the Senate.

Both Chairman Frank's and Senator Reed's bills proposed to fund the NHTF with contributions from Fannie Mae and Freddie Mac. Ultimately, Senator Reed's version was passed as one element of H.R. 3221. It was not as detailed as Chairman Frank's bill, leaving much of the program structure to be created by regulation.

The financial crisis in the fall of 2008 resulted in the suspension of anticipated contributions to the NHTF from Fannie Mae and Freddie Mac. During the presidential campaign of 2008, candidate Barack Obama advocated funding the NHTF. In his first budget proposal, for FY10, President Obama requested \$1 billion as an initial capitalization of the NHTF. That funding has not yet materialized.

Program Summary

The purpose of the NHTF is to increase and preserve the supply of rental housing for extremely low and very low income families, including homeless families, and to increase homeownership for extremely low and very low income families.

The NHTF is a permanent program with dedicated source(s) of funding not subject to the annual appropriations process. Funding sources under consideration will not compete with annual HUD appropriations. Some of the NHTF's most important features are:

- At least 75% of the funds for rental housing must benefit extremely low income (ELI) households (those with incomes below 30% of area median income, or AMI), or households with incomes below the federal poverty level. All funds must benefit very low income (VLI) households (those with incomes below 50% of AMI).
- At least 90% of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing.
- Up to 10% can be used to produce, preserve, or rehabilitate housing for first-time homebuyers, or to provide them with down payment, closing cost, or interest rate buy-down assistance.
- No more than 10% of a state's annual grant may be used for overall administration and planning of the program.

The NHTF is a block grant to states. The amount that each state will receive is based on a statutory formula containing factors reflecting the number of ELI and VLI renter households with severe cost burden (paying more than 50% of their income for rent) as well as the shortage of rental properties affordable and available to ELI and VLI households, with priority for ELI households. No state or the District of Columbia can receive less than \$3 million.

A proposed allocation formula mirroring the statutory factors was published in the *Federal Register* on December 4, 2009 and included in proposed implementation regulations on October 29, 2010. NLIHC has calculated the percentage of an allocation of \$1 billion that might be distributed to each state, the District of Columbia, Puerto Rico, and the other territories. A chart with these amounts is at the end of this article.

States must designate an agency (such as a housing finance agency, housing and community development entity, tribal designated housing entity, or any other qualified agency) to administer the NHTF grants. Each state must prepare an annual Allocation Plan following basic public participation requirements, which include:

- Notifying the public that an Allocation Plan will be drafted.
- Providing the public an opportunity to make comments about the plan.
- Considering public comments.
- Making the completed Allocation Plan available to the public.

The Allocation Plan must indicate how the state will distribute NHTF resources based on its priority housing needs. It must also indicate how the state will select applications for NHTF projects by giving priority for funding based on six factors:

- Geographic diversity.
- The applicant's ability to obligate NHTF dollars and undertake funded activities in a timely manner.
- The extent to which rents will be affordable in the proposed project, especially for ELI households.
- The length of time rents will remain affordable in the proposed project.
- The use of other funding sources in the proposed project.
- The merits of an applicant's proposed activity.

Eligible 'recipients' of grants from states are organizations and agencies (nonprofit and for-profit) that demonstrate:

- The experience and capacity to produce the kind of housing called for by the program.
- The financial capacity to undertake the eligible activity.
- Familiarity with federal, state, and local housing programs.

Funds must be committed within two years; uncommitted funds will be reallocated to other states.

All assisted projects must comply with laws relating to tenant protections and tenant rights to participate in decision making regarding their residences. The NHTF program must comply with the overarching laws pertaining to fair housing and to accessibility to federally assisted housing, including Section 504 and the Rehabilitation Act of 1973.

NHTF funds cannot be used for political activities, lobbying, counseling, traveling, project administrative expenses, or endorsements of a particular candidate or party.

The statute requires each state to submit an annual report to HUD that describes the activities assisted with NHTF money and that demonstrates compliance with the state's Allocation Plan. This report must be available to the public. States must ensure that recipients submit periodic financial and project reports, and conform to audit and record retention requirements.

Proposed regulations issued October 29, 2010. HUD issued proposed regulations to implement the NHTF on October 29, 2010, which can be found at <http://edocket.access.gpo.gov/2010/pdf/2010-27069.pdf>. A final rule is expected during the summer of 2011. The NHTF rule would be inserted as a subpart of the existing HOME program regulations. In formal comments sent to HUD regarding the proposed regulations to implement the NHTF, NLIHC applauded the department for requiring ELI households to occupy 100% of rental and homeowner units produced in the program's first year. However, NLIHC raised several concerns.

National Housing Trust Fund

NLIHC's major objection to the proposed rule is the failure to base rents on tenant income, specifically on the 'Brooke rule' which limits the amount an assisted household should spend on rent and utilities to no more than 30% of their income. HUD proposed rents be set at 30% of the greater of 30% of the federal poverty line or 30% of area median income.

Under HUD's proposal, families or individuals with income that is substantially less than 30% of area median income will be faced with high housing cost burdens. For example, people whose income is Supplemental Security Income (SSI) are at 18.6% of the national median income. Without income-based rents, most of the people who the NHTF are intended to serve will not benefit because the rents would be far more than what they could afford.

HUD proposed requiring NHTF-assisted units to be affordable for only 30 years. NLIHC urged 50-year affordability periods with preferences for projects with longer timeframes.

HUD's proposed rule limits the use of NHTF dollars for operating assistance to 20% of a jurisdiction's allocation, as recommended by the NHTF Campaign in 2008. However, the proposed rule would not limit operating assistance to units occupied by ELI households paying Brooke rents. This could result in ongoing operating subsidies supporting units unaffordable to ELI households, an outcome at odds with NHTF's fundamental purpose.

NLIHC opposed HUD's proposal to allow use of NHTF dollars for transitional housing. The statute does not specifically allow transitional housing, but does declare that the program's purpose is to increase and preserve the supply of rental and homeowner housing, especially for ELI households. This strongly implies that permanent housing is the goal.

NLIHC noted its disappointment that public housing agencies were not explicitly listed as eligible recipients, but commended HUD for prohibiting use of NHTF resources to create or rehabilitate public housing units. These units are extremely important, but using NHTF dollars to rehabilitate or operate them will not increase housing opportunities for those with the lowest incomes. It could also result in the overall loss of resources if Congress reduced appropriations for public housing due to the availability of the NHTF.

NLIHC was pleased that the proposed rule would require states to distribute NHTF resources based on priority housing needs, and require grantees and subgrantees to choose applications for funding based on priorities such as geographic diversity. However, these provisions are not sufficient to ensure that rural housing needs are met. NLIHC suggested that the final rule directly require states to allocate NHTF resources based on relative need in both rural and urban areas.

NLIHC commented on the technical aspects of many features, including subgrantees, transit oriented development, allocation plans, public participation, tenant protection, record keeping and performance reports. NLIHC's comment letter is available at: http://nlihc.org/doc/NLIHC_Comments_NHTF_Proposed_Rule.pdf.

Funding

The Obama Administration released its proposal for the future of housing finance on February 11, 2011. The proposal called for a dedicated funding source to address housing needs that the market cannot meet, including rental housing for the lowest income families. The proposal named the National Housing Trust Fund as an example of how to do that.

In early 2011, Congress began hearings on housing finance reform. Advocates will work to make sure that funding for the NHTF is included in any legislation considered by Congress.

Advocates are also seeking other dedicated funding sources for the NHTF, including through reform of the mortgage interest deduction.

In addition, the President requested \$1 billion in his FY12 budget as initial capitalization for the NHTF. The President's request would apply this expenditure to the mandatory side of the federal budget; thus, the expenditure does not affect HUD appropriations. This budget request is different from the funding that could potentially come from housing finance reform.

The President made the same request in his proposed budgets for FY10 and FY11. While significant progress was made in the 111th Congress to provide the \$1 billion requested by the President, plus \$65 million for project-based vouchers for use with NHTF units, that session of Congress ended without enacting this funding. The NHTF Campaign will continue to push for this funding in the 112th Congress.

A longer term goal is to identify sources of dedicated funding that will result in an annual distribution of \$15 billion. The overall goal for the NHTF is \$150 billion over 10 years to support 1.5 million homes.

What Advocates Need to Know Now

Funding. For the long term, the NHTF will need dedicated sources of revenue of sufficient amounts to bring the program to the scale needed to actually reduce the shortage of rental housing affordable to the lowest income households. These sources must be outside the standard appropriations process so as not to supplant existing HUD programs.

Regulations. Once Congress provides funding and the regulations are finalized, the role of local advocates will become even more important. Advocates will need to influence their state Allocation Plans and monitor their implementation to assure that funds are spent primarily to expand the supply of rental housing affordable for extremely low income people.

What to Say to Legislators

- There is an acute shortage of rental housing that extremely low income households can afford, which causes housing instability and homelessness. The need for the NHTF is urgent.
- Investment in the NHTF will not only expand housing supply; it will also create new jobs in the construction trades and in operation of the new housing developments.
- Congress should immediately pass legislation to provide \$1 billion to capitalize the NHTF and \$65 million for project-based vouchers to accompany NHTF grants.
- Congress should identify dedicated sources of revenue for the NHTF sufficient to build or preserve 1.5 million units of rental housing over 10 years.

Tips for Local Success

The governor (or legislature) in each state will designate which agency (state housing finance agency, housing and community development entity, tribal-designated housing entity, or any other qualified agency) will administer the NHTF. Advocates should express their views on the agency they think would do the best job with the NHTF.

Even before the final program regulations are published, advocates should begin talking with officials at that state agency about how the required Allocation Plan will be developed based on priority housing needs, and about how the Allocation Plan will address geographic diversity, affordability, and duration of affordability.

Advocates should also suggest to state officials how the minimum required public participation should be carried out, and in fact recommend features beyond the minimum in order to ensure meaningful, genuine public involvement.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org
National Housing Trust Fund Campaign · www.nhtf.org

National Housing Trust Fund

NLIHC Updated Estimates of State Allocation Amounts from NHTF for Every Billion Allocated and Invested

February 10, 2011

<u>Geography</u>	<u>Amount</u> ¹	<u>Percent of Total</u>	<u>Geography</u>	<u>Amount</u>	<u>Percent of Total</u>
Alabama	10,600,000	1.1%	Nevada	8,800,000	0.9%
Alaska	3,000,000	0.3%	New Hampshire	3,300,000	0.3%
Arizona	15,300,000	1.5%	New Jersey	33,300,000	3.3%
Arkansas	6,900,000	0.7%	New Mexico	4,800,000	0.5%
California	173,800,000	17.4%	New York	118,500,000	11.9%
Colorado	14,900,000	1.5%	North Carolina	22,400,000	2.2%
Connecticut	12,600,000	1.3%	North Dakota	3,000,000	0.3%
Delaware	3,000,000	0.3%	Ohio	33,900,000	3.4%
District of Columbia	3,800,000	0.4%	Oklahoma	8,000,000	0.8%
Florida	49,200,000	4.9%	Oregon	14,600,000	1.5%
Georgia	22,800,000	2.3%	Pennsylvania	38,000,000	3.8%
Hawaii	5,600,000	0.6%	Puerto Rico	7,500,000	0.8%
Idaho	3,100,000	0.3%	Rhode Island	4,500,000	0.5%
Illinois	46,800,000	4.7%	South Carolina	9,800,000	1.0%
Indiana	16,200,000	1.6%	South Dakota	3,000,000	0.3%
Iowa	6,800,000	0.7%	Tennessee	13,700,000	1.4%
Kansas	6,200,000	0.6%	Texas	57,300,000	5.7%
Kentucky	10,400,000	1.0%	Utah	4,300,000	0.4%
Louisiana	11,700,000	1.2%	Vermont	3,000,000	0.3%
Maine	3,500,000	0.4%	Virginia	20,200,000	2.0%
Maryland	13,400,000	1.3%	Washington	22,700,000	2.3%
Massachusetts	26,700,000	2.7%	West Virginia	4,600,000	0.5%
Michigan	28,900,000	2.9%	Wisconsin	16,900,000	1.7%
Minnesota	14,800,000	1.5%	Wyoming	3,000,000	0.3%
Mississippi	6,900,000	0.7%	American Samoa	60,000	0.0%
Missouri	15,800,000	1.6%	Guam	560,000	0.1%
Montana	3,000,000	0.3%	Northern Marianas	260,000	0.0%
Nebraska	4,000,000	0.4%	Virgin Islands	610,000	0.1%

Source: NLIHC estimates are derived from Comprehensive Housing Affordability Strategy (CHAS) data, a special tabulation of American Community Survey (ACS) 2006-2008 3-year data. CHAS data can be accessed here: <http://www.huduser.org/portal/datasets/cp.html>.

Contact Megan DeCrappeo 202-662-1530 ext. 245 or megan@nlihc.org with questions

¹ These estimates are based on the Proposed Rule for the Housing Trust Fund Allocation Formula, posted in the Federal Register on December 4, 2009 at <http://edocket.access.gpo.gov/2009/pdf/E9-28984.pdf>. They are intended to provide a rough indication of the ranking and magnitude of each state's allocation. These amounts and proportions are subject to change based on further clarification of HUD's proposed methodology and data sources, and the exact source and vintage of the data used at the time of allocation.

The Budget and Appropriations Process

By Staff of the Center on Budget and Policy Priorities

Advocates should follow closely the federal budget process, which lays out the federal government's broad priorities for the year, and the appropriations process, which allocates the total amount of dollars provided through the budget process to specific federal programs, including housing programs.

President's Request

The federal budget operates on an annual cycle that begins the first week in February, when the President must provide a detailed budget request to Congress. The budget request covers the upcoming federal fiscal year, which begins on October 1. For example, the Administration in February 2011 released its first look at its budget plan for FY12, which begins October 1, 2011.

The President's budget addresses three main areas: entitlement programs, 'discretionary' or 'appropriated' programs, and taxes.

Entitlements like Medicare or Social Security generally run on auto-pilot, and are not controlled by annual appropriations. But if the President wants to make changes in these programs (whether to expand them or cut them), he will reflect that in his budget request.

'Discretionary' or 'appropriated' programs must have their funding renewed each year in order to continue operating. Almost all housing programs are discretionary, including the big ones like Section 8 and public housing. The President's budget request has a line item for each housing program, showing how much he thinks Congress should provide in funding for the year ahead. The budget request may also include legislative language recommending policy changes in particular programs.

Finally, if the President wants to make a change in federal tax policy, that will be reflected in his budget as well. Some low income housing is subsidized through the tax code, for example, by the Low Income Housing Tax Credit. Taxes are also an important part of budgeting generally, because costly tax cuts drain revenues from the rest of the budget that could have been used to maintain or expand affordable housing programs, for example. Since 2006, Congress has been trying to live by a 'pay-as-you-go' standard that requires any tax cut to be offset somewhere else in the budget or the tax code, so that it does not add to the deficit. (Note: this 'PAYGO' rule also applies to expansions of entitlement programs, but not to funding for discretionary programs like affordable housing.)

Taken together, the President's requests relating to entitlements, discretionary programs, and taxes determine whether his budget plan will lead to deficits, surpluses, or a balanced budget.

Congressional Budget

After receiving the President's budget, Congress holds a series of hearings at which Cabinet officials testify about the budget request. Congress then turns in March and April to the task of crafting its own budget plan, which is very different from the President's budget request. Instead of a detailed plan, the Budget Committees in each chamber write a 'budget resolution' which operates like a blueprint for the individual spending and tax bills that will follow over the course of the year.

What is particularly important in the budget resolution for housing programs is the total amount of funding that is made available for all discretionary programs. This top-line number in the budget resolution acts as a ceiling on discretionary spending for the rest of the year. If, for example, it is set at a level that corresponds to a freeze in spending, then it will be very unlikely that there will be significant increases in housing funding later in the year, because that will just mean deeper cuts in other areas to adhere to that overall cap. The cap is taken very seriously, and cannot be set aside later in the year without the support of the House leadership and a 60-vote supermajority in the Senate.

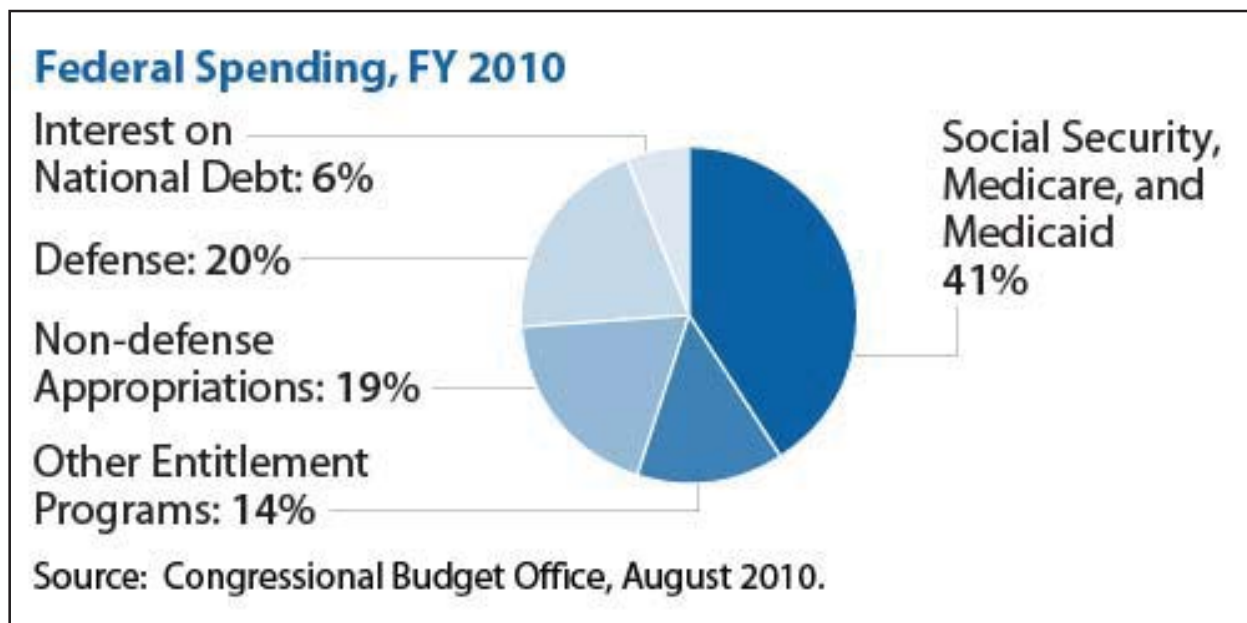
Budget and Appropriations Process

A final budget resolution must be agreed to by both houses, but it does not need the President's signature, because it is not actually a binding law, just a very powerful roadmap. Once it is complete, the committees of Congress get to work on their tax bills and spending bills.

Congressional Appropriations

For housing, most of the critical budget activity takes place in the Appropriations Committee. The Committee takes the total amount of money provided in the budget resolution for discretionary programs (which budget experts call the '302(a) allocation'), and then divides it up among its 12 subcommittees (into what are known as '302(b) suballocations'). One of those subcommittees, Transportation-HUD-Related Agencies, then must further allocate its funding (its '302(b)') among the various housing programs (with the exception of rural housing, which is funded by the Agriculture Appropriations subcommittee).

The 12 appropriations bills that are produced through this process must be passed by both chambers and signed into law by the President, or wrapped into a catch-all 'omnibus' appropriations bill. If either doesn't happen before the new fiscal year begins on October 1, then a 'continuing resolution' keeps the government open and provides funding for programs until final appropriations bills are agreed to.



What Advocates Need to Know Now

Housing advocates have opportunities throughout the annual budget process to have an impact on important decisions. For example:

- Prior to the President's submission of a budget request to Congress, advocates can provide input to federal agencies and the President's Office of Management and Budget on what the priorities for the coming year should be.
- Once the President's budget request comes out, advocates can comment on the housing parts of it (the good and the bad), as well as on the tax policies, and whether they will lead to adequate revenue for housing programs and other priorities, or a further shrinking of the pie.
- When Congress starts crafting its budget resolution, advocates can encourage it to set a reasonable level for overall discretionary program funding, one that provides enough resources not only to maintain current services, but also to address unmet need.
- Finally, advocates can work to secure funding for housing programs in the Transportation-HUD appropriations bill, and help fight any tax cuts that are not paid for and would therefore drain needed revenues from the overall budget.

For More Information

Background on the Budget and Appropriations from the Coalition on Human Needs, available online at www.chn.org/issues/budget/background.html

Center on Budget and Policy Priorities · 202-408-1080 · www.cbpp.org

Introduction to the Federal Budget Process, by Martha Coven & Richard Kogan, available online at www.cbpp.org/3-7-03bud.html

NLIHC Budget Chart for Select Housing Programs

FY11 and FY12 Budget Chart for Selected HUD Programs
(figures in millions)

HUD Program (set asides indented)	FY07 Enacted	FY08 Enacted	FY09 Enacted	FY10 Enacted	FY11 President's Request	FY11 111 th Congress Senate Committee Passed Bill	FY11 111 th Congress House Passed Bill	FY11 112 th Congress House Passed Bill 2/19/11	FY11 112 th Congress Senate Bill (rejected) 3/9/11	FY12 President's Request
Tenant Based Rental Assistance	15,920	16,391	16,817	18,184	19,551	19,496	19,396	18,080	18,547	19,223
Contract Renewals	14,436	14,666	15,034	16,339	17,310	17,165	17,080	16,703	16,703	17,144
Tenant Protection Vouchers	149	200	150	120	125	125	125	110	120	75
Administrative Fees	1,281	1,351	1,450	1,575	1,791	1,851	1,851	1,207	1,575	1,648
Family Self Sufficiency Coordinators	47	49	50	60	60	60	60	60	60	60
Family Unification Program Vouchers		20	20	15	0	15	0	15	15	0
Veterans Supportive Housing Vouchers		75	75	75	0	75	75	0	75	75
Nonelderly Disabled Vouchers		30	30	0	0	0	0	0	0	0
Disaster Housing Assistance Program					66	66	66	---	---	50
Homeless Special Needs Demonstration Vouchers					85	85	85	---	---	57
Section 811 Mainstream Vouchers					114	114	114	---	---	114
Project Based Rental Assistance	5,976	6,382	7,500	8,552	9,382	9,400	9,376	9,282	9,276	9,429
Public Housing Capital Fund	2,439	2,439	2,450	2,500	2,044	2,500	2,500	1,428	2,500	2,405
Emergency/Disaster Grants	17	19	20	20	20	30	20	20	20	20
Resident Opportunities and Supportive Services	38	40	40	50	0	50	50	50	50	0
Public Housing Operating Fund	3,864	4,200	4,455	4,775	4,829	4,800	4,829	4,626	4,626	3,962
HOPE VI	99	100	120	135	0	0	200	0	135	0
Choice Neighborhoods Initiative				65	250	250	0	0	65	250
Native American Housing Block Grants	624	630	645	700	580	700	700	500	700	700
Native Hawaiian Housing Block Grants	9	9	10	13	10	13	10	0	13	10
Housing Opportunities for Persons with AIDS	286	300	310	335	340	340	350	335	335	335

HUD Program (set asides indented)	FY07 Enacted	FY08 Enacted	FY09 Enacted	FY10 Enacted	FY11 President's Request	FY11 111 th Congress Senate Committee Passed Bill	FY11 111 th Congress House Passed Bill	FY11 112 th Congress House Passed Bill 2/19/11	FY11 112 th Congress Senate Bill (rejected) 3/9/11	FY12 President's Request
Community Development Fund	3,772	3,866	3,900	4,450	4,380	4,450	4,352	1,500	4,230	3,804
<i>CDBG Formula Grants</i>	3,711	3,593	3,642	3,990	3,990	3,990	3,998	1,500	3,990	3,684
<i>Economic Development Initiative Grants</i>	0	180	165	173	0	0	77	0	0	0
<i>Catalytic Investment Grants</i>					150	0	0	0	---	0
<i>Sustainable Communities Initiative</i>				150	150	150	150	0	150	150
<i>Rural Innovation Fund</i>				25	0	25	25	0	25	25
<i>University Community Fund</i>				0	25	25	0	0	0	00
Brownfields Redevelopment	10	10	10	18	0	0	17.5	0	0	0
Energy Innovation Fund				50	0	0	0	0	0	0
HOME Investment Partnership Program	1,733	1,704	1,825	1,825	1,650	1,825	1,825	1,650	1,825	1,650
<i>HOME Formula Grants</i>	1,690	1,629	1,821	1,825	1,650	1,825	1,825	1,650	1,825	1,650
<i>American Dream Downpayment Initiative</i>	25	10	0	0	0	0	0	0	0	0
Self-Help Homeownership Opportunity Program	20	26.5	26.5	27	0	82	82	27	27	0
Housing Counseling Assistance	42	50	65	87.5	88	100	88	0	87.5	88
Homeless Assistance Grants	1,442	1,586	1,677	1,865	2,055	2,055	2,200	1,865	2,055	2,372
Rural Housing and Economic Development	17	17	26	0	0	0	0	0	0	0
<i>Housing for the Elderly (Section 202)</i>	735	735	765	825	274	825	825	238	825	757
Housing for Persons with Disabilities (Section 811)	237	237	250	300	90	200	300	90	300	196
Fair Housing and Equal Opportunity	46	50	54	72	61	72	72	72	72	72
<i>Fair Housing Assistance Program</i>	26	26	26	29	28	29.5	29	29	29	29
<i>Fair Housing Initiatives Program</i>	20	24	28	43	33	42.5	43	43	43	43
Healthy Homes & Lead Hazard Control	152	145	140	140	140	140	140	120	140	140
Policy Development & Research (excluding academic grants)	36	28	32	48	87	62	47	48	48	57
Total Budget Authority (includes items not listed on this chart)	33,650	37,600	41,500*	43,581**	41,590	***	****	***	***	41,739

*The following HUD programs also received a total of \$13.6 billion in funding under the American Reinvestment and Recovery Act (enacted on February 17, 2009): CDBG, \$1 billion; Neighborhood Stabilization Program, \$2 billion (in addition to the \$3.92 billion in NSP funding in July 2008 for MSP); Homelessness Prevention Fund, \$1.5 billion; public housing capital fund, \$4 billion; HOME funds exclusively for low income housing tax credit projects, \$2.25 billion; project-based Section 8, \$2 billion; project-based Section 8/Section 202/Section 811 for energy and green retrofits, \$250 million; Native American Housing Block Grants, \$510 million; Native Hawaiian Formula grants, \$10.2 million; Lead Hazard Reduction, \$100 million.

** The FY10 appropriations bill, H.R. 3288 shows the total budget authority for HUD as \$46,059.

*** Comparable figures are not currently available.

**** The HUD portion of the House bill is reported as \$49,483 billion and \$46,579 billion after deduction of receipts. The President's budget requests \$48,467 billion and \$41,590 billion after receipts. The House compares its total after receipts to the President's request prior to receipt deduction. CBO estimated HUD's receipts at less than HUD projects.

Affirmatively Furthering Fair Housing: Analysis of Impediments to Fair Housing Choice

By Ed Gramlich, Regulatory Director, National Low Income Housing Coalition

States and local governments must certify that they are affirmatively furthering fair housing (AFFH) in their Consolidated Plans (ConPlans) and Public Housing Agency (PHA) Plans. In order to comply, these jurisdictions must have an Analysis of Impediments to Fair Housing Choice, also known as an AI.

While these requirements have historically been overlooked, affirmatively furthering fair housing takes on new importance in the wake of a court decision on an AFFH case in Westchester County, NY, and renewed attention from HUD under the Obama Administration.

History

Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act) requires HUD to administer its programs in a way that affirmatively furthers fair housing. The laws that establish the Community Development Block Grant (CDBG) program, the Comprehensive Housing Affordability Strategy (CHAS), and the Public Housing Authority Plan (PHA Plan) each require jurisdictions to certify in writing that they are affirmatively furthering fair housing. States must assure that units of local government receiving CDBG or HOME funds comply.

Further, HUD's *Fair Housing Planning Guide* states that the obligation to affirmatively further fair housing applies to all housing and housing-related activities in a jurisdiction, whether publicly or privately funded.

Issue Summary

Affirmatively Furthering Fair Housing is defined in CDBG and ConPlan regulations as:

- Having an Analysis of Impediments to Fair Housing Choice, an AI.
- Taking appropriate actions to overcome the effects of impediments.
- Keeping records reflecting the analysis and showing actions taken.

The regulations for public housing and vouchers are similar.

In the context of an AI, an 'impediment' to fair housing can be an action or an inaction that restricts housing choice or that has the effect of restricting housing choice. Some policies or practices might seem neutral but in fact can deny or limit the availability of housing. Obvious impediments include outright discrimination based on race or ethnicity, refusing to rent to families with children, or insurance practices that reinforce segregated housing patterns. Less obvious impediments include lack of large rental units, inadequate multilingual marketing, zoning that limits group homes, and insufficient public transportation to areas with affordable housing.

AIs are their own separate documents, the content of which are not prescribed by HUD. They are available to the public. HUD's *Fair Housing Planning Guide* defines an Analysis of Impediments as:

- (1) A comprehensive review of a jurisdiction's laws, regulations, and administrative policies, procedures, and practices.
- (2) An assessment of how those laws, regulations, and practices affect the location, availability, and accessibility of housing.
- (3) An assessment of conditions, both public and private, affecting fair housing choice for all protected classes. The protected classes are: race, color, religion, sex, national origin, disability, and familial status (in other words, households with children).
- (4) An assessment of the availability of affordable, accessible housing in a range of unit sizes.

The *Fair Housing Planning Guide* explains that analyzing fair housing impediments and taking appropriate actions means:

- Eliminating housing discrimination in the jurisdiction.
- Promoting fair housing choice for all.

Affirmatively Furthering Fair Housing

- Providing housing opportunities for people of all races, colors, religions, genders, national origins, disabilities, and family types.
- Promoting housing that is structurally usable by all people, particularly those with disabilities.
- Fostering compliance with the nondiscrimination features of the Fair Housing Act.

The name of the agency or department that will have an AI varies from locality to locality. Generally, the office that manages the CDBG program should be able to provide a copy, and the public housing agency (PHA) should have a copy of its own analysis. In addition, advocates can contact the Fair Housing and Equal Opportunity (FHEO) staff at their HUD Regional Office.

AIs are not sent in to HUD and they are not a formal piece of any CDBG document such as the ConPlan's Annual Action Plan or Five-Year Strategy. There is no specific term for a PHA's analysis of impediments. However, a September 2, 2004, HUD Policy Memorandum says that a jurisdiction may include in its Annual Action Plan the actions it plans to take in the upcoming year to overcome the effects of impediments to fair housing. Note that this is only a 'may,' not a 'must'; plus, many jurisdictions do not know this Policy Memorandum exists. Also, some jurisdictions point to a part of their ConPlan or Action Plan called "barriers to affordable housing" and claim that to be the AI. The law creating the CHAS (the statutory root of the ConPlan) requires such a discussion, but this is not an AI. Examples of barriers to affordable housing in the law include tax policies and building fees.

Timeframe. According to the *Fair Housing Planning Guide*, AIs must be updated in cycle with the timeframe of a ConPlan. So, theoretically, if a jurisdiction has to come up with a new ConPlan every five years, then it should also revise its AI at the same time. However, the September 2, 2004, HUD Policy Memorandum states that a jurisdiction "should update, where appropriate, its AI...to reflect the current fair housing situation in their community." That Policy Memorandum also implies that jurisdictions that do not make appropriate revisions to update their AIs could face problems. Because much can change before a five-year ConPlan update, advocates might want to be sure that their jurisdiction's AI is up to date and reflects all impediments.

Public participation. Unfortunately, the regulations do not directly tie public participation in CDBG, the ConPlan, or the PHA Plan with the AI. However, the *Fair Housing Planning Guide* offers a few words that advocates might be able to use: "Since the FHP [Fair Housing Plan] is a component of the Consolidated Plan, the citizen participation requirements for the Consolidated Plan apply." The introduction to the *Fair Housing Planning Guide* stresses that "all affected people in the community must be at the table and participate in making those decisions. The community participation requirement will never be more important to the integrity, and ultimately, the success of the process."

The *Fair Housing Planning Guide* also suggests that, before developing actions to eliminate the effects of impediments, a jurisdiction "should ensure that diverse groups in the community are provided a real opportunity" to take part in the process of developing actions to be taken. HUD "encourages jurisdictions to schedule meetings [for public comment and input] to coincide with those for the Consolidated Plan."

Monitoring compliance. *Before the start of the CDBG, HOME, or public housing program year:* In order to get CDBG, HOME, or public housing money, jurisdictions must certify that they are affirmatively furthering fair housing. All Annual Plans have this written certification, signed by the authorized official. There must be evidence that supports this pledge, and such evidence must be available to the public.

HUD can disapprove a PHA Plan or a ConPlan (and therefore block receipt of CDBG and HOME dollars) if a certification is inaccurate. The September 2, 2004, Policy Memorandum gives examples of 'inaccurate':

- (1) There is no AI.
- (2) The AI is substantially incomplete.
- (3) No actions were taken to overcome the impediments.
- (4) The actions taken were 'plainly inappropriate' to address impediments.
- (5) There are no records.

Another situation that could cause HUD to look more carefully at an AI is the failure to make "appropriate revisions to update the AI." (September 2, 2004, Memorandum) This can be an important advocacy tool in years between new

Affirmatively Furthering Fair Housing

five-year ConPlans and PHA Plans. If there are major changes in conditions for people who are members of protected classes, advocates should make sure the AI is revised to show those changed conditions.

In general, if advocates think that a jurisdiction's AI is inadequate or that the jurisdiction has not taken reasonable actions to overcome impediments to fair housing, they should write a complaint to the FHEO Regional Office.

CDBG regulations also allow a certification to be challenged if there is evidence that a policy, practice, standard, or method of administration that seems neutral really has the effect of significantly denying or adversely affecting fair housing for persons of a particular race, color, religion, sex, or national origin. PHA Plan regulations also claim that a certification can be challenged.

At the end of the CDBG or HOME program year: In the Annual Performance Report related to the ConPlan, called the 'CAPER,' a jurisdiction must include a summary of the impediments to fair housing, and it must have a description of the actions taken in the past year to overcome the effects of impediments

If advocates think that the actions taken to overcome impediments to fair housing were inadequate, it is important to write a complaint to the jurisdiction and to send a copy to the FHEO Regional Office.

Records to be kept. CDBG regulations require jurisdictions to keep three types of records:

- (1) Documents showing the impediments and the actions carried out by the jurisdiction with CDBG and other money to remedy or lessen impediments.
- (2) Data showing the extent to which people have applied for, participated in, or benefited from any program funded in whole or in part with CDBG.
- (3) Data indicating the race, ethnicity, and gender of those displaced as a result of CDBG use, plus the address and census tract of the housing to which they were relocated.

A February 9, 2007 Joint Memorandum from the Assistant Secretaries for HUD's Office of Fair Housing and Equal Opportunities (FHEO) and Office of Community Planning and Development (CPD), which administers CDBG and HOME, suggests that a jurisdiction keep for the record: (1) copies of local fair housing laws and ordinances, (2) the full history of the development of its AI, (3) options available for overcoming impediments, (4) a list of those consulted, (5) planned actions and actions taken, and (6) issues that came up when actions were carried out.

The *Fair Housing Planning Guide* also suggests that jurisdictions keep transcripts of public meetings or forums and public comments or input, a list of groups participating in the process, and a description of the financial support for fair housing, including funds or services provided by the jurisdiction.

What Advocates Need to Know Now

Since the summer of 2009, HUD has stated its intention to create a proposed rule concerning jurisdictions' obligation to affirmatively further fair housing choice. That summer, the public was invited to offer ideas via email and at a HUD listening session via a webcast with call-in capacity. HUD sought suggestions on six topics: (1) How can the existing process be improved? (2) What documentation is currently used? (3) What factors should be considered? (4) How often should AIs be updated? (5) What would be the implications of a regional approach? (6) What can be done to reduce housing segregation and increase housing opportunities? As of the printing of this *Advocates' Guide*, proposed regulations have not been issued but are currently on a list for possible consideration during the first six months of 2011.

HUD has taken three notable administrative actions since 2009. First, after a routine HUD Civil Rights Compliance Review of the Marin County, CA CDBG program, the county signed a Voluntary Compliance Agreement (VCA) on December 21, 2010.

Affirmatively furthering fair housing (AFFH) was one of the issues of noncompliance. According to the VCA, Marin County agrees to complete an Analysis of Impediments to Fair Housing Choice that (1) includes participation by racial and ethnic minorities and persons with disabilities throughout the AI planning process; (2) identifies and analyzes impediments to fair housing based on race and ethnicity, as well as municipal resistance to the development of

affordable housing; (3) commits to undertake actions necessary to address impediments; and (4) will be used in the county's 2010-2014 Consolidated Plan.

As part of Marin County's obligation to AFFH, the VCA listed many steps that the county must undertake, including the following:

- Assess whether a pattern exists from the past 10 years or more of CDBG and HOME housing development that perpetuates segregation and, if so, take actions necessary to promote, overcome barriers to, and cause the development of affordable housing outside areas of minority concentration.
- Assess whether there is under-representation in affordable housing of racial and ethnic groups and/or people with disabilities and, if so, promote interest in living in Marin among under-represented groups residing in or commuting from adjacent counties.
- Give priority to future use of CDBG and HOME funds to affordable housing and community services activities that will address impediments to affirmatively furthering fair housing.

A second HUD administrative action took place when, as a result of an October 2009 complaint filed by the Texas Low Income Housing Information Service, HUD rejected the State of Texas' Disaster CDBG Plan—putting \$1.7 billion on hold. Among the problems HUD cited was the fact that the state had not updated its AI since 2003, even though hurricanes had clearly changed the housing market. A May 25, 2010 conciliation agreement requires Texas to update its AI.

The third example of HUD administrative action is its ongoing involvement with the Westchester County, NY, case. Most recently, on December 21, 2010, HUD rejected the county's revised AI because it was "substantially incomplete." HUD wrote, "The data presented in the AI includes clear evidence of racial segregation [yet]...the AI remains devoid of any specific strategies and commitments to actions that will overcome impediments."

A U.S. District Court ruled on February 24, 2009 that Westchester County had "utterly failed to comply with the requirement that it perform and maintain a record of its analysis of impediments to fair housing choice in terms of race." On August 10, 2009, HUD and the county entered into a settlement that included among other features, the submission of a revised AI.

HUD's December 21, 2010 letter stated, that for HUD to approve an AI for Westchester under the terms of the court settlement, "the county must identify with specificity the actions it will take to further fair housing choice and submit an AI by April 1, 2011," addressing a number of deficiencies listed by HUD, including:

- Setting forth specific steps it will take to overcome the exclusionary zoning practices of its municipalities. According to the court settlement, the county agreed to take appropriate actions to gain municipal cooperation. HUD asserted that the county had not taken concrete action using tools at its disposal as agreed to in the settlement, such as financial incentives and initiating legal action if necessary.
- Setting forth strategies it will use to ensure that, as it develops affordable housing, it is reducing patterns of racial and ethnic segregation. Under the settlement, the county agreed to use \$51.6 million of its own resources to develop at least 750 new units of affordable housing over the next seven years, with at least 630 of these units in municipalities and neighborhoods with low ratios of people of color. HUD's letter noted that the court settlement emphasized that, beyond merely increasing the number of affordable housing units, the county had to consider the effects that the location of affordable housing would have on segregation patterns, adding, "Indeed, the court stated that 'Addressing the pattern [of segregation] would at a minimum necessitate an analysis of where the additional housing is placed.'"
- Setting forth actions it will take to promote legislation prohibiting source of income discrimination, such as refusing to rent to households with vouchers. The settlement requires the county to "promote, through the County Executive, legislation [that was at the time before the County Board of Legislators] to ban source of income discrimination in housing." However, the County Executive vetoed such legislation that was passed by a wide majority of the County Board of Legislators.

Affirmatively Furthering Fair Housing

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

February 9, 2007 Joint Memorandum from Assistant Secretaries for CPD and FHEO: www.hud.gov/offices/fheo/promotingfh/fairhousing-cdbg.pdf.

HUD's Affirmatively Furthering Fair Housing webpage: www.hud.gov/offices/fheo/promotingfh.cfm

HUD's *Fair Housing Planning Guide*, Vol. 1 (#HUD-1582B-FHEO) is available at www.hud.gov/offices/fheo/images/fhpg.pdf. [Vol. 2 (#HUD-1582A-FHEO) is out of print. It was less useful because it was mainly samples.]

HUD's Office of Affordable Housing has a good chapter summarizing the *Fair Housing Planning Guide*, "Affirmatively Furthering Fair Housing" (page 18) in Fair Housing for HOME Participants: www.hud.gov/offices/cpd/affordablehousing/library/modelguides/2005/200510.pdf

HUD's Office of Fair Housing and Equal Opportunity (FHEO): http://portal.hud.gov/portal/page/portal/HUD/program_offices/fair_housing_equal_opp

Information about the Westchester County case, www.antibiaslaw.com/westchester-false-claims-case

September 2, 2004 Memorandum from HUD's Community Planning and Development Office (CPD): www.hud.gov/offices/fheo/library/finaljointletter.pdf

Balanced Housing Policy: Owning and Renting in U.S. Housing Policy

By Danilo Pelletiere, Research Director, National Low Income Housing Coalition

For most of the past 80 years the emphasis within federal housing policy has increasingly shifted from providing affordable rental housing to assisting and encouraging homeownership. When the U.S. housing market collapsed in late 2007 and 2008, this policy shift was called into question. Critics from across the political spectrum asked whether the federal emphasis on homeownership had fed the housing bubble and exacerbated the crisis and whether housing policy needed to be rebalanced, to once again put a greater focus on rental housing.

There is little indication that such a rebalancing is taking place. In 2009, the Congressional Budget Office estimated that almost 80% (about \$230 billion) of public resources for housing subsidized homeownership, while only 20% (about \$60 billion) subsidized rental housing. With the federal response to the foreclosure crisis focused on owner occupiers, the continuing bailout of Fannie Mae and Freddie Mac and no other significant change in policy in favor of rental housing, the picture in 2011 is likely to be even more out of whack. A recent policy paper from the Obama administration on reforming the housing finance system, however, formally recognized the need to rebalance the housing system, adding at least some rhetorical counterweight.

Issue Summary

In housing policy, ‘tenure’ refers to how a household secures the right to live in its housing. Formal tenure exists along a continuum from owning to renting with forms of tenure that combine elements of both in between, most prominently providing residents with an equity stake in cooperatively-owned projects. While there are a variety of cooperative ownership and other models of tenure, these models have struggled to move to scale outside of a few cities. An exception has been the growth in owned manufactured homes sited on leased land throughout much of the country. This arrangement can be precarious if an alternative use for the land is proposed by the landowner or community. Federal programs treat condominiums as homeownership consistently and have accommodated co-ops as well. Today in the United States the tenure choice most families face is whether to rent or own a home.

A renter gains value from a home as a shelter and from its location and amenities, and in return for these services pays rent to an owner. While a homeowner can extract rent from a home by accepting these payments, he or she can also forego these explicit payments and use the home for personal shelter. As the occupant, the owner receives the same shelter and location benefits as a renter while also having the opportunity to use, maintain, and improve the property in a way that maximizes personal enjoyment or financial returns. The difference between the actual owner’s costs and the rent that households are willing to pay in the market for a home with similar amenities and services is known as the ‘imputed rent’ the homeowner receives living in the property. To an economist these rents are to be counted as income for the owner. Some countries, notably Switzerland, tax this imputed rental income.

While most households value the additional rents of ownership, there are tradeoffs that may cause some households to prefer to not own their homes. Homeowners have significantly more control over their homes, but they also have more responsibility for them. Their ability to pursue other activities and opportunities may be limited by the money and time demands of homeownership. Moreover, even in the case where the long term costs between ownership and renting are similar, purchasing a home requires significantly more in upfront costs, and large, irregular expenditures along the way for repairs and maintenance. Finally, while homeownership provides the potential to be a store of wealth and even a source of greater wealth through home price appreciation, it also carries the risk of unforeseen costs and depreciation. As many people have learned in the current declining housing market, homeownership can be a money-losing venture.

Balanced Housing Policy

Thus, even a household that has a strong preference to own its home and a choice of housing available for sale may decide to rent for reasons including:

- (1) It does not have the ability to pay the higher upfront costs associated with purchasing a home.
- (2) It does not have a reasonable expectation of being able to budget for the more variable and uncertain costs of ownership over time (e.g. repairs and equipment replacement).
- (3) It expects to move and does not have sufficient confidence about being able to sell or otherwise vacate the home in a timely fashion without significant costs. (Even under advantageous circumstances in which the household is likely to find a willing buyer, the household will need to occupy the house for some time to recoup any higher upfront costs from the value of living in the house or from price appreciation.)

Because of homeownership's higher upfront costs and the sometimes large investments that may be needed to maintain the property, higher income people are the most likely to be able to purchase homes and maintain ownership over time. With a greater income and wealth cushion, higher income households are less likely to fail as homeowners due to periods of unemployment, sickness or a death, divorce, job moves or other life events.

From the perspective of policy, in order to encourage homeownership among lower income households it is necessary to address one or more of the three factors listed above. At a basic level, government can subsidize the upfront and total cost of homes for sale relative to those for rent. This can be done either by directly subsidizing the building or purchase of the home or by reducing the costs of financing these activities. Beyond this, it can facilitate budgeting by intervening to reduce the variability of financing and maintenance costs over time. Finally, it can provide some kind of assurance that when a homeowner wishes to sell, there will be buyers in the market with sufficient income or credit to purchase the home.

Policy to assist low income households with their rental housing can take the form of subsidies to build and operate low cost housing or subsidies to tenants to offset their housing costs more directly. U.S. housing policy uses all of these approaches.

History

Ownership of land and other property has historically been a prerequisite for participation in political and cultural life. Even in the United States, prior to the 20th century, property ownership was often required to vote. Becoming a property owner brought formal political enfranchisement to men who were not otherwise excluded from the political process by virtue of their race. While property requirements for voting had disappeared by last century along with restrictions based on gender and race, domestic politics continued to laud the homeowner and policy moved decisively toward facilitating the achievement of homeownership for a growing number of households.

During the Great Depression, homeownership rates fell from 49% in 1930 to 44% in 1940. In the wake of the crisis, the federal government intervened directly to encourage homeownership and enhance the financial security of homeowners through a growing array of institutions, regulations, and subsidies. These institutions included the Federal Home Loan Banks, the Federal Housing Administration, and Fannie Mae. The rate of homeownership grew steadily after World War II, reaching 62% in the 1960 Census.

In this period, not everyone who had the desire, income, and resources to own a home was allowed to do so. In particular, formal racial discrimination in access to government programs, private financing, and neighborhoods restricted the ability of financially qualified non-white households to either purchase a home or to do so in the neighborhoods of their choice, thus limiting their access to many of the financial benefits of homeownership that accrued to qualifying white households over this period. Beginning in the 1970s, federal legislation began to counteract this shameful history.

By the 1990s, 66% of American households owned their homes. Even with increased access to the housing provided by fair housing laws, the historic lack of wealth limited the access of minority households to home buying and the homeownership gap between blacks and whites persisted. This led to a significant push in both the Clinton and G.W. Bush administrations to increase minority homeownership through some increased homeownership assistance, but primarily through deregulation and the marketing of homeownership to minority and lower income households.

Becoming a homeowner became not merely a symbol of economic success; it became the very means by which to achieve it. While the primary mechanism for this movement was to be growing home equity, new homeowners were also expected to benefit from the assumption of personal attitudes commonly associated with home owning such as thrift, personal responsibility, and civic engagement.

By 2004, the historical highpoint for the homeownership rate, nearly 70% of American households owned their own homes. Hispanic rates of homeownership grew most quickly, followed by that of blacks. The homeownership gap persisted, but by 2005, 49% of blacks and 50% of Hispanics owned homes, up from 43% and 42% respectively just a decade earlier.

By 2007, however, it was becoming clear that a poorly regulated mortgage industry and inflated price expectations had exposed U.S. homeowners to significantly greater risks than at any time since World War II. In particular, homeowners with more recent loans, a higher proportion of whom were lower income and minorities, had larger mortgages (due to inflated prices or valuations near the height of the bubble), smaller equity cushions and more costly payments and terms, making them highly vulnerable to foreclosure due to falling incomes and home prices. If the sales price of a home falls below the loan amount, the chances of foreclosure are greatly increased.

As the bursting housing bubble led to a widening economic crisis in 2008 and 2009, unemployment grew rapidly and more and more homeowners found themselves facing foreclosure. Though the situation stabilized in 2010, it did not substantially improve. The gains made in homeownership in these years have proven unsustainable. The number of renter households grew by 4.5 million households between the last quarter of 2004, the low point for renting during the homeownership boom, and the fourth quarter of 2010. During the same period the number of owner-occupied households increased by just 399,000. By the final quarter of 2010 the higher homeownership rates seen among minorities had dropped to 45% among blacks and 47% among Hispanics. The nation's homeownership rate declined to 66% from its high of 69%.

In this environment, many of the assumptions underlying the push for nearly universal homeownership have been revealed to be flawed. While the boom allowed policy makers to focus on the positives of owning versus renting, the bust has emphasized many of the inherent risks, which were magnified by flawed and often criminal mortgage practices. The Fannie Mae National Housing Survey indicates that while Americans continue to strongly favor homeownership, they now view it as a more complicated and qualified proposition. In a survey conducted at the end of 2010, 64% of Americans felt a home was a safe investment, down from 83% in 2003.

Programs Summary

Despite the foreclosure crisis, federal policy is still heavily slanted in favor of homeownership, with approximately \$230 billion of the government resources allocated to programs that promote homeownership as opposed to \$60 billion allocated to the rental sector. (The rental housing dollars include a portion of the HUD budget, as well as rental housing programs at USDA and the Low Income Housing Tax Credit program.)

While some federal policies have addressed the problems of renters, the majority continue to focus on homeowners. Of the many current federal programs and policies that seek to promote homeownership, most provide low-cost, guaranteed financing. Some provide liquidity to housing markets to further reduce the cost and variability of financing and to facilitate the resale of homes. A few programs directly subsidize production of affordable for-sale homes. Tax policies provide ongoing subsidy for higher income homeowners. HUD programs such as the Community Development Block Grant (CDBG) program can assist homeowners in making repairs. Of these federal programs, only the Section 8 Housing Choice Voucher program can provide ongoing direct assistance to low income homeowners.

A 2009 Congressional Budget Office analysis found that a number of policies and programs that were implemented in response to the foreclosure and credit crises further tip the scales toward homeownership. These include first-time buyer tax credits and support for the mortgage giants Fannie Mae and Freddie Mac.

Mortgage insurance. FHA provides insurance to mortgage lenders. This insurance reduces the lender's risk and allows more people to qualify for mortgages and to purchase homes. The U.S. Department of Agriculture (USDA) and the U.S. Department of Veterans Affairs (VA) also provide federal government-backed mortgage insurance. These programs

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helped establish the 30-year fixed rate mortgage as the predominant form of mortgage in the United States. Recent history gives a sense of the important role government insurance plays in the U.S. homeownership market: in October 2010 HUD reported that FHA had a 16% share of the home purchase market, down from near 22% a year earlier but well above the 4% share immediately before the crash in FY07. The FHA provides a backstop for the market.

Government sponsored enterprises. The structure of the domestic mortgage market is divided into two categories: the primary market and the secondary market. In the primary market, an institution such as a bank or credit union makes a loan directly to a homeowner. A home loan not only represents an immediate risk to the lender, but also, since most loans are paid off over many years, it ties up the money for many years in the future.

On the assumption that a primary lender is more likely to make a loan if it can be reasonably certain that it can sell the loan if it needs to, Congress established Fannie Mae, Freddie Mac, and Ginnie Mae to buy and sell mortgages and thereby facilitate the 'secondary market' for mortgages. Government sponsorship and oversight in the case of Fannie and Freddie implied a government guarantee. With mortgage markets in a free fall in 2008, the federal government stepped in with funds and as conservator to stabilize the finances of Freddie Mac and Fannie Mae, assuming explicit responsibility for them and has begun planning for their future.

Along with helping the secondary market, federal policy has also made capital available to the primary market. The publicly chartered Federal Home Loan Bank (FHLB) system makes loans to its member banks, which in turn originate mortgages. The USDA and VA also provide direct loans.

Tax expenditures. The federal government provides substantial subsidies for homeownership through the tax code. For homeowners who itemize their tax returns, mortgage interest and real estate property taxes can be deducted from the federal income tax liability. Capital gains taxes are waived for up to \$250,000 for an individual and \$500,000 for a couple on profit received from the sale of a home.

Estimated by the Office of Management and Budget, tax expenditures for homeowners are worth more than \$210 billion in FY12, costing the federal Treasury more than three times the cost of direct outlays for low income housing assistance (\$41 billion in FY10). While the purpose of these deductions is popularly considered to be increasing homeownership, there is a general consensus among economists that in design and practice the largest of these policies, the deduction of interest on a homeowner's mortgage paid to banks, is ineffective in achieving this goal. The Mortgage Interest Deduction (MID) in particular is cited as a policy that provides the most benefit to higher income households, and therefore does more to increase housing consumption among homeowners than it does to increase the number of homeowners.

Further tax advantages for homeowners. Congress included a first-time home buyer tax credit in the American Recovery and Reinvestment Act of 2009 (ARRA; commonly referred to as 'the stimulus bill') in order to encourage home buying during the recession. First-time homebuyers with incomes up to \$150,000 for a couple (\$75,000 for an individual) who purchased their homes between April and December 2009 received a tax credit of \$8,000, thereby reducing their federal tax liability for 2009 by that amount. In November 2009, the Congressional Budget Office estimated the program would cost \$14 billion that year. Before the program could expire, Congress extended the program until June 2010, added a new tax credit of \$6,500 for 'move-up' buyers, and increased the income limits to \$225,000 for couples and \$125,000 for individuals.

Other federal programs. A first-time home buyer may withdraw, without penalties, money from a tax-free individual retirement account for a downpayment. Additionally, through the support of the federal tax system, state housing agencies issue mortgage revenue bonds and mortgage credit certificates to subsidize first-time homebuyers with low and moderate incomes. Many other federal programs that are not exclusive to homeownership nonetheless also support the federal homeownership expansion agenda, including the HOME Investment Partnerships Program, the Community Development Block Grant (CDBG) program, the Self-Help Homeownership Opportunity Program (SHOP), the Rural Housing Service, Native American Housing, Family Self-Sufficiency (FSS), and Individual Development Accounts. Even Housing Choice Vouchers (Section 8 vouchers), the foundation of federal rental assistance, can now be applied to monthly mortgage payments. Federal housing counseling funds are most often used for homeownership counseling, including foreclosure avoidance. CDBG funds are used in many communities to maintain the homes of the elderly and

others unable to afford or perform maintenance. The Federal Home Loan Banks are also required to operate Affordable Housing Programs, which have historically invested significantly in encouraging homeownership

New federal assistance for homeowners in foreclosure crisis. Public policy in the foreclosure crisis has directed billions of federal dollars into trying to prevent foreclosure and modify loans including the Making Home Affordable initiative and the Home Affordable Modification Program. The cost and effectiveness of these programs has been under scrutiny and on March 3, the House Committee on Financial Services voted along party lines to terminate the FHA refinance program and the Emergency Mortgage Relief Program, two assistance programs for homeowners having trouble making their mortgage payments. The FHA refinance program writes down the mortgages of FHA-insured homeowners Troubled Asset Relief Program (TARP) funds to cover a share of the lenders' losses. The emergency homeowner loan program provides loans to people who have experienced significant reductions in income and are at risk of foreclosure due to involuntary unemployment, underemployment or a medical condition. These loans are intended to help distressed homeowners keep current on their mortgages. The program was authorized by the 2010 Dodd-Frank Wall Street Reform Act and HUD and has yet to provide assistance. Additional bills were introduced to terminate HAMP.

More fundamentally, when Fannie Mae and Freddie Mac were placed under government conservatorship in October 2008 in order to help cover the reported losses on loan guarantees, the subsidy to these institutions not only became explicit, it also increased. Through September 2009, the federal government has spent \$96 billion on cash infusions to Fannie and Freddie to help cover these losses. Placing Fannie and Freddie under government conservatorship means that they are essentially assuming the risks on the mortgages they buy and the securities they guarantee. CBO recently estimated that the subsidy costs of new Fannie Mae and Freddie Mac credit activities in 2009 equal \$43 billion.

Programs to encourage renting. Unlike homeownership, no public policies expressly promote renting as a preferred form of tenure for any group of households. While there are several policies and programs that help low income renters, explicitly or implicitly, these programs are seen as providing housing of last resort, bottom rungs of a housing ladder that should see households one day move towards homeownership through the programs mentioned above. Programs for renters include the HUD programs: Housing Choice Vouchers, Project Based Rental Assistance, Public Housing, Housing Opportunities for Persons with AIDS, Housing for the Elderly (Section 202), Housing for Persons with Disabilities (Section 811), Fair Housing and Equal Opportunity. The U.S. Department of Agriculture administers the Section 515 Housing Direct; Section 538 Rental Housing Guarantee, Section 521 Rental Assistance, Section 542 Rural Housing Voucher, and Farm Laborer Housing (Section 514 and 516) programs.

What Advocates Need to Know Now

Advocates need to be able to see the forest for the trees. The collapse of the U.S. housing system and the foreclosure crisis required stop gap measures to shore up existing programs, minimize the damage to households, and maintain credit. While individual and existing programs will continue to need attention, and cost cutting may threaten good homeownership as well as rental programs, advocates should also devote some of their energies to shifting the focus to fundamental reform of the housing system in this country to enable all Americans to have safe and affordable housing, whether they own or rent their homes or something in between. The major vehicle to advocate for this change will be efforts to reform Fannie Mae and Freddie Mac. As the recent Treasury and HUD report to Congress stated, "going forward, the government's primary role should be limited to robust oversight, targeted assistance for low-and moderate income homeowners and renters, and carefully designed support for market stability and crisis response." In this light, the report foresees "a renewed commitment to affordable rental housing" through FHA's capacity to support lending, fair lending, and dedicated funding for the National Housing Trust Fund.

What to Say to Legislators

- Housing policy must focus on providing safe, decent, affordable housing to those most in need, irrespective of the tenure situation or choice.
- Budget reform requires tax expenditure reform. The Mortgage Interest Deduction should be reformed to provide more needed housing assistance and save money.
- Programs to provide stable and affordable rental housing are likely the best way to responsibly encourage and build the foundation for households choosing homeownership.
- Foreclosure assistance should not be limited to homeowners, but should be distributed among renters as well.

Balanced Housing Policy

- Rental housing is an important element in plans to stabilize neighborhoods and families in the wake of the foreclosure crisis.
- Congress should capitalize the National Housing Trust Fund and fund 2 million additional Housing Choice Vouchers.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Center for Economic and Policy Research · 202-293-5380 · www.cepr.net/
(Research and opinion on the choice between renting and owning)

Congressional Budget Office · (202) 226-2602 · www.cbo.gov
(Look for the report, An Overview of Federal Support for Housing at: www.cbo.gov/ftpdocs/105xx/doc10525/HousingPrograms.1.1.shtml)

Reforming America's Housing Finance Market: A report to Congress at: www.treasury.gov/initiatives/Documents/Reforming%20America%27s%20Housing%20Finance%20Market.pdf

See also: *Mortgage Interest Deduction, Fair Housing Programs, Foreclosure Intervention: Protecting Homeowners, Foreclosure Intervention: Protecting Renters, Fannie Mae and Freddie Mac, Federal Housing Administration, The Federal Home Loan Banks.*

Capital Magnet Fund

By Corey Carlisle, Director of Federal Policy and Government Affairs, Low Income Investment Fund

The Capital Magnet Fund (CMF) was established as a permanent trust fund in the Housing and Economic Recovery Act of 2008 (HERA), and provides a source of funding for community development financial institutions (CDFIs) and nonprofit housing developers to finance affordable housing for extremely low income, very low income, and low income families. In addition, the CMF can be used to provide economic development funding in support of affordable housing. Moving forward, the Administration should seek to preserve the CMF within the housing finance reform debate and continue funding the program in the interim.

History

The CMF was enacted as part of the Housing and Economic Recovery Act of 2008. As originally envisioned, the CMF would have received funding through contributions from Fannie Mae and Freddie Mac. However, in the fall of 2008, trouble in the housing and credit markets led Fannie Mae and Freddie Mac's regulator to place them in conservatorship and their obligation to contribute to the CMF and to the National Housing Trust Fund (NHTF) was suspended. The legislation creating the CMF also allowed it to be capitalized through regular appropriations, which was proposed by the Obama Administration in FY10 and endorsed by Congress with an appropriation of \$80 million.

During the FY10 round of the CMF, the CDFI Fund received applications requesting over \$1 billion in grants from organizations serving 49 states, the District of Columbia, and Puerto Rico. On average, applicants proposed leveraging their awards by a factor of over 20 times their award request, far exceeding the 10 to 1 leverage target set by Congress. In October 2010, the CDFI Fund announced the inaugural CMF awardees. Out of 230 applicants, 23 organizations received awards.

Program Summary

The CMF is administered by the Community Development Financial Institutions (CDFI) Fund at the U. S. Department of the Treasury, and was established to carry out a competitive grant program to attract private capital for and increase investment in the development, preservation, rehabilitation, or purchase of affordable housing for low income families. Eligible recipients are Treasury-certified CDFIs or nonprofit organizations that have as at least one of their purposes the development or management of affordable housing.

Grants awarded through the CMF attract private capital and increase investment in affordable housing projects, both homeownership and rental. Unlike other federal programs such as HOME, the CMF is not a block grant or project-based program. The program capitalizes on what the community development industry does best, which is to leverage a small federal investment with private funding. The new program requires grantees to leverage the initial federal investment by at least 10 to 1. For example, last year's awards are anticipated to leverage the \$80 million of CMF award dollars to support in excess of \$800 million investment in affordable housing and related economic development.

In order to leverage funds, CMF dollars may be used to provide loan loss reserves, to capitalize a revolving loan fund or an affordable housing fund, or for risk-sharing loans. The CMF can also be used to finance economic development activities or community service facilities, such as day care centers, workforce development centers, and health care clinics, which in conjunction with affordable housing activities implement a concerted strategy to stabilize or revitalize low income or underserved rural areas.

Applications for the competitive grants are required to include a detailed description of the types of affordable housing and economic and community revitalization projects for which the entity would use the grant, and the anticipated time frame in which they intend to use it.

No institution can be awarded more than 15% of all capital magnet funds available for grants in a given year, and those receiving grants must spend the funds within two years of the date they were received.

Capital Magnet Fund

Prohibited uses include political activities, advocacy, lobbying, counseling services, travel expenses, and endorsement of a particular candidate or party. Each grantee must track its funds by issuing periodic financial and project reporting and by fulfilling audit requirements.

The Secretary must submit a periodic report to the Senate Committee on Banking, Housing, and Urban Affairs and the House Committee on Financial Services describing the activities for which these funds are being used.

Funding

The CMF's initial funding source was to be a percentage of new business for Fannie Mae and Freddie Mac; however, these assessments have been suspended due to the government sponsored enterprises' (GSEs) current financial conditions. Should Freddie Mac and Fannie Mac stabilize and the regulator again allows contributions, funding will be based on a percentage of each company's annual new business. Twenty-five percent of each company's annual new business must go to a reserve fund at the Treasury to offset federal revenue losses. The remaining 75% of the funds will be divided between the CMF, which receives 35%, and the National Housing Trust Fund (NHTF), which takes the other 65%.

As was the case in FY10, if authorized by Congress, the CMF is also able to collect funding from other dedicated revenue sources or receive appropriated funds.

What Advocates Need to Know Now

The CMF was designed to use a small government subsidy as a magnet to attract much larger amounts of private capital to support affordable housing and community development. The overwhelming interest from applicants in the first round of funding demonstrates the appeal of this capital magnet model for expanding the nation's supply of affordable housing in a cost-effective manner. Reliable sources of funding for the CMF must be identified so that the program's promise will be realized.

Unless or until the GSEs can fulfill their obligation to the CMF, we urge the Administration and Congress to include a mechanism for directing resources to the CMF in the recommendations they propose for the reform of the nation's housing finance system. Furthermore, as the debate on housing finance reform may be lengthy, advocates are urging the Administration to recommend an appropriation of at least \$80 million for the CMF program in the FY12 budget for the CDFI Fund as an interim step until a more permanent source of funding is determined.

Tips for Local Success

The CMF represents a significant source of capital to support affordable housing and related community economic development. With \$80 million awarded to CDFIs and affordable housing nonprofits last year, it will be important for advocates to highlight the local impact of this program with policymakers.

For More Information

The CDFI Fund · 202-622-6355 · www.cdfifund.gov

Opportunity Finance Network · 215-923-4754 · www.opportunityfinance.net

Community Development Block Grant Program

By Ed Gramlich, Regulatory Director, National Low Income Housing Coalition

The Community Development Block Grant (CDBG) program is a federal program aimed at creating viable communities by providing funds to improve housing, the living environment and economic opportunities, principally for persons with low and moderate incomes. At least 70% of the CDBG funds received by a jurisdiction must be spent to benefit people with low and moderate incomes.

The CDBG program is administered by HUD's Office of Community Planning and Development (CPD).

History

The CDBG program was established under Title I of the Housing and Community Development Act of 1974, which combined several existing programs (such as Urban Renewal and Model Cities) into one block grant. This change was designed to provide greater flexibility in the use of federal dollars.

Program Summary

The primary objective of the CDBG program is to create viable communities by providing funds to improve housing, the living environment and economic opportunities principally for persons with low and moderate incomes.

Eligible activities. CDBG funds can be used for a wide array of activities, including housing rehabilitation (such as loans and grants to homeowners, landlords, nonprofits and developers); new housing construction by certain neighborhood-based nonprofits; downpayment assistance and other help for first-time home buyers; lead-based paint detection and removal; purchasing land and buildings; constructing or rehabilitating public facilities such as shelters for people experiencing homelessness or victims of domestic violence; making buildings accessible to those who are elderly or disabled; public services such as job training, transportation, healthcare and child care (public services are capped at 15% of a jurisdiction's CDBG funds); capacity building for nonprofits; rehabilitating commercial or industrial buildings; and loans or grants to businesses.

Formula allocation. The program's emphasis on people with low incomes is reinforced by the formulas that determine how much money each entitlement jurisdiction and state receives. The formulas are based on factors heavily weighted by the degree of poverty and indicators of poor housing conditions in a jurisdiction. Seventy percent of each annual appropriation is automatically distributed to cities with more than 50,000 in population and counties with more than 200,000. These are called entitlement jurisdictions. The remaining 30% goes to states for distribution to their small towns and rural counties.

Beneficiaries. At least 70% of the CDBG funds received by a jurisdiction must be spent to benefit people with low and moderate incomes. The remaining 30% can also benefit people with lower incomes, or it can be used to aid in the prevention or elimination of slums and blight (often used by local governments to justify downtown beautification) or to meet an urgent need such as hurricane, earthquake or flood relief.

'Low and moderate income' is defined as household income below 80% of the area median income (AMI), which can be quite high. For instance, in Cincinnati 80% of AMI was \$55,600 in 2010. AMI in some jurisdictions is so high (e.g. the AMI in the Lowell, MA, metro area was \$88,600 in 2010) that HUD caps the qualifying household income at the national median income, which was \$64,400 for a four-person household in 2010.

A CDBG activity is counted as benefiting people with low and moderate incomes if it meets one of four tests:

- (1) **Housing Benefit.** If funds are spent to improve a single-family home, the home must be occupied by a low or moderate income household. In multifamily buildings, at least 51% of the units must be occupied by low or moderate income households. In addition, the housing must be affordable, as defined by the jurisdiction. In recent years, about 26% of CDBG funds have been used for some type of housing program, which is a decline from 35% in previous decades.
- (2) **Area Benefit.** Some CDBG-eligible projects, such as road and park improvements, can be used by anyone. To judge whether such a project primarily benefits people with lower incomes, HUD looks at its service area. If 51%

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of the residents in the activity's service area are people with lower income, then HUD assumes people with lower incomes benefit. The regulations provide several ways to challenge that assumption. The primary challenge is to show that the full range of direct effects of the activity do not benefit people with lower income.

- (3) **Limited Clientele.** A service or facility assisted with CDBG funds must be designed so that at least 51% of its users have lower incomes. The three most common ways to meet this test are to (i) limit participation to people with lower income, (ii) show that at least 51% of the beneficiaries are lower income, or (iii) serve a population that HUD presumes is lower income, including abused children, domestic violence victims, people with disabilities, illiterate individuals, migrant farm workers and seniors. Advocates can challenge a presumed benefit claim if an activity does not really benefit people with low income.
- (4) **Job Creation or Retention.** If job creation or retention is used to justify spending CDBG money, then at least 51% of the resulting jobs on a full-time-equivalent basis must be filled by or be available to people with lower incomes. 'Available to' means either the job does not require special skills or a particular level of schooling, or the business agrees to hire and train people with lower income. Those with lower income must receive first consideration for the jobs.

Public participation. Every jurisdiction must have a public participation plan that describes how the jurisdiction will provide for and encourage involvement by people with lower incomes. Public hearings are required at all stages of the CDBG process. Hearings must give residents a chance to articulate community needs, review the proposed uses of CDBG funds and comment on the past uses of these funds. There must be adequate public notice to people who are likely to be affected by CDBG-funded projects, and people must be given reasonable and timely access to information. In particular, advocates should get a copy of the draft Annual Action Plan (for more information see the Consolidated Plan chapter) and the latest Grantee Performance Report (GPR). Many jurisdictions will try to deny the public copies of the GPR; it must be made available. The GPR also goes by the name 'IDIS Report C04PR03.'

Funding. The President's FY12 budget proposes \$3.684 billion for the CDBG formula program, a 7.5% (\$299 million) reduction from the amount appropriated in FY10. Unlike previous years there is no stated intent to revise the allocation formula.

What Advocates Need to Know Now

Both the Obama Administration and some members of Congress have discussed their interest in making changes to the program to ensure that it more effectively serves low and moderate income people. However, no proposed legislative changes have been introduced.

Tips for Local Success

Because only 70% of CDBG funds have to benefit people with low or moderate incomes and because all of the funding could benefit people with moderate incomes, many of the lowest income households never benefit from the program. Locally, people can organize to get 100% of a jurisdiction's CDBG dollars to be used for activities that benefit people with lower incomes and can strive to have more of the dollars used to benefit people with extremely low incomes.

The public participation process can be used to organize and advocate for more CDBG dollars to be used for the kinds of projects people with lower incomes really want in their neighborhoods, and then to monitor how funds are actually spent. To do this, advocates should obtain and study the jurisdiction's Annual Action Plan, which lists how a jurisdiction plans to spend CDBG funds in the upcoming year, and the Grantee Performance Report (C04PR03), which lists how CDBG money was spent in the previous year. These documents must be available to the public from the staff in charge of CDBG in local jurisdictions.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

HUD's Entitlement Cities Division · 202-708-1577 · www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm

HUD's States and Small Cities Division · 202-708-1322 · www.hud.gov/offices/cpd/communitydevelopment/programs/stateadmin/index.cfm

Community Development Financial Institutions Fund

By Corey Carlisle, Director of Federal Policy and Government Affairs, Low Income Investment Fund

The Community Development Financial Institutions (CDFI) Fund is comprised of six programs designed to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States.

The CDFI Fund is housed in the Department of Treasury.

History

The CDFI Fund was authorized by the Riegle Community Development Banking and Financial Institutions Act of 1994.

Program Summary

Community Development Financial Institutions, or CDFIs, are specialized private sector financial institutions that serve economically disadvantaged communities and consumers. CDFIs assume many different forms, including banks, community development corporations, credit unions, loan funds, venture capital funds, and microenterprise loan funds.

United by a primary mission of community development, CDFIs work where conventional financial institutions do not by providing financial services along with financial education and technical assistance to help alleviate poverty for economically disadvantaged people and communities. CDFIs offer responsible alternatives to predatory lenders, providing necessary services at a fraction of the cost. CDFIs implement capital-led strategies to fight poverty and to tackle tough economic infrastructure issues such as quality affordable housing, job creation, wealth building, financial literacy and education, and microenterprise development and training.

CDFIs also provide basic financial services to the unbanked. CDFI customers include small business owners, nonprofits, affordable housing developers, and low income individuals. Nearly 70% of CDFI customers are low income persons, 59% are racial minorities, and 52% are women. CDFIs operate in all 50 states and the District of Columbia.

Programs. The CDFI Fund currently operates six programs designed both to build the capacity of CDFIs and increase private investment in distressed communities nationwide. These programs are: (1) The CDFI Program, (2) The Native Initiatives Program, (3) The Bank Enterprise Award Program, (4) The New Markets Tax Credit Program, (5) The Capital Magnet Fund Program, and (6) The Financial Education and Counseling Pilot Program. The CDFI Fund is the largest single source of funding for CDFIs and plays an important role in attracting and securing non-federal funds for CDFIs.

The CDFI Fund is unique among federal programs because it takes an entrepreneurial approach to the programming, funding, and strengthening of institutions rather than specific projects. CDFIs match the federal investment from the CDFI Fund multiple times over with private money, using these funds to revitalize communities through investment in affordable housing, small businesses, and community facilities, and by providing retail financial services to low income populations.

CDFI Program. The CDFI Program is comprised of two components: Financial Assistance (FA) and Technical Assistance (TA). Through these two components, the CDFI Program provides loans, equity investments, and grants to CDFIs to support their capitalization and capacity building, enhancing their ability to create community development opportunities in underserved markets. CDFIs compete for federal support based on their business plans, market analyses, and performance goals.

FA awards are for established, certified CDFIs and are used for economic development, affordable housing, and community development financial services. FA awards must be matched at least one to one with non-federal funds. TA awards are for start-up or existing CDFIs and are used to build capacity to serve their target market through the acquisition of goods and services such as consulting services, technology purchases, and staff or board training. The FY11 funding level for this program is \$135 million.

Native Initiatives Program (NACA). The NACA Program provides technical assistance and financial assistance to CDFIs serving Native American populations. NACA supports CDFIs' expansion of access to capital and financial services in Native

Community Development Financial Institutions Fund

American communities nationwide. The NACA Program also includes investments in training and resource materials to help Native American organizations and other entities implement and sustain Individual Development Account (IDA) matched savings programs. The CDFI Fund began awarding technical assistance grants to Native American CDFIs in FY02, then added financial assistance in FY04. The FY11 funding level for this program is \$12 million.

Bank Enterprise Award Program (BEA). The BEA Program was created in 1994 to support FDIC-insured financial institutions around the country that are dedicated to financing and supporting community and economic development activities. The BEA Program complements the community development activities of insured depository institutions (i.e., banks and thrifts) by providing financial incentives to expand investments in CDFIs and to increase lending, investment, and service activities within economically distressed communities. Providing monetary awards for increasing community development activities leverages the Fund's dollars and puts more capital to work in distressed communities throughout the nation. The FY10 funding level for this program was \$25 million; however, the Administration did not request any additional funding for FY11.

New Markets Tax Credit Program (NMTC). Congress established the New Markets Tax Credit (NMTC) program as part of the Community Renewal Tax Relief Act of 2001 to encourage investors to make investments in low income communities that traditionally lack access to capital. Conventional access to credit and investment capital for developing small businesses, retaining jobs, and revitalizing neighborhoods is often limited in economically distressed communities or in communities with large low income populations. The NMTC provides investors (financial institutions, corporations, etc.) with a tax credit for investing in a Community Development Entity (CDE) that, in turn, reinvests the funds in qualified low income communities. CDEs are domestic partnerships or corporations with a primary mission of serving or providing investment capital for low income communities or low income persons. CDEs use capital derived from the tax credits to make loans to or investments in businesses and projects in low income areas.

The NMTC program is administered by the CDFI Fund, which allocates tax credit authority—the amount of investment for which investors can claim a tax credit—to CDEs that apply for and obtain allocations. To date, the CDFI Fund has made 495 awards totaling \$26 billion in allocation authority. Under the current statute, the NMTC expires at the end of each calendar year, unless Congress acts to extend the program. Awards of \$3.5 billion were made available in 2010 and 2011, for a total of \$7 billion.

Capital Magnet Fund Program (CMF). Created through the Housing and Economic Recovery Act (HERA) of 2008, the CMF is one of the newest CDFI programs. Through the CMF, the CDFI Fund will provide competitively awarded grants to CDFIs and qualified nonprofit housing organizations to finance affordable housing and related community development projects. HERA allowed the CMF to be capitalized with “any amounts as are or may be appropriated, transferred, or credited to such Fund under any other provisions of law.” To that end, in FY10, the Obama Administration's budget proposal recommended that the CMF receive \$80 million and Congress endorsed the Administration's proposal by appropriating this amount. The Administration did not request additional funding for the CMF in FY11.

Funding

Appropriations for the CDFI Fund in FY10 were \$246.7 million. That figure, combined with the \$100 million appropriated under the American Recovery and Reinvestment Act of 2009 (ARRA), was the largest ever appropriation for the CDFI Fund.

This funding level represents a dramatic turnaround from budgets a few years ago that called for elimination of the CDFI Fund. The Bush Administration demonstrated opposition to the continued existence of the CDFI Fund grant programs, but with broad bipartisan support, the CDFI Fund remained funded, although at lower appropriations levels. Appropriations for the CDFI Fund reached a high of \$118 million in FY01, but had decreased to \$54.5 million in FY07.

Applications for CDFI Fund awards consistently exceed the supply of funds. Since 1996, applicants to the CDFI Program have requested more than four times the amount awarded.

What to Say to Legislators

Advocates should contact Members of Congress, especially members of the Senate and House Appropriations Committees, to encourage support for sustained funding of the CDFI Fund to help meet the demand for financial services and capital in low income communities.

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In addition, advocates should urge Members of Congress to support and cosponsor NMTC reauthorization legislation. Further, advocates are encouraged to promote public policy efforts aimed at strengthening the larger community development finance movement, such as efforts to reform and modernize the Community Reinvestment Act.

CDFIs design innovative products that offer responsible alternatives to predatory lenders, providing homeownership and financial opportunities to underserved individuals and communities. Advocates can play an active role in helping to communicate the positive role of CDFIs in low wealth markets.

For More Information

The CDFI Fund · 202-622-6355 · www.cdfifund.gov

Opportunity Finance Network · 215-923-4754 · www.opportunityfinance.net

Find local CDFIs at: www.cdfi.org/index.php?page=info-4

See also: *Capital Magnet Fund*, *Community Reinvestment Act*.

Community Reinvestment Act

By Josh Silver, Vice President of Research and Policy, National Community Reinvestment Coalition

The Community Reinvestment Act (CRA) affirms that banks have continuing and affirmative responsibilities to meet the credit needs of low and moderate income (LMI) neighborhoods in a manner consistent with safety and soundness. The 110th Congress considered updating this critical law to strengthen CRA as applied to banks and expand CRA to non-bank financial institutions. The federal bank regulatory agencies are also considering revisions to the CRA regulations and are expected to propose changes this year.

Four bank regulatory agencies are responsible for ensuring that banks and savings and loan institutions comply with CRA regulations: the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS). The OTS will cease to exist in July of 2011; its responsibilities will be assumed by the OCC.

History and Purpose

Congress passed the Community Reinvestment Act in 1977, at a time when many banks and other financial institutions would routinely 'redline' communities, refusing to invest in them or to extend credit to their residents. Since its enactment, CRA has been the main law for increasing the flow of private capital and expanding access to banking services in minority and low and moderate income (LMI) communities.

Program Summary

CRA examinations. CRA directs the four federal bank regulatory agencies to evaluate the extent to which banks and savings institutions are meeting local credit needs. The federal agencies also consider banks' CRA records when ruling on merger applications. A weak CRA record may be grounds for denying a merger application. While denials are rare, federal agencies occasionally approve the merger application subject to specific pledges to improve CRA and fair lending performance.

Under the CRA, large banks and saving institutions with assets over \$1 billion are evaluated by three tests that measure performance in LMI communities: the lending test, the investment test, and the service test. The lending test evaluates a bank's record of meeting credit needs of its community or assessment area(s) through home mortgage, small business, and small farm lending, as well as financing of community development projects such as the construction of rental units. The investment test evaluates the number and responsiveness of investments including Low Income Housing Tax Credits and equity investments in small businesses. The service test evaluates the availability and effectiveness of bank branches, basic banking services such as low-cost deposit accounts, and community development services in LMI communities.

Mid-size banks with assets between \$250 million and \$1 billion have a lending test and a community development test that combines elements of the large bank investment and service test. Finally, small banks with assets less than \$250 million have a streamlined lending test only.

A bank or thrift with assets greater than \$250 million undergoes a CRA exam about once every two years. Small banks with assets less than \$250 million are examined about once every four or five years.

CRA exams give one of four ratings: Outstanding, Satisfactory, Needs-to-Improve, or Substantial Noncompliance. The last two ratings are considered failing ratings. On a state or metropolitan level, a bank can also receive a Low or High Satisfactory rating. Even a passing rating, such as Satisfactory or Low Satisfactory on a state level, can motivate a bank to do better and strive for an Outstanding rating since ratings influence banks' public relations and business strategies. For example, banks compete to receive deposits from state and local government agencies; having an Outstanding CRA rating helps a bank win substantial business from public agencies interested in promoting neighborhood revitalization. Community groups' comments can influence ratings and therefore motivate banks to bolster their performance.

CRA exams are available to the public and can be obtained online via www.ffiec.gov. The general public is encouraged to comment on CRA exams and the federal agencies post lists every quarter of upcoming CRA exams. In addition, community organizations and members of the general public can comment on bank merger applications being reviewed by the federal regulatory agencies.

Each of the four agencies enforcing CRA provides links to the CRA regulation for download. In addition, the regulatory agencies in combination publish an Interagency Question and Answer on CRA detailing how banks are to report data, CRA exam criteria, and how specific types of bank loans, investments, and services can qualify for points on CRA exams.

Results. Because it holds lenders publicly accountable and empowers citizens and communities to engage in the regulatory process, CRA has been effective in increasing access to credit and capital for traditionally underserved communities.

CRA agreements are bank commitments to make specific numbers and dollar amounts of loans, investments, and services in minority and LMI communities over a specified time period. The National Community Reinvestment Coalition (NCRC) calculates that since 1977 community groups and banks have negotiated more than \$6 trillion in CRA agreements.

The Treasury Department found that CRA-covered lenders increased their home mortgage loans to LMI areas and borrowers by 39% from 1993 to 1998, more than twice the increase (of 17%) to middle and upper income borrowers and areas. Moreover, since 1996, banks have made community development loans totaling more than \$480 billion. They also made small business loans of more than \$640 billion in LMI neighborhoods from 1996 through 2008.

The Federal Reserve has demonstrated that CRA-covered banks are less likely to issue high-cost and risky loans than independent mortgage companies not covered by CRA. In fact, the Federal Reserve found that only 6% of all high-cost loans issued by banks went to LMI borrowers and neighborhoods and were considered on bank CRA exams. The great majority of high-cost loans were issued by independent mortgage companies not covered by CRA. CRA exams encourage safe and sound lending by penalizing banks for illegal and abusive loans and awarding banks for counseling and foreclosure prevention. If non-bank lenders had gone through similar exams, they would have made fewer abusive loans, meaning that the foreclosure crisis would have been less severe.

What Advocates Need to Know Now

CRA modernization. Representatives Eddie Bernice Johnson (D-TX) and Luis Gutierrez (D-IL) introduced H.R. 1479, the Community Reinvestment Modernization Act of 2009, in March of 2009. With 60 co-sponsors, this was a comprehensive bill strengthening CRA as applied to banks and applying CRA to a variety of non-bank institutions.

One important way to strengthen CRA as applied to banks is by expanding the geographical coverage of CRA exams. H.R. 1479 would ensure that the great majority of loans issued by banks are scrutinized on CRA exams. The bill would require CRA exams to evaluate an institution's lending in geographical areas where they provide loans through brokers, correspondents, or through the internet. Presently, institutions are evaluated only in areas where they have bank branches. Examining a broad range of geographical areas is important because research has shown that banks make more prime, responsible loans to LMI borrowers in geographical areas on CRA exams than in areas not on exams.

Towards the end of the 111th Congress, Mr. Gutierrez, Representative Maxine Waters (D-CA), Representative Al Green (D-TX), and Ms. Johnson introduced H.R. 6334, the American Community Investment Reform Act of 2010. Like H.R. 1479, H.R. 6334 would also apply CRA to a variety of non-bank institutions including independent mortgage companies, mortgage company affiliates of banks, and securities firms. If these non-bank institutions had been subject to CRA requirements sooner, the foreclosure crisis would have been less severe because CRA requires institutions to serve communities in a manner consistent with safety and soundness. In addition, applying CRA to a large segment of the financial industry would increase responsible lending and investing in communities by hundreds of billions of dollars.

Under H.R. 6334, institutions also would be penalized with lower ratings for offering products that were unfair, deceptive, or abusive. CRA grading would be made more rigorous by the introduction of a fifth rating, by requiring a

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bank to apply if it wished to receive the top rating of Outstanding, and by providing the opportunity for the general public to review and comment upon preliminary exams, whereas currently, only banks have the opportunity to comment upon preliminary exams before an exam is finalized.

Tips for Local Success

Use CRA in your work. CRA is vital to promoting safe and sound lending and investing in communities. Community organizations are encouraged to comment on CRA exams and merger applications. These comments should describe the local credit and banking service needs and whether banks are meeting those needs. Additionally, organizations should establish and expand upon dialogues with CRA officers at banks in their service areas to see how banks can increase their support of affordable housing.

Supporters of this law should promote CRA in letters to the editor or opinion pieces in their local papers. They should also affirm the value of CRA for foreclosure prevention, affordable housing, and economic development during town hall meetings or other public events in their communities.

NCRC has developed a toolkit in support of CRA, available at: www.ncrc.org. It includes a comprehensive overview of CRA, its impact on communities, and an update of legislative developments affecting CRA.

What to Say to Legislators

Call your Members of Congress and ask to speak to the person who deals with banking or housing policy with the message that strengthening the Community Reinvestment Act is vital to continued wealth building, housing and economic development in our neighborhoods. CRA serves as an antidote to foreclosures by requiring safe and sound lending and investing.

During the 112th Congress, your Member should:

- Oppose bills that would weaken or repeal CRA. Representative Jeb Hensarling, Vice Chairman of the House Financial Services Committee, introduced a bill in the 111th Congress that would repeal CRA. Expect similar bills in the 112th Congress from opponents of CRA.
- Support bills that update CRA. We expect bills similar to H.R. 1479 and H.R. 6334 to be reintroduced in the 112th Congress.

What to Say to Regulators

During the 112th Congress, it is also likely that the federal bank agencies will propose regulatory changes to CRA. The agencies held hearings in the summer of 2010 on possible changes to CRA and are in the process of drafting a proposed rule that is expected to be released this year for public comment. We expect them to address the geographical coverage of CRA exams, the components of CRA exams, and how exams consider community needs and data on housing and economic conditions. When the rule is proposed, the agencies will conduct a 60 to 90 day comment period. NCRC will provide sample statements and technical assistance to community organizations to help them prepare comments.

For More Information

National Community Reinvestment Coalition · 202-628-8866 · www.ncrc.org

For CRA exam results: www.ffiec.gov.

Consolidated Plan

By Ed Gramlich, Regulatory Director, National Low Income Housing Coalition

The Consolidated Plan, popularly called the ConPlan, merges into one process and one document all the planning and application requirements of four HUD block grants: Community Development Block Grants (CDBG), HOME Investment Partnership, Emergency Shelter Grants (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) grants. States, large cities, and urban counties that receive any of these grants must have a ConPlan. In addition, Public Housing Authority Plans (PHA) Plans must be consistent with the ConPlan. The ConPlan is a tool advocates can use to influence how federal housing and community development dollars are spent in their communities.

The ConPlan process is guided by HUD's Office of Community Planning and Development (CPD).

History

The statutory basis for the ConPlan is the Comprehensive Housing Affordability Strategy (CHAS), a provision of the Cranston-Gonzalez National Affordable Housing Act of 1990. The CHAS established a state and local planning process that determined housing needs and assigned priorities to those needs. In order to receive CDBG, HOME, ESG or HOPWA dollars, jurisdictions had to have a CHAS. In 1995, HUD amended the CHAS regulations to create the ConPlan; there is no ConPlan statute.

The ConPlan regulations interwove the planning, application and performance reporting processes of the four block grants and the CHAS, resulting in one long-term plan (the ConPlan's Strategic Plan), one 'application' document (the Annual Action Plan) and one set of performance reports (the Consolidated Annual Performance and Evaluation Report (CAPER), which includes CDBG's Grantee Performance Report or GPR).

Summary

Jurisdictions develop ConPlans at least once every five years in the form of the long-term Strategic Plan, and must update them annually in the Annual Action Plan.

There are seven key elements of the ConPlan.

(1) Housing and community development needs. The ConPlan must estimate housing needs for the upcoming five years. It must also describe "priority non-housing community development needs." HUD's regulations say the needs in the ConPlan should reflect the public participation process and the ideas of social service agencies, and those needs "shall be based on any other reliable source." NLIHC's *Out of Reach* and *Congressional District Housing Profiles* are excellent sources of data (available at www.nlihc.org).

The ConPlan must estimate housing needs by:

- Income categories, including households with incomes below 30% of the area median income (AMI), called 'extremely low' income; between 30% and 50% of AMI ('low' income); between 50% and 80% of AMI ('moderate' income); and between 80% and 95% of AMI ('middle' income).
- Family type, including small families (2-4 people); large families (5+); individuals; and elderly households.
- Tenure type (whether the household rents or owns).

The ConPlan must also:

- Estimate the need for public housing and Housing Choice Vouchers (Section 8), referring to waiting lists for those programs.
- Summarize the number of people who have a housing cost burden (pay more than 30% or 50% of their income), live in very poor quality housing, or live in overcrowded housing.
- Estimate the housing needs for persons with HIV/AIDS and for persons with mental or physical disabilities. The ConPlan must show the supportive housing needs of those with physical or mental disabilities.
- Estimate the housing needs of victims of domestic violence.

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- Summarize the nature and extent of homelessness. The need for homeless facilities and services for individuals must be discussed separately from those for families, noting also the needs of those who have some form of shelter and those who do not. The need for facilities and services for homeless sub-populations (for example, those with drug addictions) must be described. The ConPlan must describe the characteristics and needs of people who are housed, but who are threatened with homelessness.

(2) Housing market analysis. The housing market analysis requires a description of key features of the housing market, such as the supply of housing, demand for housing, and the condition and cost of housing. It must show areas where low income people and different races and ethnic groups are concentrated, though this requirement does not apply to state ConPlans.

An inventory of facilities and services for homeless people must be included, with categories for both emergency shelters and transitional housing. A description of facilities and services for people who are not homeless but require supportive housing must be included. The housing stock available to serve people with disabilities and with HIV/AIDS must also be described, except in the case of state plans.

Public housing developments must be identified and the number of public and assisted housing units (e.g., Section 8) must be given. The condition of public and assisted housing and the type of household and income level served must be described.

The ConPlan must describe units currently assisted with federal or state funds that might be lost for any reason such as the end of a Section 8 contract, expiration of an FHA mortgage or demolition or sale of public housing. To the extent that such information is available, the ConPlan should estimate the number of vacant or abandoned buildings and whether they are suitable for rehabilitation.

(3) Strategic Plan. This long-term plan must be done at least every five years. It must present the jurisdiction's specific objectives in measurable terms and estimate a timetable for achieving them. It must show a jurisdiction's priorities for distributing Community Planning and Development (CPD) money (encompassing each of the four block grant programs subject to the ConPlan) among categories of need and various neighborhoods. 'Needs' may refer to types of activities (such as rental rehabilitation) as well as demographic groups (such as extremely low income). The Strategic Plan must explain why a category of need is a priority, especially among the income groups. HUD's Tables 2A and 2B provide a snapshot of what is and is not a priority.

For housing, the regulations add that the Strategic Plan must explain the reasoning behind priority assignments and the proposed use of funds, and how the reasoning relates to the analysis of the housing market, the severity of housing problems, the needs of the various income categories, and the needs of renters versus those of owners. The number of families who will get affordable housing must be shown by the income categories of extremely low, low, and moderate. The Strategic Plan must also describe how the need for public housing will be met.

Priority homeless needs should be shown. There must also be a written strategy for helping people to avoid becoming homeless, reaching out to homeless people to determine their needs, addressing needs for emergency shelter and transitional housing, and helping homeless people make the transition to permanent housing.

(4) Anti-poverty strategy. The law calls for a description of goals, programs, and policies for reducing the number of people with incomes below the poverty level. It also requires a statement of how affordable housing programs will be coordinated with other programs, and the degree to which they will reduce the number of people in poverty.

(5) Lead-based paint. The Strategic Plan must outline actions to find and reduce lead paint hazards.

(6) Fair housing. Each year the jurisdiction must certify that it is 'affirmatively furthering fair housing.' This means that it has an Analysis of Impediments (AI) to fair housing choice, is taking appropriate action to overcome the effects of impediments and keeps records. The AI is not required to be a part of the Strategic Plan or Annual Action Plan. Although HUD's official Fair Housing Planning Guide says an AI "must be completed/updated in accordance with timeframes for the Consolidated Plan," a more recent memorandum (September 2004) says that each jurisdiction "should maintain its AI and update the AI annually where necessary".

(7) Annual Action Plan. The Annual Action Plan must describe the activities the jurisdiction will carry out in the upcoming year, along with the reasons for making these allocation priorities. The activities must address the Strategic Plan's priority needs. The geographic areas that will get assistance in the upcoming year must be indicated, and the Annual Action Plan must give the reasons these areas have priority. Descriptions of uses of CDBG must include enough detail about each activity, including location, that people can determine the degree to which they are affected.

There must be an estimate of the number and type of households that will benefit (this does not apply to states). One-year goals for providing affordable housing to homeless, non-homeless, and special needs households must be provided, along with one-year goals for providing affordable housing through new construction, rehab, acquisition, or rental assistance.

States must describe how they will distribute funds to local governments and nonprofits, and there must be a description of all criteria used to select applications from localities. States must also describe how all CDBG money will be allocated among all funding categories (e.g., housing, economic development, public works, etc.).

The Annual Action Plan must indicate the activities that will be carried out in the upcoming year to address homelessness by meeting emergency shelter needs and transitional housing needs; preventing homelessness, especially for those with incomes below 30% of the median; helping people make the transition to permanent housing and independent living; and meeting the special needs of people who are not homeless but have supportive housing needs.

The five steps of the ConPlan calendar are:

(1) Identify Needs. The CDBG and CHAS laws require a public hearing to gather the public's ideas on housing and community development needs. HUD's regulations require this hearing to take place before a proposed ConPlan is published for comment.

(2) Proposed ConPlan. There must be a notice in the newspaper that a proposed ConPlan is available. Complete copies of the proposed ConPlan must be obtainable in public places such as libraries. A reasonable number of copies of a proposed ConPlan must be provided at no cost. There must be at least one public hearing during the development of the ConPlan (this does not apply to states). The public must have at least 30 days to review and comment on the proposed ConPlan.

(3) Final ConPlan. The jurisdiction must consider the public's comments about the proposed ConPlan, attach a summary of the comments to the final ConPlan, and explain in the final ConPlan why any suggestions were not used. A copy of the final ConPlan must be available to the public.

HUD can disapprove the final ConPlan for several reasons, including failure to follow public participation requirements; failure to satisfy all of the required elements; or an inaccurate certification made by a jurisdiction (for example, failure of a jurisdiction to take appropriate actions to overcome impediments to fair housing).

(4) The Annual Performance Report. In this report the jurisdiction shows what it did to meet housing and community development needs. The report must include a description of the money available and how it was spent, the location of projects, and the number of families and individuals assisted broken down by income category, including those with incomes below 30% of AMI.

There are several public participation features related to the Annual Performance Report. There must be reasonable notice that a report is available, and the report must be available to the public. The public has only 15 days to review and comment on it; nevertheless, the jurisdiction must consider public comments and attach a summary of the comments.

The Annual Performance Report contains a number of computer-based sets of records. Four of these are explicitly available to the public. One is the Grantee Performance Report (C04PR03). It applies only to CDBG, yet it provides detailed information about each activity funded by CDBG. Annual performance reporting requirements of the four block grant programs are also merged into a set of documents called the CAPER. The CAPER (C04PR06) is a general, aggregate picture of what the jurisdiction accomplished.

Consolidated Plan

(5) Amendments to the ConPlan. The ConPlan must be amended if there are any changes in priorities, or in the purpose, location, scope, or beneficiaries of an activity, or if money is used for an activity not mentioned in the Action Plan. If there is a ‘substantial amendment,’ then public participation similar to that for Annual Performance Reports is required, but with a 30-day comment period. HUD allows the jurisdiction to define ‘substantial amendment.’ At a minimum, the regulations say that a substantial amendment must include a change in the use of CDBG funds, and a change in the way a state allocates CDBG money to small towns and rural areas.

Public participation. In addition to the public participation requirements mentioned in the previous paragraphs, each jurisdiction must have a written ‘citizen participation plan’ available to the public. The plan must provide for and encourage public involvement in the creation of the ConPlan, review of the Annual Performance Report, and any substantial amendment. It must encourage involvement by people with low incomes, especially in low income neighborhoods and areas where CDBG money might be spent. Jurisdictions are expected to take whatever actions are appropriate to encourage involvement by minorities, people who do not speak English, and disabled people. Jurisdictions must also encourage involvement by residents of public and assisted housing.

There must be reasonable and timely access to information and records relating to the ConPlan. The public must be able to review records from the previous five years that are related to the ConPlan and any use of federal money covered by the ConPlan. For local jurisdictions (not states) the public must have reasonable and timely access to local meetings, such as community advisory committee meetings and council meetings.

Public hearings must be held after adequate notice to the public. “Publishing small print notices in the newspaper a few days before the hearing is not adequate notice,” the regulations say, but “two weeks’ notice is adequate.” Public hearings must be held at times and places convenient for people with low incomes. Where there are a significant number of people who do not speak English, the citizen participation plan must show how they can be involved. The jurisdiction must give written, meaningful and timely responses to written public complaints (15 days is considered timely if the jurisdiction gets CDBG).

What Advocates Need to Know Now

The Administration’s FY11 budget indicated that it intends to redesign the ConPlan process in order to better target HUD resources “to produce maximum effect in the neediest jurisdictions.” At the NLIHC conference in April 2010, CPD Assistant Secretary Mercedes Márquez said that it was HUD’s intent to refashion the ConPlan so that it includes all aspects of housing and community development. Specifically, HUD was considering fully integrating the PHA Plan and Continuum of Care Plan (CoC Plan) with the ConPlan, while also embedding fair housing issues across the board.

She said HUD wants the ConPlan to be needs based, and will ask stakeholders what needs ought to be included. In order to make statements of need more meaningful, HUD will expect jurisdictions to back needs assertions with data, much of which will be supplied by HUD’s Office of Policy Development and Research (PD&R). HUD will also ask that the ConPlan indicate how much money from specific sources will realistically be available to address those identified needs.

Assistant Secretary Márquez also acknowledged that in the past there has seldom been real community participation in the development of ConPlans. Therefore, HUD intended to require more rigorous public participation in the future.

Later in 2010, HUD indicated that it would hold several listening sessions with stakeholders in 2011. Advocates should keep abreast of any updates.

Tips for Local Success

The ConPlan is a potentially useful advocacy tool for directing funds toward activities more beneficial to people with low incomes because jurisdictions must provide for and encourage public participation, particularly by people with low incomes. Advocates and residents should monitor the needs assessment and priority setting processes, making sure that all needs are identified and assigned the level of priority they deserve. Through the Annual Action Plan’s public participation process, advocates and residents can strive to ensure that federal dollars are allocated to activities that will truly meet those high priority needs.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

HUD's Consolidated Plan web page is www.hud.gov/offices/cpd/about/conplan/index.cfm

See also: *Affirmatively Furthering Fair Housing: Analysis of Impediments to Fair Housing Choice*.

Continuum of Care Planning Process

By Jeremy Rosen, Policy Director, National Law Center on Homelessness & Poverty

The term ‘Continuum of Care’ (CoC) can refer to HUD’s local homelessness planning process, as well as to the local organization responsible for homelessness planning. The CoC planning process provides an outlet for government agencies, service providers, and advocates to meet to evaluate the needs of homeless persons in the community and plan to deliver housing and services to meet those needs. Once these plans are developed, Collaborative Applicants apply for and administer HUD McKinney-Vento funds for transitional housing, permanent housing, and supportive services programs. The Continuum of Care process was codified for the first time in the newly passed HEARTH Act of 2009.

The program is administered by HUD’s Office of Special Needs Assistance Programs, overseen by the HUD Assistant Secretary for Community Planning and Development.

History and Purpose

The CoC process was developed administratively in 1994, so that communities around the country would use a single, comprehensive planning process when applying for HUD’s homeless assistance funding. In introducing the CoC, HUD recognized the importance of having all stakeholders—government agencies, service providers, and advocates—present when communities create plans to prevent and end homelessness. HUD also sought to create a uniform planning process for communities around the country. On May 20, 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act (PL 111-22). The act codified the CoC for the first time.

Summary

Most local CoCs are organized by either a local government agency or a large community nonprofit. The CoC’s goal is to create an annual plan to address homelessness. To do this, the CoC must attempt to define the scope of homelessness in its community, develop an inventory of resources currently available to address homelessness, identify gaps in services, and then prioritize unmet needs. HUD’s annual homeless assistance Notice of Funding Availability (NOFA) is typically issued in late summer or early fall, with an application deadline later in the fall. Under the HEARTH Act, agencies that participate in the CoC and apply jointly for HUD homeless assistance funding will now be called ‘Collaborative Applicants.’ Once the NOFA application is submitted, CoCs begin planning for the following year’s NOFA. HUD’s McKinney-Vento funding awards are typically made in either December or January.

In recent years, HUD has required CoCs to coordinate with local planning bodies that are preparing ten-year plans to end homelessness. Ten-year plans are intended to provide community-wide strategies for ending homelessness, including use of McKinney-Vento funding but also including use of other HUD funding such as Section 8, the Community Development Block Grant (CDBG) program, or the HOME Investment Partnerships Program, as well as other federal, state, and local funding. This integration is critical so that McKinney-Vento funding can best be leveraged with other funding that will be used to help end homelessness.

In 2009, the HEARTH Act reauthorized the housing title of the McKinney-Vento Act. HUD was required by statute to issue new program regulations during 2010. The agency did not issue those rules; however, they are expected during 2011. Draft regulations will be published in the *Federal Register*, for public comment. After reviewing comments, HUD will issue a final rule implementing the HEARTH Act. The regulations are expected to address a number of important issues for communities, including administrative issues such as how communities apply for and administer homeless assistance funding, and policy issues such as the scope of HUD’s newly broadened definition of homelessness and newly expanded eligibility for permanent housing assistance through the homeless programs.

Several key provisions of the HEARTH Act will be implemented in the 2011 NOFA. First, the HUD definition of homelessness has been expanded to include many people living in motels or living with others in unstable or temporary, doubled-up situations. This will permit homeless service providers to engage with these individuals and families, rather than waiting until they are forced to live on the streets or in emergency shelter.

In addition, the current Emergency Shelter Grant (ESG) program has been renamed the Emergency Solutions Grant (ESG), and eligible use of ESG dollars has been extended to a range of homelessness prevention activities, including

short- and medium-term rental assistance. These new uses of ESG dollars served as the model for the currently operating Homelessness Prevention and Rapid Re-Housing Program (HPRP), funded through the American Recovery and Reinvestment Act (ARRA). Also for the first time, HUD will implement a new program designed to offer more flexible homeless assistance to rural communities.

What Advocates Need to Know Now

There are several important policy issues with respect to Continuums of Care, including how to ensure broad community participation, how to ensure that CoCs do comprehensive planning with little funding and without overburdening smaller and more rural communities, and the degree to which HUD mandates that CoCs respond to HUD priorities.

Scope of work. In recent years, CoCs have been asked to take on additional responsibilities, such as reviewing local policies and practices to ensure that they do not result in people becoming homeless. These policies and practices include discharge planning practices of public systems of care (e.g., hospitals, jails and prisons, the foster care system) access policies of mainstream programs serving low income people, and local zoning policies. Such a review is a critical part of any substantive community plan to end homelessness. However, HUD should implement these requirements in a reasonable way, to ensure that smaller CoCs are not penalized if they do not have the financial and staff resources to perform all of these duties.

HUD's role in setting priorities. There is an ongoing debate about HUD's role in setting priorities for CoCs. Through much of the 1990s, HUD typically deferred to the project rankings done by local CoCs when making awards. However, in recent years, HUD has provided incentives to CoCs that prioritize projects to provide permanent housing for the long-term, or 'chronic,' homeless population. Some advocates support this effort, arguing that communities would not serve that population without strong incentives, while other advocates believe that the new incentives prevent communities from best meeting their local needs. The HEARTH Act codifies many of these incentives, including a focus on permanent housing, but leaves HUD with regulatory discretion in how to implement them.

Tips for Local Success

For CoCs to be most effective, it is important that all key stakeholders have a seat at the table. In many communities, groups such as child/education advocates, veterans' advocates, youth advocates, and advocates for victims of domestic violence have not always been part of CoCs. These advocates should reach out to their local CoCs; likewise, CoCs should reach out and ensure participation from these groups. At the same time, rural CoCs should not be penalized if all the stakeholders present in a large urban center are not present in smaller communities.

Participation in the CoC is one of the only ways for advocates to push for their community to receive targeted federal funding for housing and supportive services targeted to people experiencing homelessness. By joining their local CoC, advocates can shape a community's priorities in addressing homelessness for current and emerging populations.

Advocates who participate in the CoC are process should expect to have meaningful input in preparing the annual plan to be submitted to HUD, along with the corresponding ranking of new and renewal programs. Annual plans are prepared based on surveys and other forms of data collection. To effectively influence development of the plans, advocates must be prepared to submit data that support their arguments.

Advocates not participating in the CoC should join as soon as possible. To find out what agency is coordinating a local CoC, advocates can go to HUD's Homelessness Resource Exchange website at www.hudhre.info/. Advocates should also seek to involve other community organizations in the CoC process. The best local planning and decision making takes place when all key stakeholders are at the table.

For More Information

National Alliance to End Homelessness · 202-638-1526 · www.endhomelessness.org

National Coalition for the Homeless · 202-462-4822 · www.nationalhomeless.org

National Law Center on Homelessness & Poverty 202-638-2535 www.nlchp.org

See also: *McKinney-Vento Homeless Assistance Programs, Ten-Year Plans to End Homelessness, Homelessness Prevention and Rapid Re-Housing.*

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010: Creating Protections Against Unfair and Deceptive Lending and Financial Services

By Josh Silver, Vice President of Research and Policy, National Community Reinvestment Coalition

Over the last several decades, the existing federal bank regulatory agencies have enabled problematic lending, financial products and practices through inconsistent and inadequate regulatory oversight and enforcement. The lack of action on the part of these regulatory agencies allowed predatory lending and other undesirable practices to harm individuals and the financial markets as a whole.

In response to the foreclosure crisis and the worst recession since the Great Depression, President Obama proposed and Congress passed financial regulatory reform legislation to reign in abusive lending practices, bolster oversight over the financial industry and strengthen enforcement of consumer protections with the goal of preventing future crises. In July of 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (H.R. 4173).

History and Purpose

The impetus for the Dodd-Frank law was a fragmented and ineffective regulatory system. The United States' financial regulatory system is a 'dual-banking' system in which both the federal government and state governments charter and regulate banks and savings and loans. This system of several bank regulators encouraged banks and thrifts to 'charter shop' and choose a regulatory agency that was perceived as the most lenient. In addition, non-bank financial institutions are primarily regulated on a state level, and states often did not have the resources to adequately protect consumers.

Today, there are four primary federal financial regulators: the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS). The Dodd-Frank law abolishes the OTS in July of 2011; the OTS functions will be assumed by the OCC.

The system is even more unwieldy and complicated when considering the regulation of mortgage companies and other non-bank companies like payday lenders. The four federal agencies that regulate banks and thrifts have no oversight over non-bank lenders. Instead the states oversee non-bank lenders with some occasional enforcement from the Department of Housing and Urban Development and the Federal Trade Commission. This patchwork of regulators has been inadequate to effectively supervise the activities of several thousand non-bank lenders.

While all of these agencies have all been in existence for many years and have individually or collectively had the authority to regulate undesirable financial practices, including predatory lending, the events of recent years have called into question the ability and desire of these agencies to act to protect consumer interests.

For example, in 1994, Congress empowered the FRB to eliminate unfair and deceptive lending through the promulgation of regulations that would apply to all lending institutions. Astonishingly, the FRB did not issue a substantial rule prohibiting deceptive and unsafe lending practices until July 2008, when the foreclosure crisis was in full effect and 14 years after Congress gave it the authority to do so.

The Federal Reserve's counterpart agency, the Office of the Comptroller of the Currency (OCC), was not only lax in its enforcement efforts, but actually enacted harmful changes to its consumer protection regulations. The OCC regulates banks with a national charter that includes the largest banks in the country. These banks have high volume lending operations often carried out by their minimally-regulated mortgage company affiliates. In response to the requests of nationally-chartered banks, the OCC preempted state anti-predatory law for both the banks and their mortgage company affiliates. State banking departments and attorney generals were prohibited by the OCC from enforcing the federal law.

The enforcement of the Community Reinvestment Act (CRA) is yet another example of lax regulatory enforcement. The four agencies (FRB, OCC, OTS, and FDIC) that write CRA rules and enforce the law announced in 2001 that they were considering changes to CRA. Four years later, in 2005, the most significant changes they enacted weakened CRA exams for mid-size banks. Meanwhile, profound structural changes in the financial industry, such as bank lending outside of the bank's branch network and through large mortgage companies, were not addressed by the changes to the CRA regulation.

A fundamental problem with federal banking regulation is the phenomenon of charter shopping or regulatory arbitrage. The federal agencies collect fees from banks, and banks can choose which of the federal agencies they want as a supervisor. Federal bank agencies thus have incentives to compete against each other by offering lenient regulation and loose enforcement.

Program Summary

In 2007 Harvard Law Professor Elizabeth Warren proposed a single consumer protection agency whose sole purpose would be to safeguard the interests of consumers and ensure that they had access to fair and responsible financial products. This agency would end charter shopping since it would supervise all financial institutions, bank and non-bank. In addition, charging one agency with consumer protection responsibilities would end the fragmented system in which multiple agencies had consumer protection responsibilities which they often did not regard as priorities. Elevating and placing consumer protection under one agency would better safeguard the interests of consumers and would be a bulwark against the unfair and deceptive lending which was a major cause of the current foreclosure crisis.

Embracing the rationale for a single consumer protection agency, the Dodd-Frank law creates the Consumer Financial Protection Bureau (CFPB). According to the statute, the purpose of the CFPB is "to implement and enforce Federal consumer financial law consistently for the purpose of ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent, and competitive."

The CFPB will have a director appointed by the President and confirmed by the Senate. The CFPB will have a number of offices and divisions devoted to consumer protection including the Office of Fair Lending and Equal Opportunity, the Office of Financial Literacy, and the Office of Financial Protection of Older Americans. The CFPB will put into service and amend as necessary regulations implementing several consumer protection laws including the Equal Credit Opportunity Act, Home Ownership Equity and Protection Act, the Real Estate Settlement Procedures Act, the Truth in Lending Act, and the Home Mortgage Disclosure Act.

Professor Warren is acting as an Assistant to the President and Special Advisor to the Secretary of the Treasury to set up the Consumer Financial Protection Bureau. She is currently determining the CFPB's priorities, staffing the CFPB, and is organizing its divisions and offices. The CFPB will officially launch as an independent agency in July of 2011.

Scope and limitations. The CFPB will have supervisory authority over large banks, non-bank mortgage companies, payday lenders, institutions making student loans, payday lenders, institutions providing loan modifications and mortgage relief, and several other types of lending institutions. Unfortunately, the bank trade associations were successful in exempting banks with assets under \$10 billion from direct CFPB supervision. These banks will continue to be supervised by the federal bank regulatory agencies, but the CFPB will update the consumer protection regulations that the federal bank agencies will enforce in the supervision of banks under \$10 billion in assets. This is a potentially significant loophole if the existing agencies continue their inconsistent enforcement, allowing deceptive practices to migrate to banks with assets under \$10 billion. Consumer advocates will need to monitor the supervision of banks with assets under \$10 billion.

Another glaring omission in the CFPB's oversight is that rulemaking and enforcement regarding the Community Reinvestment Act (CRA) will remain with the existing federal bank agencies. While CRA has leveraged significant amounts of responsible loans and investments, uneven enforcement by the existing agencies most likely resulted in fewer sustainable loans and investments than would have occurred if a more assertive regulatory agency had overseen CRA.

The Dodd-Frank law also limited the ultimate authority of the CFPB. The CFPB's consumer protection regulations will be subject to the veto of the Financial Stability Oversight Council, which is a new interagency council of several federal

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

regulators. It is hoped that these vetoes will not occur often since two thirds of the regulators on the council will have to agree to overturn a CFPB regulation.

On balance, despite the limitations in the CFPB's authority, the CFPB is likely to significantly advance consumer protections. In particular, the Dodd-Frank law included stronger protections against predatory lending and mandated additional data disclosure that will be overseen by the CFPB. The anti-predatory lending provisions encourage the financial industry to provide standard, thirty-year, fixed-rate loans by creating a presumption of compliance with federal law if the industry offers these traditional loan products. In addition, a number of problematic loan practices that facilitated unaffordable and deceptive loans will be banned. For example, brokers and loan officers can no longer receive kickbacks or extra compensation for placing borrowers in loans with higher interest rates when the borrowers can qualify for lower rates. The Dodd-Frank law also cracks down on appraisal fraud and abusive practices such as automatically assigning high-cost homeowners insurance to borrowers.

Enhanced data disclosure provisions in Dodd-Frank that will be implemented by the CFPB promise to increase fairness in lending by publicly holding lenders accountable. Publicly available data on loan terms and conditions offered to minorities, women, and low and moderate income borrowers will motivate the industry to provide responsible and sustainable loans to these populations. Specifically, Dodd-Frank bolstered the Home Mortgage Disclosure Act (HMDA) to collect loan information on a number of new data elements including the creditworthiness and age of the borrower, total fees and points, presence of teaser rates or prepayment penalties and whether a borrower used a mortgage broker. In addition, lenders will be required to report race and gender of borrowers of small business loans, the census tract location of the business, action taken with respect to the application (approved or rejected), and revenue of the business.

Additional data enhancements required by Dodd-Frank include a loan-level database of modifications executed under the federal Home Affordable Modification Program, including approvals and rejections of applications for modifications of distressed loans. Finally, the Department of Housing and Urban Development will create a default and foreclosure database that provides data at the census tract level on delinquency, defaults, properties that are real estate-owned, and properties for which the outstanding amount owed is greater than the value of the property.

What Advocates Need to Know Now

The next several months will be a critical time period for the new CFPB. It is not known whether Professor Warren will be confirmed as the Director of the CFPB or if the administration nominates someone else. Whoever is nominated and confirmed will need to be a strong and visionary leader capable of making the CFPB the vigorous protector of consumers that is desperately needed in order to prevent future foreclosure crises. The priorities of the CFPB have yet to be set, and time will tell whether their regulatory proposals will provide the enhancements that are needed in consumer protection regulations. Currently, the CFPB will receive an allocation of funding from the Federal Reserve Board, making the CFPB immune from the politics of the annual appropriations process. In the future, foes in Congress will make various attempts to weaken the CFPB, and these efforts may attract enough bipartisan votes to reduce the CFPB's regulatory authority, weaken its funding base or otherwise limit the CFPB.

What to Say to Legislators

First, advocates should ask their legislators to support the nomination of Professor Warren as she has demonstrated that she is the strong and politically savvy leader needed to guide the CFPB in its first and formative years of life. Second, advocates should tell Members of Congress that the CFPB is essential as the one agency whose sole mission is to protect consumers from unfair and deceptive products. The CFPB's mandate cannot be contracted and needs to be expanded to encompass additional laws like the Community Reinvestment Act. Its funding needs to be preserved and augmented if its first few years demonstrates a need for additional funding.

A fragmented regulatory system in which financial institutions could charter shop and pit one regulatory agency against another failed to adequately protect the consumers and our economy. One strong agency dedicated to protecting the consumer, while not curing all the ills in our financial system, is a critical component on the path to recovery.

For More Information

National Community Reinvestment Coalition · 202-628-8866 · www.ncrc.org.

Disaster Housing Programs

By Linda Couch, Senior Vice President for Policy, National Low Income Housing Coalition

More than five years after the 2005 Gulf Coast hurricanes, Katrina and Rita, there remains an overall lack of rental housing that is affordable for households with extremely low incomes in the Gulf region. In addition to addressing remaining housing needs in the aftermath of the hurricanes, there is also the unfinished business of redesigning how federal, state and local governments plan for and respond to housing issues in future disasters.

Federal Programs

U.S. Department of Homeland Security

In 2003, FEMA, a federal agency since 1979, became part of the U.S. Department of Homeland Security (DHS). FEMA's mission under DHS is to lead the effort to prepare the nation for all potential disasters and to manage the federal response and recovery efforts following any national disaster, whether natural or manmade. Agencies and programs under its purview include the National Flood Insurance Program and the U.S. Fire Administration.

FEMA provides immediate, direct financial and physical assistance to those affected by disasters and has the responsibility for coordinating government-wide relief efforts, all based on the Stafford Disaster Relief and Emergency Assistance Act (Stafford Act, Public Law 100-707). The act was designed to bring a systemic means of federal natural disaster assistance to state and local governments.

Individuals and Households Program (IHP). The Stafford Act authorizes FEMA to provide four types of housing assistance under IHP:

- (1) Temporary housing assistance is split into two subsections:
 - (a) Financial assistance provides lodging expenses reimbursement for hotel/motel stays or rental assistance for a temporary rental unit.
 - (b) Direct assistance provides temporary housing units, such as trailers or mobile homes, when financial assistance cannot be used due to a lack of sufficient available housing resources. Such assistance can last up to 18 months after a major disaster, but can be extended in extraordinary circumstances.
- (2) Home repair cash grants are available to homeowners for damage not covered by insurance and targeted to repair the home to a living condition, not necessarily the pre-disaster condition.
- (3) Home replacement cash grants are available to homeowners for damage not covered by insurance.
- (4) Permanent or semi-permanent housing construction grants are reserved for insular or remote areas, identified by FEMA, where the other types of housing assistance are unavailable, infeasible, or not cost-effective.

The total cash grant FEMA can provide per individual or household through IHP is statutorily capped at \$28,800 in 2008 dollars and adjusted each year for inflation. Under this program, FEMA can also offer 'other needs assistance' to cover medical, dental and funeral expenses; transportation costs; and repair or replacement of personal property, such as household items and clothing.

Public Assistance for Permanent Work Program. FEMA offers grants to state and local governments for restoring damaged facilities, which could include repair funds for public housing agencies (PHAs).

Hazard mitigation programs. In order to reduce the risk of damage and reliance on federal recovery funds in future disasters, FEMA administers two programs of primary importance to housing: the Hazard Mitigation Grant Program (HMGP) and the Pre-Disaster Mitigation (PDM) program. HMGP provides state and local governments, along with certain eligible nonprofit organizations, the opportunity for long-term mitigation funds following a federally declared disaster. Uses of HMGP include property acquisition and demolition or relocation, structure elevation, and structural retrofitting.

Unlike HMGP, PDM is available to state and local governments independent of the occurrence of a disaster. The program supports sustained pre-disaster mitigation work in communities and can generally be used in the same manner as HMGP funds.

Disaster Housing Programs

Along with other government agencies, FEMA may provide disaster victims with low interest loans, veterans' benefits, tax refunds, excise tax relief, unemployment benefits, crisis counseling and free legal assistance.

HUD

Under current federal disaster response plans, HUD joins forces with other federal and state agencies to aid in the implementation of disaster recovery assistance. HUD provides housing and community development resources through: Federal Housing Administration (FHA) loans and forbearance policies; Public and Indian Housing (PIH) resources, including assistance to PHAs; and Community Planning and Development's (CPD) Community Development Block Grant (CDBG) and HOME funds.

Disaster CDBG. In recent major disasters, Congress specially appropriated CDBG funds, which became the primary source of housing recovery used by affected states. Only 50% of these recent disaster CDBG funds were required to benefit persons with low or moderate income (below 80% of area median income), lower than the requirement for the regular CDBG program; HUD maintained the authority to waive this low or moderate income benefit.

Capital Fund Emergency/Natural Disaster Funding Program. HUD maintains a Capital Fund Emergency/Natural Disaster Funding Program within the Public Housing Capital Fund that can, among other uses, provide PHAs with assistance to rebuild public housing damaged in a disaster. FY10 appropriations allowed for funding not to exceed \$20 million, with the Administration's FY11 and FY12 budget requests calling for the same.

Disaster Housing Assistance Program (DHAP). In September 2007, due to the slow recovery from hurricanes Katrina and Rita, HUD created DHAP and took over management of FEMA's rental assistance for some 30,000 evacuee households, adding to that total a portion of those families still living in FEMA trailers. Local PHAs administered the rental assistance payments and case management services, but FEMA funded the program under an Interagency Agreement (IAA) with HUD.

Originally an 18-month program, HUD and FEMA extended DHAP. Assistance to the last participants ended in October 2009. However, while DHAP was still set to expire in March 2009, HUD announced an extension that included a process to transfer qualified recipients to the Housing Choice Voucher (HCV) program. Case managers would help find alternate housing assistance for those not qualifying for a HCV.

Based on DHAP, HUD and FEMA signed another IAA to administer DHAP-Ike to victims of hurricanes Ike and Gustav. DHAP-Ike began on November 1, 2008 and was initially scheduled to end in March 2010. In February 2010, HUD and FEMA announced an extension until May 27, 2010. Yet another extension announced in February 2011 gives DHAP-assisted families until September 30, 2011 to transition to permanent housing solutions. With \$66 million in its FY11 budget request and \$50 million in its FY12 request, HUD is also looking to create a DHAP-Ike to HCV transition program.

U.S. Small Business Administration

The U.S. Small Business Administration (SBA) can provide physical disaster loans to cover uninsured or uncompensated losses of a home or personal property. A homeowner can apply for a loan to repair or rebuild his primary residence to its pre-disaster condition based on the verified losses. The loan amount can increase by as much as 20% to help the homeowner rebuild in a manner that protects against damage from future disasters of the same kind, up to a maximum of \$200,000. Similar loans are available to business owners, including rental property owners and nonprofit organizations, for real estate and personal property loss up to a maximum of \$2 million. Both homeowners and renters can apply for loans, up to \$40,000, to replace personal property (anything not considered real estate or part of the structure of the home) lost in a disaster. The interest rate on SBA physical disaster loans will depend upon the applicant's ability to secure credit from another source. The SBA is not able to provide grants or forgivable loans.

U.S. Department of Agriculture

The U.S. Department of Agriculture (USDA) provides loans, grants and loan servicing options to its single-family housing loan borrowers or grant recipients. Multifamily Housing loan borrowers and their tenants are eligible for rental assistance as well as priority occupancy in any USDA apartment complex. In addition, USDA provides community facility loan borrowers and business owners with a variety of assistance options, including grants, loans and an intermediary re-lending program.

U.S. Department of the Treasury

Though without a permanent disaster recovery program, the U.S. Department of the Treasury (Treasury) has provided special low income housing tax credits and other tax incentives after recent major disasters. In the case of hurricanes Katrina and Rita, Treasury established Gulf Opportunity (GO) Zone tax credits, GO Zone tax-exempt bonds, and additional New Markets Tax Credits to help rebuild housing.

Outlook for Future Disasters

Long Term Disaster Recovery Working Group. In October 2009, President Obama created a six-month Long Term Disaster Recovery Working Group, co-chaired by HUD and DHS and comprised of more than 20 federal departments. Gathering information through a series of stakeholder meetings and public comment collected online, the working group has two primary objectives: generation of a report to the President containing recommendations for improving disaster recovery in the future, and drafting of a National Disaster Recovery Framework (NDRF).

Based on review of existing recovery programs and best practices and lessons learned from previous situations, especially catastrophic disasters, such as Hurricane Katrina, the working group's report to the President will identify possible changes in order to improve recovery activities. Though not explicitly stated, advocates expect these recommendations to lead to legislative and regulatory reform. The initial due date for the report was April 1, 2010, but advocates expect that deadline to be extended until May.

On February 5, 2010, the working group released a draft of the NDRF. A companion to the National Response Framework, which focuses on immediate response, the NDRF provides guidance on roles and responsibilities of all stakeholders, from every level of government to affected individuals themselves. It calls for clearer, more comprehensive communication between stakeholders and local government leadership in all recovery, with the federal government providing support. The NDRF creates the concept of a Federal Recovery Coordinator for large disasters and Recovery Support Functions, each carried out by a variety of federal agencies. HUD would fill the coordinating role for federal support of housing recovery. The final NDRF is now expected to be released in 2011, possibly in the spring.

National Disaster Housing Strategy & National Disaster Housing Task Force. FEMA released its National Disaster Housing Strategy (NDHS) in the waning hours of the Bush Administration in January 2009, more than 18 months after it had been required to do so by Congress. The agency released an earlier version of the NDHS on July 21, 2008.

The final NDHS offers more detailed information on the role different federal agencies should play in responding to a disaster than did the earlier version and recommends that HUD operate any disaster rental assistance programs, but it still defers the bulk of responsibility for operational plans and implementation to the National Disaster Housing Joint Task Force at FEMA.

The Task Force's work includes developing an implementation plan to address sheltering, interim housing, and permanent housing; developing a disaster housing concept of operations (CONOPS), which would create a definitive description of how the emergency management community provides disaster housing; and, creating a 'practitioner's guide' to disaster housing that will provide guidance for State, Tribal, territory and local disaster housing assistance practitioners to develop disaster housing strategies and that consider the unique needs of all people displaced by disasters as a companion to the CONOPS. Of these, the implementation plan and the CONOPS have been released. In January 2011, NLIHC and the Katrina Housing Group submitted comments on the proposed CONOPS and looks forward to commenting on the practitioner's guide when that document is released for comment.

Stafford Act Reforms. Hearings on the failings of 2005 disaster response continued in 2010. Key elements of reforms include HUD administration of disaster housing assistance (as opposed to FEMA) and programs to repair rental housing so that people can transition from temporary to permanent housing as quickly as possible after a disaster.

Far From Home. In February 2009, the Senate Subcommittee on Disaster Recovery released a report on its nine-month investigation into the problems in the housing assistance programs for people displaced by Katrina and Rita. *Far From Home: Deficiencies in Federal Disaster Housing Assistance After Hurricanes Katrina and Rita and Recommendations for Improvement* details the federal housing response to the hurricanes, and the power struggle of determining which agency would take the lead role in administering housing assistance between HUD or FEMA.

Disaster Housing Programs

Important findings in the report include the fact that FEMA did not use its authority to spend disaster relief funds to repair damaged rental property in the Gulf Coast, which could have resulted in many more people returning home more quickly. The lack of available rental housing in the affected areas reduced the effectiveness of the FEMA rent assistance programs and caused an overreliance on trailers, which proved to be much more costly and fraught with health hazards. The report recommends establishing a standing rental repair program (FEMA has tested pilot programs) with corresponding Stafford Act authority.

Another recommendation is that HUD be required to develop a 'National Housing Stock Plan' to identify available housing for rent with disaster housing assistance. In testimony at a hearing on the report, NLIHC noted the overall lack of rental housing affordable for households with extremely low incomes and suggested that expanding the supply of affordable rental housing was needed with or without another disaster.

A July 2010 hearing on fair housing issues and disasters focused on the message that the United States must do a better job ensuring that fair housing issues are addressed by government actors entrusted to serve communities, and by private landlords and realtors. And, disaster response efforts must focus on meeting the Fair Housing Act's affirmatively furthering fair housing requirements.

What Advocates Need to Know Now

The National Low Income Housing Coalition and its many partners in the Katrina Housing Group continue to work on Gulf Coast housing recovery. Legislation to address remaining housing recovery needs from hurricanes Katrina and Rita may be introduced in 2011.

Changes to laws concerning the GO Zone tax credits are necessary to ensure thousands of affordable rental units are not lost in the current market downturn. Bills introduced in both the House and Senate in 2009 and 2010 sought to extend the placed-in-service deadline for GO Zone credits from January 1, 2011 to January 1, 2013. In December 2010, legislation was enacted to extend the GO Zone placed in service deadline until January 1, 2012. In February 2011, legislation was introduced in the House and Senate to further extend this deadline until January 1, 2013. Separate legislation in both chambers would have clarified that GO Zone tax credits qualify for the Tax Credit Exchange Program (TCEP) created in the American Recovery and Reinvestment Act of 2009 (ARRA). Treasury currently clings to a technicality in ARRA language that prevents that qualification without legislative action. But, this legislation was not enacted in the 111th Congress.

Excessive flexibility in the use of recent disaster CDBG funds by states led to disproportionate use for homeowner programs and, in some cases, the diversion of money to other projects while housing recovery remains incomplete. Under the Obama Administration, HUD has increased its presence in enforcing equitable use of disaster recovery funds.

In Texas, the state attempted to use a weather model to determine how to distribute Ike CDBG funds to localities, a method that would grant areas with little remaining unmet needs a disproportionate share of assistance. In November 2009, HUD rejected the state of Texas' amended disaster CDBG plan due to its failure to include methods of distribution down to the final level of local government. As such, the public did not have adequate opportunity to provide comment on any proposed uses of the funds. HUD has also expressed concern over fair housing issues in disaster recovery and indicated its willingness to punish localities that allow discriminatory actions to persist.

In Mississippi, the state swept away nearly \$600 million in 2005 disaster CDBG funds for an expansion to the port in Gulfport, while the coast still struggles with a housing affordability crisis. In November 2010, HUD announced a landmark settlement with the state of Mississippi and advocates that created a new disaster recovery plan to address remaining housing needs of low income people and people of color affected by Hurricane Katrina in 2005. Under the agreement, \$132 million of previously appropriated CDBG funds will be used to assist several thousand households who have not yet been able to obtain sufficient resources to rebuild or repair their homes damaged in the storm. The settlement is the culmination of a lawsuit filed against HUD by Mississippi advocacy groups in December 2008. The suit contended that HUD's approval of the states' disaster recovery plan, which diverted more than \$570 million in CDBG disaster funding toward the development of Gulfport's port and away from housing, violated the Fair Housing Act and effectively prevented poor and African American families from accessing housing recovery funds. By early 2011, more than 17,000 people had applied for the newly available assistance.

A January 2010 Government Accountability Office (GAO) report highlights how flexibility in use of 2005 hurricane recovery funds resulted in a discrepancy between homeowner and rental repair programs, both in the amount and pace of investment. *Disaster Assistance: Federal Assistance for Permanent Housing Primarily Benefited Homeowners; Opportunities Exist to Better Target Rental Housing Needs* clearly lays out the failure to prioritize rental housing, though a larger percentage of the Gulf Coast's rental stock was damaged in the storms.

And, in August 2010, a federal court judge in the District of Columbia ruled that the formula for distributing Louisiana's Road Home funds likely discriminated against African-American homeowners in violation of the Fair Housing Act. The ruling supports advocates' long-standing argument that the Road Home program's use of a pre-storm home value to calculate grant awards has a discriminatory effect on grant awards for African-American families whose homes were, because of institutionalized and historic racism, under-valued before the storm compared to similar homes owned by white families.

What to Say to Legislators

Advocates should speak to their Members of Congress to deliver the following messages:

- Support Gulf Coast housing recovery legislation that addresses remaining need from hurricanes Katrina and Rita.
- Support the passage of legislation that provides an extension of the placed-in-service deadline for GO Zone tax credit projects and inclusion of GO Zone tax credits in Treasury's Tax Credit Exchange Program.
- Provide funds so that HUD can develop a plan to replace all damaged/destroyed public and assisted housing units and a right to return for former residents.
- Incentivize pre-disaster mitigation efforts for people with the lowest incomes by providing federal matches for communities and municipalities that designate other HUD disaster assistance dollars for mitigation efforts to be targeted at low income homeowners, through HUD's Disaster Relief Enhancement Fund (DREF) to encourage communities to ensure vulnerable homeowners are better prepared for and protected against destruction and damage from future storms.
- Provide housing recovery funds to Alabama solely for the redevelopment of housing affordable to households with extremely low incomes, including for public and assisted housing and housing to be administered through HUD's HOME program.
- Provide funds for a HUD-conducted overall needs assessment of Alabama, which has never been done. Alabama officials and advocates agree that the unmet housing needs are at least \$110 million, but could be as high as \$500 million.
- Require future disaster recovery housing funds be administered through HUD's HOME program to ensure that housing recovery dollars are expended on actual housing needs and that CDBG sub-grantees are not allowed to use the flexibility of the CDBG program to divert housing funds into non-housing uses. HUD should be required to issue regulations which strengthen the CDBG program and the original income targeting requirements which are often unnecessarily waived during disasters.
- Support requirements on states to set aside a portion of federal disaster recovery funds for quick establishment of rental repair programs, with further requirement to address affordable rental needs.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Long Term Disaster Recovery Working Group · Disaster Recovery Resources · www.disasterrecoveryworkinggroup.gov/disasterresources.cfm

National Disaster Housing Strategy Resource Center · www.fema.gov/emergency/disasterhousing/

Earned Income Tax Credit

John Wancheck, EITC Campaign Coordinator, Center on Budget and Policy Priorities

The Earned Income Tax Credit (EITC) is a federal tax credit that benefits low and moderate income workers. EITC benefits are particularly valuable for workers raising children, but very low income workers not raising children may also qualify for a smaller credit.

Administration

Congress established the EITC in 1975 under Section 32 of the Internal Revenue Code. As a tax program, the EITC is administered by the Internal Revenue Service (IRS). The EITC has been expanded by Congress several times, with the support of both Republican and Democratic presidents. In 2009, a substantial expansion of the EITC was enacted in the American Recovery and Reinvestment Act (ARRA). Two new credits for lower income workers and an expansion of the Child Tax Credit were also enacted.

History

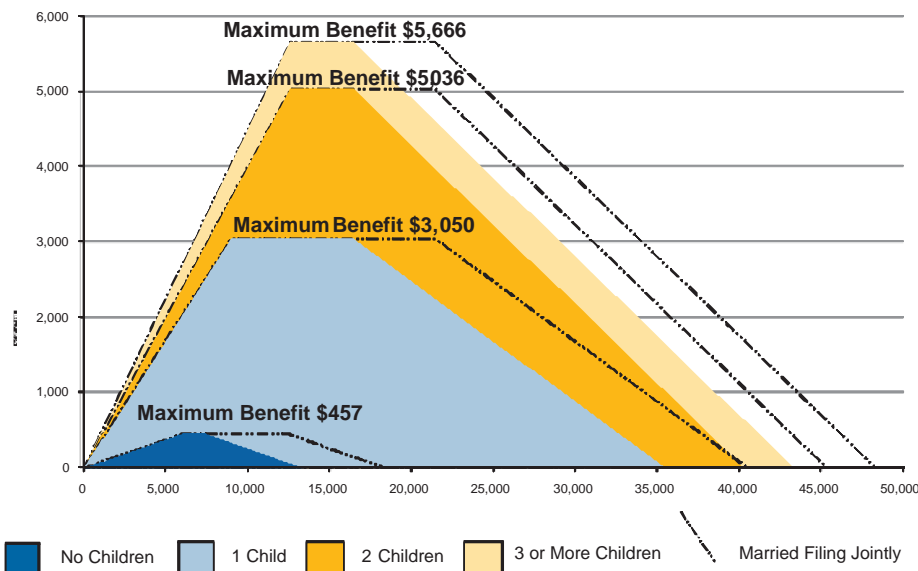
The EITC was designed to offset the payroll and income tax burdens of low income workers raising children. Expansion of the EITC now also provides an income supplement to such workers earning very low wages. The EITC reflects congressional and public preferences to support increased work efforts and less dependency on welfare programs for low income families. The EITC provides strong incentives for full-time work and has historically enjoyed bipartisan support.

Program Summary

According to analyses of Census data by the Center on Budget and Policy Priorities, in 2009 the EITC lifted an estimated 6.6 million people out of poverty, including 3.3 million children. The poverty rate among children would have been nearly one-third higher without the EITC. The EITC lifts more children out of poverty than any other single program or category of programs. It enables near-poor parents and children to maintain incomes above the poverty line.

The EITC is received as a refund from the IRS. Workers who claim children for the EITC must file tax form 1040 or 1040A and attach IRS Schedule EIC. The amount of the EITC varies according to workers' earnings and the number of children. A new, larger benefit for workers with three or more children was enacted in 2009. For work in 2010, they can receive up to \$5,666 if they have income less than \$43,352. Workers with income less than \$40,363 raising two or more children in 2010 can receive up to \$5,036. Workers with income less than \$35,535 raising one child in 2010 can receive up to \$3,050. For a family with three children and very low wages, the EITC equals 45% of the first \$12,590 in earnings in 2010.

The Federal EIC in Tax Year 2010



In addition to sons and daughters, qualifying children for the EITC may include grandchildren, stepchildren, adopted children, brothers and sisters (or their descendants), and foster children officially placed with workers.

Workers who do not claim children for the EITC may be eligible for a modest EITC of up to \$457. Such workers must be between 25 and 64 years old at the end of 2010, with income less than \$13,460 (\$18,470 for married couples). They are not required to file Schedule EIC with their tax form.

EITC income limits are now \$5,010 higher for married workers, providing a higher EITC for many married workers.

Families who work and also receive public benefits, such as cash assistance, food stamps, SSI, Medicaid or federal housing assistance do not need to worry that receiving the EITC will affect these benefits. EITC is not counted as income to determine eligibility for these programs and, beginning in 2010, does not count against resource limits for 12 months after receipt. For 2010, 24 states (including the District of Columbia) offer a state EITC in addition to the federal credit, and three localities—New York City, San Francisco, and Montgomery County, MD—offer a local EITC.

Child Tax Credit. Many workers who claim the EITC may also qualify for the Child Tax Credit (CTC), worth up to \$1,000 for each qualifying child under age 17. As a result of the expansion of the CTC in ARRA, it now enables many more families who earn too little to owe federal income tax to still receive a refund. To be eligible for this ‘Additional CTC’ in 2010, workers must have taxable earned income above \$3,000.

For example, a single worker in 2010 who earns \$18,000 with three qualifying children under age 17 can claim a CTC refund worth \$2,250 and an EITC of \$5,339. As with the EITC, CTC refunds are not counted as income in determining eligibility for any federally funded program and do not count toward resource limits for 12 months after receipt.

Making Work Pay Credit. Millions of workers will also benefit from the new Making Work Pay Credit, enacted by ARRA, worth \$400 for an individual and \$800 for married workers. Dependents are not required to receive this credit. The maximum credit is available to single workers earning up to \$75,000 (couples earning up to \$150,000) before it begins to phase out at higher incomes. While most workers will have received this credit in 2010 through an IRS-ordered reduction in income tax withheld by employers, self-employed workers and workers whose spouse is not employed will need to file a tax return in 2011 to claim their credit. (This credit was not extended beyond 2010, so it is not in effect during 2011. Instead, payroll tax deductions for Social Security are reduced by 2 percent.)

New Education Tax Credit. The American Opportunity Tax Credit was enacted in ARRA as a revised version of the HOPE credit for higher education expenses. It is worth a total of \$2,500, compared to \$1,800 for the HOPE credit, but the key new feature is that up to \$1,000 of the credit can be claimed even if the individual does not earn enough to owe income tax. Such filers could not claim the HOPE credit. Lower income parents of college students and adult students may now benefit.

Funding

The EITC and CTC are each components of the Internal Revenue Code. Consequently, the benefits of these credits do not require annual appropriations decisions. Funding for EITC administration is part of the IRS budget and is not separately appropriated. In 2009, about 26 million low and moderate income workers received more than \$58 billion from the EITC.

What Advocates Need to Know Now

The year-end 2010 tax legislation extended the ARRA tax credit expansions above through 2012, with the exception of the Making Work Pay Credit. The legislation also streamlined rules so that no tax refund, including those from any of the tax credits, may be counted as income in determining eligibility for any federally funded public benefit program. Refunds also are not counted toward the resource limits of such public benefit programs for 12 months after receipt of the refund. The optional Advance Earned Income Credit, received through paychecks, was eliminated beginning in 2011 by separate Congressional action in 2010, due to low participation and difficulties in administration.

Tips for Local Success

The Center on Budget and Policy Priorities closely monitors congressional action on the EITC and the other tax

Earned Income Tax Credit

credits, publishes analyses of proposals, and issues legislative action alerts to advocates. Advocates can monitor developments at www.cbpp.org. The National Community Tax Coalition supports expansion of the EITC and provides specific legislative action materials designed for state and local advocacy at www.tax-coalition.org.

Outreach Campaigns. While participation is higher in the EITC than in public benefit programs with more burdensome eligibility procedures, each year several million eligible workers do not claim their EITC. CBPP provides local organizations with training and technical assistance in building tax credit outreach campaigns and local free tax filing assistance programs. CBPP annually distributes a tax credit community outreach kit with posters, flyers, fact sheets, and examples of effective outreach strategies. These materials, along with flyers translated into 19 languages, are posted at www.eitcoutreach.org, as well as other materials for specific constituencies and analyses of the EITC.

The National Community Tax Coalition provides information and technical assistance to free tax filing assistance programs. Also see resources available from the IRS (www.irs.gov/eitc). The IRS and HUD partner nationally to promote these credits and the free tax filing assistance programs.

For More Information

Center on Budget and Policy Priorities · 202-408-1080 · www.cbpp.org

National Community Tax Coalition · 312-252-0280 · www.tax-coalition.org

Emergency Food and Shelter Program

By Steve Taylor, Vice President and Counsel for Public Policy, United Way Worldwide

The Emergency Food and Shelter Program (EFSP) helps meet the needs of the nation’s hungry and homeless and those at risk of becoming homeless due to an economic emergency. Federal funds provided through the program supplement the work of local agencies providing food, shelter, and utility assistance. With the current challenges facing the U.S. economy, the EFSP program has received increased attention as a mechanism to distribute funds quickly to Americans most in need. This increased focus resulted in the near doubling of funding for the program for FY09.

EFSP is unique in its administration. The U.S. Department of Homeland Security administers EFSP through the Federal Emergency Management Agency (FEMA), which serves as chair of the EFSP National Board. The Board is comprised of United Way Worldwide, The Salvation Army, Catholic Charities USA, National Council of Churches of Christ in the USA, the Jewish Federations of North America, and the American Red Cross. At the request of the National Board, United Way serves as the Secretariat and Fiscal Agent to the Board, which relieves FEMA of the majority of the administrative burden. In this capacity, United Way maintains responsibility for the day-to-day operation of the program.

History and Purpose

Responding to an increased need for services due to the recession of the early 1980s, Congress established EFSP in 1983 and provided \$50 million for the program’s operation. Congress also identified the National Board in the legislation. The Board selected United Way to serve as the Secretariat to distribute the funding pursuant to the Board’s direction.

The original authorizing legislation states that the program is required to show “sensitivity to the transition from temporary shelter to permanent homes and attention to the specialized needs of homeless individuals with mental and physical disabilities and illness and to facilitate access for homeless individuals to other sources of services and benefits.”

EFSP has distributed more than \$3.6 billion to over 2,500 local boards, which in turn has provided funds to more than 13,000 LROs. This translates into more than 2.4 billion meals; 260 million nights of shelter; 4.9 million rent or mortgage payments; and 6.9 million utility payments.

Program Summary

EFSP distributes funds to the neediest areas of the country quickly. Although EFSP is a federal program with a National Board, one of the key elements to the program’s success is that it is locally focused.

The National Board uses a formula involving population, poverty, and unemployment data to determine the eligibility of a civil jurisdiction, usually a county.

In each civil jurisdiction funded by EFSP there must be a local board similar in composition to the National Board, with a local government official replacing the FEMA representative. Local boards may have additional members and are required to include a homeless or formerly homeless person as a member. If a jurisdiction is located within or encompasses a federally recognized Indian reservation, a Native American representative must be invited to serve on the local board.

Once the National Board receives its EFSP allocation for a particular year and determines local funding amounts, local boards advertise the availability of funds, establish priorities among community needs, and distribute funds to local agencies that qualify for awards. These local groups are known as local recipient organizations (LROs). After an LRO receives the funds, it uses them for eligible services that the organization provides, which may include food pantries, served meals, nights of shelter, rent or mortgage assistance, and utility payments.

In 1985, the National Board created a state set-aside process to identify and fund jurisdictions that do not receive awards under the formula. State set-aside committees, with members mirroring the National Board, receive funds based upon the number of unemployed people in counties within their state who do not qualify under the National Board’s criteria.

Emergency Food and Shelter Program

Funding

In FY09, Congress increased appropriations for EFSP to \$200 million from \$153 million in FY08. In addition, the American Recovery and Reinvestment Act of 2009 (ARRA) included \$100 million for EFSP to be expended in FY09. Thus, 2009 saw a near doubling of funding for EFSP over the previous year, to a total of \$300 million. The program was able to quickly and efficiently distribute the funds to communities nationwide at a critical time in the economic crisis.

In FY10, Congress again provided base funding of \$200 million for EFSP as part of the Department of Homeland Security Appropriations Act of 2010.

As of the date this guide went to press, EFSP funding for FY11 remains uncertain. Congress failed to pass any of the annual appropriation bills, including the Homeland Security Appropriation Act, prior to the start of FY11 and before the 111th Congress adjourned. Instead, Congress has continued funding of federal programs during the first five months of FY11 at FY10 levels through a series of short-term continuing resolutions (CR), the latest of which expires on March 4, 2011.

Due to the uncertainty surrounding program funding for the remainder of the fiscal year, the Administration must wait for the new Congress to pass legislation setting firm funding levels beyond March 4 before it can release EFSP funds. Such action would make it likely that EFSP funds would be awarded in late April or early May.

Tips for Local Success

LROs apply directly to their local boards, which set local application criteria. Local organizations can find their local board by contacting the EFSP National Board Program. Local advocates and organizations should pay close attention to the information provided by their local boards and closely follow EFSP guidelines if their organization chooses to apply for funding.

What to Say to Legislators

For FY12, advocates should urge Senators and Members of Congress to fund EFSP at \$200 million, as Congress did in FY09 and FY10. Given the ongoing economic crisis, an increase in funding over \$200 million would be an efficient and effective way to help millions of Americans access basic needs.

For More Information

Emergency Food and Shelter National Board Program · 703-706-9660 · www.efsp.unitedway.org

Fair Housing Programs

By Ben Clark, Project Coordinator for Public Policy and Communications, National Fair Housing Alliance

The federal Fair Housing Act protects individuals and families from discrimination on the basis of race, national origin, color, religion, sex, familial status, and disability in all housing transactions, public and private. HUD's fair housing programs are the Fair Housing Initiatives Program (FHIP) and the Fair Housing Assistance Program (FHAP).

FHIP and FHAP are administered by HUD's Office of Fair Housing and Equal Opportunity (FHEO), which is also responsible for investigating fair housing complaints. The Civil Rights Division of the U.S. Department of Justice may also investigate complaints and is responsible for litigating on behalf of the federal government in cases of fair housing violations.

History and Purpose

Residential segregation contributes to economic disadvantage by reducing home appreciation; limiting access to opportunities such as public benefits, social services, and employment opportunities; and perpetuating racially separate and unequal schools. Federal fair housing programs are intended to promote integration and the elimination of discrimination.

The federal Fair Housing Act was passed in 1968 and amended in 1974 and 1988. FHIP and FHAP were created as a means of carrying out the objectives of the act.

Programs Summary

There are two federal programs dedicated solely to fair housing: FHIP funds private fair housing organizations, and FHAP funds the fair housing enforcement programs of state and local government agencies.

Fair Housing Initiatives Program (FHIP). FHIP funds private fair housing organizations to provide education and outreach programs for housing consumers and housing providers and to investigate allegations of rental, sales, homeowners insurance, and lending discrimination.

HUD administers FHIP grants through a competitive process in which eligible groups apply for funding that HUD announces through a Notice of Funds Availability (NOFA). Grantee eligibility for funding depends upon the specifications that are set forth in the annual NOFA and the category of funding for which each group is applying. In order to apply for fair housing enforcement money, groups must be Qualified Fair Housing Organizations with two years of fair housing enforcement work including testing. Often a test consists of nearly identically qualified testers, of whom one is a member of a protected class and the other is not, who will simulate a housing transaction for the purpose of comparing the responses given to them by housing providers. Funding for education is also available.

Fair Housing Assistance Program (FHAP). State and local government agencies certified by HUD to enforce state or local fair housing laws that are substantially equivalent to the Fair Housing Act receive Fair Housing Assistance Program (FHAP) funds. HUD funds FHAP agencies by reimbursing them based upon the number of cases they successfully process. In addition, FHAP funds help cover administrative expenses and training. New FHAP organizations receive three years of capacity building funding before moving to the reimbursement phase.

Analysis of Impediments to Fair Housing Choice/Affirmatively Furthering Fair Housing. FHIP and FHAP are not the federal government's only tools for ensuring that communities are integrated and remain free from discrimination. All federal housing and community development programs, including, notably, the Community Development Block Grant (CDBG) program and HOME, contain provisions requiring recipients to certify that they affirmatively further fair housing and have conducted an Analysis of Impediments to Fair Housing Choice. The federal government has rarely challenged municipalities for failing to comply with these requirements, but it has become more serious about them over the last two years.

Fair Housing Programs

There are nearly 1,200 CDBG entitlement jurisdictions in the country, all of which are required to 'affirmatively further fair housing.' As part of this obligation, these jurisdictions must identify impediments to fair housing choice and take steps to overcome them. It is difficult to enforce this requirement, however, because HUD has failed to promulgate regulations for its implementation, even though the CDBG law was passed in 1974.

Over the last two years, HUD has been at work on providing more clear guidance for what it means to affirmatively further fair housing. Advocates should be on the lookout for forthcoming regulations, as they will surely have an impact on the work of fair housing organizations, other housing organizations, and local jurisdictions. As HUD develops its regulation, it has taken other steps to make affirmatively furthering fair housing a priority within the Department, including incorporating affirmatively furthering fair housing principles into its general NOFA, which applies to all competitively funded HUD programs.

This requirement also applies to newer federal programs recently created to address the foreclosure crisis, including the Home Affordable Modification Program (HAMP), and to federal regulators like the Office of the Comptroller of the Currency and the soon-to-be formed Bureau of Consumer Financial Protection.

In general, grantees should use federal fair housing tools to redress past discrimination, encourage future inclusion, be nondiscriminatory, incorporate the principles of integration, and overcome the effects or conditions that have kept communities from being open to all members of protected classes specified under the Fair Housing Act.

Funding

FHIP received funding of \$42.5 million in FY10. FHIP's funding for FY11 remains unclear, although all proposed Continuing Resolutions have level-funded FHIP at its FY10 level. The Administration proposed funding FHIP at \$42.5 million in FY12. An increase in appropriations would allow FHIP to address additional complaints, encourage those encountering housing discrimination to come forward to file their complaints with greater hope of resolution, and provide fair housing groups with the capacity to address larger systemic issues, such as discriminatory sales practices and insurance policies, and thereby have a much broader impact on segregation in our country.

FHAP received \$29.5 million in FY10, a \$3.5 million increase over its FY08 funding level. Like FHIP, its FY11 funding also remains unclear but all proposed Continuing Resolutions have level-funded FHAP at its FY10 level. The Administration proposed funding FHAP at \$29.5 million in FY12.

What Advocates Need to Know Now

Housing discrimination continues to be a significant problem, particularly due to the ongoing foreclosure crisis and increased housing advertising online. High-cost loans have had a dramatic impact on communities of color, which were and continue to be devastated by the foreclosure crisis. Lenders aggressively targeted African Americans and Latinos for high-cost loans. These borrowers were far more likely than their white counterparts to receive high-cost subprime loans, regardless of income. The foreclosure crisis, born in part out of fair housing violations, will continue to have fair housing consequences in the home lending industry, mortgage servicing industry, and the rental market to which many people who once owned homes must return.

Housing advertisements in violation of the federal Fair Housing Act continue to appear online on housing services websites such as Craigslist.org. Although newspapers and other print publications are liable for any discriminatory content they publish that violates the Fair Housing Act, some courts have not held websites to the same standard. As a result, many websites have not implemented the same content screens that print publications have, and they therefore post advertisements that specifically discriminate against families with children.

These aforementioned factors have led to increases in the number of fair housing complaints filed over the last two years. In 2008 and 2009, over 30,000 people filed fair housing complaints. In spite of recent increases, violations continue to be underreported. HUD estimates that only 1% of fair housing violations committed are ever reported, but even this number is conservative. Every year, over four million fair housing violations are committed against members of protected classes under the Fair Housing Act. In 2009, most complaints processed by fair housing centers were based on disability (37.5%), race (19.2%), and family status (15.1%). More than 95% are settled through administrative or conciliation processes.

The public relies upon private fair housing organizations to protect its fair housing rights. In 2009, private nonprofit fair housing organizations processed 19,924, or just over 65%, of the fair housing complaints in the United States, twice as many complaints as the federal government processed. Public FHAP agencies processed 8,153, or 27%, of complaints, and HUD processed 2,019, or 6.7%, of all complaints.

Even though HUD processed 2,019 housing discrimination cases in FY09, it issued only 54 charges following a determination that there was reasonable cause to believe that unlawful discrimination occurred. Although this number marks a slight increase from FY08's 48 charged cases, it still only accounts for 2.7% of HUD's total complaint load. Of HUD's 2,019 cases, 942 were over 100 days old and did not yet have a HUD determination.

In 2009, the Department of Justice (DOJ) filed more fair housing cases than it had since 2002. DOJ filed 45 fair housing cases in 2009, compared to 33 cases in 2008. Over the last year, DOJ has substantially increased its fair lending work. In January 2010, Assistant Attorney General Tom Perez announced the creation of a dedicated fair lending unit to investigate and prosecute lending discrimination. Since then, the department has opened many investigations against banks, large and small, and has also filed a number of high-profile settlements to resolve loan pricing discrimination lawsuits.

The fair housing movement depends on robust funding for FHIP, and it suffers when FHIP funding is inconsistent. In the past, as a result of the low funding of FHIP, (1) education and outreach initiative grants have been funded at only 75% and private enforcement initiative grants at only 80% of their typical size, (2) there has been an inconsistent funding stream for a national media campaign as mandated by HUD's authorizing statute; and (3) there has been little money for the creation of new groups. HUD has not yet distributed FHIP funding from FY10.

In recent years, one-quarter of all fair housing organizations nationwide have closed their doors or severely reduced the size and scope of available services due to lack of funding. A number of other organizations have had to significantly curtail or eliminate their enforcement activities due to cutbacks, including reduction of staff. Some groups served densely populated and large metropolitan areas; other groups served entire states, and their closing continues to have a drastic effect on a substantial geographic area.

Housing Fairness Act. Representative Al Green (D-TX) re-introduced the Veterans, Women, Families with Children, and Persons with Disabilities Housing Fairness Act (H.R. 284) in the 112th Congress. The bill, as introduced, would provide private fair housing organizations with additional capacity to better address individual incidents of discrimination and systemic discrimination in the housing marketplace. It would reauthorize FHIP funding at a level of \$42.5 million, authorize an additional \$15 million for national fair housing enforcement funds meant to address systemic discrimination, and authorize \$5 million in research grants for the study of the causes and community effects of discrimination in the housing market. In the 111th Congress, the Veterans, Women, Families with Children, and Persons with Disabilities Housing Fairness Act (H.R. 476) passed out of committee on a voice vote.

Tips for Local Success

Fair housing complaints can be filed with local fair housing organizations, state or local government agencies, or HUD. HUD recently updated fair housing complaint handling policies to provide greater protections to the LGBT community. Under HUD's new guidance, many complaints of discrimination based on gender identity and sexual orientation can be handled as fair housing complaints of discrimination based on gender.

In addition, as mentioned above, all jurisdictions receiving funds through the CDBG and HOME programs (among other federal programs), including cities, counties, and states, are required to affirmatively further fair housing, and advocates should actively monitor their participation and make sure that they are taking the necessary fair housing planning steps and action steps. As demonstrated in a September 2010 Government Accountability Office report, titled *Housing and Community Grants: HUD Needs to Enhance Its Requirements and Oversight of Jurisdictions' Fair Housing Plans*, many municipalities have disregarded their obligations. Vigilant civil rights and housing advocates must be willing to challenge this lack of compliance.

Fair Housing Programs

What to Say to Legislators

Advocates should speak to legislators with the message that private fair housing organizations investigate two-thirds of all fair housing complaints each year—twice as many as all government agencies combined. This important service is historically underfunded, and as a result, fair housing and fair lending violations remain under reported and unaddressed. To help put an end to pervasive housing discrimination, funding for FHIP should be \$57 million, including \$5 million for a systemic testing program, and funding for FHAP should be \$40 million in FY12.

Legislators interested in increasing housing opportunity for their constituents should support the Veterans, Women, Families with Children, and Persons with Disabilities Housing Fairness Act.

For more information

National Fair Housing Alliance · 202-898-1661 · www.nationalfairhousing.org

Family Self-Sufficiency

By Jeffrey Lubell, Executive Director, Center for Housing Policy, and Judith Chavis, American Association of Service Coordinators

Family Self-Sufficiency (FSS) is a HUD program that helps low income families who are in public housing, or in the Housing Choice Voucher program, build assets and make progress toward self-sufficiency and homeownership.

The program is housed in HUD's Office of Public and Indian Housing.

History

FSS was enacted in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act of 1990.

Program Summary

Family Self-Sufficiency helps housing choice voucher holders and public housing residents to build assets, increase their earnings, and achieve homeownership and other individual goals.

The FSS program is administered through public housing agencies (PHAs) that elect to participate in FSS by filing an FSS Action Plan with HUD. Housing agencies may also choose to apply for funding for FSS coordinator costs as part of an annual competitive grant process. Some agencies are required to continue to participate in FSS until they graduate sufficient families to satisfy mandates associated with receipt of incremental housing assistance in the mid-1990s. For all other agencies, and for mandated agencies once they satisfy their mandate, participation is voluntary.

FSS supplements stable, affordable housing (in the form of a housing voucher or public housing) in two ways: with case management to help families overcome barriers to work and develop self-sufficiency plans, and with escrow accounts that grow as families' earnings rise.

Case management. Each family in FSS works with a case manager who assists the family in developing an individual training and services plan and helps the family access work-promoting services in the community, such as résumé building, job search, job counseling and education and training. The nature of the services varies based on families' needs and local program offerings.

Escrow account. The escrow accounts serve as both a work incentive and an asset-building tool. Like most families in public or assisted housing, participants in the FSS program must pay higher rental payments if their incomes increase. FSS participants, however, have an opportunity to obtain a refund of some or all of these increased rent payments. As the rent of an FSS participant increases due to increased earnings, an amount generally equal to the rent increase is deposited into an escrow account. Upon graduation, the participant receives all of the escrowed funds to meet a need he or she has identified. If the housing agency agrees, the participant also may make an interim withdrawal when needed to meet expenses related to work or other goals specified in the participant's FSS plan. A participant who fails to successfully complete the FSS program loses the funds in his or her escrow account.

FSS has four separate funding streams, two for its voucher programs and two for its public housing programs. In the voucher program, FSS escrow deposits are eligible expenses for reimbursement under the housing assistance payments that HUD makes to housing authorities, while limited funding for FSS coordinators is provided through an annual Notice of Funding Availability (NOFA).

In the public housing program, PHAs are compensated for FSS escrow deposits through the public housing operating subsidy calculation, and limited funding for FSS coordinators is provided through an annual NOFA included within the Resident Opportunities for Self-Sufficiency (ROSS) program

Funding

For FY10, Congress appropriated \$60 million for FSS coordinators working with families with housing choice vouchers, an increase of \$10 million over the prior year. For FY12, the Administration has proposed continuing funding at the

Family Self-Sufficiency

\$60 million level. Generally, \$10 million to \$12 million is available for FSS coordinators working with public housing residents as part of ROSS, but the Administration has not requested any funding for ROSS in FY12.

What Advocates Need to Know Now

Funding and application process. The key federal advocacy issue related to FSS is funding stability, principally for FSS coordinators. Congress should renew and expand funding for FSS coordinators. The American Association of Service Coordinators (AASC) is advocating for an increase in funding for housing choice voucher FSS coordinators to \$65 million. In addition, AASC is advocating that FSS grant funds be allowed to cover the costs of training, computer equipment, and case management software for FSS case managers. AASC is also advocating for restoration of funding for the ROSS program to fund public housing FSS coordinators at its historical level of \$50 million.

Shortfalls in Section 8 and public housing funding also hurt FSS by making it more difficult for housing agencies to rely on HUD funding to cover the costs of escrow deposits for FSS participants.

In addition to ensuring adequate funding for FSS coordinators, it is essential that HUD make the process of applying for funding as simple and consistent as possible. In some past competitions, HUD changed the criteria for applying for voucher FSS coordinator funding, leading to the loss of funding for more than 200 FSS programs.

In January 2011, Rep. Judy Biggert (IL-13) introduced the Family Self-Sufficiency Act of 2011, which would change the housing choice voucher (HCV) FSS coordinator funding from an annual competition to an administrative fee. In addition to simplifying the process of receiving funds, this would open up funding to additional agencies that wanted to start or expand their FSS programs. If enacted, this Act would go a long way toward stabilizing funding for FSS.

As introduced in the prior Congress, the Section 8 Voucher Reform Act (SEVRA) included the administrative fee provisions of the Family Self-Sufficiency Act and also included provisions that would help to stabilize funding for the housing choice voucher program generally. This would reassure housing agencies that they have sufficient funding to continue or expand their FSS programs.

In addition to passing the Family Self-Sufficiency Act and SEVRA, there are a number of steps Congress and HUD could take to improve funding stability for FSS coordinators (and thus continuity of services for FSS participants). For FY12, Congress should allocate funding for HCV FSS coordinators as an administrative fee add-on, as it did for FY09, rather than as a competitive program. For FY11, HUD may be required to issue a NOFA for HCV FSS coordinators, but it should strive as much as possible to continue the formula allocation used in FY09.

Finally, advocates should be on the lookout for new proposed legislation that could further strengthen FSS by consolidating public housing and voucher FSS programs and expanding eligibility for FSS to project-based Section 8 properties. This legislation was under discussion in the prior Congress, and could be introduced in the current Congress.

Tips for Local Success

At the local level, the key issue is whether housing agencies are making effective use of the FSS program to help families build assets and make progress toward self-sufficiency. There is no limit to the number of families that may be enrolled in FSS, so one key goal for local advocacy is expansion of current programs to serve additional families. For housing agencies without an FSS program or with a program for voucher holders but not for public housing residents, advocates may wish to focus on starting a new FSS program.

At the same time, there is a limit to the number of families that can be effectively served with a given number of coordinators. There is no formal caseload standard, but HUD generally uses 50 families per coordinator as a rule of thumb. Caseloads vary dramatically from agency to agency, and in some cases, it may be more important to add coordinator staff to reduce caseloads to manageable levels than to expand the number of enrolled families. Advocates should work collaboratively with local housing agencies to find local in-kind or cash resources to expand the number of case managers to serve additional families.

What to Say to Legislators

Advocates should speak to the person in the office of their Member of Congress who deals with housing policy with the message that:

- HUD's FSS program is critical for helping families in subsidized housing build assets and make progress toward self-sufficiency and economic independence.
- To better support FSS, Congress should increase funding for voucher FSS service coordinators to \$65 million and restore funding for the ROSS program at its historical level of \$50 million. To improve continuity of services for participants, Congress should also allocate the FY12 funding for voucher FSS coordinators as an administrative fee add-on, rather than a competitive program.
- Congress should further pass the Family Self-Sufficiency Act, the Section 8 Voucher Reform Act (SEVRA), and any other legislation that strengthen FSS.

For More Information

American Association of Service Coordinators · 614-848-5958 · www.servicecoordinator.org

See also: *Resident Participation in Federally Subsidized Housing, Service Coordinators in Multifamily Housing, Housing Choice Vouchers, Public Housing.*

Family Unification Program

By Ruth White, Executive Director, National Center for Housing and Child Welfare

HUD's Family Unification Program (FUP) is a federal housing program aimed at preventing family separation due to homelessness and easing the transition to adulthood for youth aging out of foster care. HUD provides FUP Section 8 vouchers to partnerships established between local public housing agencies and child welfare agencies. These vouchers can be used to prevent children from entering foster care, reunite foster children with their parents, and prevent homelessness among youth aging out of foster care. While recently funded after nearly nine years of inactivity, the program still reaches only a fraction of families and children in need.

FUP is administered by HUD's Office of Public and Indian Housing and funded out of the Tenant Protection Fund.

History

The Family Unification Program (FUP) was signed into law in 1990 by President George H. W. Bush. The program was created as a part of the Tenant Protection Fund within the Cranston-Gonzalez Affordable Housing Act of 1990.

The more than 47,000 FUP vouchers that HUD has awarded since the program's inception have enabled over 250,000 children to leave foster care and reunite with their families or to avoid foster care placement altogether. As a result of FUP, more than 1,500 young people aging out of foster care have received the resources they needed to avoid homelessness and make successful transitions to adulthood.

Each \$20 million investment HUD makes in FUP vouchers means that more than 5,000 children will avoid foster care placement or be reunited with their parents and nearly 750 young people aging out of foster care will find stable housing. This investment in affordable housing will result in a savings of nearly \$142 million in foster care costs annually.

FUP is designed to address the housing-related needs of children in the foster care system. Of the 423,000 children who live apart from their families in America's foster care system, nearly 150,000 are separated from their families because their parents lack access to safe, decent, affordable housing. Equally troubling are the housing challenges faced by the 29,500 youth who age out of foster care each year without the support of a permanent family. Nearly a quarter of these young people experience homelessness within a year of leaving care. Despite these staggering figures, child welfare workers seldom have access to the housing resources or supportive services necessary to prevent and end homelessness among vulnerable families and youth.

Program Summary

FUP is administered at the local level through a partnership between public housing agencies (PHAs) and public child welfare agencies. PHAs interested in administering FUP vouchers must complete and sign a memorandum of understanding (MOU) with their partner agency in order to apply to HUD in response to a Notice of Funding Availability (NOFA). FUP vouchers are awarded through a competitive process. Depending on the size of the PHA, communities can receive a maximum of 100, 50, or 25 vouchers. Communities are encouraged to apply only for the number of vouchers that can be leased up quickly, meaning that both families and youth have been identified and landlords have been recruited for the program.

PHAs receiving an allocation of FUP vouchers then administer these vouchers to families and youth who have been certified as eligible for FUP by the local public child welfare agency. The FUP vouchers work in the same way a typical housing choice voucher does. The child welfare agency is required to help FUP clients to gather the necessary Section 8 paperwork, find suitable housing, and provide aftercare services maintain their housing. If a child welfare agency elects to refer a young person aging out of foster care with a FUP voucher, the child welfare agency must offer educational and training vouchers, independent living programs, counseling, and employment assistance.

Eligible families include those who are in imminent danger of losing their children to foster care primarily due to housing problems and those who are unable to regain custody of their children primarily due to housing problems. Eligible youth include those who were in foster care anytime after the age of 16 and are currently between the ages of 18 and 21 (have not reached their 22 birthday) and are homeless or at risk of homelessness.

Funding

Each year between 1992 and 2001, HUD awarded an average of 3,560 FUP vouchers to public housing authorities. Unfortunately, from FY02 through FY07, HUD used its rescission authority to avoid funding FUP, even though the Tenant Protection Fund out of which FUP is funded had carryover funds ranging from \$18 million to \$170 million. Thanks to the efforts of Senate Appropriations Transportation, Housing and Urban Development Subcommittee Chair Senator Patty Murray (D-WA) and Ranking Member Christopher Bond (R-MO), \$55 million in new funding was awarded for new FUP vouchers in FY08 and FY10. HUD is currently reviewing applications for FUP for \$15 million in FY10 and is expected to make an announcement of the latest round of funding in May of 2011.

The Senate Appropriations committee included an additional \$15 million for the FY11 HUD appropriations bill, which would bring the total for new FUP funding to \$65 million since FY08.

What Advocates Need to Know Now

In the absence of an adequate supply of affordable housing to intervene in and end youth and family homelessness, child welfare agencies are placed in the unenviable position of separating families in order to protect the children from the lingering effects of homelessness. This is a costly solution to homelessness, in terms of both the emotional impact upon each child and the cost to the taxpayer.

Given the government's growing interest in controlling spending, it is important to point out that placing children in the foster care system in lieu of a prudent investment in affordable housing is a poor use of federal money. Nationally, the average family involved in the child welfare system has 2.7 children. On average, it costs \$56,892 per family per year when children enter foster care. By contrast, it costs approximately \$13,193 to house one family and provide supportive services for one year. An investment of \$15 million in FUP can save as much as \$101 million in foster care expenditures. Additionally, providing affordable housing and self-sufficiency services to young people averages just \$5,600 annually, a tenth of the cost of undesirable outcomes such as homelessness, incarceration, and residential treatment.

Tips for Local Success

Over the years, it has become clear that the most successful FUP partnerships require cross-training, single points of contact (liaisons) within each partner agency, and ongoing communication. In fact, HUD's most recent FUP notice of funding availability (NOFA), FY10, includes a number of provisions intended to encourage sites to adopt these elements in their partnership and provide case management and other supportive services to FUP households. FUP sites must include robust and ongoing case management provided by the local child welfare agency or through a contract funded by the child welfare system. This NOFA also encourages child welfare partners to take part in landlord recruitment, housing training for frontline staff and encourages regular communication with the PHA point of contact. Finally, HUD encourages PHAs to enroll FUP households in the Family Self-Sufficiency program (FSS) because this adds an extra layer of supportive services to help ensure that FUP households will successfully maintain permanent housing.

The MOU required by HUD provides an excellent formula for all community partnerships designed to share resources and information in an effort to prevent and end family and youth homelessness. In communities across the country, PHAs can use this model and can demonstrate a commitment to the program by creating local preferences in order to set aside regular Section 8 vouchers to serve hard-to-house families and youth leaving foster care.

What to Say to Legislators

Advocates interested in keeping families together and safe and those interested in ensuring that youth aging out of foster care have access to safe, decent, affordable housing options should express their appreciation to Congress for including FUP in the HUD budget in recent years. Advocates should also encourage Congress to continue to provide no less than \$20 million annually for new FUP vouchers to prevent family separation and homelessness among aging-out youth.

For More Information

National Center for Housing & Child Welfare · 301-699-0151 · www.nchcw.org

Family Violence Prevention and Services Act and the Violence Against Women Act

By Monica McLaughlin, Senior Public Policy Specialist, and Anna Melbin, Housing Director, National Network to End Domestic Violence

The Family Violence Prevention and Services Act (FVPSA) and the Violence Against Women Act (VAWA) create federal protections and support lifesaving programs for victims of domestic violence, sexual assault, dating violence, and stalking. For these federal laws to realize their full potential in meeting victims' housing needs, VAWA must be reauthorized, VAWA housing protections must be fully implemented, and both programs should be funded at their authorized levels.

FVPSA (pronounced 'fipsa') is administered by the Department of Health and Human Services (HHS), while VAWA programs are administered by the Department of Justice's (DOJ) Office on Violence Against Women (OVW).

History and Purpose

FVPSA, originally passed in 1984, created the first federal funding stream for community-based domestic violence programs and shelters. This federal funding was an important new source of core support for existing domestic violence programs and was instrumental in helping to develop services for areas of the country without them. Reauthorized numerous times since, its current authorization expired in 2008. FVPSA remains the only dedicated federal funding stream for domestic violence programs, programs that rely on this funding to provide and sustain lifesaving support to victims trying to escape violence. VAWA, originally passed in 1994 and reauthorized in 2000 and 2005, created the first federal law to encourage coordinated community responses to combat domestic and sexual violence. VAWA 2005 uses a holistic approach to address domestic violence, sexual assault, dating violence, and stalking. This reauthorization includes continued funding for transitional housing services, new resources to prevent victims from becoming homeless, and landmark protections that ensure victims can access the criminal justice system without jeopardizing their current or future housing.

The need for both FVPSA and VAWA remains great. Domestic violence is consistently identified as a primary cause of homelessness (U.S. Conference of Mayors, December 2009). A staggering 92% of homeless women report having experienced severe physical or sexual assault at some point in their lives, and upwards of 50% of all homeless women report that domestic violence was the immediate cause of their homelessness.

Advocates and survivors identify housing as a primary need of victims and a critical component in breaking the cycle of violence. Every day, thousands of abused adults and children are turned away from shelters and denied housing services because programs lack adequate resources. The National Domestic Violence Census found that in just one 24-hour period in 2009, 5,537 requests for shelter and housing went unmet due to a lack of resources.

As a result, many victims face the impossible choice between returning to their abusers and becoming homeless. In fact, victims of domestic violence often return to their abusers because they cannot find affordable long-term housing. Victims consistently report that, without available transitional housing services, they would either return to their abusers or be incarcerated for trying to make ends meet through illegal behavior, such as prostitution. Demand for services rises every year as more victims learn about the resources available to them and seek to leave abusive relationships. Unfortunately, transitional housing programs across the country reported funding cuts in 2009 ranging from 15% to 50% of their total operating budgets.

Programs Summary and Funding

FVPSA and VAWA housing programs are a critical part of the effort to reduce homelessness and housing instability among victims of domestic and sexual violence. These essential programs respond to an array of victims' needs, from emergency shelter to permanent housing.

FVPSA. FVPSA funds approximately 1,600 emergency domestic violence shelters and programs across the country. The funds are primarily distributed through a state formula grant. In addition to lifesaving emergency shelter,

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FVPSA-funded programs provide counseling, legal assistance, crisis intervention, and services for children. Although authorized at \$175 million, FVPSA funding has never reached that level. In FY10, FVPSA was funded at \$130.05 million, \$45 million below its funding authorization. The President's FY11 budget proposed \$140 million for FVPSA, a \$10 million increase over FY10. Advocates recommend funding FVPSA at \$175 million to meet the growing demand for services.

VAWA. VAWA includes many discretionary grant programs, including three housing and homelessness prevention programs. In addition, VAWA provides legal protection from unfair eviction and from denial of public and subsidized housing.

There are four housing-related grant programs in VAWA:

VAWA Transitional Housing Grant. This is the primary VAWA housing program, administered by OVW. The program distributes grants to over 225 organizations across the country on a competitive basis. The grants may be awarded to states, units of government, Indian tribes, and other organizations, including (1) domestic violence and sexual assault victim service providers, (2) domestic violence and sexual assault coalitions, (3) other nonprofit and nongovernmental organizations, or (4) community-based and culturally specific organizations that have a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking. Transitional Housing grants allow entities to offer direct financial assistance for housing and housing-related costs, operate transitional housing programs, and provide supportive services, including advocacy securing permanent housing. With VAWA Transitional Housing funding, organizations can provide a critical bridge from crisis to stability for victims of domestic and sexual violence, stalking, and dating violence. VAWA Transitional Housing is authorized at \$40 million but received only \$18 million in FY10.

Grants to Combat Violence Against Women in Public and Assisted Housing. This program, administered by OVW, would support collaborative efforts between housing providers and victim service providers and/or state domestic violence coalitions, but it has never been funded. Grants under this program could be used in connection with various housing programs, including rural housing administered by the Department of Agriculture, housing funded by the HOME program, and projects supported through Low Income Housing Tax Credit collaborations to provide assistive housing programs supporting the needs of abuse victims. This program is authorized at \$10 million.

Long-Term Stability/Housing for Victims. The Long-Term Stability/Housing for Victims program, also currently unfunded, would be administered by HHS and would fund collaborative efforts to create permanent housing options for victims and that support community development and leverage private dollars. The VAWA Long-Term Stability/Housing for Victims program is authorized at \$10 million.

- FVPSA-funded programs provided lifesaving shelter to almost 600,000 adults and children in FY07 and FY08.
- According to the National Domestic Violence Census, in just one day in 2010, FVPSA-funded programs provided emergency shelter to over 20,000 adults and children. (*Domestic Violence Counts 09: A 24-hour census of domestic violence shelters and services across the United States*. The National Network to End Domestic Violence [March 2010]).
- A recently released multistate study shows conclusively that the nation's domestic violence shelters are addressing victims' urgent and long-term needs and are helping victims protect themselves and their children. (Lyon, E., & Lane, S. (2009). *Meeting Survivors' Needs: A Multi-State Study of Domestic Violence Shelter Experiences*. National Resource Center on Domestic Violence and the University of Connecticut School of Social Work. Found at: www.vawnet.org.)
- VAWA saved over \$14.8 billion in net averted social costs in its first six years alone. (Andersen Clark, K., et al. (2002). "A Cost-Benefit Analysis of the Violence Against Women Act of 1994." *Violence Against Women*, 8, 417.)
- On just one day in 2009 over 11,500 adults and children were housed in domestic violence transitional housing programs. (*Domestic Violence Counts 09: A 24-hour census of domestic violence shelters and services across the United States*. The National Network to End Domestic Violence. (March 2010).)

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VAWA housing protections. Victims of domestic violence are often punished for the actions of their abusive partners. For example, victims of domestic violence living in public housing sometimes face unfair eviction and denial of housing benefits. The landmark housing provisions passed in VAWA 2005 are designed to protect victims from such housing discrimination and allow them to access the criminal justice system while maintaining their housing. VAWA housing protections allow public housing agencies (PHAs) to prioritize victims for housing when their safety dictates it, prohibit PHAs from denying housing or evicting a victim based solely on grounds of domestic violence, and clarify portability of Housing Choice Vouchers for victims.

VAWA housing protections are designed to allow victims to maintain or access safe housing, and yet the lack of consistent implementation has limited the effectiveness of these protections. Many of the housing provisions and protections under VAWA are not fully executed at the local level. In October 2010, HUD issued a final rule on the VAWA housing protections that, by and large, responds to advocates' comments. The final rule will help foster consistent implementation and provide clearer guidance to housing providers on how to use the VAWA housing protections. The final rule also indicates that HUD will continue to provide further guidance on the housing protections.

What Advocates Need to Know Now

Funding for VAWA and FVPSA. Fully funding FVPSA and VAWA programs is critical to ending domestic and sexual violence and homelessness. To realize the benefits of FVPSA and of these VAWA programs, VAWA must be fully funded in the FY12 budget, with \$60 million specifically for housing. Additionally, FVPSA should be fully funded to ensure that emergency domestic violence shelter is available when victims flee. When fully funded, these acts reduce the societal cost of violence against women. In fact, by supporting critical services for victims, VAWA saved \$14.8 billion in net averted social costs in its first six years alone.

VAWA reauthorization. VAWA will expire at the end of 2011, and it is essential that this vital legislation remain authorized to maintain victim safety and reduce homelessness. The VAWA reauthorization bill should build upon the strengths of the housing programs and protections with key improvements.

Tips for Local Success

Advocates can play a key role in promoting safe housing for victims of domestic and sexual violence by encouraging consistent implementation of VAWA housing protections within local jurisdictions. Housing advocates should work in partnership with domestic violence advocates to familiarize themselves with VAWA housing protections, to improve advocacy for individuals, and to improve PHAs' policies and procedures. Domestic violence advocates can train PHA staff, hearing officers, Section 8 owners, and resident groups on VAWA and the dynamics of domestic violence. PHAs should be encouraged to institute a preference for victims when making admission decisions. Advocates should also get involved with their PHA's planning process to ensure that victims' needs are addressed and that VAWA housing protections are adequately communicated to consumers. The newly released HUD final rule on VAWA will help advocates, landlords, and housing providers understand and utilize the VAWA housing protections.

What to Say to Legislators

Advocates should tell members of Congress why emergency shelter and longer-term housing are essential for victims of domestic and sexual violence. Housing providers should talk about victims the programs serve and about the struggles the programs face in meeting victims' unique needs for safety. Advocates should share the latest information about the pervasive scarcity of emergency and transitional housing, and of safe, affordable long-term housing in their communities.

VAWA reauthorization. To ensure the stability and viability of domestic violence programs across the nation, it is imperative that VAWA be swiftly reauthorized and fully funded. Advocates should urge members of Congress, specifically those on the Senate and House Judiciary Committees, to prioritize the reauthorization of VAWA with key housing provisions. Advocates should tell members how crucial the VAWA housing programs are to victims in communities.

VAWA and FVPSA funding. Advocates should ask the House and Senate Appropriations Committees to fully fund FVPSA and all VAWA programs, including:

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In the Labor, Health and Human Services Appropriation

- \$175 million for FVPSA/domestic violence shelters
- \$10 million for Long-term Stability/Housing for Victims

In the Commerce, Justice, Science Appropriation

- \$40 million for VAWA Transitional Housing
- \$10 million for Grants to Combat Violence Against Women in Public and Assisted Housing

For More Information

National Domestic Violence Census: www.nnedv.org

National Housing Law Project · 510-251-9400 · www.nhlp.org

National Law Center on Homelessness and Poverty · 202-638-2535 · www.nlchp.org

National Network to End Domestic Violence · 202-543-5566 · www.nnedv.org

The HUD final rule on VAWA can be found on HUD's website at: <http://edocket.access.gpo.gov/2010/pdf/2010-26914.pdf>

VAWA 2005 Housing Protections Fact Sheets and outline: www.ncdsv.org/images/ImpactofVAWAHousingFAQ.pdf and www.nhlp.org/files/1.%20Introductory%20Outline_1.pdf

Fannie Mae and Freddie Mac

By Danna Fischer, Legislative Director and Counsel, National Low Income Housing Coalition

The Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, government sponsored enterprises or GSEs) were established by Congress to provide liquidity and create a secondary market for residential mortgages, both single-family (one- to four-units) and multifamily (five or more units). Financial troubles have beset both agencies in recent years, and in 2008 they were placed under the conservatorship of the Federal Housing Finance Agency (FHFA). Because of their financial issues, the future of Freddie Mac and Fannie Mae is unclear. Payments from the GSEs were to provide the initial source of funds for the National Housing Trust Fund (NHTF), but the financial problems at both enterprises have caused these payments to have been suspended. Fannie Mae and Freddie Mac are regulated by FHFA. This agency was created in the Housing and Economic Recovery Act of 2008 (HERA). In addition, FHFA regulates the 12 Federal Home Loan Banks, which are also housing government sponsored enterprises.

History

While Fannie Mae and Freddie Mac were created at different times and for different purposes, they have effectively had identical charters and responsibilities since 1992. Prior to September 7, 2008, when they were placed in conservatorship, Freddie Mac and Fannie Mae were privately owned and operated corporations. Today, their regulator, FHFA, acting as conservator, has all the authority of each company's directors, officers, and shareholders. Until the conservatorship is ended, the FHFA operates the companies through appointed management in each company. During conservatorship the enterprises remain critically important to the housing finance system, by providing liquidity for new mortgages, assisting in resolving the mortgage crisis, and supporting the multifamily market.

Program Summary

Through their activities as financial intermediaries, Fannie Mae and Freddie Mac help provide liquidity and stability to the conventional (non-government insured) conforming (below applicable loan limits) single-family mortgage market and the multifamily market. By buying mortgages from lenders, Fannie Mae and Freddie Mac ensure that lenders always have funds available with which to make new loans. They primarily purchase single-family, 30-year fixed rate mortgages that are not insured by the federal government, but they also support the multifamily rental market.

The GSEs do not make mortgage loans directly to individual borrowers. Instead, they carry out their secondary market functions by buying mortgages from banks, savings institutions, and other mortgage originators. This allows lenders to free up dollars with which to buy new mortgages. The GSEs either hold the mortgages they purchase in their portfolios or package them into securities, known as mortgage-backed securities (MBS), which they sell to investors. As of October 2009, Freddie Mac and Fannie Mae owned or guaranteed \$5.3 trillion worth of mortgages, 58% of the outstanding mortgages in this country. However, in any given year their share of the mortgage market can vary widely; in 2006 the GSEs' share of single-family mortgage originations was 54%, and through September 2009 their share was 78%.

The GSEs also play a significant and growing role in the multifamily market. In 2006 their share of the multifamily financings was 33%, growing to 79% in 2008. In September 2009 their share was 64%.

Although Fannie and Freddie hold some mortgages in their portfolios, most mortgages are placed in mortgage pools to support mortgage-backed securities. When the GSEs securitize a mortgage, they are guaranteeing the timely payment of interest and principal to the purchaser of the MBS. In order for single-family mortgages to be packaged and sold as securities, they must meet certain standardized criteria set by the GSEs. As a result, the two GSEs set the lending standards for the conventional, conforming single-family mortgage market. This standardization has the benefit of increasing the liquidity of mortgages meeting the GSE guidelines and thereby decreasing the interest rates on these mortgages, lowering costs for the homebuyer.

Single-family mortgages. Generally, the GSEs provide support for 30-year fixed-rate mortgages on single-family homes. Fannie and Freddie can only purchase mortgages whose principal balance is equal to or less than the conforming loan limit established annually by FHFA. For FY11, the limit is \$417,000 generally, with a maximum of \$729,750 in areas with high home prices. The limit is also adjusted for property size and different and higher limits apply in Alaska, Guam, Hawaii, and the U.S. Virgin Islands.

Multifamily mortgages. The GSEs also purchase mortgages on multifamily dwellings. These mortgages are generally held in portfolio, but they can be securitized and sold to investors. Currently, Freddie Mac and Fannie Mae hold about 30% of the outstanding multifamily debt, and in 2009 their combined purchases represented more than 60% of the multifamily market. In the past, Freddie Mac and Fannie Mae have also played a significant role in supporting the Low Income Housing Tax Credit (LIHTC) market; however, since the institution of the conservatorships this support has decreased.

Housing goals. Because they are chartered by the federal government, the GSEs are required to meet certain 'percentage-of-purchase' goals to ensure that they serve the low and moderate income markets, underserved, and special affordable markets. In other words, the GSEs are each required to purchase a certain number of mortgages on properties that meet certain characteristics. These housing goals are set annually, as a percentage of the regulated entity's single family and multifamily business lines.

In 2009, both Fannie Mae and Freddie Mac exceeded some goals and missed others. On June 3, 2010, FHFA determined that the housing goals and subgoal that were not met by either Fannie Mae or Freddie Mac in 2009 were infeasible and would not be enforced. FHFA determined that the housing goal and subgoal that were exceeded by Fannie Mae but not by Freddie Mac were feasible.

In September 2010, FHFA published housing goals for the 2010-2011 period. As required by HERA, the new goals include a single family purchase money goal for low income families, a single-family purchase money goal for families residing in low income areas, a single-family purchase money goal for very low income families, a single-family goal for the refinancing of mortgages for low income families and goal for the purchase of multifamily loans affordable to low income families. There is also a multifamily subgoal targeting very low income families.

HERA also created a new duty to serve, which requires the enterprises to lead the industry in developing loan products and flexible underwriting guidelines for manufactured housing, affordable housing preservation, and rural markets. FHFA has not implemented this requirement.

National Housing Trust Fund. HERA also established Freddie Mac and Fannie Mae as sources of funding for the National Housing Trust Fund (NHTF; P.L. 110-289, division A, title I, subtitle B, section 1131). Under HERA, Fannie Mae and Freddie Mac were required to set aside an amount equal to 4.2 basis points for each dollar of 'total new business purchases.' Of these amounts 75% is to be used to fund the NHTF and the Capital Magnet Fund (CMF) maintained by the Treasury, with the NHTF receiving 65% of the allocation and the CMF receiving 35%. (The remaining 25% is transferred to the Treasury.) In 2008, FHFA suspended Fannie's and Freddie's contributions due to the financial conditions of the entities.

The GSEs have led on the issue of addressing the needs of renters in foreclosed properties. Both entities have adopted programs to allow renters in a property that they acquire through foreclosure to remain in the property in a month-to-month lease.

Freddie Mac and Fannie Mae have also been instrumental in addressing the foreclosure crisis and implementing the Obama Administration's Home Affordable Modification Plan.

Funding

Prior to their being placed in conservatorship, the GSEs had received no federal funds to support their operations. Instead, Fannie Mae and Freddie Mac raised money in the capital markets to fund their activities. The GSEs' incomes come from the difference between the interest they receive on the mortgages they hold and the interest they pay on their debt, from the fees they charge to investors for guaranteeing payment on the mortgage-backed securities they issue, and from income earned on non-mortgage investments.

Fannie Mae and Freddie Mac

Since the establishment of the conservatorship, both Fannie Mae and Freddie Mac have realized substantial losses. These losses have exhausted each enterprise's capital, and as of September 2010, the Federal Government had provided \$148 billion in assistance to Fannie Mae and Freddie Mac. The Treasury has also committed to provide an additional support for the GSEs as needed to ensure the strength and security of the mortgage market, to help maintain mortgage affordability and to help keep interest rates low.

In addition, both the Treasury Department and the Federal Reserve Bank supported the housing market by purchasing mortgage backed securities and debt securities issued by Freddie Mac and Fannie Mae.

What Advocates Need to Know Now

Freddie Mac and Fannie Mae remain in conservatorship; however, both the Obama Administration and the 112th Congress are developing plans to end the conservatorships and move to a new secondary market model. Policymakers are trying to determine if the functions Fannie Mae and Freddie Mac perform are needed by the housing finance system and, if so, in what form should those functions be carried out in the future. As Congress and the Obama Administration look to reform the GSEs, advocates need to ensure that there is support for long-term fixed-rate mortgages for lower income families, affordable rental housing, and the National Housing Trust Fund.

What to Say to Legislators

Freddie Mac and Fannie Mae play important roles in both the single-family market and in the affordable multifamily market. These functions, as well as the contributions to the NHTF, need to be part of any future secondary market.

For More Information

Federal Home Loan Mortgage Corporation · www.fanniemae.com

Federal Housing Finance Agency · www.fhfa.gov

Federal National Mortgage Association · www.freddie.mac.com

FHFA published housing goals for the 2010-2011 period at: [www.fhfa.gov/webfiles/16607/2010-2011_Ent_HGs_Final_Rule_published_75_FR_55892_\(9-14-10\).pdf](http://www.fhfa.gov/webfiles/16607/2010-2011_Ent_HGs_Final_Rule_published_75_FR_55892_(9-14-10).pdf)

Information about the loan limits for single-family mortgages in specific counties can be found at: www.fhfa.gov/Default.aspx?Page=185

See also: *Capital Magnet Fund*, *Federal Home Loan Banks*, *Foreclosure Intervention: Protecting Homeowners*, *Foreclosure Intervention: Protecting Renters*, *National Housing Trust Fund*.

Farm Labor Housing (Section 514/516)

By Leslie R. Strauss, Senior Policy Analyst, Housing Assistance Council

Farmworkers and their families experience high rates of housing problems. Yet the U.S. Department of Agriculture (USDA) Section 514/516 loan and grant program, which finances housing for farm laborers, has been underfunded for many years, and has suffered due to the lack of funding for new USDA Rental Assistance as well as the erroneous impression that these units house people without legal residency status.

The program is administered by USDA's Rural Development Housing and Community Facilities Programs office.

History and Purpose

Farmworkers, both migrant workers and those who live in one place all year, receive low wages and often lack full time work. Given their high poverty levels, it is not surprising that farmworkers and their families often cannot find decent, affordable housing. They face a wide range of housing problems, including substandard housing quality, crowding, affordability issues, and low homeownership rates. These conditions are commonplace among migrant farmworkers who travel to different states and regions, following crop seasons and labor demand, as well as among those farmworkers who reside in the same community all year.

Congress created USDA's Section 514 Farm Labor Housing loan program in 1961, and in 1964 added the complementary Section 516 grant program.

Program Summary

Farm Labor Housing is a capital program; USDA provides both loans (Section 514) and grants (Section 516) to buy, build, improve, or repair farmworker housing. Both types of funds are awarded through an annual competition. Funds can be used to purchase a site or a leasehold interest in a site; to construct or repair housing, day care facilities or community rooms; to pay fees to purchase durable household furnishings; and to pay construction loan interest.

Section 514 loans are made to farmers, associations of farmers, family farm corporations, Indian tribes, nonprofit organizations, public agencies, associations of farmworkers, and limited partnerships in which the general partner is a nonprofit entity. Section 516 grants are made to farmworker associations, nonprofit organizations, Indian tribes, and public agencies. A recipient must be in the process of obtaining a loan in order to be eligible for a grant. Funds may be used in urban areas for nearby farm labor, an exception to USDA's usual strictly rural service area.

To be eligible to live in Section 514/516 housing, tenants must be domestic farm laborers who receive a substantial portion of their income from farm labor and must be citizens or legally admitted for permanent residence. Legally admitted temporary laborers (holders of H-2A visas) are not eligible. Retired or disabled farm laborers may remain as tenants if initially eligible. Farm laborers include not only field workers, but also those whose income is earned in aquaculture (fish and oyster farms). The 2008 Farm Bill expanded eligibility to include workers who process commodities, both agricultural and aquacultural, and both on and off farms.

Section 521 Rental Assistance. Developers of Section 514/516 housing report that, because of their tenants' low incomes, it is usually essential for these units to obtain rental assistance, most often through USDA's Section 521 Rental Assistance (RA) program. The RA program provides project-based subsidies exclusively to USDA-funded rental developments.

Eighty-two percent of Section 514/516 tenants have very low incomes. The average income of all program tenants is just under \$20,000 (Data from RHS, as of April 2010). Sixty-four percent of tenants receive USDA Section 521 Rental Assistance. Despite the subsidies provided to reduce development costs and thus reduce rents, 9% of tenants pay more than 30% of their income for housing costs. Eighty percent of Section 514/516 tenants are Hispanic.

Funding

Funding for the Section 514 loan program has been around \$30 million in FY08, FY09, and FY10. Section 516 grant funding was approximately \$9.4 million in FY10. The resulting housing production levels are not nearly enough to meet the need.

Farm Labor Housing (Section 514/516)

The Section 521 Rental Assistance program received \$980 million in FY10. Program costs vary from year to year based on changes in rent levels; it is expected that \$966 million will enable USDA to renew all expiring RA contracts in FY11 and provide a limited number of new contracts. The Administration's budget for FY12 proposes \$906.7 million for RA and assumes that fewer RA contracts will be needed than in FY11 because 300 properties (an estimated 8,100 units) will leave the Section 514/516 and 515 programs. It is not clear how that estimate was derived.

USDA's Section 514/516 program has financed over 37,000 rental homes for farmworkers since the early 1960s.

What Advocates Need to Know Now

It is important to note that Section 514/516 farmworker housing units comprise a relatively small percentage of all housing occupied by farm laborers. Still, as the only federal program specifically targeting the housing needs of farmworker households, Section 514/516 plays a significant role. Given the high program demand and the poor condition of farmworker-occupied housing in general, the current funding levels for these programs are not nearly adequate to address the tremendous need for decent, affordable farmworker housing.

Funding is an issue for the related Section 521 RA program as well. As housing costs have risen in the recent past, RA costs have risen as well, and most of the Section 521 program's funding is used to renew expiring RA contracts. Very few new contracts have been available.

Some members of Congress have expressed concern about Section 514/516 units harboring illegal immigrants. The laws governing USDA's housing programs, however, make illegal residents ineligible for all USDA housing aid.

Tips for Local Success

A local organization that has not previously developed housing for farmworkers should consult with experienced organizations to learn about ways to overcome development challenges.

For example, farmworkers may have been paying less than 30% of their incomes for substandard housing. They may be reluctant to pay 30% of income to live in an affordable housing development, despite the higher quality of the units, especially if they are migrants whose home base is elsewhere.

If the property will house migrant workers, there may be challenges in calculating the market for the units and in marketing them to prospective tenants. Housing organizations may wish to contact farmworkers, farmworker organizations, the state department of labor, growers, and grower organizations for marketing suggestions.

Farmworker housing proponents should also anticipate community opposition and be prepared to head it off in advance. It can be very useful to include community leaders, as well as growers who will hire the farmworker tenants, beginning in the early stages of planning a project. It is important that units be attractive, not only for the benefit of the tenants, but to minimize community opposition. It is equally important to develop a project requiring as few variances from local codes as possible.

What to Say to Legislators

Advocates should speak to Members of the House and Senate Appropriations Committees, particularly the Agriculture Subcommittees, and to their own representatives and senators, with the message that:

- The 514/516 program needs full funding in order to provide decent, affordable homes for the hard-working people who put food on our tables. Section 514 loans should receive at least \$28 million and Section 516 grants at least \$10 million.
- Existing law prohibits illegal immigrants living in Section 514/516 rentals, so the program is not assisting people who are in the U.S. illegally.
- Because farmworkers' incomes are low and inconsistent, rental assistance is essential to keep their rent payments at or below 30% of their incomes. USDA's Section 521 Rental Assistance program needs full funding to renew all expiring contracts and to provide new aid for newly constructed units.

For More Information

Housing Assistance Council · 202-842-8600 · www.ruralhome.org

Federal Data Sources for Housing Advocacy

By Megan DeCrappeo, Research Analyst, National Low Income Housing Coalition

Accurate, reliable and timely data on housing, demographic and socioeconomic characteristics of the U.S. population are critical tools for housing researchers and advocates from the national to the neighborhood level. Such data can provide a clear picture of the need for affordable housing in a community and of the populations hit hardest by a lack of affordable housing. In recent years there has been a surge in the number of federal data sources available to the public with the release of multiple years of American Community Survey (ACS) data and the 2010 Census.

Issue Summary

The Census. The U.S. Constitution mandates that a count of every American resident be conducted every ten years in order to accurately apportion Members of Congress among the states. The decennial census is the only comprehensive count of the U.S. population (see table), as it has been since the first census in 1790. The Census Bureau sets out to achieve a full count of the population by distributing a questionnaire requesting basic demographic information (e.g., age, sex, race) to all U.S. households and to all individuals living in group quarters (e.g., military barracks, nursing homes, college dormitories, prisons, etc.) every ten years. Census figures describe the U.S. population at a specific point-in-time (e.g., April 1) during the census year.

While in recent years there have been growing concerns of undercounting in poor and minority urban populations, the decennial census conducted by the Census Bureau is the official source for counts of the number of people and houses in the United States, and it is used to apportion congressional representatives among the states, draw legislative districts, determine the number of electoral votes assigned to each state, and distribute federal funds.

American Community Survey. Historically during the decennial census, one in six households received an expanded questionnaire, or 'long form,' that also included specific questions regarding a household's income, education, employment, and other socioeconomic characteristics along with questions about their housing unit. While continuing to conduct a census every ten years through the use of the 'short form,' as constitutionally mandated, the Bureau replaced the survey component of the decennial census (i.e., the long form) with the American Community Survey (ACS) in 2010.

Under development since the mid-1990s, the ACS has produced annual estimates for every jurisdiction with more than 250,000 residents since 2000. (Full data from the first two years are available through the 2000 and 2001 Supplemental Surveys.) The sample size was expanded from 800,000 to three million households when data were collected in 2005; as a result, one-year estimates for jurisdictions as small as 65,000 residents in the 50 states, the District of Columbia, and Puerto Rico have been available since the release of the 2005 data. In addition to these one-year estimates, the 2007 data release was the first to include estimates based on three years of data for all areas with a population greater than 20,000. Since then, both one- and three-year estimates have been released every year. And in 2010 the Bureau was able to release the first five-year estimates (2005-2009) for areas as small as block groups. The release of five year data means that we will no longer have to wait a decade to see the characteristics of very small areas. In 2006, the survey was expanded to include the population living in group quarters; as a result, 2006 ACS estimates and those that follow are considered more comparable with decennial census estimates.

As is true with all surveys, including the long form component of the decennial census that it will replace, there are margins of error associated with ACS data because estimates depend on the responses of a sample of a population, rather than every member. Furthermore, since the sample is based on official census population estimates, the decennial census and the Bureau's Population Estimates Program remain the preferred source for official population counts. Unlike the point-in-time nature of the decennial census, the ACS produces period estimates and is thus ideally suited for describing the characteristics of a population during the data collection period and for measuring annual differences across geography and through time.

American Housing Survey. The American Housing Survey (AHS) is the only comprehensive national survey specifically focused on housing. This survey is funded and directed by HUD's Office of Policy Development and Research (PD&R),

Federal Data Sources for Housing Advocacy

but is conducted by the Census Bureau. The survey is longitudinal in nature, tracking changes in the same housing units over time, and it produces national and regional estimates on housing characteristics every two years. A metropolitan area ('metro') survey is administered in addition to the national survey. Both surveys are conducted during a 3- to 7-month period. The metro survey program has changed many times, mostly in response to changes in the AHS budget. In 2007 the number of metropolitan areas to be over-sampled as part of the national survey was reduced to 21, with seven surveyed every two years. Prior to that, during the period 1985-2004, the AHS surveyed 41 areas. During 1985-1995, there were metro surveys every year. During 1996-2004, the metro surveys were conducted in even numbered years, although there was none in 2000. In addition, during that period, the six largest metropolitan areas (Chicago, Detroit, Los Angeles, New York, Northern New Jersey, and Philadelphia) were surveyed every four years (that is, in 1995, 1999, and 2003) as part of the national survey.

Even as the number of metropolitan areas surveyed decreased, sample sizes have also been reduced to meet budget demands. National data from the 2009 AHS was released in summer 2010. Another seven metropolitan surveys should have been done in 2009, but due to severe budgetary shortfalls, surveys were only done in Seattle and New Orleans. The New Orleans survey was done at the request of the Administration and included special questions about Hurricane Katrina.

Rental Housing Finance Survey and Home Mortgage Disclosure Act. A focus on housing finance, rather than people or units, sets the Rental Housing Finance Survey (RHFS), and Home Mortgage Disclosure Act (HMDA) data apart from the Census Bureau efforts discussed above. The RHFS replaces the Residential Finance Survey (RFS), which was a decennial investigation of the financial characteristics of all residential properties. The RHFS focuses on the financial, mortgage and property characteristics of multifamily rental properties and includes questions that are the same or similar to questions on the rental housing portion of the 2001 RFS. The first RHFS will be conducted in 2011. HMDA is an annual collection of data from disclosure filings made available to advocates to monitor the lending patterns of financial institutions. At the time of publication, the most recent HMDA data available covered mortgage lending that occurred in 2009.

Current Population Survey. The Current Population Survey, or CPS, is distinct in that it does not produce any estimates of housing characteristics. It is mentioned here because it includes an Annual Social and Economic (ASEC) Supplement, which is the source of official estimates of income and health insurance coverage of the non-institutionalized population (i.e., individuals not considered 'patients' or 'inmates') and is the primary source of data on the annual poverty status of U.S. residents. For this reason, the CPS is a very important source of data for low income housing advocates.

Comprehensive Affordability Strategy Data (CHAS). Since 1990, the Census Bureau has provided HUD with custom tabulations of decennial census data (in 1990 and 2000) or ACS data (2005-2007 and 2006-2008) which allows users to gain an understanding of the housing problems and housing needs of American households, and particularly of low income households. CHAS data use HUD-defined income limits and can therefore illustrate the number of households at various income levels in need of housing assistance. It further breaks this data down by a number of characteristics such as race, family size, age and disability status. This data is primarily used by local governments and community planners when they are creating a Consolidated Plan for their region. The CHAS data from 1990 and 2000 was available at every geographic level down to the block group, but the most recent CHAS data (2006-2008) is only available down to the city level. Once the Census Bureau provides HUD with a special tabulation of the 5-year ACS data, users will be able to drill down to the census tract level. The 5-year CHAS data is expected to be available in 2011. This dataset is a very valuable tool for advocates who wish to see the affordability mismatch in their state, county or city as well as the number of households experiencing unaffordable cost burden or other housing problems.

Data on the subsidized rental stock. HUD makes publicly available information on the location and characteristics of a subset of the nation's federally subsidized rental housing stock. While HUD does not produce a comprehensive, integrated dataset, it does provide project-level files for the following programs: project-based Section 8 and other federal rent subsidies for multifamily housing; FHA insured and subsidized mortgages; Sections 202 and 811; and the Low Income Housing Tax Credit program. In addition to data for these individual programs, HUD produces a dataset called *A Picture of Subsidized Households*, which includes public housing in addition to the previously mentioned files. This dataset was recently updated and the most recent version reflects data collected in 2008. HUD also released the data from 2004 to 2007 last year. It is expected that these updates will now happen on a more regular basis.

With an understanding of the programs, database skills, and significant effort, advocates can integrate these datasets to create a partial database of the subsidized housing in a particular geography. Thanks to data released by HUD in 2008 and updated on a quarterly basis, the database can include the three most recent Real Estate Assessment Center (REAC) scores that quantify the properties' physical conditions. Information for projects receiving subsidies from the following programs will be omitted, however, because HUD does not make it available to the public: HOME; multifamily housing bonds; Section 8 Mod Rehab; project-based vouchers; HOPWA; and McKinney-Vento permanent housing. Data from the U.S. Department of Agriculture on subsidized rural housing should be made publically available in 2011.

Fair Market Rents. HUD updates Fair Market Rents (FMRs) annually for every metropolitan area and rural county in the U.S. Although it is primarily an administrative dataset used to determine the 'payment standard amount' for the Section 8 voucher program, it is of interest to housing advocates given its frequency and comprehensive geographic coverage. Commonly set at a community's 40th percentile gross rent, FMRs reflect HUD's best estimate of the cost of a decent, modest apartment and are published for various unit sizes.

In 2010, HUD began a Small Area Fair Market Rent (SAFMR) Demonstration Project which allows housing authorities that volunteered for the project to use SAFMRs, which are set at the ZIP code level in metropolitan areas rather than at the metropolitan area level, to determine the payment standard amount for the Section 8 voucher program. There have long been concerns about setting the FMR at the metropolitan area level because it tends to concentrate voucher holders in low income, low opportunity neighborhoods where nearly all the rents qualify for the voucher program. FMRs based on a smaller geography, such as the ZIP code level, should more closely reflect an area's rental market and therefore provide voucher holders with a greater array of housing choices.

Additional surveys. Other surveys of importance to housing advocates and researchers include:

- Housing Vacancy Survey, a Census Bureau survey that quantifies rental and homeowner vacancy rates, the characteristics of vacant units, and the overall homeownership rate on a quarterly (nation, regions) and annual (states, 75 largest metropolitan areas) basis. Data collected for the Housing Vacancy Survey are also used to produce the annual CPS estimates.
- Survey of Construction, a Census Bureau product that tracks the number and value of residential units permitted, constructed, sold, and improved for the nation and select metropolitan areas.
- Survey of Market Absorption, a HUD-sponsored survey of the absorption rate of newly constructed multifamily units conducted by the Census Bureau.
- Survey of Income and Program Participation, a Census Bureau survey that tracks families for between two and four years, investigating household members' sources of income, participation in and effectiveness of government transfer programs, and basic demographic characteristics.

What Advocates Need to Know Now

The Census. The 2010 census was carried out last year and the Census Bureau released the first official population and apportionment counts in December 2010. The Bureau will continue to release the results of the census, such as selected population and housing characteristics and housing unit counts by occupancy status, through 2013. The American Recovery and Reinvestment Act of 2009 included \$1 billion for the Census Bureau that funded measures designed to increase the accuracy of the census, particularly as it relates to hard-to-count populations. These measures included the hiring of additional census takers, increasing the number of community partnership specialists, and stepped-up efforts at outreach and advertising. The omnibus bill that controlled appropriations for the FY10 budget included \$7.325 billion for the 2010 census, which allowed the Census Bureau to maximize the accuracy of Census 2010. It is critical that enough funding is provided in the FY11 and FY12 budgets for the Bureau to continue processing data from the census, conduct extensive evaluations of census operations, and continue publishing the results of the census.

American Community Survey. The President's FY11 and FY12 budget proposals to Congress included requests for increased funding for the ACS, which would allow the Census Bureau to increase the sample size to 3.5 million households and allow for improved data collection methods, 100% follow-up with unresponsive households in remote areas and a comprehensive review of three-year and five-year ACS estimates. However, the House of Representatives proposed a reduction to this request that would not allow for this expansion. Amendments were even introduced,

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although not passed, to eliminate the ACS altogether, a move that shows how vulnerable this program is to decreased funding.

American Housing Survey. The American Housing Survey (AHS) suffered significantly as a result of cuts to the budget for PD&R from FY06 through FY09. These budget cuts reduced the survey's sample size and scaled back the number of metropolitan areas from 47 to 21 (seven surveyed every other year in a six-year cycle). More recent cuts further reduced the number of metropolitan areas to be surveyed in 2009 from seven to two and called into question the survey's future. Fortunately, this trend has been reversed with the new Administration and the AHS is slated to return to the robust survey it once was.

HUD and the Census Bureau recently announced plans to redesign the AHS, and if the President's proposed budget increase for PD&R is approved, there is a very good possibility that this redesign will take place. Under the proposed changes, in the 2011 and 2013 surveys, the number of metropolitan areas studied would increase to 30 each year, for a total of 60 areas that would be revisited every four years. The sample sizes would also be increased. Further proposed changes include a streamlining of the survey itself, and a system of rotating topical modules that will appear intermittently. Some examples of topical modules include transportation and walkability, healthy homes, housing modifications to improve accessibility, energy efficiency and disaster planning. The most significant changes will occur in the 2015 survey, after the decennial census data are available, because for the first time since 1985, a new sample will be drawn, enabling HUD and the Census Bureau to present data in terms of current metropolitan geography and will give a break to the returning respondents who have been in the survey in some cases for thirty years.

Rental Housing Finance Survey and Home Mortgage Disclosure Act. Another victim of PD&R's past budgetary woes, the 2011 RFS was previously unfunded and was not expected to be conducted following the decennial census as it has been since 1951. However, the FY10 budget included increased funding to PD&R, which allowed the department to create a revamped RFS, now called the RHFS, that will be carried out in 2011 and will target multifamily properties. This is currently the only source of information on the mortgage and financial characteristics of multi-unit rental properties, so it remains critical that this survey be funded and implemented.

New poverty definition expected. In fall 2011, the Department of Commerce expects that the Census Bureau will release a new Supplemental Poverty Measure (SPM). The new measure, according to the Interagency Technical Working Group assigned to develop the SPM, should take into account all food, shelter, clothing and utility expenditures for a family with exactly two children, including single-parent families. This is an improvement over the official poverty measure, developed in 1964, which largely estimates poverty by only looking at a household's cash income. While this measure will not replace the official poverty measure when estimating eligibility for government assistance, advocates do expect it will provide a more accurate understanding of economic conditions and trends in the United States.

Federal preservation data legislation. Advocates can also use data from HUD on the location and characteristics of certain subsidized properties to develop a database of assisted housing in a particular geography. This kind of database can be used to preserve affordable housing by raising awareness of projects at risk of leaving the subsidized housing stock. (See NLIHC's work summarizing the available data and how it can be used at <http://nlihc.org/template/page.cfm?id=133>.)

However, data-driven preservation efforts today cannot be maximized because HUD does not publish data on all of its programs in one easy-to-use database. To the contrary, the data that HUD currently makes available to the public are not complete, not always updated in a timely fashion, and require a certain level of database expertise to utilize fully. Legislation has been introduced in the House that would require HUD to improve upon the quantity, quality, and usability of the subsidized housing data that the agency provides to the public, but it is currently unclear whether or not this legislation will ultimately pass.

Tips for Local Utilization and Success

First and foremost, housing advocates should encourage everyone to fully participate in every decennial Census and to respond to other federal housing surveys. The research conducted with these datasets can only fully capture the housing experiences of the nation if everyone is counted.

Advocates can also be end-users of the vast array of survey and census data. Research produced by advocates both clearly illustrates the depth and breadth of the affordable housing crisis and also demonstrates the importance of these federal data collection efforts. Quantifying the problem by calculating the scarcity of units affordable to the lowest income families, for example, can make it easier to set specific and defensible goals for expanding the affordable housing stock. See the tables at the end of this article for a summary of the key data sets advocates can use.

What to Say to Legislators

Advocates should call their Members of Congress and ask to speak to the person who deals with appropriations with the message that funding for the collection and analysis of housing data is vital to understanding the breadth and depth of the nation's affordable housing crisis. Informed and effective housing policy is possible only with a concrete understanding of today's housing issues.

Advocates should ask the Member to support the collection and analysis of housing data in the appropriations process by:

- Meeting the Census Bureau's request for funding to effectively and efficiently complete and evaluate Census 2010.
- Continuing to provide increased funding to HUD's Office of Policy Development & Research.
- Continuing to fully fund the American Community Survey and working to increase its sample size and accuracy.

Advocates should also ask to speak to the person who deals with housing issues and emphasize the need for a comprehensive, accurate, easy-to-use and timely datasets from HUD that will assist affordable preservation efforts around the country.

For More Information

Many organizations that understand the importance of federal statistics have formed coalitions and membership groups that track federal data collection efforts, advocate for their continued funding, and provide members with an opportunity to communicate directly with the federal agencies collecting the data. These groups include the Council of Professional Associations on Federal Statistics (www.copafs.org/), The Census Project (www.thecensusproject.org), and the Housing Statistics Users Group (<http://groups.google.com/group/housing-statistics-users-group>).

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Federal Data Sources for Housing Advocacy

Comparison of Selected National Datasets

	American Community Survey	American Housing Survey	Census	Rental Housing Finance Survey	Home Mortgage Disclosure Act	Current Population Survey
Survey or Census?	Survey	Longitudinal survey	Census and survey components	Survey	Census of qualifying institutions	Survey
Sample Size	Sample size expanded from 800,000 to 3 million households (1:40) in 2005	55,000 units are surveyed nationally every odd-numbered year; circa 3,000 units are included in each metro survey	Census of all households and group quarters	Roughly 68,000 properties in 2001	Roughly 34 million loan records in 2006 reported by 8,886 financial institutions	Roughly 55,000 households per month for labor force estimates; 75,000 annually for socioeconomic data
Survey of...	Population and housing	Housing units; household and individual characteristics data also available	Population and housing	Residential properties; interviews with owners and mortgage lenders	Individual loan applications as reported by large banks and lending institutions in metro areas	Households representing the civilian, non-institutionalized population
Data Available	Basic population, housing, and income variables	Detailed housing, income, and neighborhood variables	Basic population, housing, and income variables	Financing and other project characteristics; owner demographics	Home mortgage lending activity by institution and race/income of applicant; socioeconomic and housing data from census & HUD	Labor force, poverty, income, and health insurance data, cross-tabulated by demographic and employment characteristics
Frequency	Annual since 2000	National survey is biennial; each survey covers 7 of 21 large metros; each metro is surveyed every 6 years	Decennial since 1790	Decennial since 1950	Annual since 1997	Monthly estimates of labor force; annual for income, poverty, and health insurance

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	American Community Survey	American Housing Survey	Census	Residential Finance Survey	Home Mortgage Disclosure Act	Current Population Survey
Data Comparability Over Time	Surveys fairly comparable since 2000, although 2006 ACS is first to include group quarters	Designed to track changes in individual units, but can be problematic; some variables change year to year	Data are largely comparable though some caution is necessary due to changes in methods and questions	1991 and 2001 survey instruments are largely comparable	Caution is urged due to frequent changes in coverage and required reporting	Use of different census-based controls and sample designs affect comparability
Level of Geographic Detail	Population: >250k since 2000; >65k in 2005 ACS; >20k in 2007 ACS; tracts and block groups in 2009 ACS	National, regional, and select major metropolitan areas	All levels of census geography, down to the block level	National and regional (for select data)	National, metro areas, and census tracts (for select data); reporting institutions	National, census regions and divisions, and states
Format of Available Data	Demographic profiles, rankings and geographic comparisons, customized tables, maps, microdata, etc.	Data tables and microdata	Demographic profiles, rankings and geographic comparisons, customized tables, maps, microdata, etc.	Data tables and microdata	Data tables and microdata	Data tables and microdata
Agency Charged with Data Collection	Census Bureau	Census Bureau sponsored by HUD	Census Bureau	Census Bureau, historically sponsored by HUD	Federal Financial Institutions Examination Council	Census Bureau and the Bureau of Labor Statistics
Status	Proposed FY11 and FY12 budgets would increase funding for ACS and allow for an increased sample size	National sample size and number of metro areas will be increased in 2011 if proposed FY11 budget increases are passed	Constitutionally required. Sufficient funds needed in FY11 and FY12 budgets for completion and evaluation of census 2010	HUD and Census will conduct a redesigned survey in 2011 that focuses on multifamily properties	Data collection required by act of Congress	No known threats

The Federal Home Loan Banks

By John von Seggern, President and CEO, Council of Federal Home Loan Banks

The Federal Home Loan Banks are 12 regional cooperative banks used by U.S. lending institutions to finance housing, community development, infrastructure, small business, and jobs in their communities.

The Home Loan Banks are the largest single source of funds for community lending in the United States. The Federal Home Loan Banks are regulated by the Federal Housing Finance Agency (FHFA). This agency was created in the Housing and Economic Recovery Act of 2008 (HERA). The FHFA also regulates Fannie Mae and Freddie Mac.

History

The Federal Home Loan Banks System was created by Congress in 1932.

Program Summary

The Federal Home Loan Banks, which are government sponsored enterprises (GSEs), are cooperatives that provide funding for housing through all market cycles. More than 8,100 lenders are members of the Federal Home Loan Bank System, representing approximately 80% of the insured lending institutions in the country. Community banks, thrifts, commercial banks, credit unions, community development financial institutions, insurance companies, and state housing finance agencies are all eligible for membership in the Federal Home Loan Bank System (the System). The 12 Home Loan Banks are located in Atlanta, Boston, Chicago, Cincinnati, Dallas, Des Moines, Indianapolis, New York, Pittsburgh, San Francisco, Seattle, and Topeka.

Each Federal Home Loan Bank has its own board of directors, comprised of members of that Home Loan Bank and independent (non-member) directors. The boards of directors represent many areas of expertise, including banking, accounting, housing, and community development.

The primary purpose of the Federal Home Loan Banks is to provide their members with liquidity. In fact, the Federal Home Loan Bank System is the only source of credit market access for the majority of its members. Most community institutions do not have the ability to access the credit markets on their own.

Federal Home Loan Bank loans to members, called advances, are a nearly instantaneous way for members to secure liquidity. The Federal Home Loan Banks go to the debt markets several times a day to provide their members with funding. The size of the Federal Home Loan Bank System allows for these advances to be structured in any number of ways, allowing each member to find a funding strategy that is tailored to its needs.

In order to qualify for advances, a member must pledge high-quality collateral, in the form of mortgages, government securities, or loans on small business, agriculture, or community development. The member must also purchase additional stock in proportion to its borrowing. Once the member's Home Loan Bank approves the loan request, it advances those funds to the member institution, which then lends the funds out in the community for housing and economic development.

Each of the 12 regional Federal Home Loan Banks is self-capitalizing. During times of high advance activity, capital automatically increases. As advances roll off the books of the Federal Home Loan Banks, capital is reduced accordingly.

During the recent financial crisis, the Federal Home Loan Banks continued to provide liquidity nationwide to members for housing and community credit needs through one of the most challenging periods of economic stress ever. As other sources of liquidity disappeared, and before the coordinated response of the federal government, the System increased its lending to members in every part of the country by 58% between the second quarter of 2007 and the third quarter of 2008. Advances exceeded \$1 trillion in the third quarter of 2008.

Member demand for advance borrowings continues to be lower as members' loans outstanding decreased while their deposit base continued to grow, both as a result of the economic contraction. As of the end of the third quarter of 2010, System advances outstanding totaled \$500 billion. This is a decline from \$631 billion in advances outstanding to start the year, and a decline from the high of \$1 trillion in advances for the third quarter of 2008. However, one of the benefits of the System's regional, self-capitalizing, cooperative business model is the ability to safely expand and contract to meet member lending needs throughout various business cycles

The Federal Home Loan Banks have distributed nearly \$4 billion in Affordable Housing Program funds since 1990. Close to 700,000 housing units have been built using AHP funds, including more than 400,000 units for very low income residents.

Under the Community Investment Program, the Banks have lent nearly \$60 billion for a variety of projects since the program's inception two decades ago, creating nearly 700,000 housing units and more than 80,000 jobs.

Federal Home Loan Banks are jointly and severally liable for their combined obligations. That means that if any individual Federal Home Loan Banks would not be able to pay a creditor, the other 11 Federal Home Loan Banks would be required to step in and cover that debt. This provides another level of safety and leads to prudent borrowing throughout the System.

Affordable Housing Program (AHP). Federal Home Loan Banks contribute 10% of their net income to affordable housing through the AHP. This competitive grant program is the largest source of private sector grants for housing and community development in the country. Member banks partner with developers and community organizations seeking to build and renovate housing for low to moderate income households. To ensure that AHP-funded projects reflect local housing needs, each Home Loan Bank is advised by a 15 member Affordable Housing Advisory Council for guidance on regional housing and community development issues.

AHP is a flexible program that uses funds in combination with other programs and funding sources, such as Low Income Housing Tax Credits and Community Development Block Grants. These projects serve a wide range of needs. Many are designed for seniors, persons with disabilities, homeless families and individuals, first-time homeowners, and others with limited resources.

Community Investment Program (CIP). Each Home Loan Bank also operates a CIP that offers below-market rate loans to members for long-term financing of housing and economic development that benefits low and moderate income families and neighborhoods.

Funding

No taxpayer funds are involved in the operation of the privately owned Federal Home Loan Banks. The Federal Home Loan Banks' Office of Finance, the clearinghouse for Home Loan Bank debt transactions, accesses the global capital markets daily. Federal Home Loan Bank debt is sold through a broad, international network of about 100 underwriters.

What Advocates Need to Know Now

In the wake of the nation's financial crisis, concerns over systemic risk are on the minds of advocates and of all Americans. In eight decades, the Federal Home Loan Banks have never incurred a credit loss on an advance. This record can be attributed to the collateralization of all advances, conservative underwriting standards, and strong credit monitoring policies.

In response to the crisis in the U.S. financial market, policymakers will consider proposals to restructure the regulatory system for U.S. financial institutions. Advocates should look at how any proposed restructuring would affect the Home Loan Banks.

In any discussion about the future of housing finance, advocates should remember that:

- The regional, self-capitalizing Federal Home Loan Bank cooperative model is designed to protect against pursuing risky behavior.
- Federal Home Loan Bank advances to members are fully secured and follow strict underwriting standards.

The Federal Home Loan Banks

- The Federal Home Loan Bank mortgage programs require participating lenders to share in the credit risks of their mortgage loans, thereby keeping 'skin in the game.'
- The Federal Home Loan Banks have fulfilled their role in the housing finance system without any Congressional appropriations or direct federal assistance.

For More Information

Council of Federal Home Loan Banks · www.cfhlb.org

Federal Housing Administration

By Danna Fischer, Legislative Director and Counsel, National Low Income Housing Coalition

The Federal Housing Administration (FHA) insures mortgages made by lenders across the United States, and in so doing helps provide single-family housing and multifamily housing for low and moderate income families. In FY10, FHA insured nearly 40% of the single family purchase mortgages market.

History and Purpose

The FHA was established in 1934 under the National Housing Act to expand homeownership, broaden the availability of mortgages, protect lending institutions, and stimulate home construction. In 1965, the FHA was consolidated into HUD's Office of Housing. FHA is now the largest part of HUD. The FHA Commissioner reports directly to the HUD Secretary.

Program Summary

The FHA provides mortgage insurance to lenders on both single-unit (one- to four-unit) dwellings and multifamily (five units or more) dwellings. FHA programs do not lend money directly, but instead insure private loans made by FHA-approved lenders. When a loan defaults, lenders make a claim to FHA, triggering a FHA payment to the lender for the claim amount. FHA then takes possession of the property that secured the mortgage loan.

FHA consists of several insurance funds supported by premium, fee, and interest income; Congressional appropriations; and other miscellaneous sources.

The Federal Housing Administration has insured over 39 million home mortgages and 52,000 multifamily project mortgages since 1934. The total mortgage insurance-in-force (IIF) in the FHA insurance funds exceeded \$1 trillion dollars at the end of FY10, an increase of 37.5% compared to fiscal year 2009.

Mutual Mortgage Insurance. FHA's primary single-family programs are within the Mutual Mortgage Insurance (MMI) fund, which is managed out of the Office of Single Family Housing. At the end of FY10, 87% of the FHA's IIF was in the MMI fund. The fund receives upfront and annual premiums collected from borrowers, as well as net proceeds from the sale of foreclosed homes. Each year, the MMI pays out claims to lenders and is able to cover administrative costs without federal subsidies.

FHA insurance allows borrowers to purchase a home with a lower downpayment than is often available in the nongovernmental market. Borrowers pay a fee for FHA insurance. For single-family loans, this fee consists of an upfront amount collected at the time the mortgage is closed and an annual fee that varies with the loan-to-value ratio (LTV) and length of the mortgage. The annual fee is collected with the monthly mortgage payments. FHA borrowers are required to make a minimum downpayment of 3.5%. FHA insures loans only in amounts under the set loan limits. Generally, the loan limits are set at 115% of area median home prices, with a floor of 65% of the Freddie Mac loan limit and a ceiling of 150% of the Freddie Mac limit. However, through FY11 the limit is \$729,750 in high cost areas. The mortgage amount also cannot exceed 100% of the property's appraised value.

Hope for Homeowners. In an effort to provide borrowers facing foreclosure with additional options to refinance their mortgage loans, Congress created a new FHA program, the Hope for Homeowners (H4H) program, in the Housing and Economic Recovery Act of 2008 and amended the program in the Emergency Economic Stabilization Act of 2008 (EESA) and again in the Helping Families Save Their Homes Act of 2009.

Under H4H, owner-occupants with a net worth of less than \$1 million can refinance their current loan into a new FHA-insured 30-year fixed rate mortgage. This refinance will allow the borrower to reduce his principal balance, interest rate, or both. Mortgages eligible for the program were those originated on or before January 1, 2008, and borrowers must have debt-to-income ratios greater than 3:1. The new loan to value ratio can be as high as 105% of the appraised value, and a recent appraisal is required. Borrowers pay an upfront premium of 2% and a monthly premium of .75%. The maximum mortgage amount that can be financed under this program is \$550,440 for a one-unit property. The

new mortgage will be applied to the existing first mortgage and will extinguish all mortgage-related debts, including second liens. Borrowers must certify they did not intentionally default on the original mortgage or other debts or furnish false information (with five-year jail time for false statements) to obtain the FHA loan. Borrowers are required to share a portion of the initial equity with FHA when the property is sold or the loan is refinanced. The program runs from October 1, 2008 through September 30, 2011. The H4H fund has insured \$23.7 million in refinance mortgages since its inception.

Special Risk Insurance and General Insurance Funds. In addition to the MMI fund, FHA also operates Special Risk Insurance and General Insurance Funds, which insure loans used for the development, construction, rehabilitation, purchase and refinancing of multifamily housing and health care facilities. Unlike the MMI Fund, these insurance require subsidies from the federal budget.

Manufactured housing. FHA provides insurance for the purchase or refinancing of a manufactured home, a loan on a developed lot on which a manufactured home will be placed, or a manufactured home and lot in combination. The home must be used as the principal residence of the borrowers. The insured loan may not exceed \$69,678 for a manufactured home, \$23,226 for a manufactured home lot, or \$92,904 for a combined manufactured home and lot. These limits can be increased by 85% in high cost areas.

Ginnie Mae. The Government National Mortgage Association (Ginnie Mae), also a part of HUD, is an important sister agency to FHA. Ginnie Mae guarantees the principal and interest on privately issued securities backed by FHA, the U.S. Department of Veterans Affairs (VA) and Rural Housing Service mortgages, thereby enabling a constant flow of capital for mortgage loans. In FY10, Ginnie Mae guaranteed \$413 billion in mortgage backed securities (MBS), providing homes for 1.9 million families.

What Advocates Need to Know Now

The downturn in the housing market affected FHA by increasing its default rates and its insurance expenses. These increased losses reduced FHA reserves below statutory minimum requirements and forced FHA to tighten its underwriting requirements and take other steps to reduce losses.

In addition, the FHA, along with Freddie Mac and Fannie Mae, provide the financing for 90% of the mortgage loans in this country. This level of federal government support for the mortgage market is unsustainable and undesirable over the long run, and the 112th Congress will be looking ways to reduce the government's role and return the bulk of mortgage lending to the private sector. For FHA, this is likely to manifest itself in lower loan limits.

For More Information

2010 FHA Fiscal Management Report: www.hud.gov/offices/hsg/fhafy10annualmanagementreport.pdf

Ginnie Mae 2010 Annual Report to Congress: www.ginniemae.gov/ReportToCongress/

See also: *Foreclosure Intervention: Protecting Homeowners.*

Foreclosure Intervention: Protecting Homeowners

By Danna Fischer, Legislative Director and Counsel, National Low Income Housing Coalition

Foreclosures devastate families and neighborhoods and hamper economic recovery. In an effort to reduce the number of foreclosures, Congress, the Administration, and the lending community have created programs to help borrowers modify their mortgages. These efforts include new programs to help troubled borrowers and resources for housing counseling programs. Unfortunately, with the rise in unemployment, the number of foreclosures has continued to grow and foreclosure prevention programs have not been as successful as hoped.

Foreclosure prevention and counseling programs are administered by a variety of entities, including Freddie Mac, Fannie Mae, HUD and the Federal Housing Administration. In addition, banks and mortgage servicers modify mortgages outside of the federal programs.

Program Summary

Since 2009, the Obama administration has created several programs to help struggling homeowners avoid foreclosure.

HAMP Modifications Program. The Home Affordable Modification Program (HAMP) provides incentives to loan servicers (the organizations to whom monthly mortgage payments are made) and investors to modify first-lien mortgages for homeowners in default or in danger of default. By providing mortgage servicers with financial incentives to modify existing first mortgages, the Treasury hopes to help as many as 3 million to 4 million homeowners avoid foreclosure regardless of who owns or services the mortgage. Participation in the program is voluntary, and 145 servicers participate in the program under agreements with the Department of the Treasury.

The HAMP modification program is available to owner-occupants in one- to four-unit properties at risk of default because of unaffordable mortgage payments. The unpaid principal balance on the mortgage loan must be equal to or less than \$729,750 for one-unit properties (there is a higher limit for two- to four-unit properties) and the mortgage loan must have been made on or before January 1, 2009. The mortgage payments must be unaffordable, i.e. exceed 31% of the borrower's pre-tax income. The modification will consist of a reduction of the interest rate to a point where loan payments do not exceed 31% of the borrower's income. This interest rate, which can be as low as 2%, will be in place for the first five years of the modified mortgage, at which time the interest rate will slowly increase to the market rate at the time the mortgage was modified. If a 2% interest rate does not result in a payment that is affordable, the servicer can take additional steps to make the mortgage affordable, including extending the loan term out to 40 years, deferring repayment on a portion of the amount owed until a later time, or forgiving a portion of the debt.

Borrowers request to participate in HAMP by sending their servicer an initial set of documents to establish their eligibility for the program. If eligibility is established and an economic model shows that it is worth more to the investor to modify the mortgage than foreclose, the servicer must offer the borrower a modification. If the modified mortgage is worth less than the foreclosed mortgage, the modification is optional. Slightly different rules apply in the case of loans owned or guaranteed by Freddie Mac or Fannie Mae.

HAMP has several sub- or related programs.

- The Home Price Decline Protection (HPDP) program provides incentives to offset potential losses in home values after a modification to encourage servicers and investors to modify mortgages in declining markets. The incentives are based on projections of future home prices.
- The Principal Reduction Alternative (PRA) program provides funds to be used to reduce the principal for homes worth less than the amount remaining on the first-lien mortgage.
- Home Affordable Unemployment Program (UP) or Homeowners Loan Program is intended to offer assistance to unemployed homeowners through temporary forbearance of a portion of their mortgage payments.
- The Home Affordable Foreclosure Alternatives (HAFA) provides incentives to servicers and borrowers to pursue short sales or deeds in lieu of foreclosure in cases where the borrower is unable or unwilling to enter into a modification. In a short sale, a servicer allows the borrower to sell the property at its current value, even if the sale

Foreclosure Intervention: Protecting Homeowners

nets less than the total amount owed on the mortgage. With a deed in lieu, the borrower simply voluntarily transfers ownership of the property to the servicer. While not desirable alternatives, these procedures allow the homeowner and the servicer to avoid the time and expense of a foreclosure.

- **Second Liens.** According to the Treasury Department up to 50% of at-risk mortgages have second liens, and many properties in foreclosure have more than one lien. Under the Second Lien Modification Program, when a HAMP modification is initiated on a first lien, servicers participating in the Second Lien Program must modify or extinguish the associated second lien. Modifications to the second lien are made based on the nature of the second lien according to a set of specific rules, or the servicer can extinguish the second lien in return for a lump sum payment from Treasury.
- **The Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (Hardest-Hit Fund or HHF)** is designed to support innovative programs created by Housing Finance Agencies (HFAs) to stabilize housing markets and help families avoid foreclosure. HHF provides targeted aid to families in the states most impacted by the housing downturn. These HFA programs include assistance to unemployed homeowners, principal reduction, funding to extinguish second liens, and facilitation of short sales and deeds-in-lieu. HHF is available in Arizona, Florida, California, Michigan, Nevada, Ohio, Rhode Island, North Carolina, Oregon, South Carolina, Alabama, Georgia, Kentucky, Mississippi, Illinois, New Jersey, Indiana, and Tennessee.

FHA refinance program. This program, begun in September 2010, writes down the mortgages of FHA-insured homeowners who are up to date on their mortgage payments, and provides Troubled Asset Relief Program (TARP) funds to cover a share of the lenders' losses when a mortgage loan is written down.

Emergency Homeowner Loan Program. The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act created this emergency homeowner loan program to help distressed homeowners keep current on their mortgages by providing loans to people who have experienced significant reduction in income and are at risk of foreclosure due to involuntary unemployment, underemployment or a medical condition. As of early 2011, the program was on the cusp of beginning to assist homeowners.

Hope for Homeowners. In an effort to provide borrowers facing foreclosure with additional options to refinance their mortgage loans, Congress created a new FHA program, the Hope for Homeowners (H4H) program, in the Housing and Economic Recovery Act of 2008 and amended the program in the Emergency Economic Stabilization Act of 2008 (EESA) and again in the Helping Families Save Their Homes Act of 2009.

Under H4H, owner-occupants with a net worth of less than \$1 million can refinance their current loan into a new FHA-insured 30-year fixed-rate mortgage. This refinance will allow the borrower to reduce his principal balance, interest rate, or both. Mortgages eligible for the program were those originated on or before January 1, 2008, and borrowers must have debt-to-income ratios greater than 3:1. The new loan to value ratio can be as high as 105% of the appraised value, and a recent appraisal is required. Borrowers pay an upfront premium of 2% and a monthly premium of .75%. The maximum mortgage amount that can be financed under this program is \$550,440 for a one-unit property. The new mortgage will be applied to the existing first mortgage and will extinguish all mortgage-related debts, including second liens. Borrowers must certify they did not intentionally default on the original mortgage or other debts or furnish false information (with five-year jail time for false statements) to obtain the FHA loan. Borrowers are required to share a portion of the initial equity with FHA when the property is sold or the loan is refinanced. The program runs from October 1, 2008 through September 30, 2011.

HARP Refinance Program. Through this program, the Home Affordable Refinance Program (HARP), Fannie Mae and Freddie Mac will allow the refinancing of mortgage loans that they own or that they placed in mortgage backed securities. This refinancing will allow borrowers to move to a less expensive fixed rate mortgage even if their mortgage is greater than the current value of their homes, a situation known as being 'underwater.' Currently, these underwater mortgages cannot be easily refinanced, leaving borrowers facing unaffordable increases on their adjustable rate mortgages with few options. To be eligible, the mortgage must be on an owner-occupied one- to four-unit home and the borrower must be current on his or her mortgage payments and be able to afford the new mortgage. The amount owed on the mortgage cannot exceed 125% of the current value of the house.

Foreclosure Intervention: Protecting Homeowners

To determine if a mortgage loan is owned by Freddie Mac or Fannie Mae, the borrower can call his or her mortgage lender or servicer and ask about the program. Contact information can be found on monthly statements or in mortgage coupon books. In addition, Fannie Mae and Freddie Mac have established toll-free telephone numbers and websites to help borrowers.

Fannie Mae, 1-800-7FANNIE (8am to 8pm EST) · www.fanniemae.com/loanlookup
Freddie Mac, 1-800-FREDDIE (8am to 8pm EST) · www.freddiemac.com/mymortgage

HOPE NOW. An alliance composed of counselors, mortgage companies, investors, and other mortgage market participants, HOPE NOW members work together to reach out to homeowners in distress to help them stay in their homes and to create a unified, coordinated plan to help as many homeowners as possible. The alliance supports the HOPE for Homeowners Hotline, 1-888-995-HOPE, where borrowers can receive pre-foreclosure counseling.

National Foreclosure and Mitigation Counseling Program. This program was launched in December 2007 to increase the availability of counseling services counseling to homeowners at risk of foreclosure across the country. Under this program, NeighborWorks America makes grants to HUD-approved housing counseling intermediaries, qualifying state housing finance agencies, and NeighborWorks organizations. The entities then provide counseling to troubled borrowers to assist them in exploring loan modification or refinance options, including those offered through the Making Home Affordable program. NeighborWorks maintains an interactive website to help borrowers identify a counselor in their area at: www.findaforeclosurecounselor.org/network/nfmc_lookup/

Foreclosure legal assistance. The Dodd-Frank Wall Street Reform and Consumer Protection Act created, but did not fund, a HUD-administered program for making grants to provide foreclosure legal assistance to low and moderate income homeowners and tenants related to home ownership preservation, home foreclosure prevention, and tenancy associated with home foreclosure.

What Advocates Need to Know Now

Three federal foreclosure assistance programs are currently being targeted for elimination in the 112th Congress by bills in the House and Senate: HAMP (H.R. 839 and S. 527), the emergency homeowner loan program (H.R. 836), and the FHA refinancing program (H.R. 830). While there is support in the House to terminate these programs, it is unlikely the Senate will concur.

What to Say to Legislators

Advocates should contact their Members of Congress with the message that the variety of efforts and programs targeted to helping stop foreclosures is indicative of the seriousness of the problem. If foreclosures cannot be reduced, the economy is likely to take longer to recover and more families and communities will experience housing instability.

For More Information

Additional information about the Making Home Affordable initiatives at: www.makinghomeaffordable.gov/

For more information on the HHF contact your state's Housing Finance Agency or visit: www.makinghomeaffordable.gov/local.html#TB_inline?height=200&width=300&inlineId=leaveSite

More information on the homeowner's loan program at: www.nw.org/network/foreclosure/nfmc/ehlp.asp

General information on foreclosure avoidance at: http://portal.hud.gov/hudportal/HUD?src=/i_want_to/avoid_foreclosure

For information on the FHA's modification and refinancing programs visit: www.fha.com

See also: *Foreclosure Intervention: Protecting Renters, Fannie Mae and Freddie Mac, Federal Housing Administration.*

Foreclosure Intervention: Protecting Renters

By Danna Fischer, Legislative Director and Counsel, National Low Income Housing Coalition

As the foreclosure crisis has taken hold, experience and research have revealed that rental properties and renters are at significant risk, with renters comprising 40% of the families affected by foreclosure. These families often have no idea that their landlord has fallen behind on mortgage payments, and have usually continued to pay their rent even as their landlord has failed to pay the mortgage. Under most state laws, these tenants were often required to move on only a few days' notice.

However, with the enactment of the Protecting Tenants at Foreclosure Act (PTFA) in May 2009, most tenants now have the right to remain in the home for the remainder of their lease, or at least 90 days.

PTFA is set to expire at the end of 2014; advocates are now working to permanently extend its provisions.

The PTFA is self-executing; no agency is responsible for administering the act.

History and Purpose

In recent years, inappropriate lending, falling home prices, and high unemployment have led to a very high number of foreclosures across the United States. However, the impact of these foreclosures is not limited to homeowners; renters lose their homes every day when the owner of the home they are renting goes into foreclosure. In fact, one in five properties in the foreclosure process is likely to be a rental. Further, research from the National Low Income Housing Coalition concludes that since these properties often contain more than one unit, and many owner-occupied homes also house renters, roughly 40% of the families facing eviction as a result of the foreclosure crisis were renters in 2008. And unlike homeowners, who have some indication that a foreclosure is coming, renters are often caught entirely off-guard.

As might be expected, very low income families and low income and minority communities are bearing the brunt of rental foreclosures. Data show that for four states in New England, the foreclosure rate on a per-unit basis is more than five times higher in largely non-white, poor neighborhoods than in largely white, low poverty neighborhoods. Even more striking, nearly 60 of every 100 foreclosed properties in high-poverty, non-white neighborhoods are multiunit, as compared to seven of every 100 in low poverty, white neighborhoods (*Renters in Foreclosure: Defining the Problem, Identifying Solutions*, Danilo Pelletiere, Ph.D., National Low Income Housing Coalition, January 2009).

Prior to May 2009, protections for renters in foreclosed properties varied from state to state, and in most states tenants had few protections. The National Law Center on Homelessness and Poverty (NLCHP) and NLIHC issued a joint report on the foreclosure and eviction laws in each state and the District of Columbia. The report, *Without Just Cause*, can be found at www.nlchp.org/content/pubs/Without_Just_Cause1.pdf. The NLCHP updated that report in 2010 and the updated report can be found at www.nlchp.org/content/pubs/StayingHomeReport_June2010.pdf. Recognizing the hardships experienced by tenants in foreclosed properties, Congress acted in early 2009 to provide a basic set of rights for such tenants.

On May 20, 2009, President Obama signed the Protecting Tenants at Foreclosure Act (PTFA; P.L. 111-22, division A, title VII). The PTFA was extended and clarified in the Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, section 1484.

Program Summary

Protecting Tenants at Foreclosure Act. The PTFA requires the immediate successor in interest at foreclosure to provide bona fide tenants with a notice 90 days before requiring them to vacate the property, and allows tenants with leases to occupy the property until the end of the lease term. A bona fide lease or tenancy is one in which the tenant is not the mortgagor or the spouse, parent or child of the mortgagor, the lease or tenancy is the result of an arm's length transaction, and the lease or tenancy requires rent that is not substantially lower than fair market rent or is reduced

or subsidized due to a federal, state or local subsidy. If the property is purchased by someone who will occupy the property, then that purchaser can terminate the lease on 90 days' notice, even when the tenant has a lease that extends beyond 90 days after foreclosure.

Tenants with Section 8 housing choice voucher assistance have additional protections, which allow them to retain their Section 8 lease and require the successor in interest to assume the housing assistance payment contract associated with that lease.

The PTFA applies to all foreclosures on all residential properties; traditional one-unit single family homes are covered, as are multi-unit properties. The law applies in cases of both judicial and non-judicial foreclosures. Tenants with lease rights of any kind, including month-to-month leases or leases terminable at will, are protected as long as the tenancy was in effect as of the date of transfer of title at foreclosure.

The 90-day notice to vacate can only be given by the successor in interest at foreclosure. The successor in interest is whoever acquires title to the property at the end of the foreclosure process. It could be the financial institution that held the mortgage or it could be an individual that purchased the property at foreclosure. Notices of the pending foreclosure, while desirable, do not serve as the 90-day notice required by the PTFA.

The PTFA applies in all states, but does not override more protective state laws. The PTFA specifically provides that it does not affect "any [s]tate or local law that provides longer time periods or other additional protections for tenants." Consequently, state law should be examined whenever there is a tenant in a foreclosed property to maximize the protections available to tenants. State and local law may also help fill some of gaps in the federal law, such as the form (e.g., written or oral) and delivery mechanism for the 90-day notice (e.g., in person, by mail, or by another method).

The PTFA provisions expire at the end of 2014.

Other protections. Prior to creation of the PTFA, some financial institutions and Freddie Mac and Fannie Mae independently developed programs to assist renters in foreclosed properties to remain in their homes and offered 'cash for keys' programs that provide monetary assistance to occupants of foreclosed properties if the occupants agree to leave in a specified period of time, usually 30 days or less. While both the month-to-month lease programs and 'cash for keys' program are options that tenants should consider, these options are in addition to, and not a substitute for, the rights provided under the PTFA. Tenants should seek the advice of counsel before accepting these options.

ARRA. The American Recovery and Reinvestment Act of 2009 (ARRA), which predates the PTFA, applied similar renter protections to any foreclosed property purchased with Neighborhood Stabilization Program funds. However, in addition to the 90 days' notice requirement and the right to remain in the home for the remaining term of any lease, ARRA further prohibits recipients of NSP funds from discriminating against (i.e. refusing to rent to) holders of Section 8 assistance.

What Advocates Need to Know Now

Representative Keith Ellison (D-MN) is expected to introduce legislation in the 112th Congress to repeal the sunset date for the PTFA. Repeal of the PTFA's scheduled sunset at the end of 2014 would make its protections for renters permanent.

Tips for Local Success

Implementing the PTFA provisions can be challenging. The law was effective upon enactment and no federal agency is charged with interpreting the law or with writing regulations to enforce it. Because the law is self-implementing, if challenged individual tenants need to be able to assert their rights. NLIHC, in conjunction with the National Housing Law Project, has developed a toolkit for renters in foreclosed properties. The toolkit contains sample letters, copies of the PTFA, and other materials designed to assist tenants and their advocates in implementing the law and protecting tenants' rights, see www.nlihc.org/template/page.cfm?id=264.

Relying on individual tenants to assert their rights is a time-consuming process. A better approach is for the entities and

Foreclosure Intervention: Protecting Renters

institutions involved in the foreclosure process – financial institutions, lawyers, judges, and real estate professionals – to recognize and abide by the law. Advocates at the local level should make area courts and attorneys aware of the law through letters and other contacts.

All federally insured or chartered financial institutions have been informed of the law and instructed to comply with it. If a financial institution does not comply with the law, it is important that advocates identify the foreclosing institution and hold it accountable for the outcome. Federal financial institution regulators have information on their websites that will help identify the relevant regulator for a foreclosing institution and help tenants and advocates lodge a complaint against the institution. See below for contact information for federal banking regulators.

What to Say to Legislators

Legislators should be educated on the fact that as many as 40% of families faced with foreclosures are renters who are truly blameless in the situation. Federal lawmakers also need information on financial institutions compliance or lack thereof with the PTFA. Lawmakers should also be urged to consider changes to bankruptcy laws and other legislation that would encourage lenders to allow former homeowners and renters to stay in their homes.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org
NLIHC renter's toolkit can be found at: www.nlihc.org/template/page.cfm?id=264

For HUD guidance see:

- General guidance: www.nlihc.org/doc/HUD-General-PTFA-Notice-74FR0-30106.pdf
- Guidance for Public Housing Agencies: www.nlihc.org/doc/HUD-Section-8-Notice.pdf and www.hud.gov/offices/pih/publications/notices/10/pih2010-49.pdf
- Guidance for FHA: <http://edocket.access.gpo.gov/2010/pdf/2010-27309.pdf>

For regulatory agency guidance, see:

- Federal Deposit Insurance Corporation (FDIC): www.fdic.gov/news/news/financial/2009/fil09056.html
- Federal Reserve Board of Governors (FRB): www.federalreserve.gov/boarddocs/caletters/2009/0905/caltr0905.htm
- Office of the Comptroller of the Currency (OCC): www.occ.gov/news-issuances/bulletins/2009/bulletin-2009-28.html
- Office of Thrift Supervision (OTS): <http://files.ots.treas.gov/25319.pdf>
- National Credit Union Administration (NCUA): www.ncua.gov/resources/RegulatoryAlerts/Files/2009/09-RA-08.docx

For information on the regulatory agency complaint process, see :

- FDIC: <https://www2.fdic.gov/starsmail/index.asp>
- FRB: www.federalreserveconsumerhelp.gov
- OCC: www.helpwithmybank.gov/complaints/index.html
- OTS: www.ots.treas.gov/?p=ConsumerComplaintsInquiries
- NCUA: www.ncua.gov/Resources/ConsumerInformation/Complaints/index.aspx

Information about the Freddie Mac program can be found at: www.freddiemac.com/news/archives/servicing/2009/20090305_reo-rental-initiative.html

Information about the Fannie Mae program can be found at: www.fanniemae.com/newsreleases/2009/4581.jhtml?p=Media&s=News+Releases

See also: *Neighborhood Stabilization Program, Foreclosure Intervention: Protecting Homeowners.*

Green Housing

By Danilo Pelletiere, Research Director, National Low Income Housing Coalition

There are varying definitions of ‘green housing,’ but at its core the term refers to construction methods, materials, and designs that reduce the energy and resource use and toxicity of housing. Green housing grew in stature in Washington in the past year as the locus of the discussion shifted from environmental and technical concerns to the notion of ‘green stimulus’ and the opportunities for job creation within the field, and from producing and installing high-tech energy-efficient systems to caulking and insulating. Several federal programs currently provide green building funds to low income housing

Program Summary

A variety of longstanding programs assist low income homeowners and the owners and operators of low income housing to improve resource efficiency. Recent economic recovery efforts have greatly boosted these activities. The American Reinvestment and Recovery Act of 2009 (ARRA) provided an additional \$16 billion to the Department of Energy (DOE) and HUD to improve the energy efficiency of existing homes. In general, the recent activity in these programs reflects a new level of cooperation between HUD, DOE, and the Environmental Protection Agency (EPA) on green housing issues.

Weatherization Assistance Program (DOE). Weatherization is a DOE program that assists low income households—particularly those including elderly or disabled members and those with children—to invest in energy-efficiency improvements such as caulking and insulation. Low income is defined as having an income at or below 200% the federal poverty threshold. States can opt to set income eligibility at 60% of the state median income. The program is distributed according to a formula, which is based in part on (1) a set base allocation in statute and a revised formula based on the states’ low income population, (2) the heating and cooling degree-days for each state, and (3) residential energy expenditures by low income households. Prior to ARRA, the program served primarily single-family properties and homeowners living in northern states. Rental properties can be assisted if the assistance ‘primarily’ benefits eligible tenants. Funds are distributed locally by state programs, and states can decide how to prioritize households.

Weatherization, which has been funded in recent years at roughly \$250 million, received an additional \$5 billion nationwide to be spent over three years in ARRA stimulus funding. HUD Secretary Shaun Donovan and DOE Secretary Steven Chu signed a Memorandum of Understanding (MOU) in the spring of 2009, and in March of 2010, DOE released a list of HUD properties that do not have to independently certify that they meet income and other requirements when applying for DOE weatherization funds. This agreement will substantially reduce the time and energy that must be spent applying for these funds.

A new program established in 2010, the Weatherization Innovation Pilot Program, specifically targets low income families. Sixteen recipients of Weatherization Innovation grants were announced in August 2010. These pilot projects will receive \$30 million dollars in targeted funding to further the weatherization of housing for low income households.

Public Housing Capital Funds (HUD). HUD also received \$4.5 billion in ARRA to renovate and upgrade public housing, with ‘greening public housing’ one of the program’s stated objectives. These funds can be used for a variety of purposes, including energy-efficient appliances, green space, surface water management techniques that retain runoff on site, water conservation, energy-efficient new construction, and renewable energy resources. Of the funding, \$3 billion was released to 3,100 public housing agencies according to the standard Public Housing Capital Fund formula. An additional \$1 billion was awarded by competitive grants, \$600 million of which was specifically reserved for greening public housing. The competitive funds were distributed to more than 150 public housing agencies in September 2009.

Green Retrofit Program (HUD). ARRA provided \$250 million to HUD for the Green Retrofit Program to retrofit privately owned, federally assisted Section 8, 202, and 811 housing projects in order to increase energy efficiency and maintain energy-efficient systems. The program is run out of HUD’s Office of Affordable Housing Preservation (OAHP) and shares elements of the pre-existing ‘Mark-to-Market Green Initiative,’ which worked to incorporate green building in Mark-to-Market projects. HUD began accepting applications in June 2009 and is offering assistance on a first-come,

first-served basis. The first 100 recipients of funding were announced in August of 2010. Over 8,000 housing units benefited from the retrofit awards, and the funds were fully allocated by late September of 2010.

Additional DOE Programs. The remaining portions of the \$16 billion in ARRA are in two DOE programs. The first is the DOE Energy Efficiency and Conservation Block Grants (EECBG) program, which received \$3.2 billion and is modeled after the Community Development Block Grant program. The EECBG program provides funding to states, cities, counties, and tribal governments to undertake projects, including green building related activities such as (1) building energy audits and retrofits, including weatherization; (2) financial incentive programs for energy efficiency; (3) building code development, implementation, and inspections; (4) installation of distributed energy technologies, including combined heat and power; and (5) district heating and cooling systems. The second DOE recipient of the remaining ARRA funds was the State Energy Program (SEP), which is directed to state energy offices. SEP received a \$3.1 billion infusion. These funds are used to address state energy priorities and provide funding to adopt emerging renewable energy and energy efficiency technologies in the state.

Standards and Financing (DOE, HUD, and EPA). HUD and DOE have also pledged to work together, along with the EPA, on other projects including (1) a common set of guidelines and specifications for retrofitting public housing and privately owned, federally subsidized rental properties; (2) a government-wide effort to develop a common baseline; and (3) a tool for measuring home energy use and the gains from efficiency improvements.

HUD and DOE also pledged to explore developing new home green housing financing products such as revolving funds, Federal Housing Administration (FHA) mortgage guarantees, and DOE loan guarantee authority in the residential sector.

For FY11, HUD continues to coordinate with DOE and other agencies to implement green retrofitting into its high-priority performance goals and has set a goal of weatherizing 126,000 HUD-assisted units. In addition, in November of 2010, HUD and the FHA announced a pilot loan program called PowerSaver that offers low-cost loans to homeowners to make energy improvements. This program was developed as part of the Recovery Through Retrofit initiative that emerged from Vice President Biden's Middle Class Task Force.

Issue Summary

Traditionally, there have been three major motivations for integrating green features into affordable housing: a concern for the environment, lower operating costs, and improved health and comfort. More recently the objective of 'green collar' job creation has been added.

Concern for the environment. The first motivation is concern for the environment. The homes of low income families are often older and under-resourced and therefore less efficient due to design, construction, and deterioration. One recent analysis suggests that the 34 million households eligible for federal home energy assistance generated 276 million tons of carbon dioxide emissions, 27.5% of total emissions from all residential units. Another study found that weatherizing 12,000 low income homes in Ohio avoided more than 100,000 pounds of sulfur dioxide and 24,000 tons of CO₂, while at the same time cutting average utility costs for low income homeowners by an average of several hundred dollars a year.

Lower operating costs. The second motivation to tie green and affordable housing together is to reduce the costs of operating the housing for low income families. Utility bills are one of the largest and most variable expenses low income families and the operators of affordable housing face. Energy-related expenditures compose 15% of HUD's overall budget. One survey found that approximately 28% of low income householders have had to skip a rent payment in order to pay a utility bill, and 48% said their ability to pay for health care or food had been affected for that same reason. An Ohio program to create 150 Energy Star-certified Habitat for Humanity homes generated an average annual savings of \$460 for the owners.

Improved health and comfort. The third motivation is concern for the health and comfort of the residents of affordable housing. These 'non-energy benefits' have been broadly estimated to be worth 50% to 300% of annual household energy bill savings.

Creation of green collar jobs. To these traditional motivations has been added the new purpose of creating good, domestic 'green collar' jobs. A recent study identified 22 different job sectors of the U.S. economy that currently

provide workers with green collar jobs. Of these, 11 were directly related to green home rehabilitation, including several specifically tied to energy efficiency. Increased investment in green rehabilitation of very low income homes could create these jobs at scale. The DOE estimates that every \$1 million invested in weatherization programs creates 52 low income community jobs.

Even though the cost difference between green and traditional construction may be small over time, green techniques often have higher upfront costs. For example, developers need to pay for more involved design and building analysis to implement green measures, such as more effective building envelopes and right-sized systems, especially in rehabilitation projects. A lack of the skilled workforce to do the analysis and installation can further increase the costs in many markets, where the expertise needs to be imported from elsewhere. Similarly, using broader definitions of green housing such as Enterprise Community Partners' Green Communities Criteria, which consider neighborhood density and walkability measures, may lead to higher costs in less-urban communities. An analysis of 16 green affordable housing projects completed in 2005 found that, on average, the green housing cost 2.4% more as a result of the green features.

While this additional cost may not appear large, it has proven a significant barrier to the implementation of green techniques in affordable housing. In general, the financing of affordable housing has little or no slack built in for 'extras,' particularly as developers attempt to produce the maximum number of units and meet low rent thresholds.

These cost differentials are reduced, however, as regulations level the playing field and encourage green housing and as developers and workers become familiar with the technologies and techniques. For this reason, government plays an important role in green housing by providing regulations, incentives, and training.

What Advocates Need to Know Now

In recent years, a variety of bills and initiatives related to green housing have been introduced in Congress. In the House two green housing bills, the Green Resources for Energy Efficient Neighborhoods Act (GREEN Act; H.R. 2336) and the Retrofit for Energy and Environmental Performance (REEP; H.R. 1778) were incorporated wholesale into the House's climate bill, the American Clean Energy and Security Act (H.R. 2454), which passed the House in June 2009. The GREEN Act established a series of programs and standards to promote green building techniques and energy efficiency. The REEP bill would have created a block grant program to the states for energy-efficiency investments. When the REEP provisions were incorporated in to H.R. 2454, low income housing advocates were able to set aside a portion of the funds for public and assisted housing.

Although the House of Representatives passed the American Clean Energy and Security Act in 2009, the Senate was not able to pass comprehensive climate and energy legislation during the 111th Congress due to a lack of bipartisan support. As a result, the GREEN Act and the REEP bill did not move forward during the 111th Congress.

Tips for Local Success

- Local advocates can encourage public housing agencies and private owners to pursue green housing in renovation, rehabilitation, and new development projects and make certain they are aware of available resources to implement these improvements.
- Local advocates also have a role in making certain that residents are included in the planning and implementation of the green aspects of their developments. This will both assure that the proposals benefit residents, and will increase the likelihood that tenants will understand the changes and maximize the efficiency and other benefits, thus increasing the likelihood of success.
- Advocates should also reach out to environmental, energy, and transit advocates to find common ground to create a stronger progressive coalition for green communities and to assist in making certain green investments and benefits reach the lowest income households.

What to Say to Legislators

- It is important to support increased green building and energy efficiency requirements in federally assisted housing that do not increase the housing cost burden of low income tenants, limit the usefulness of the properties to the lowest income households, or hinder the preservation of existing units.
- Funding for investments in low income housing should be a priority in energy and climate change legislation.

Green Housing

- Energy efficiency and other green investments in low income housing will provide considerable public and environmental benefits, as it is likely to be older housing that is in need of maintenance, with tenants and often owners who lack sufficient resources to make their own investments in greening.
- Investments in energy efficiency in programs such as public housing and Section 8 Project-based housing provide an immediate return to the U.S. Treasury by reducing HUD and USDA utility costs.

For More Information

DOE's Green Building website · www.eere.energy.gov/topics/homes.html

Enterprise Community Partners · www.greencommunitiesonline.org

EPA's Green Building website · www.epa.gov/greenhomes/index.htm

Global Green USA · www.globalgreen.org

HUD's Green Building website · www.hud.gov/offices/cpd/affordablehousing/training/web/energy/help/green.cfm

U.S. Green Building Council · www.usgbc.org

See also: *Weatherization Assistance Program*.

Healthy Homes

By Jane Malone, Director of Policy, National Center for Healthy Housing

Indoor pollution and hazards in our housing typically pose far greater risks to children's health than outdoor exposure, because children spend as much as 90% of their time indoors and because toxic substances can reach more concentrated levels indoors than they do outside. Older, dilapidated housing units are more likely to pose the greatest hazards and often have a combination of health hazards, including lead dust and deteriorated paint; conditions that cause and worsen asthma, such as dust mites, molds, and pests; carcinogens, such as asbestos, radon and pesticides; and other toxins such as carbon monoxide.

In 2011, the key legislative issues related to health and housing are the passage of comprehensive healthy homes legislation in Congress to catalyze national leadership and accountability among federal agencies, and the passage of comprehensive livable community legislation in Congress to create long-term affordable, accessible, energy-efficient, healthy, location-efficient housing choices.

These programs are administered by HUD's Office of Healthy Homes and Lead Hazard Control (OHHLHC) and by a number of other agencies.

History and Purpose

Healthy Homes Program. The Healthy Homes Program was established by HUD in 1999 to protect children and their families from residential health and safety hazards. The Healthy Homes Program aims to take an integrated approach to housing hazards through two grant programs. These programs fund projects that create and demonstrate effective, low-cost methods of addressing mold, lead, allergens, asthma, carbon monoxide, home safety, pesticides, and radon through a comprehensive approach. These grant programs are housed in the HUD's OHHLHC).

Lead Hazard Control. The Residential Lead-Based Paint Hazard Reduction Act, or Title X of the Housing and Community Development Act of 1992, was enacted to move the nation beyond preoccupation with the presence of lead-based paint to focus on strategies to make housing safe for children by preventing exposure to paint that has deteriorated due to poor maintenance, and invisible lead dust caused by repair and painting work that disturbs lead-based paint. The law established the Lead Hazard Control Grants Program to provide grants to state and local governments to control lead-based paint hazards in privately owned, low income owner-occupied and rental housing. In 2003, Congress added the Lead Hazard Reduction Demonstration Grants to target additional lead hazard control grants to the nation's highest-risk cities. Both programs and enforcement of related regulations are housed in the HUD OHHLHC.

The beneficiaries of the lead hazard control program must be low income households. Rental units must be available on a priority basis for families with children under age six for at least three years. Ninety percent of owner-occupied units must house or be regularly visited by a child under age six. Because the funds do not cover all housing eligible under federal policy, each grantee develops its local plan and is permitted to target investment of grant funds based on factors such as the presence of a lead-poisoned child and location in a high-risk neighborhood.

More than 110,000 homes have been made lead-safe under the lead hazard control programs. While these represent just a fraction of the estimated 25 million U.S. housing units with lead-based paint hazards, the programs have rendered some of the nation's highest-risk homes safe for future occupants and built lasting capacity to continue to prevent and control lead hazards. The programs' funds are awarded via a competitive combined Notice of Fund Availability (NOFA).

Issue Summary

Recent research confirms that housing policy has an important impact on public health and that any effective public health agenda must include a housing component. This research has produced several important findings that should inform housing and health policy.

Healthy Homes

The long-term effects of housing-related health hazards are alarming. Lead poisoning, chronic low-level carbon monoxide exposure and asthma all profoundly interfere with a child's ability to learn and perform in school. More than 100,000 U.S. children have an 'elevated blood level' of lead which causes many harmful, lasting health and developmental problems, and hundreds of thousands of other children have enough lead to impair learning and permanently decrease IQ. The economic costs to society of lead poisoning alone are estimated at \$44 billion. Housing-related injuries result in significant costs as well, including lost learning and earning potential of children; lost work days for parents caring for ill children; medical expenses, including emergency room visits; and special education costs. Asthma costs the U.S. economy \$16 billion each year in direct and indirect expenses.

The burden of housing-related health hazards falls disproportionately on our most vulnerable children and communities, making for striking disparities in health impacts. African American children are twice as likely to have asthma and are six times more likely to die from it than white children. Households with annual incomes less than \$30,000 are twice as likely as others to have lead hazards in their homes. Children from low income families are eight times more likely to be lead-poisoned than those from higher income families, and African American children are five times more likely than whites to be lead-poisoned.

The coexistence and cumulative effect of multiple hazards demands careful attention, coordinated assessment and remediation activities, and a 'whole-house' approach. Inadequate ventilation increases the concentration of indoor air pollutants such as radon and carbon monoxide and exacerbates moisture and humidity problems. Moisture causes paint deterioration, which puts children at risk of exposure to leaded dust and paint chips. Moisture also encourages growth of mold, mildew, dust mites, and microbes, which contribute to asthma and other respiratory diseases. Asthma is an allergic reaction to certain triggers such as dust, mold, pests (such as cockroaches, rats, and mice), cold air, and dry heat. Use of common pesticides to control infestations contaminates homes with known carcinogens.

The ballooning expenses for medical care and other costs of housing-related health hazards create justification for investments in primary prevention to address the array of unhealthy housing conditions before they cause illness. Attention to hazards in homes must shift to a comprehensive whole-house approach because housing-related health hazards often have overlapping effects, causes, and solutions and because solutions and opportunities may arise through existing weatherization and rehabilitation work.

As the federal government continues to invest in weatherization and other energy-saving measures, advocates should ensure that recipients of these funds prevent the creation of new health hazards and help address existing hazards. Since improperly disturbing lead-based paint may cause lead poisoning, it is necessary to use lead-safe work practices and comply with EPA's renovation rule. Many weatherization treatments have healthy homes benefits as well, such as window replacement that can also help with lead poisoning prevention, and roof and insulation repair that may help reduce moisture intrusion and prevent mold. Improving ventilation to ameliorate the ill effects of tightening a building is also an appropriate way to ensure no harm from energy-efficiency measures.

Much of the infrastructure to achieve healthy housing is in place, but some existing programs routinely miss opportunities to make housing healthier. Modest adjustments in policies and practices could harness missed opportunities and maximize resources and results.

Healthy Homes Production Grant Program. The Healthy Homes Production grant program, modeled after the previously successful Healthy Homes Demonstration programs, funds preventive and corrective measures to address housing-related health and safety hazards. Eligible entities include nonprofits, for-profits, state and local governments, tribes, and colleges and universities. Funds can be used for direct remediation of housing units, for education and outreach activities to protect children from health and safety hazards, and for building capacity to sustain healthy homes programs. HUD's OHHLHC annually awards 12 cooperative agreements of up to \$1 million each.

Healthy Homes Technical Studies Grant Program. The goal of the Healthy Homes Technical Studies grant program is to develop and improve cost-effective methods for evaluating and controlling residential health and safety hazards. Eligible entities include academic and nonprofit institutions, state and local governments, tribes, and for-profit organizations. Funds can be used to develop validated assessment tools, improve environmental sampling and Integrated Pest Management protocols, and evaluate interventions. HUD's OHHLHC annually awards between six and 10 cooperative agreements of up to \$1 million each.

Asthma Interventions in Public and Assisted Multifamily Housing. The objectives of the Asthma Interventions in Public and Assisted Multifamily Housing program are to (1) support the development and implementation of cost-effective, replicable interventions and protocols for the control of asthma; (2) create sustainable programs and policies for reducing asthma triggers in the indoor environment; and (3) evaluate the effectiveness of asthma control programs and interventions. Eligible entities include academic and nonprofit institutions, state and local governments, tribes, and for-profit organizations. Points are awarded for direct participation by the CDC Asthma Control Program grantee. In its first year, the program was slated to fund between five and eight cooperative agreements, with no award larger than \$1 million.

Lead Hazard Control Grants. The typical award of \$3 million addresses hazards in several hundred homes and provides needed outreach and capacity-building services. At least 65% of the grant must be used for direct activities such as abatement, interim control, clearance, and risk assessment. Grantees are required to partner with community groups, typically by awarding sub-grants, and to provide a match of 10% from local or CDBG funds. More than \$1 billion has been awarded since the program started in 1993.

Lead Hazard Reduction Demonstration Grants. This program targets funds for lead hazard control to the nation's 100 highest-risk cities as defined by the prevalence of lead poisoning and the number of pre-1940 rental housing units. The operation of the program mirrors the core lead hazard control program in that grants can only be awarded to states, counties, and cities for lead hazard control in private housing. Grants may be as high as \$4 million, but 80% of the funds must be spent on direct activities, and HUD requires a 25% local match from local or CDBG funds, which can be waived based on well-justified need. High-risk cities can receive demonstration grants in addition to basic lead hazard control grants.

Lead Technical Studies Program (LTS). This program assists academic institutions, nonprofit and for-profit organizations, states, Native American tribes and local governments to conduct research to gain knowledge on improving the efficacy and cost-effectiveness of methods for evaluation and control of residential lead-based paint hazards. Each year the OHHLHC awards roughly between two and four cooperative agreements of up to \$500,000 each.

Disclosure law enforcement. Title X also directed HUD to enforce the required disclosure of lead hazards to the potential renter or purchaser of every pre-1978 home. As a result of disclosure enforcement actions, more than 200,000 dwelling units in multifamily rental properties have received ordered repairs. The regulation is published at 24 CFR 35 Subpart A.

Lead-Safe Housing Rule. At least one million federally subsidized homes have been made and kept safe due to requirements under the Lead Safe Housing Rule (24 CFR 35 Subparts B-R). The budget authority for lead hazard control and demonstration grants combined dropped from \$197 million in FY09 to \$114 million in FY10, and the proposed FY11 total is \$94 million.

Renovation, Repair, and Painting Rule. The EPA's Renovation, Repair, and Painting Rule requires contractor certification and use of lead-safe work practices for all work in all pre-1978 residences. The rule took effect on April 22, 2010. The rule provides a framework for educating and regulating the construction industry to work safely in order to increase awareness of health hazards in housing.

Patient Protection and Affordable Care Act Programs. This landmark health care reform bill, passed in 2010, created three new programs of importance to healthy housing. Each offers state and local nonprofits and government agencies an opportunity to implement healthy housing programming as part of a broader community health initiative.

The Maternal, Infant, and Childhood Home Visiting grants program is a new \$1.5 billion, five-year, state-based formula grant program for home visiting programs that provide services and support to pregnant women, infants, children up to kindergarten age, and their families. The program was jointly developed by the Maternal and Child Health Bureau of the Health Resources and Services Administration and the Administration for Children and Families. Congress appropriated \$100 million for FY10 and allocated \$88 million in grants to 49 states, D.C., and five territories in July 2010. To secure funding, states completed a needs assessment and developed a plan for addressing these needs.

Healthy Homes

The Community Transformation grants program is a new program within the Centers for Disease Control and Prevention to award competitive grants to fund community-based prevention health activities. The act did not restrict eligible activities, but highlighted (1) healthier school environments, including healthy food; (2) infrastructure to support active living and access to nutritious foods; (3) access to nutrition, smoking cessation, community safety, and any chronic disease priority area; (4) worksite wellness; (5) healthy options at restaurants; (6) racial and ethnic disparities, including social, economic, and geographic determinants of health; and (7) special populations needs. Funding for this program is authorized but not yet allocated. States, local governments, tribes, national networks of community-based organizations, and nonprofits are eligible to receive funding under this program.

The Prevention and Public Health Fund within the Department of Health and Human Services will fund programs authorized by the Public Health Service Act for prevention, wellness, and public health activities. Congress appropriated increasing levels of funding starting with \$500 million in FY10 through \$2 billion in FY15. Healthy housing organizations are advocating to ensure healthy housing is incorporated explicitly in activities funded through the Prevention and Public Health Fund.

What Advocates Need to Know Now

Healthy Housing Council Act and Safe and Healthy Housing Act. In the 111th Congress, Senator Jack Reed (D-RI) introduced the Healthy Housing Council Act (S.1658) that would help move the federal government towards an integrated approach in addressing health hazards in housing. Companion legislation was introduced in the House (H.R. 3793) by Representative Robert Brady (D-PA). Senator Reed has also developed an extensive proposal for cost-effective approaches and market-based incentives to make homes healthier and safer without detracting from their affordability, known as the Safe and Healthy Housing Act. Senator Brady introduced the Safe and Healthy Housing Act in the 110th Congress, and Representative Brady introduced it in the 111th Congress as H.R. 3891. This multifaceted legislation to improve research, enhance the capacity of federal programs, and expand national outreach efforts features:

- Funding to add healthy homes for grantees involved in existing federal housing programs, such as the Community Development Block Grant program, HOME, and the Low Income Home Energy Assistance Program.
- Leveraging of private market interest in healthy homes by creating a voluntary Healthy Homes Seal of Approval modeled after the successful Energy Star program.
- Support for evaluating the health risks and human health effects of indoor exposure to chemical pollutants including carbon monoxide, chemical asthma triggers, and common household and garden pesticides, and support for HUD to study methods for the assessment and control of housing-related health hazards.
- Funding for HUD and Centers for Disease Control and Prevention (CDC) to study the indoor environmental quality of existing housing and to create a system for monitoring housing-related hazards.

Livable Communities Act. In the 111th Congress, Senator Christopher Dodd (D-CT) introduced legislation (S. 1619) that envisions a nationwide plan to promote livable communities through sustainable infrastructure for transportation, housing, land use, and economic development; companion legislation was introduced in the House by Representative Ed Perlmutter (D-CO) as H.R. 4690. The act's provisions would ensure that people across the United States enjoyed the benefits of well-designed, highly coordinated strategies for location-efficient, energy-efficient communities. Inherently, living in sustainable communities benefits people's health on many levels. As amended in the Senate the bill advances healthy housing strategies that can contribute significantly to sustainability and energy efficiency, as well as long-term housing affordability, as the following provisions show:

- The proposed Interagency Council on Sustainable Communities would be responsible for supporting healthy housing, recommending legislation or other actions to eradicate housing-related health hazards, and conducting a detailed study of how sustainable building features, such as energy efficiency in housing affect the quality of the indoor environment, the prevalence of housing-related health hazards, and the health of occupants.
- The proposed Community Zoning and Land Use Planning Grant and Building Code Enforcement Grant Program, which would provide grants to states, localities, and tribal authorities to fund code updates and enforcement, largely incorporates the Community Building Code Administration Grant Act of 2009. This key legislation that will advance healthy homes and was supported by the National Safe and Healthy Housing Coalition and the International Code Council.
- Two new grant programs that would advance healthy homes at the local level include a Comprehensive Planning Grant Program totaling \$475 million and a Sustainability Challenge Grant Program totaling \$2.2 billion over four years.

Tips for Local Success

Many communities have improved the quality of their housing stock and have eliminated housing-related health hazards by implementing or better enforcing minimum housing codes. For example, sanitary codes prohibit peeling paint, standing water, chronic moisture, roof and plumbing leaks, and pest infestation. Requiring the presence of carbon monoxide detectors in new and existing housing is important. The International Code Council adopted changes to the model residential code for 2009, requiring carbon monoxide detectors in new homes with fuel-burning appliances or attached garages. Increasing public awareness of mold and concern about other housing-related hazards is fueling new attention to state and local regulation of healthy homes issues.

What to Say to Legislators

Call your members of Congress and ask to speak to the person who deals with housing policy with the message that funding is needed in FY12 to correct health and safety hazards and ensure that privately owned affordable housing is safe and healthy. Advocates should inform legislators of the following ways through which they can lend support for reducing housing-related health problems:

- Pass and implement the Safe and Healthy Housing Act and Healthy Housing Council Act.
- Pass and implement the Livable Communities Act with amendments similar to those made in the Senate.
- Add another \$100 million to the President's request for Lead Hazard Control and Lead Hazard Reduction Demonstration Grants Programs, for a total of \$240 million, through which communities can fix health hazards including lead-based paint problems, and expand the number of healthy homes created nationwide.
- Appropriate funding for CDC's Community Transformation Grants Program to fund community-based prevention health activities.

For More Information

National Center for Healthy Housing · www.nchh.org · 202-580-7203

National Safe and Healthy Housing Coalition · www.nchh.org/Policy/National-Safe-and-Healthy-Housing-Coalition.aspx

For more information on how local and state housing codes and landlord-tenant laws address health considerations, see www.healthyhomestraining.org/codes/index.htm

HOME Investment Partnerships Program

By Ed Gramlich, Regulatory Director, National Low Income Housing Coalition

The HOME program is a federal block grant designed to expand the supply of decent, affordable housing for lower income people.

The HOME program is administered by the Office of Affordable Housing Programs in HUD's Office of Community Planning and Development (CPD).

History

The HOME Program was authorized in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act.

Program Summary

HOME is a federal block grant to participating jurisdictions (PJs), which are states and certain localities that use the funds to provide affordable housing to low and moderate income households. States and localities use the funds for a variety of homeownership and rental activities. In general, all HOME money must benefit people with low or moderate incomes, rents must be affordable, and units must remain affordable for a set period of time.

Eligible activities. HOME dollars can be used as a grant or a loan to meet a variety of development costs such as buying existing housing or vacant land for affordable housing, building new housing, rehabilitating existing housing, demolition to make way for affordable housing, relocation, site improvements, and various 'soft costs' such as engineering plans, attorneys' fees, title search, and fair housing services. HOME can also be used to help people purchase or rehabilitate a home by offering loans, loan guarantees, or down payment assistance. Tenants can be given grants for security deposits and rental assistance so that they need pay no more than 30% of their income for rent and utilities. Although tenant-based assistance agreements are limited to two-year terms, they can be renewed without limit.

At least 15% of a participating jurisdiction's HOME funds must be spent for housing that is developed, sponsored, or owned by Community-based Housing Development Organizations (CHDOs; see box for more information). Up to 10% of the CHDO set-aside can be used to provide loans for project-specific technical assistance and site control (such as feasibility studies and consultants) as well as for seed money to cover pre-construction costs (such as architectural plans and zoning approval). If a PJ fails to reserve any portion of the minimum 15% CHDO set-aside within two years, the PJ (and low income residents) lose that amount of money.

PJs can spend no more than 10% of their HOME dollars for overall program planning and administration, but there is no set limit on the use of HOME funds for project-specific administrative costs. Up to 5% of a PJ's HOME funds can be given to CHDOs for operating expenses. (This amount is separate and apart from the minimum 15% CHDO set-aside and does not count against the PJ's 10% cap on administrative uses.)

Among other limitations, PJs cannot spend HOME dollars on public or assisted housing modernization, operation, or preservation.

Community-based Housing Development Organizations (CHDOs). Any nonprofit can receive a HOME grant or loan to carry out any eligible activity, but not every nonprofit is a CHDO. In order to be considered a CHDO, the law requires accountability to low income community residents through significant representation on the organization's governing board. However, the regulations merely require that one-third of a CHDO's board members be elected representatives of low income neighborhood organizations, residents of low income neighborhoods, or other low income community residents. Since a low income neighborhood is one where only 51% of the residents have incomes below 80% of AMI, it is possible that more affluent people with very different priorities could be on a CHDO board. Also, because the regulations allow 'community' to be defined as broadly as an entire city, county or metropolitan area, it is possible to construct a CHDO that is not accountable to low income residents in a HOME project's neighborhood.

HOME Investment Partnerships Program

Formula allocation. A formula based on six factors reflecting measures of poverty and the condition and supply of the rental housing stock determines which local jurisdictions are PJs. Jurisdictions that do not meet the formula's threshold can get together with neighboring jurisdictions to form a 'consortium' in order to get HOME funding.

Each year, the formula distributes 60% of the HOME dollars to local governments and consortia; the remaining 40% is allocated to states. Local PJs are eligible for an allocation of at least \$500,000. Each state receives its formula allocation or \$3 million, whichever is greater. The state share is intended for small cities, towns, and rural areas not receiving HOME money directly from HUD. Every HOME dollar must be matched by 25 cents of state, local, or private contributions, which can be cash (but not Community Development Block Grant funding), bond financing proceeds, donated materials, labor or property, or other noncash contributions.

Beneficiaries. When HOME is used to assist renters, at least 90% of the units must be occupied by households with incomes below 60% of the area median income (AMI); the remaining 10% of the rental units can benefit those with incomes up to 80% of AMI ('low income'). If a rental project has five or more HOME units, at least 20% of the HOME units must be occupied by households with incomes below 50% of AMI ('very low income'). When HOME is used to assist people who are homeowners or who will become homeowners, all of that money must be used for housing occupied by households with incomes below 80% of AMI. These are minimum standards required by law. Advocates should work to improve HOME's targeting to people with 'extremely low' incomes, those below 30% of AMI.

Affordability. To qualify as affordable rental housing, rent can be no greater than the fair market rent (FMR) or 30% of the adjusted income of a hypothetical household with an annual income of 65% of AMI, whichever is lower. In projects with five or more HOME units in which at least 20% of the HOME units must be occupied by households with very low incomes, rent is considered affordable to them if it less than 30% of their adjusted income or less than 30% of the income of a hypothetical household with an annual income at 50% of AMI. Actual rent limit figures are posted on the HOME program web page at www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent.

Newly constructed rental projects must remain affordable for 20 years. Existing rental housing that is either purchased or rehabilitated must remain affordable for 15 years if more than \$40,000 per unit is spent, 10 years if between \$15,000 and \$40,000 per unit is spent, and five years if less than \$15,000 per unit is spent.

Homeowner-assisted units are considered affordable if, in general, the value of the house after assistance is less than 95% of the median area purchase price. Homeowner units must remain affordable for the same periods mentioned above. PJs must have 'resale' and 'recapture' provisions to ensure affordability during the required periods. A resale provision must require purchase by an income-eligible household if an original homeowner sells before the end of the affordability period. A recapture provision must ensure that all or a portion of HOME assistance is recouped if an owner sells or is foreclosed upon.

Funding

In FY10, Congress appropriated \$1.8 billion for HOME formula grants. The Administration requested \$1.65 billion for both FY11 and FY12.

According to an email from HUD, based on data as of December 31, 2010, since 1992 HOME has delivered 990,915 completed physical units and provided 238,166 tenant-based rental assistance contracts. Out of the 990,915 physical units, 38% (375,026) were rental units, 20% (194,682) were homeowner units and 42% (421,207) were home buyer units.

Households with incomes below 30% of AMI occupied 43.4% (162,761) of the physical rental units, 31.1% (60,546) of the homeowner units, and 6.1% (25,694) of the home buyer units. More than 79% (165,220) of the tenant-based rental assistance units were occupied by extremely low income people.

HOME Investment Partnerships Program

What Advocates Need to Know Now

HUD career staff have long held ideas for changes to HOME regulations. Also, in January of 2010, two informal listening sessions were held to get input regarding improving CHDO performance, facilitating use of HOME as part of transit oriented development, fostering energy efficiency, and ensuring quality rehabilitation. HUD plans to propose wide-ranging changes to the HOME regulations in the spring of 2011.

Tips for Local Success

At the local level advocates will want to continue to be actively involved in the Consolidated Plan's Annual Action Plan public participation process in order to influence the type of housing, location, and beneficiaries of HOME dollars.

Advocates can best influence how HOME dollars are allocated if they know how a jurisdiction has spent its previous allocations. To monitor their local PJ's accomplishments, advocates can access several useful reports on HUD's web site, www.hud.gov/offices/cpd/affordablehousing/reports.

- The monthly Open Activities report lists each HOME project in a PJ, indicating tenure type (renter or homeowner), type of activity (such as rehabilitation, acquisition, or new construction), zip code, number of units, and amount budgeted and spent.
- The Vacant Unit Reports identify units marked 'vacant' in HUD's reporting system.
- SNAPSHOT is a quarterly cumulative report that shows, in the aggregate, income category, race, household size, and household type of beneficiaries, as well as the number of units completed for each type of housing.
- Dashboard Reports are quarterly reports intended to provide a quick overview of a jurisdiction's use of HOME dollars. Using charts and graphs, Dashboard Reports show:
 - Cumulative HOME dollars received and percentage disbursed, committed, and uncommitted.
 - Cumulative number of units completed, and percentage of rental, homeowner rehab, and home buyer units.
 - Net number of units completed in the most recent quarter, with percentage of rental, homeowner rehab, and home buyer units.
 - Cumulative number and the last quarter's net new number of tenant-based rental assistance units.
 - Race and ethnicity percentages among rental, homeowner rehab, and home buyer projects.
 - Average total development cost per unit for rental, homeowner rehab, and home buyer projects.

What to Say to Legislators

The major responsibility of advocates is to continue pushing for increased federal appropriations.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

HOME Program Information · 202-708-2470 · www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm.

See also: *Consolidated Plan*.

Homelessness Prevention and Rapid Re-Housing

By Norm Suchar, Director of Capacity Building, National Alliance to End Homelessness

The American Recovery and Reinvestment Act of 2009 (ARRA) included \$1.5 billion for a new Homelessness Prevention and Rapid Re-Housing Program (HPRP). The program distributed funds by formula to city, county, and state governments for the purpose of preventing homelessness and quickly re-housing people who become homeless. HPRP is operated by HUD's Office of Community Planning and Development.

History

In February 2009, Congress passed ARRA, its economic stimulus bill that provided nearly \$800 billion to help improve the economy. One provision was a new Homelessness Prevention Fund, which became HPRP. HUD quickly created guidelines for the program, and communities began operations in the fall of 2009.

Program Summary

HPRP funding was distributed through a formula similar to the one that HUD uses for the Community Development Block Grant (CDBG) program to city, county, and state governments. However, some of the smaller CDBG grantees did not receive awards.

Eligible activities include but are not limited to short- or medium-term rental assistance; housing relocation and stabilization services; housing search assistance; mediation or outreach to property owners; security or utility assistance; and case management. Local and state governments have a great deal of flexibility with respect to the design of their programs and how funds are distributed.

Eligible recipients include people with income below 50% of the area median income (AMI) who are likely to become homeless without assistance. However, HUD has increasingly encouraged communities to provide assistance to people with lower incomes and who are most likely to become homeless "but for" the assistance that HPRP provides.

Grantees have until September 2011 to expend 60% of funds and until September 2012 to expend all funds. HUD posts information about how much each community has expended on Homelessness Resource Exchange (www.hudhre.info).

Information about people served and how funds are spent is tracked in the Homelessness Management Information Systems (HMIS) or similar databases used by communities for their HUD homeless assistance programs. HPRP is very similar to the new Emergency Solutions Grant (ESG) program that was included in the Homeless Emergency and Rapid Transition to Housing Act of 2009 (HEARTH). Many lessons learned from HPRP will be incorporated in the implementation of the new ESG program.

Funding

Congress provided \$1.5 billion for HPRP through ARRA. HPRP is not expected to become a permanent program; the Administration has not requested additional funding.

What Advocates Need to Know Now

HPRP is the government's primary tool for combating the increase in homelessness caused by the recession. Because the recession is much more severe than was originally anticipated, advocates are seeking an additional allocation of \$1 billion for HPRP.

Tips for Local Success

After the initial implementation of HPRP, many communities are evaluating their programs and seeking to improve the impact of the homelessness prevention and rapid re-housing programs created by HPRP. Advocates should encourage their HPRP providers to focus on people who are already homeless or those at highest risk of becoming homeless, especially those with little or no income and who have been forced to double up.

Homelessness Prevention and Rapid Re-Housing

What to Say to Legislators

Advocates should speak to their Members of Congress with the message that HPRP was a perfectly timed response to the current recession. Thanks to HPRP, many thousands of potential episodes of homelessness have been averted, and many communities have actually reduced homelessness. HPRP has also helped create and retain jobs for case managers and housing location specialists. The recession is much worse than expected, and additional HPRP resources are needed to serve the millions of people who are being put at risk of homelessness as a result. Advocates should ask their legislators to provide an additional \$1 billion for HPRP.

For More Information

National Alliance to End Homelessness · 202-638-1526 · www.endhomelessness.org

See also: *The McKinney-Vento Homeless Assistance Programs*.

HOPE VI/Choice Neighborhoods Initiative

By Linda Couch, Senior Vice President for Policy, National Low Income Housing Coalition

The HOPE VI public housing program provides funds to revitalize the nation's severely distressed public housing stock through demolition, construction, rehabilitation, and other physical improvements; development of replacement housing; and the provision of community and supportive services. Legislation to reauthorize the HOPE VI program could bring much-needed reforms to HOPE VI, which has resulted in the demolition of more than 155,000 public housing units but the rebuilding of only 50,000 of these public housing units.

The Choice Neighborhoods Initiative (CNI) is HUD's proposed successor to the HOPE VI program. Like HOPE VI, CNI would focus on severely distressed public housing properties and expand HOPE VI's reach to include assisted housing properties and entire neighborhoods. In FY10, Congress continued to fund HOPE VI and also included \$65 million for a CNI demonstration.

Both HOPE VI and CNI grants are awarded through HUD's Office of Public and Indian Housing.

History and Purpose

HOPE VI program. In 1989, Congress established the National Commission on Severely Distressed Public Housing. The commission was charged with identifying severely distressed public housing and devising a plan to address the problem, and the commission submitted its findings to Congress in 1992. The commission found that 6% of public housing units, or 86,000 units, were severely distressed and recommended that Congress create a revitalization plan.

As a result, in 1992, Congress created the HOPE VI program in an appropriations act with the goal of revitalizing dilapidated public housing units. Funds allocated to the HOPE VI program are used for eligible activities under the program, including demolishing public housing units, rehabilitating units, and relocating residents. The program was funded in annual appropriations bills.

In 1999, Congress for the first time passed authorizing legislation for HOPE VI within the Quality Housing and Work Responsibility Act of 1998 (QHWRA; pronounced 'kwha-ra'). Under QHWRA, the purposes of the program were to improve the living environment of public housing residents, to revitalize the sites on which severely distressed public housing units were located, to decrease concentration of poverty, and to build sustainable communities.

HOPE VI has since been reauthorized in various pieces of legislation for one- to three-year periods.

In 2003, protections were added for tenants, such as requiring the HUD Secretary to involve affected public housing residents at the beginning and during the planning process. In addition, during the grant selection process, a criterion was added to reward minimizing the permanent displacement of current residents of public housing and prioritizing tenants of the existing developments to return to the revitalized development.

Advocates are troubled that, under the HOPE VI program, public housing agencies (PHAs) have demolished viable units and displaced families.

Choice Neighborhoods Initiative. HUD first proposed CNI in its FY10 budget request to Congress, when it sought \$250 million for CNI and no funding for HOPE VI. Congress did end up appropriating \$250 million in FY10, but \$135 million of this was for HOPE VI and the other \$65 million for CNI.

Programs Summary

The HOPE VI program. The HOPE VI program is intended to benefit the current residents of severely distressed public housing, residents of the revitalized units, and communities surrounding the revitalized sites. The program is supposed to improve families' quality of life by moving them closer to jobs and better quality schools, which has

HOPE VI/Choice Neighborhoods Initiative

occurred for some families. But HOPE VI has not been beneficial to everyone. Approximately 30% of residents surveyed continue to live in high-poverty and high-crime neighborhoods. A 2010 report from the University of Illinois at Chicago showed that most former residents of Chicago's now-demolished public housing still live in segregated, low income neighborhoods despite using housing vouchers to subsidize their rents.

HOPE VI grants are awarded annually on a competitive basis, generally to five or six housing agencies a year. The number of grants awarded annually has decreased as HOPE VI funding has gone down. HUD evaluates grants based on four factors: (1) demonstrated need for revitalization assistance, (2) capacity of applicants to use grants effectively, (3) quality of proposed revitalization plans, and (4) potential for applicants to use grants to leverage funds from other sources.

Any PHA that operates public housing units is eligible for a HOPE VI grant. HOPE VI grants are used for the capital costs of demolition, construction, rehabilitation and other physical improvements; development of replacement housing; and community and supportive services. PHAs administer the program and can use the grants in conjunction with modernization funds or other HUD funds, as well as municipal and state contributions, public and private loans, and Low Income Housing Tax Credit (LIHTC) equity.

Choice Neighborhoods Initiative. While HOPE VI focused on grants to revitalize severely distressed public housing, CNI will focus its resources on transforming entire neighborhoods. The CNI program will award 'planning grants' and 'implementation grants.' Legislation to authorize the CNI program was introduced in the House and the Senate in the 111th Congress but was not enacted. Therefore, the program remains unauthorized, funded through the annual appropriations bill, and administered according to the details of the program's NOFA, where HUD has stated its intention to focus its resources on three core goals: housing, people, and neighborhood. HUD has stated that it wants CNI to:

- Transform neighborhoods of extreme poverty into mixed income neighborhoods of long-term viability by revitalizing severely distressed housing.
- Improve access to economic opportunities, and investing and leveraging investments in well-functioning services, educational opportunities, public assets, public transportation, and improved access to jobs.
- Grow communities and metropolitan areas by concentrating and coordinating federal funding for public transportation, education, housing, energy, supportive services, and environmental programs and initiatives.
- Support positive outcomes for families, including improvements in educational achievements and economic self-sufficiency.

HUD will award CNI grants competitively to local governments, public housing agencies, community development corporations, assisted housing owners, nonprofit entities, and for-profit entities that apply jointly with public entities.

In 2010, legislation to authorize the Choice Neighborhoods Initiative was introduced by Representative Maxine Waters (D-CA) and Senator Robert Menendez (D-NJ).

Funding

HOPE VI funding had been at \$100 million a year for several years. For FY10, the program received \$135 million. HUD sought no funding for HOPE VI in FY11 but, again, the House and Senate both included HOPE VI funding in their FY11 bills.

For FY10, the CNI demonstration program received \$65 million. HUD sought \$250 million for CNI in FY11. HUD's FY12 request includes \$250 million for the CNI program and no funds for HOPE VI.

What Advocates Need to Know Now

As the annual funding public housing agencies receive continues to be seriously insufficient for capital repair needs, the competition for funds from a program like HOPE VI is great. The Center on Budget and Policy Priorities estimates that at least several hundred public housing developments, out of about 14,000 developments, would qualify for the 'severely distressed' status required by the HOPE VI program.

Previous attempts at reform. Before the Obama Administration introduced its proposal to turn HOPE VI into CNI, advocates worked to improve the HOPE VI program. In a victory for low income housing tenants and advocates, the House passed a bill in 2008 (H.R. 3524) that would make major improvements to the HOPE VI program, including requiring the one-for-one replacement of units revitalized through HOPE VI (with a limited waiver) and providing that residents of the original housing can live in the revitalized housing without having additional screening or eligibility requirements imposed on them.

The bill would also have established 'mandatory core components' of any proposed revitalization plan in order to be considered by the HUD Secretary for HOPE VI funding. The mandatory core components are: evidence of severe distress, resident involvement and services, a temporary relocation plan, resident right to expanded housing opportunities, one-for-one replacement, fair housing, and green developments. The bill would have also required PHAs to provide comprehensive relocation assistance to each household living at the site until two years after the development period under the HOPE VI plan, or the date on which all funding for community and supportive services has been expended, whichever comes first.

Senate-sponsored legislation, which would not have improved the HOPE VI program in these key areas, did not move in the 110th Congress.

Legislation to authorize the CNI program is expected to be introduced in the 112th Congress, but it is unclear whether such legislation will be enacted.

Regardless of the program, the goals of public housing preservation, such as preserving viable units, protecting residents' rights and providing affordable housing to extremely poor people, should be applied to all public housing, including those going through demolition and disposition.

Tips for Local Success

Because Congress could provide funds for both HOPE VI and CNI in FY11, advocates should be aware of local housing agencies' plans to apply for funding for either program. Advocates should keep an eye on local HOPE VI plans and object to elements that place public housing residents at a disadvantage. Insist that residents be involved in decision-making. Advocates should request an objective assessment of the viability of any public housing that is threatened with demolition and should also demand one-for-one replacement of the public housing units that are lost.

What to Say to Legislators

Legislators should be urged to:

- Support a CNI proposal that includes one-for-one replacement of units, a right of return for residents, meaningful resident participation, and significant supportive services and relocation assistance.
- Not fund the HOPE VI program until reforms are enacted to ensure a one-for-one replacement of units, increased residents rights to return and other tenant protections.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Center on Budget and Policy Priorities · 202-408-1080 · www.cbpp.org

National Housing Law Project · 415-546-7000 · www.nhlp.org

See also: *Public Housing*.

NLIHC's Public Housing Principles

1. There is an intrinsic value of public housing being publicly owned. Public housing has a critical place among a community's array of housing choices. Public housing serves extremely low and very low income households, groups that most state and local housing resources do not reach.

2. Full resident participation is critical to successful public housing. Involved tenants share responsibility for maintaining their community, have a vested interest in the future of their homes and have a first-hand understanding of how their housing is managed. There must be regular opportunities for meaningful resident input into the operations of public housing. In order for resident participation to be meaningful, residents must be equipped to organize and participate in decision-making processes.

3. At a minimum, current income targeting requirements must be met. At least 40% of new annual admissions must have incomes below 30% of area median income. This is significant because this below 30% AMI population has the nation's most significant housing cost burdens. Nationally, 71% of renters and 64% of owners in this income group pay more than half of their incomes toward housing costs. Public housing serves our nation's most critical housing needs. In 2006, 73% of households in residence had incomes at or below 30% of area median income.

4. Tenant contributions for rents must be affordable. Tenant contributions for rents must be tied to individual household incomes and must be affordable to each household.

5. The need to raise private capital should not drive other decisions that are contrary to the interests of residents and others in need of affordable housing. Where there is private funding of public housing redevelopment, the ongoing federal subsidies must be adequate to ensure that these interests, including the need to serve extremely low income households, the necessity that tenant contributions for rents be affordable to each household and the right of residents and others to participate in the decisions impacting public housing, can be met.

6. Admission criteria should be directly related to an applicant's ability to fulfill the obligations of an assisted lease and individual circumstances must be considered for each applicant who is not categorically excluded.

7. Every revitalization, demolition, and replacement plan must take into account the extent to which public housing in that housing market area has operated to create and perpetuate racial and economic segregation of low income families. Public housing redevelopment, where units are demolished and replaced, must endorse a policy of expansion of public housing opportunities: sufficient to provide realistic public housing opportunities both throughout non-minority communities within the same or other jurisdictions, while at the same time offering newly developed housing in minority, low income communities. Redevelopment of severely distressed public housing, demolition and disposition must provide for the one-for-one replacement of all hard units lost with waivers for extraordinary circumstances. Residents impacted by redevelopment must have the right to choose to return to a redeveloped on-site unit, or to choose to move to an assisted unit in a low poverty, racially integrated neighborhood. Existing residents should fully benefit from any redevelopment, whether on-site or off-site, and must not be subject to admission screening criteria.

Housing as a Human Right

By Eric Tars, National Law Center on Homelessness & Poverty

Recent polling indicates that three-quarters of Americans believe that adequate housing is a human right, and two-thirds believe that government programs need to be expanded to ensure this right. Indeed, as President Obama has stated, “it is not acceptable for children and families to be without a roof over their heads in a country as wealthy as ours.”

Housing advocates in the United States can and should use international human rights standards to reframe public debate, craft and support legislative proposals, supplement legal claims in court, advocate in international fora and support community organizing efforts. The comprehensive report of the United Nations (UN) Special Rapporteur on the Right to Adequate Housing on her mission to the U.S., issued in March 2010, covering affordable and public housing, homelessness, and the foreclosure crisis, provides detailed recommendations for federal- and local-level policy reforms. Following up on the November 2010 Universal Periodic Review, advocates can also take advantage of new opportunities for advocacy with HUD using a human rights framework.

History

In his 1944 State of the Union address, Franklin Roosevelt declared that the United States had accepted a “second Bill of Rights,” including the right to a decent home. In 1948, the United States signed the Universal Declaration of Human Rights, recognizing housing as a human right.

The Universal Declaration was just a non-binding declaration, so the right to housing was codified in binding treaty law in the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 1966. The United States has signed, but not ratified, the ICESCR, and thus is not strictly bound to uphold the right to housing as framed in that document. However, the United States ratified the International Covenant on Civil and Political Rights (ICCPR) in 1992 and the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) in 1994, both of which recognize the right to be free from discrimination, including in housing, on the basis of race, gender, disability, and other status.

The U.S. signed another declaratory document, the Habitat Agenda, in 1996, committing itself to more than 100 housing-related goals. In 2006, the U.S. approved the UN Basic Principles and Guidelines on Development-Based Evictions, which provides useful standards for ensuring participation of poor and minority groups in zoning and development decisions affecting them.

In 2009, advocates organized two high-profile visits by human rights monitors to examine U.S. housing issues. The UN-HABITAT Advisory Group on Forced Evictions visited New Orleans in July 2009, and the UN Special Rapporteur on the Right to Adequate Housing visited New York, Chicago, New Orleans, Pine Ridge Indian Reservation, Los Angeles, and Washington, DC in October and November 2009. In both visits, monitors met directly with local and national advocates, government officials, and media. The visits resulted in extraordinarily detailed assessments of housing policies in the U.S. and contain specific conclusions and recommendations based in large part on recommendations from U.S. advocates, ranging from one-for-one replacement of subsidized housing units to condemning criminalization of homelessness.

Other countries have made significant headway in making the right to housing real and legally enforceable. France, Scotland, South Africa and other countries have adopted a right to housing in their constitutions or legislation, leading to improved housing conditions, and should serve as models for domestic advocates.

Issue Summary

According to the UN Committee on Economic, Social and Cultural Rights, which oversees the ICESCR, the human right to housing consists of seven elements: (1) security of tenure; (2) availability of services, materials, and infrastructure; (3) affordability; (4) accessibility; (5) habitability; (6) location; and (7) cultural adequacy.

Housing as a Human Right

In the human rights framework, every right creates a corresponding duty on the part of the government to respect, protect, and fulfill the right. Having the right to housing does not mean that the government must build a house for every person in America and give it to them free of charge. It does, however, allocate ultimate responsibility to the government for ensuring all people have access to adequate housing.

The government can choose how it will implement the right to housing, whether through devoting resources to public housing and vouchers, by creating incentives for private development of affordable housing such as inclusionary zoning or the Low Income Housing Tax Credit, through market regulation such as rent control, through legal due process protections from eviction or foreclosure, ensuring habitable conditions through housing codes and inspections, or by other means. Contrary to our current framework which views housing as a commodity to be determined primarily by the market, the right to housing framework gives advocates a tool for holding each level of government accountable if all those elements are not satisfied.

Scotland provides a good example of the difference the right to housing approach can make. The Homeless Etc. (Scotland) Act of 2003 includes the right for all homeless persons to be immediately housed and the right to long-term, supportive housing for as long as it is needed for priority groups – and by 2012, for all. (Priority groups include particularly at-risk individuals, such as former prisoners, who are excluded from much housing assistance in the U.S.) The law also includes an individual right to sue if one believes these rights are not being met, and requires jurisdictions to plan for development of adequate affordable housing supplies. Complementary policies include the right to purchase public housing units and automatic referrals by banks to foreclosure prevention programs to help people remain in their homes. All these elements work together to ensure the right to housing is upheld.

What Advocates Need to Know Now

U.S. groups are using international mechanisms and standards to promote housing rights at home. Over the course of 2010, the U.S. government prepared for, and received, its first-ever review by the UN Human Rights Council under the Universal Periodic Review mechanism. Hundreds of advocates testified on housing rights concerns to representatives from HUD, and the Departments of Health & Human Services and Justice, among others, at a dozen consultations from coast-to-coast. At the Review in November 2010, the Council made a number of specific housing, homelessness, and poverty-related recommendations, and HUD stated, “The UN’s Universal Periodic Review process helps to inform and influence our nation’s effort to dramatically increase the amount of affordable housing, especially for those struggling to find a place to call home.” In 2011, advocates will continue to meet with HUD to ensure these recommendations are implemented, and hold briefings with Congress regarding their human rights obligations.

The U.S. government will likely submit its periodic report under the International Covenant on Civil and Political Rights to the Human Rights Committee in early 2011. The Committee’s process affords advocates the opportunity to raise concerns, particularly around the criminalization of homelessness and the disparate racial and gender impacts of housing rights violations, at the international level.

Tips for Local Success

Local groups wishing to build on the movement to recognize the human right to housing in the U.S. can use international standards in many different ways to promote policy change, from rallying slogans to concrete legislative proposals. Groups can start with a non-binding resolution stating that their locality recognizes housing as a human right in the context of the ongoing economic and foreclosure crisis. Advocates can then build on that commitment to help pass more substantive legislation, or use international standards to measure local violations of housing rights. Using international mechanisms, such as the review of the U.S. by the Human Rights Committee to take place in 2011 can also help cast an international spotlight on local issues. The National Forum on the Human Right to Housing taking place June 7-8, 2011 in Washington, DC will provide training and networking opportunities for advocates with all levels of experience in this work.

What to Say to Legislators

It is important for legislators and their staff to hear their constituents say, “Housing is a human right,” as an initial step in reframing the conversation around housing. In talking about human rights, it is often helpful to start with the U.S. origins and acceptance of these rights in Roosevelt’s ‘Second Bill of Rights’ and the polling data cited above. Using the recommendations made by human rights monitors reinforces advocates’ message by lending international legitimacy.

A full list of international recommendations on U.S. housing concerns including homelessness, public and subsidized housing, fair housing, foreclosures, and many other topics, is available on the National Law Center on Homelessness & Poverty's website.

For More Information

National Law Center on Homelessness & Poverty · 202-638-2535 · www.nlchp.org

Housing Bonds

By Mindy La Branche, Legislative and Policy Associate, National Council of State Housing Agencies

Housing bonds are used to finance low-interest mortgages for low and moderate income homebuyers and the acquisition, construction, and rehabilitation of multifamily housing for low income renters. Investors purchase housing bonds at low interest rates because the income from them is tax-free. The interest savings made possible by the tax exemption is passed on to homebuyers and renters in reduced housing costs. Unfortunately, the financial crisis continues to make it nearly impossible for housing finance agencies (HFAs) to sell housing bonds at rates that allow them to lend the proceeds affordably.

The housing bond program is overseen by the Department of the Treasury.

History

Private activity bonds were established under the Tax Code of 1954. These bonds were known as Industrial Development Bonds until the Tax Reform Act of 1986 and other legislation changed their name.

Program Summary

Private activity bonds, a category that includes housing bonds, are distinct from other tax-exempt bonds because they are issued for private activities as opposed to governmental activities. The private activities must fulfill public purposes, and each private activity bond issuer must hold public hearings to demonstrate such public purposes. Private activity bonds are tax-exempt for the purchaser and are issued by state and local governments to support the stated public purpose. Purchasers, or investors, of private activity bonds can include individuals and corporations. In addition to housing, private activity bonds can be issued for public purposes that include student loans, infrastructure, and redevelopment activities.

HFAs have authority under the Internal Revenue Code to issue housing bonds to support affordable housing activities in their states. Issuing bonds is a way for HFAs to access private financing. HFAs sell the tax-exempt bonds to individual and corporate investors, traditionally including Fannie Mae and Freddie Mac (the housing government sponsored enterprises, or GSEs), who are willing to purchase bonds paying lower than market interest rates because of the bonds' tax-exempt status. This interest savings is passed on through private lenders to support housing purchase and development.

There are two main types of housing bonds: Mortgage Revenue Bonds (MRBs), which finance single-family home purchases for qualified low income homebuyers, and multifamily housing bonds, which finance the acquisition, construction, and rehabilitation of multifamily developments for low income renters.

Mortgage Revenue Bonds. Proceeds from MRBs finance discount mortgages to support the purchase of single-family homes. By lowering the interest rate, MRBs make homeownership affordable for families who would not be able to meet mortgage payments on a conventional loan. Congress limits MRB mortgages to first-time homebuyers who earn no more than the greater of area or statewide median income. Families of three or more can earn up to 115% of the greater of area or statewide median income. Congress also limits the price of homes purchased with MRB mortgages to 90% of the average area purchase price.

Interested borrowers should contact their state or local HFA for information on obtaining an MRB loan.

Multifamily bonds. Multifamily bonds provide funding for multifamily housing development that reaches income groups the market might not otherwise serve.

Multifamily housing bonds finance the acquisition, construction, or rehabilitation of affordable rental housing. Multifamily housing bond financed developments must set aside at least 40% of their apartments for families with incomes of 60% of area median income (AMI) or less, or 20% for families with incomes of 50% of AMI or less. The income-restricted apartments financed by those bonds must remain affordable for at least 15 years.

States increasingly combine multifamily bonds with other resources, such as Low Income Housing Tax Credits (LIHTC) and HOME block grant funds, to serve even lower income families for longer periods of time than the law requires. Furthermore, many multifamily bonds finance special needs housing, such as housing for the homeless, transitional housing, senior housing, assisted living housing, housing for persons with disabilities, housing for persons with AIDS, migrant worker housing, and rural housing.

Funding

By law, the annual issuance of private activity bonds, including MRBs and multifamily bonds, is capped based on population and indexed to inflation. The 2011 cap is \$95 per capita, with a minimum of \$277.8 million in private activity bonding authority allowed each state.

In 2008, Congress provided \$11 billion in additional Housing Bond authority to the states and allowed them to use MRBs for refinancing adjustable rate mortgages originated after December 31, 2001 and before January 1, 2008. The additional bond and refinancing authority expired on December 31, 2010.

What Advocates Need to Know Now

In 2008, the most recent year for which data are available, MRBs provided \$10.1 billion to support the purchase of nearly 96,500 homes nationwide. This represents a decrease of \$7.7 billion and more than 30,500 homes from 2007, due to severe disruptions in the capital markets.

States issued over \$4.7 billion in multifamily bonds, and those bonds financed over 37,800 units in 2008. This represents a decrease of \$1.1 billion in volume and 3,507 units from 2007. The decrease in housing bond volume was caused by a lack of investor activity due to the financial crisis.

HFA Initiative. In October 2009, the Administration announced its HFA Initiative. The two-point plan was designed to help HFAs expand their affordable lending efforts and strengthen their financial standing by overcoming obstacles to both created by the financial crisis. The plan created a temporary housing bond purchase program through Fannie Mae and Freddie Mac, the New Issue Bond Program (NIBP), to fund home loans and finance rental production at affordable rates; and created a temporary liquidity facility, the Temporary Credit and Liquidity Program (TCLP), for outstanding HFA Variable Rate Debt (VRD) to strengthen HFA lending capacity.

Under the initiative, the U.S. Department of Treasury facilitated the sale of \$15.3 billion in housing bonds from 49 state and more than 50 local HFAs. The bond proceeds, in combination with the almost \$9 billion in retail housing bonds the initiative requires HFAs to issue, will allow HFAs to finance more than 200,000 affordable homes.

The initiative also provided a dozen state HFAs \$8.2 billion in liquidity to support outstanding bond issues, strengthening their financial footing and freeing more of their resources for housing investment.

Using MRBs, HFAs have made homeownership possible for 4 million low and moderate income families. They help another approximately 100,000 families buy their first homes with MRB mortgages in a typical year. The average income of an MRB borrower in 2009 was approximately \$46,000, 67% of the national average income.

HFAs have financed an additional 1 million affordable rental apartments with Multifamily Bonds. More than 40% of all Housing Credit apartments are financed with Housing Bonds. HFAs have used the Housing Credit to produce more than 2 million rental apartments for families earning 60% of AMI or less. They add another 140,000 Housing Credit apartments every year.

What to Say to Legislators

As a tax program, Housing Bonds fall under the jurisdiction of the House Committee on Ways and Means and the Senate Committee on Finance. Representative Dave Camp (R-MI), Chair of the House Ways and Means Committee, and Senator Max Baucus (D-MT), Chair of the Senate Finance Committee have both expressed interest in looking at tax reform this year, which could eliminate Housing Bonds as part of an effort to simplify the tax code.

In addition, the President's National Commission on Fiscal Responsibility and Reform proposed eliminating Private Activity Bonds in its December 2010 report.

Housing Bonds

Advocates should speak with staff in their Members' offices responsible for housing or tax policy and deliver the message that support is needed for housing bonds in any tax reform proposal.

Specifically, lawmakers should:

- Continue to work with the Administration to encourage its support for Housing Bond programs through Treasury, Fannie Mae, and Freddie Mac.
- Protect Housing Bonds in any tax reform proposal.
- Extend the New Issue Bond Program and the Temporary Credit and Liquidity Program.
- Increase the MRB home improvement loan limit to an amount not to exceed 50% of the MRB purchase price limit for the area in which the home is located.

For More Information

National Council of State Housing Agencies · 202-624-7710 · www.ncsha.org

Housing Choice Vouchers

By Linda Couch, Senior Vice President for Policy, National Low Income Housing Coalition

Housing Choice Vouchers help people with the lowest incomes find affordable housing in the private housing market by reimbursing the landlord for the difference between what a household can afford to pay in rent and the rent itself. The Housing Choice Voucher program is HUD's largest rental assistance program; it also serves the lowest income people because of deep income targeting guidelines.

In FY12, advocates will seek sufficient resources to renew all vouchers in use as well as identify ways to expand the number of vouchers in use. Advocates will also seek passage of reform legislation, known as the Section 8 Voucher Reform Act (SEVRA).

The voucher program is administered by HUD's Office of Public and Indian Housing.

History and Purpose

Federal tenant-based rental assistance was established as part of a major restructuring of federal housing assistance for low income families in 1974. President Richard Nixon supported the creation of the tenant-based Section 8 program as an alternative to the government's involvement in producing affordable multifamily apartments. The program grew incrementally between 1974 and 2002, the first year when no new, incremental vouchers were appropriated.

In FY08, about 15,000 new vouchers were appropriated for special populations, but only after the nation lost more than 150,000 vouchers between FY04 and FY07 due to HUD mismanagement of the program. These new vouchers were the first new vouchers since FY02. Congress provided about 13,000 new vouchers in the FY09 and FY10 HUD budgets for HUD's Family Unification Program, and 11,000 for veterans. For FY11, HUD has asked for \$85 million to fund 10,000 'special needs demonstration vouchers,' 4,000 of which would be for individuals with special needs who are homeless or at risk of being homeless, and 6,000 of which would be for families that are homeless or are at risk of being homeless. All 10,000 vouchers would be administered through local public housing agencies that partner with health, human service and education agencies to address the needs of homeless families and individuals.

Program Summary

Today, about 2 million households have HUD Housing Choice Vouchers, also called Section 8 tenant-based assistance. Housing vouchers are one of the major federal programs intended to bridge the gap between the cost of housing and the incomes of low wage earners and people on limited fixed incomes. The Housing Choice Voucher program provides flexibility and options by issuing vouchers to eligible households to help them pay rent in privately owned apartments of the households' choosing.

The housing voucher program has deep income targeting requirements. That is, a majority of its resources must assist extremely poor households. Since 1998, 75% of all new voucher holders must have extremely low incomes, at or below 30% of the area median income (AMI). The remaining 25% of new vouchers can be distributed to tenants with incomes up to 80% of AMI.

HUD has annual contracts with agencies that administer vouchers. Funding provided by Congress is distributed to these agencies by HUD based on the number of vouchers in use in the last year, the cost of vouchers, an increase for inflation as well as other adjustments.

Locally, vouchers are administered by state and local housing agencies, public housing authorities, and community-based organizations. Approximately 2,500 local and state housing agencies administer housing vouchers. These agencies (generally public housing agencies, or PHAs) distribute vouchers to qualified families who then conduct their own housing searches and identify private apartments with rents within the PHA's rent payment standards. The agency's inspection of the unit must also demonstrate that the unit meets HUD's housing quality standards.

Housing Choice Vouchers

To receive a voucher, residents put their names on the waiting lists of local PHAs. The housing choice voucher program, like all HUD affordable housing programs, is not an entitlement program. Many more people need and qualify for vouchers than actually receive them. The success of the existing voucher program and any expansion of the voucher program because of new vouchers depend on sufficient annual appropriations.

Generally, voucher-holding tenants pay 30% of their income toward rent. The value of the voucher then makes up the difference between the tenant's rent payment and the housing agency's rent payment standard.

Housing vouchers are portable, meaning families can use them to move nearly anywhere in the country where there is a functioning voucher program; their use is not limited to the jurisdiction of the administering agency. A PHA is permitted to impose some restrictions on portability in the first year if a family did not live in the jurisdiction of the PHA when it applied for assistance. Portability has been restricted or disallowed by some PHAs due to cost constraints of the overall voucher program.

Beginning in 2004, the program went through almost three years of upheaval and poor federal management, which resulted in the loss of more than 150,000 vouchers nationwide. The 110th Congress, in its FY07 appropriations bill for HUD, began to re-stabilize the program.

Funding

For FY10, the housing choice voucher program is funded at \$18.18 billion. In FY11, advocates will continue to seek adequate funds for the renewal of all vouchers in use. As the improvements made to the program since 2007 have been implemented, the rate at which vouchers are actually leased up, 'the utilization rate,' is increasing. Increased utilization rates, rising rents and decreasing tenant incomes during the recession have resulted, in some housing markets, in increased funding needs for the voucher program.

In addition to sufficient funds to ensure PHAs can renew all vouchers currently in use, advocates are calling for a significant infusion of new, incremental vouchers into the housing assistance pool. Advocates are requesting 250,000 new, incremental vouchers in FY12 to meet rising family homelessness and the historic, unmet needs of extremely low income households with severe housing cost burdens.

What Advocates Need to Know Now

Section 8 Voucher Reform Act (SEVRA). Section 8 Voucher Reform Act legislation is expected to be reintroduced in the 112th Congress. In the 111th Congress, the House Committee on Financial Services approved a SEVRA bill but no further action was taken on the legislation. The bill built on earlier iterations of similar legislation to improve the voucher program. The bill would have improved how voucher funds are distributed to administering agencies; improved how fair market rents are set; expanded and improved the use of project-based vouchers; provided reforms to actions taken to alleviate high rent burdens and improve voucher subsidy levels; provides reforms to the voucher program's inspections process; authorized funding for 150,000 new, incremental vouchers for FY10; and simplified the rent-setting process for HUD's voucher, public housing and project-based Section 8 programs while incentivizing increased earned income of residents, among other improvements. The House bill also included an expansion of the Moving to Work/Housing Innovation Program.

Incremental vouchers. For many years, the primary source of increased federal housing assistance for very poor people was new annual appropriations for additional vouchers, called 'incremental' vouchers. Between FY95 and FY98, however, no incremental vouchers were funded. Congress then approved the following incremental vouchers: 50,000 new vouchers for FY99; 60,000 for FY00; 87,000 for FY01; and 26,000 for FY02. Congress approved no new vouchers in FY03, FY04, FY05, FY06 or FY07. In FY08, Congress appropriated funding for 15,000 incremental vouchers; in FY09, for 13,000 new vouchers, and in FY10, for 11,000 new vouchers. For FY11, HUD requested funds for about 10,000 new vouchers, all for people who are homeless or families who are homeless or at risk of becoming homeless. Advocates will urge Congress to appropriate funds for 250,000 new, incremental vouchers in FY11 with the goal of securing 2 million new vouchers over the next 10 years.

Project-basing vouchers. Since January 2001, PHAs have been permitted to attach up to 20% of their vouchers to particular units of housing through project-basing of vouchers. Project-basing vouchers allows families with extremely

low incomes to afford to live in otherwise unaffordable housing, such as low income housing tax credit units, and can be an effective way to build affordability into developments.

In October 2005, HUD issued a final rule providing the specific guidelines for project-basing vouchers, and the Housing and Economic Recovery Act of 2008 (HERA) made additional changes to the project-based voucher program. When vouchers are attached or project-based into a specific property, the subsidy attached to these vouchers stays with the unit, not with the household. Families in these units can move out of the unit and receive a voucher from the housing agency's waiting list. In these cases, the project-based voucher continues to stay with the unit as well. No more than 25% of the total units in a property may receive project-based voucher assistance, with certain exceptions. The decision about where to project-base vouchers must be consistent with the goal of deconcentrating poverty and expanding housing opportunities. If a housing agency is interested in establishing project-based units, it enters into a contract with the owner of the property for a specified term. The initial contract for the project-basing of vouchers can be for up to 15 years, subject to appropriations.

Fair Market Rent and the payment standard. Voucher holders are limited to housing that meets HUD housing quality standards and that is owned by landlords willing to enter into a Housing Assistance Payment (HAP) contract with the PHA. Under the voucher program, the subsidy covers the difference between 30% of the tenant's income and the 'payment standard,' which is the total rent and utility costs that the PHA will cover. The PHA has the authority to modify the payment standard to as low as 90% of the Fair Market Rent (FMR) and as high as 110%. Subject to certain limitations, a qualified tenant can rent a unit for any amount of money so long as the PHA finds the rent to be reasonable. A tenant new to the voucher program or moving to a new unit may not rent a unit that would require him or her to pay more than 40% of adjusted monthly income for rent and utilities.

Originally, FMRs were set at the median rent. FMRs were then ratcheted down to the 45th percentile of rents and are now set at the 40th percentile of the value of rental housing in most jurisdictions as determined by HUD. Starting in January 2001, HUD increased the FMRs in some metropolitan areas to the 50th percentile rent due to concerns about the concentration of poverty and low income housing in these areas.

The level at which the FMR is set by HUD is important because the determination of the PHA's payment standard relies on the FMR, so the higher the FMR, the higher the rents that can be covered by a voucher. To set its payment standard outside of the range of 90% to 110% of FMR, the PHA must receive a waiver from HUD to use 'exception payment standards.' A PHA may set payment standards at different percentages of the FMR in different neighborhoods or for units of different bedroom sizes.

The PHA's determination of the payment standard for the voucher program has important implications for housing affordability. As tenants renting units for more than the payment standard pay 30% of their income plus the difference between the payment standard and the actual rent (up to 40% of adjusted income, for new and relocating voucher holders), a higher payment standard would mean that fewer families would pay more than 30% of their income. The payment standard proposed by the PHA for the voucher program is subject to tenant and community review as part of the PHA planning process.

HUD is beginning to explore setting FMRs in a way that reflects local costs in metropolitan or rural areas and to avoid concentration of voucher holders. The goal is to allow vouchers to be used in as wide a range of communities as possible, including low-poverty communities.

Rent simplification. Calculating rents can be a complicated process, for both PHA staff and residents. There is general agreement that the rent-setting process can be simplified. While some would like the entire system to be reformed, the overwhelming policy thrust has been to maintain the historic policy of keeping rents tied to incomes and retaining the 'Brooke Amendment,' which caps rents of public and assisted housing residents at generally 30% of adjusted gross income. That said, some simplifications were included in the 111th Congress's SEVRA bill. These provisions would have applied to voucher holders, public housing residents and project-based Section 8 residents.

Among these rent simplification reforms in the House's SEVRA bill, for example, was the requirement that the recertification of incomes be required only every three years (instead of the current annual recertification) for elderly

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and disabled families on fixed incomes (at least 90% of their incomes from Social Security, Supplemental Security Income (SSI) or some similar source). In addition, the bill provided that interim income recertifications would be required, at the tenant's request, for annual income decreases of at least \$1,200. Interim income recertifications for earnings increases would no longer be required. The bill would have also increased the standard deduction for elderly and disabled households to \$725 from the current \$400, while narrowing medical individual deductions to those expenses exceeding 10% of income from the current 3% of income. The bill would have also allowed 10% of all employment earnings to be deducted from income.

The House's SEVRA bill would also have allowed PHAs to set 'alternative rent structures' for the voucher and public housing program (for non-elderly and non-disabled tenants) as long as the amount paid toward rent stayed within the Brooke requirements that tenants pay no more than 30% of their adjusted income toward rent.

Moving to Work/Housing Innovation Program. Moving to Work (MTW) is a demonstration program for public housing agencies that provides flexibility from most statutory and regulatory rules. Its provisions impact everything a participating PHA does, including administration of its voucher and public housing programs. Under MTW, a PHA may combine its public housing operating, capital and voucher funds to assist substantially the same total number of families as otherwise would have been served. Current MTW sites can, and do, serve higher income people, impose time limits and work requirements on residents, and change their rent policies (for example, rents may no longer be income based but must merely be 'reasonable').

Because many of the original 30 MTW demonstration sites are still running their initial demonstrations, adequate evaluation of the MTW program has not occurred, and, critically, because the potential for harm to residents and the long-term health of the PHAs are at stake, NLIHC believes the MTW program is not ready for expansion or permanent authorization. Various legislative vehicles are expected in the 112th Congress to maintain and expand the current MTW program.

What to Say to Legislators

The House and Senate should be encouraged to:

- Fully fund all vouchers currently in use.
- Enact Section 8 Voucher Reform Act (SEVRA) legislation that brings reliability to voucher funding and improvements the program without expanding or expanding the Moving to Work program or allowing alternative rent structures.
- Double the size of the voucher program, from 2 million to 4 million, over the next decade.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Center on Budget and Policy Priorities · 202-408-1080 · www.cbpp.org

National Housing Law Project · 415-546-7000 · www.nhlp.org

Housing Opportunities for Persons with AIDS

Nancy Bernstine, Executive Director, National AIDS Housing Coalition

Housing Opportunities for Persons with AIDS (HOPWA) provides funding to eligible jurisdictions to address the housing needs of persons living with HIV/AIDS and their families.

HOPWA is administered by the Office of HIV/AIDS Housing (OHH), which is located in the Office of Community Planning and Development at HUD.

History and Purpose

HOPWA was created in the AIDS Housing Opportunities Act, a part of the Cranston-Gonzales National Affordable Housing Act of 1990, to provide housing assistance and related supportive services for low income persons living with HIV/AIDS and their families.

There remains the perception that the HIV/AIDS epidemic in America is under control, but in reality, AIDS is still an active crisis. In August of 2008, the Centers for Disease Control and Prevention (CDC) presented new information regarding annual HIV infections in the United States. About 56,000 people became infected with HIV in the past year, which translates to about 40% more cases than originally estimated. The CDC also estimates that there are now 1.1 million people living with HIV/AIDS in the United States, and one fourth of those are unaware they have the virus.

For people struggling with the disabling and impoverishing effects of HIV/AIDS, housing is the cornerstone of health and stability. Maintaining both is essential when managing HIV. For people living with HIV/AIDS, housing is healthcare. It has been estimated that as many as half of all people living with HIV/AIDS will need housing assistance at some point in their illness. For many of those, short-term assistance with rent, mortgage, or utility costs alone will provide the necessary support to remain healthy and in stable housing. But for others, more intensive supportive services are needed. HOPWA facilitates community efforts in developing comprehensive strategies to address HIV/AIDS housing need.

HOPWA assists communities in devising long-term housing strategies for persons living with HIV/AIDS that prevent them from becoming homeless. As with other chronic conditions that prevent people from finding or maintaining gainful employment, HIV/AIDS can be an impoverishing disease, requiring public subsidies for basic needs, including housing. With improvements in drug therapies and medical care reducing the number of deaths from AIDS, more people are living longer with HIV/AIDS, thus increasing the demand for supportive housing.

Program Summary

The HOPWA program provides housing assistance and related supportive services for low income persons living with HIV/AIDS and their families, and supports communities in the development of long-term housing strategies for persons living with HIV/AIDS that prevent them from becoming homeless. As a supportive housing program, HOPWA helps ensure that persons living with HIV/AIDS have access to and can adhere to necessary medical care and other services.

HOPWA consists of two grant-making programs. Ninety percent of the funds are distributed as formula grants to states and localities, which must serve the metropolitan area in which they are located. The formula is based on population size and the number of people living with HIV/AIDS as confirmed by the CDC. Currently, 133 formula grantees receive funding based on AIDS surveillance data for their metropolitan areas and areas of states outside of eligible metropolitan areas for three quarters of available formula funds. In addition, one quarter of the formula allocation is awarded to metropolitan areas that have a higher-than-average per capita incidence of AIDS. Funds can be used for a wide range of housing, social services, program planning, and development costs. These include, but are not limited to, the acquisition, rehabilitation, or new construction of housing units; costs for facility operations; rental

The highest level at which HOPWA has been funded is \$335 million in fiscal year 2010 but this permits service to only around 58,367 households. HOPWA grantees report meeting only 31.3% of need with current funding.

Housing Opportunities for Persons with AIDS

assistance; and short-term payments to prevent homelessness. The National HIV/AIDS Strategy directs HUD to “work with Congress to develop a plan (including seeking statutory changes if necessary) to shift to HIV/AIDS case reporting as a basis for formula grants for HOPWA funding.”

The other 10% of HOPWA funds are distributed through a competitive process to states and localities that do not qualify for a formula allocation or to states, localities or nonprofit organizations that propose projects of national significance. During FY11, 133 HUD competitive grants are in operation. This funding supports projects that demonstrate model, replicable approaches to providing permanent or transitional housing assistance.

In the competitive program, grantees can distribute funds to projects that provide one or more of the following services: Housing information and referral; housing search assistance, shelter or rental assistance; the development or operation of single room occupancy (SRO) housing and other community-based residences; and technical assistance. HOPWA also provides technical assistance to help support sound management in local programs as well as develop strategies to address HIV/AIDS housing need.

Eligibility for HOPWA assistance is limited to low income individuals with HIV/AIDS and their families. Approximately 91% of the clients assisted through HOPWA funds have family incomes of less than \$1,000 per month. Sixty-five percent of people living with HIV/AIDS cite stable housing as their second greatest need, exceeded only by health care. Preliminary data from 40 HOPWA grantees, reporting on client outcomes under a new performance measurement format, demonstrates that 94% of clients receiving rental assistance have stabilized their housing.

Funding

The HOPWA program is funded at \$335 million.

HOPWA is authorized according to the AIDS Housing Opportunity Act (42 U.S.C. 12901) as amended. The HUD appropriation is authorized under annual appropriation acts.

What Advocates Need to Know Now

The current economic climate puts the most vulnerable low income people with HIV/AIDS at risk, including those who are multiply diagnosed with substance abuse, mental illness and other co-infections. A funding level of \$427 million in FY12 would enable housing assistance and housing-related supportive services for an additional 16,500 households. (HUD was able to extend assistance to an additional 3,000 households with a \$14 million increase received in FY08). The Senate Appropriations Committee recognized the absence of additional funding for higher rents and other costs associated with inflation in approving a \$10 million increase over the FY10 funding level.

For FY12, the National AIDS Housing Coalition (NAHC) requests \$427 million for HOPWA, an increase of \$82 million above the FY11 appropriation. This recommended funding level, while meeting only a fraction of need, would sustain existing programs, permit small program expansions at the local level, and support newly added jurisdictions.

During 2010, \$30.2 million in HOPWA funds were renewed for 29 grantees.

HOPWA remains sorely underfunded relative to the need. HOPWA would need \$1.08 billion to serve all those living with HIV/AIDS in need of housing assistance.

For More Information

National AIDS Housing Coalition · 202-377-0333 · www.nationalaidshousing.org

Housing Plus Services

By Melissa Quirk, Housing Policy Analyst, National Low Income Housing Coalition

The term Housing Plus Services was coined by the NLIHC and is used to describe permanent affordable housing that incorporates various levels of services provided by trained professionals. Service providers' primary responsibility is caring for tenants rather than managing a property. NLIHC's Housing Plus Services principles describe the basic philosophy underlying the combination of these two resources, housing and services, for extremely low income people.

History

The importance of providing services within homes to help tenants continue to live independently is a model that has gained increased attention and recognition in recent years. NLIHC has used the term Housing Plus Services for approximately 10 years.

Issue Summary

A range of households can benefit from services to stabilize tenancies or enhance quality of life, including households with members with disabilities, who are elderly, or who are moving into housing after experiencing homelessness. Services can range in intensity from minimal to comprehensive, matching the needs of a household. Common types of services include programs and activities, assistance in accessing community resources, assistance with life skills, case management, and crisis intervention. It is critical that these services, at whatever the level provided, be financially linked to the housing units, creating consistency for tenants and guaranteeing services will remain with the housing assistance.

Housing Plus Services units are found in a variety of housing models with an assortment of service offerings. Some public housing agencies (PHAs) provide youth activities, childcare, job training, and transportation assistance. Units serving people with disabilities and integrated into mainstream developments may come with comprehensive case management and in-home health care services. Federally funded service coordinators, whose job is to link residents of HUD-assisted housing to services in the community, represent yet another implementation of the Housing Plus Services concept. Increasingly, even private affordable housing developers are collaborating with nonprofit service providers to include a service component in housing.

These models are illustrated in NLIHC's revised services typology based on housing type, target population, role of addressing homelessness, eligibility, service plans, practices and staffing (see chart on the following page).

As Housing Plus Services programs developed organically, project by project, no common language or generally agreed upon service definitions exist. This causes communication problems among groups who could be more effective in both advocacy and service delivery. NLIHC developed two tools to assist in creating a common language and standards for Housing Plus Services models, a set of principles and a typology of programs. The program typology offers a three-tiered framework for defining and implementing Housing Plus Services programs in an effort to find common ground. The NLIHC Housing Plus Services Policy Committee revised the typology chart in 2010 to clarify the service types that may cross multiple categories.

NLIHC Housing Plus Services Principles for Program Design and Implementation:

- Housing is a basic human need, and all people have a right to safe, decent and affordable permanent housing.
- All people are valuable and capable of being valuable residents and valuable community members.
- Housing and services should be integrated to enhance the social and economic well-being of residents and to build healthy communities.
- Residents, owners, property managers and service providers should work as a team in integrated housing and services initiatives.
- Programs should be based on assessment of residents' and community strengths and needs, supported by ongoing monitoring and evaluation.
- Programs should strengthen and expand resident participation to improve the community's capacity to create change.
- Residents' participation in programs should be voluntary, with an emphasis on outreach to the most vulnerable.

Housing Plus Services

- Community development activities should be extended to the neighboring area and residents.
- Assessment, intervention and evaluation should be multi-level, focusing on individual residents, groups and the community.
- Services should maximize the use of existing resources, avoid duplication and expand the economic, social and political resources available to residents.

Funding

As there is no single program for creating Housing Plus Services units, this housing has evolved as developers and service providers have learned to cobble together a variety of funding sources. The portfolio of units is varied by type and service level, and is not tracked by HUD or other federal as a single discreet category of housing.

Depending on the population served, housing providers piece funding together through various HUD and Department of Health and Human Services (HHS) sources, Medicaid, Medicare, Temporary Assistance for Needy Families (TANF) funds, state funds and private foundations. Common sources include HUD's self-sufficiency initiative and service coordinator programs, and TANF work and training programs. While the availability of multiple funding sources creates flexibility in program design and targeting, it is often difficult for developers and managers of properties to secure and coordinate a comprehensive and consistent services program. The challenge of coordinating services that are independent of housing funding sources can be a deterrent to developers wishing to offer services within housing. Additionally, the lack of coordination between federal agencies' service funding can lead to inconsistent access to services for households in need.

While HUD allows some of its funding to be dedicated to services to enhance and stabilize tenancies, there is concern among advocates about using limited affordable housing funding for services when other federal agencies could provide those services. Most advocates would prefer that HUD utilize its funds for permanent housing and see services funded by HHS, the U.S. Department of Veterans Affairs (VA), and other sources that have service provision as their primary function. HUD's homeless assistance funds, which provide a significant source of existing services funding, require that 30% of funds be allocated to creating permanent housing, ensuring that housing resources are part of addressing homelessness.

What Advocates Need to Know Now

Providing services to households in their housing unit can not only enhance quality of life for tenants struggling to maintain independence and improve their lives, but can prevent evictions that result in a person becoming homeless. In the last congressional session, both the House and Senate introduced legislation that proposed using services in housing as a homeless prevention tool. Advocates, the administration and legislators recognize these services as a necessary component in helping many households currently experiencing homelessness end their homelessness. Legislators have significantly increased their focus on providing services in housing for veterans experiencing homelessness. As attention to veteran homelessness increased, so did the understanding that housing with services is a critical component to supporting veterans who lack stable housing situations. In 2010, the VA also introduced a five year plan to end veteran homelessness which relies heavily on services as a source of support for newly housed veterans. Many of the bills focusing on services as a tool to prevent homelessness that did not pass in the 111th Congress are expected to be reintroduced in the 112th Congress.

What to Say to Legislators

Advocates should urge legislators to support collaborations between HUD, HHS and other agencies that can provide services within HUD funded housing. This will ensure that services dollars are tied to permanent affordable housing units to support stable and self-sufficient tenancies.

Legislators should also know that HUD's homeless assistance grants, self-sufficiency, and service coordinator funds are all critical to providing services in housing. Without these funding sources, many households that are currently affordably housed could lose their housing and become homeless.

For More Information

National Low Income Housing Coalition · www.housingplusservices.org

See also: *Service Coordinators in Multifamily Housing, Family Self-Sufficiency.*

National Low Income Housing Coalition
 Differentiating Three Models of
 Permanent Affordable Rental Housing Plus Services (HPS)

	SERVICE-ENRICHED HOUSING	SUPPORTIVE HOUSING	SPECIAL NEEDS HOUSING
Overview of Housing Models			
Housing and Service Combination	<ul style="list-style-type: none"> Housing with coordinated access to optional services and community resources for all residents. Services address moderate or temporary housing stability problems or assist households in pursuing social or economic improvement goals. Units are in multi-unit developments <i>Examples include: (1) public housing with a day-time resident services coordinator; (2) a project based development with a service coordinator providing crisis intervention and resource and referral.</i> 	<ul style="list-style-type: none"> Housing with a comprehensive array of intensive and case managed services for all residents. Services address moderate to severe housing stability problems and assist households in integrating into the local community. Units may be in multi-unit developments or in scattered-site settings. <i>Examples include: (1) project-based developments with 24-hour on site staff providing intensive services; (2) scattered site units with access to assertive community treatment (ACT) teams.</i> 	<ul style="list-style-type: none"> Housing where specific types of services are provided on site for specific residents. Services may include independent or assisted living resources or accessibility modifications. Units may be facility-based in group homes, set aside in multi-unit buildings, or individually accessed with tenant-based rental assistance. <i>Examples include: (1) rent-subsidized group homes for people with mental retardation with services for all residents; (2) individual project-based subsidized units within a mainstream building where independent living assistance is available only to residents of these units.</i>
Target Population	<ul style="list-style-type: none"> Low-income families and individuals with low to moderate service needs. 	<ul style="list-style-type: none"> Low-income families and individuals of all ages with moderate to high service needs. 	<ul style="list-style-type: none"> Low-income individuals with disabilities, older adults or youth with specialized needs.
Role in Addressing Homelessness	<ul style="list-style-type: none"> Prevents loss of tenancies by increasing housing stability through access to as needed services and community resources. 	<ul style="list-style-type: none"> Ends homelessness for people with significant housing barriers; prevents loss of tenancies through housing stabilization services. 	<ul style="list-style-type: none"> Prevents loss of tenancies through housing stabilization services.
Property Management and Housing Operations Practices			
Eligibility, Preferences and Priorities	<ul style="list-style-type: none"> Income-based eligibility based on type of housing subsidy, between 0-60% of AMI. May have preferences or priorities for particular populations such as seniors, families or formerly homeless. 	<ul style="list-style-type: none"> Income based eligibility, between 0-30% of AMI. Homeless and formerly homeless households. Based on an evaluation of need for services to maintain tenancy including persons with disabilities or chronic health conditions. 	<ul style="list-style-type: none"> Income based eligibility varies depending upon subsidy or funding requirements. Based on an evaluation of need for specialized services for people with disabilities and other target populations.
Rent Levels	<ul style="list-style-type: none"> Subsidized either based on income so that tenant pays no more than 30% of income or at levels affordable to households at specific AMI levels. 	<ul style="list-style-type: none"> Subsidized based on income so that tenant pays no more than 30% of income. 	<ul style="list-style-type: none"> Subsidized either based on income so that tenant pays no more than 30% of income or according to licensing or funding agreements.
Marketing, Screening, and Leasing	<ul style="list-style-type: none"> Marketed to households with qualifying incomes. Screens out households with significant credit or CORI issues, except when units are set aside for formerly homeless households. Lease agreement provides the same rights and obligations as other renters in the jurisdiction. 	<ul style="list-style-type: none"> Marketed through referral and outreach systems for homeless or recently institutionally discharged persons. Screens in households with high service needs and challenges to obtaining and retaining units. Lease agreement may or may not provide similar rights and obligations as other renters. 	<ul style="list-style-type: none"> Marketed through referral and outreach systems for people with defined "special need." Screens in households with specific types of service needs. Lease agreement may or may not provide similar rights and obligations as other renters, per licensing or funding agreements.

	SERVICE-ENRICHED HOUSING	SUPPORTIVE HOUSING	SPECIAL NEEDS HOUSING
Property Management and Housing Operations Practices			
Marketing, Screening, and Leasing <i>Continued</i>	<ul style="list-style-type: none"> Participation in services is voluntary 	<ul style="list-style-type: none"> Participation in services may be voluntary or a requirement of ongoing tenancy depending on program guidelines. 	<ul style="list-style-type: none"> Participation in services may be voluntary or a requirement of ongoing tenancy depending on program guidelines.
Supportive Services Plans, Practices and Staffing			
Service Provision	<ul style="list-style-type: none"> Service coordination provides access to community based services and crisis intervention. Service coordination includes: <ul style="list-style-type: none"> referrals to community services for childcare, child educational enrichment, youth development, adult educational and vocational activities, financial literacy; as well as organizing of community building activities. Service coordination can be provided through in-house resident services staff or an external agency. 	<ul style="list-style-type: none"> Service plans emphasize: <ul style="list-style-type: none"> case management with community based service referral; meeting lease obligations; accessing non-emergency health care; obtaining public benefits; accessing employment or vocational training; peer support; counseling; life skills training and community building; mental health and substance use crisis intervention; Case management is provided through in-house supportive staff and additional specialized services may be contracted through an external agency. 	<ul style="list-style-type: none"> Services are specialized to the needs of the target tenant population and may include some or all of the resources described for supportive housing. Additional services may include special or interdisciplinary services for the full length of the tenancy. For group homes case management is provided by in-house staff and additional specialized services may be contracted through an external agency; for scattered site units services are provided by one or more external agencies.
Staffing Levels	<ul style="list-style-type: none"> Service coordinator to household ratio ranging from 1:50 to 1:150 depending upon coordination complexity. Service coordinator has only periodic contact with households and primarily in group settings. 	<ul style="list-style-type: none"> Case management to household ratio of 1:10 to 1:25 depending upon service delivery intensity. Service provider staff has daily or frequent one-on-one contact with tenants and assertively engages tenants in available services. 	<ul style="list-style-type: none"> Case management to household ratio of 1:10 to 1:25 depending upon service delivery intensity. Service provider may have daily one-on-one contact with households or may only be on call for periodic assistance. Depending upon need, services may phase out over time.
Staff Qualifications	<ul style="list-style-type: none"> Service coordinators may or may not need advanced degrees. 	<ul style="list-style-type: none"> Case managers often need advanced degrees. Service providers often need clinical training/licensing. Other staff may include peer counselors who have experienced homelessness, mental illness, and/or recovery from addiction. 	<ul style="list-style-type: none"> Varies by disabling condition. Case managers often need advanced degrees. Service providers often need clinical training or licensing.

Interagency Council on Homelessness

By Melissa Quirk, Policy Analyst, National Low Income Housing Coalition

The U.S. Interagency Council on Homelessness (ICH) is an independent federal agency that coordinates the homeless policies of 19 federal departments, including HUD, the Department of Health and Human Services (HHS), the Department of Labor (DOL), and the Department of Veterans Affairs (VA). The Secretaries of these 19 agencies constitute the Council and the four primary agencies—HUD, HHS, DOL, and VA—rotate responsibility for chairing the Council. The ICH's main task is implementing the federal ten year plan to end homelessness, *Opening Doors*, which was released in the spring of 2010. In addition to coordinating the work of federal agencies on the ten year plan, the ICH also coordinates with state and local governments on developing and implementing strategies to end homelessness.

History

The federal government invests tens of billions of dollars in health, education, housing, and other programs serving low income households, including households experiencing homelessness. These programs have historically often operated in isolation from one another, from programs in other departments, and from mainstream resources, resulting in a less efficient and less effective response to households experiencing homelessness. The connection between the federal administration of these programs and state and local efforts to end homelessness has also lacked accountable coordination.

Created in 1987 through the Stewart B. McKinney Homeless Assistance Act (later renamed the McKinney-Vento Homeless Assistance Act), the ICH became dormant for a number of years and was reestablished in 2002. The current executive director was hired in 2009 along with additional departmental staff.

Program Summary

The Council's mission is to plan for and oversee the use of federal resources to end homelessness in the United States. The Council is comprised of 19 cabinet secretaries and agency heads and is currently chaired by Labor Secretary Hilda Solis, who is serving a one-year term. The HUD Secretary chaired the Council for the first year under the new ICH executive director.

The ICH is staffed by the executive director and three deputy directors who focus on policy, national programs, and accountability management, respectively. These staff, along with regional coordinators, work with state and local groups across the country in implementing, monitoring and evaluating the federal plan to end homelessness and in initiating and supporting efforts to end homelessness in local communities.

Among other roles, the Council is responsible for organizing and supporting local governments in implementation of local ten-year plans to end homelessness, maintaining relationships with every federal agency, communicating with Congress, promoting research and evaluation on ending homelessness, and engaging private sector stakeholders in ending homelessness. The ICH promotes states' establishment and implementation of ten-year plans to end homelessness and provides Regional Coordinators throughout the country to support state and local governments, advocates, providers, and consumers in this work. These state and local plans, begun during the last administration, are developed by governments in partnership with nonprofit providers, foundations, private businesses, faith-based groups, and other important community organizations. The plans can bring attention to the issue of homelessness, focus state and local funds on targeted strategies to reduce the need for shelter by creating housing resources, and attract new private investment from foundations and private sector business.

Federal Plan to End Homelessness. The ICH's current main charge is implementing the new federal plan to end homelessness, which established goals and priorities for federal agencies to pursue between FY10 and FY14. The federal agencies responsible for providing leadership in implementing the plan are the departments of Agriculture, Energy, HUD, Labor, Transportation, Veterans Affairs, Health and Human Services, Justice, and Treasury, as well as the Office of Management and Budget and the General Services Administration. Additional implementation partners

Interagency Council on Homelessness

include state housing finance agencies, state health and human services agencies, local housing authorities, developers, and service providers.

The Plan's four main goals include:

- Ending chronic homelessness within 5 years.
- Ending homelessness for veterans within 5 years.
- Ending homelessness for families, youth and children within 10 years.
- Establishing a path to end all other types of homelessness.

The plan is organized around five themes: (1) leadership, collaboration and civic engagement; (2) access to stable and affordable housing; (3) economic security; (4) health and stability; and (5) homeless crisis response system. The plan outlines four strategies to provide affordable housing: (1) supporting additional rental subsidies, (2) expanding the supply of affordable rental homes, (3) improving access to housing assistance, and (4) increasing the availability of service-enriched housing.

The plan does not identify the amount of funding or the sources of funding that will be needed to achieve the goals of ending homelessness over the 10 year period.

Funding

In FY10 the ICH was funded by Congress at \$2.45 million dollars to support the staffing and initiatives of the Council. Six months into FY11, Congress had still not enacted an FY11 budget despite having received both FY11 and FY12 budget proposals from the President. The President's FY11 budget proposed increasing funding the ICH to \$2.68 million and the President's FY12 budget includes \$3 million for the ICH.

What Advocates Need to Know Now

The approach of the new director and staff at ICH in implementing the federal plan includes extensive outreach to advocates working on the local, state and federal levels. Advocates provided input in developing the plan and feedback on the strengths and weaknesses of the plan. ICH has developed quarterly advocates' forums to solicit new items of concern, provide updates on ICH progress on the plan and receive feedback.

The President's FY11 and FY12 budget proposals include new vouchers targeted to homeless households through the Housing and Services for Homeless Persons Demonstration, which could help achieve some of the goals established in the federal plan. Advocates should continue to promote these proposed voucher demonstration funds in the final FY11 budget and in FY12 as a valuable HUD/HHS resource for ending homelessness. If they are included in the FY11 or FY12 budget, monitoring their use to achieve the goals of the new federal plan to end homelessness and evaluating their effectiveness will be an important role for advocates.

Achieving the goals of the new federal plan to end homelessness will require additional funding for HUD programs, including new incremental vouchers and full funding of homeless assistance programs. Advocates should urge HUD and Congress to significantly increase funding for HUD programs to ensure that there are sufficient resources to end homelessness.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org
Interagency Council on Homelessness · 202-708-4663 · www.ich.gov
National Alliance to End Homelessness · 202-638-1526 · www.endhomelessness.org
National Coalition for the Homeless · 202-462-4822 · www.nationalhomeless.org

See also: *McKinney-Vento Homeless Assistance Programs, Ten-Year Plans to End Homelessness.*

Low Income Home Energy Assistance Program (LIHEAP)

By Olivia Wein, Staff Attorney, National Consumer Law Center

The Low Income Home Energy Assistance Program (LIHEAP) includes two parts: regular LIHEAP, a federal block grant program to the states to help low income families meet the costs of heating and cooling their homes, and the LIHEAP emergency contingency fund, which is funded separately from the regular LIHEAP block grant and can be released by the President when needed. The main ongoing challenge for LIHEAP is securing adequate funding, especially in light of the steady and dramatic rise in residential energy costs.

LIHEAP is administered by the Office of Community Services, under the Administration for Children and Families at the Department of Health and Human Services.

History

LIHEAP was created in response to rising energy prices in the 1970s and the decreasing purchasing power of low income households. In 1980, LIHEAP was part of the Crude Oil Windfall Profit Act and since then it has been reauthorized several times, targeting the assistance within the pool of eligible households, adding new program components, and expanding authorization levels for funding.

Program Summary

The regular LIHEAP is a federal block grant program to the states to help low income families meet the costs of heating and cooling their homes.

LIHEAP is intended to “assist low income households, particularly those with the lowest incomes, that pay a high proportion of household income for home energy, primarily in meeting their home energy needs” (42 U.S.C. § 8621(a)). States are to target assistance to low income households with the lowest income and highest energy needs (i.e., those who pay a large percentage of their income on home energy), and to households with populations vulnerable to extreme heat or cold. These are households with very young children, individuals with disabilities and the frail elderly. The LIHEAP program focuses on ‘home energy,’ which is defined as a source of heating or cooling in residential dwellings.

In order to receive LIHEAP funds, states must submit an application to the Secretary of Health and Human Services. All 50 states, the District of Columbia, numerous tribes and the territories participate in the LIHEAP program. In the majority of states, LIHEAP is administered by the state social services agency. In many states, the state agency contracts with local providers such as community action agencies to handle intake.

While states have a great deal of flexibility in designing their program each year, the vast majority of states’ LIHEAP grants are used to provide bill payment assistance to eligible low income households to help with heating and cooling costs. LIHEAP benefits cover all forms of residential heating or cooling fuels. This includes a range of fuels from natural gas and electricity (for heating or cooling) to home heating oil, propane, kerosene and wood. Assistance can be in the form of a vendor payment or two-party check, or direct assistance to LIHEAP households (for example, to a tenant whose heat is covered in the rent).

States also have the flexibility to set their program’s eligibility criteria in the annual state LIHEAP plan. States must set income eligibility above 110% of the poverty level, and the maximum eligibility for LIHEAP is 150% of poverty or 60% of state median income. For FY11, the maximum eligibility is 75% of median income under the short-term spending bills, the last of which as of this writing funds federal programs through March 4, 2011. It is unclear whether this expansion of the maximum eligibility will be extended in the remaining spending bill(s) for FY11.

Low income households are also eligible for LIHEAP through participation in Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), the Supplemental Nutrition Assistance Program (also known as food stamps), and certain needs-tested veterans’ benefits.

Low Income Home Energy Assistance Program (LIHEAP)

There are several additional components to LIHEAP:

- **Crisis grants.** Each fiscal year, states must reserve a reasonable amount of their regular LIHEAP block grant until March 15 for individual crisis intervention grants. States have the discretion to define what constitutes a crisis for this component. Common definitions include an imminent shut-off, empty heating fuel tank, or broken furnace. The state crisis intervention funds must be made available to a household within 18 hours if the household is in a life-threatening situation, and within 48 hours in other circumstances. The state crisis intervention component is different from the LIHEAP emergency contingency funds that are at the discretion of the President to release.
- **Low-cost weatherization or other home energy-related repairs.** States may use up to 15% of their annual LIHEAP block grant (or 25% with a waiver) for low-cost residential weatherization or other home energy-related repair. In 32 states, the same agency administers LIHEAP and the Department of Energy's low income weatherization program.
- **Self-sufficiency.** States can use up to 5% of their block grant to provide services to encourage and enable households to reduce their home energy needs through activities such as needs assessments, counseling, and assistance with energy vendors.

LIHEAP emergency contingency fund. The LIHEAP emergency contingency fund is funded separately from the regular LIHEAP block grant. The President can release LIHEAP emergency contingency funds to help meet low income home energy needs arising from a natural disaster, a significant increase in the cost of home energy, or other emergency.

Funding

The final funding level for the regular LIHEAP and the LIHEAP emergency contingency fund is not yet known, as none of the twelve spending bills that fund federal programs has passed. As of March 7, 2011, Congress has passed several short-term continuing resolutions (CRs) to keep federal programs funded for short periods of time. The January 22 Continuing Appropriations and Surface Transportation Extensions Act, 2011 (Public Law 111-322) which funded programs through March 4, 2011 is particularly relevant to the FY11 LIHEAP. This spending bill included specific language regarding LIHEAP:

Sec. 162. Notwithstanding section 109, of the funds made available by section 101 for payments under subsections (b) and (d) of section 2602 of the Low Income Home Energy Assistance Act of 1981, the Department of Health and Human Services shall obligate the same amount during the period covered by this continuing resolution as was obligated for such purpose during the comparable period during fiscal year 2010.

The Department of Health and Human Services (HHS), which administers LIHEAP has interpreted the language of the CR and released a total of \$3.95 billion in regular LIHEAP funds to the states. A chart of state-by-state allocations of LIHEAP regular funds through March 4, 2011 can be found at www.acf.hhs.gov/news/press/2011/liheap_allocation.html.

The new 112th Congress must address the federal spending bills for the remainder of FY11. Advocates can check the status of the spending bills at the Library of Congress Thomas website at <http://thomas.loc.gov/>.

In FY11, the association of LIHEAP directors, NEADA, estimates that the number of households receiving LIHEAP assistance will reach record levels of 8.9 million households receiving assistance because the demand has been so strong.

What Advocates Need to Know Now

The final appropriation for the FY11 LIHEAP is still unknown. State LIHEAPs have received funding for FY11 in increments through the series of stop-gap, short-term spending bills. As of March 7, 2011, around \$4.1 billion has been released to the states for LIHEAP. LIHEAP's regular program has received \$3.95 billion and states received an additional \$200 million in emergency LIHEAP funds through a January 24, 2011 release of emergency contingency funds to all the states. In contrast, in FY09 and FY10, LIHEAP was funded at a total of \$5.1 billion: \$4.509 billion through the regular formula and \$590 million through the LIHEAP emergency contingency fund. The authorized funding level for LIHEAP is \$5.1 billion for the regular block grant program and \$600 million in LIHEAP emergency contingency funds.

Low Income Home Energy Assistance Program (LIHEAP)

Due to the particular wording of the January 22, 2011 short-term CR referenced above, a dozen states have less than 75% of the LIHEAP funding that they had in FY10, with seven states (California, Tennessee, Alaska, Hawaii, Ohio, South Carolina and Arizona) funded at less than 55% of their FY10 LIHEAP budget. The January 22nd CR tied the amount of LIHEAP funding to the amount that was obligated during the same period in FY10. States spend their LIHEAP grant at different rates throughout the year and tell HHS what percent of their block grant funds they want in the four quarters. The particular wording of the January 22 CR locked states into the prior year's spend-out plan and this creates uncertainty for the FY11 LIHEAPs in these dozen states in particular because it is unclear that there will be additional funds for LIHEAP in FY11.

These are challenging times for LIHEAP. Coordinated efforts are expected from members of Congress and the LIHEAP advocacy community to attempt to level fund FY11 LIHEAP at the FY09 and FY10 levels as the struggling economy fuels need for the program. On February 19, 2011, the House passed H.R. 1, which would fund the regular LIHEAP program at \$4.5 billion for FY11 and provide \$200 million in emergency contingency funds. However, the negotiations for the FY11 spending bills have been difficult and we face the possibility of a series of short-term CRs.

The 112th Congress will also address FY12 spending bills. Once again, the President's budget blueprint proposes slashing LIHEAP funding by 50% (a total of \$2.57 billion). Compared to LIHEAP funding for the regular program in FY09 and FY10, which was at \$4.5 billion, the President's proposed budget for LIHEAP in FY12 would fund the regular program at \$1.98 billion. The amount proposed for the LIHEAP emergency contingency fund remains \$590 million, the same as for FY09 and FY10.

Tips for Local Success

Become involved in the development of your state's annual LIHEAP process. LIHEAP state plans are required to be made available to the public in a manner that facilitates meaningful review and comment, and states are required to hold public hearings on the LIHEAP plan. The plans will set out eligibility criteria and benefit amounts, as well as other aspects of the program such as the percentage of the state's LIHEAP grant requested in each quarter.

To find your state's LIHEAP office, visit www.acf.hhs.gov/programs/ocs/liheap/grantees/states.html. Please note that some tribes receive their LIHEAP grant directly through the federal agency (as opposed to the state).

Become familiar with the other energy assistance programs and utility consumer protections. In addition to LIHEAP, some states and some utilities have separate low income energy assistance programs (for a list of some of the additional assistance programs see, www.liheap.ncat.org/Supplements/2009/supplement09.htm or contact the consumer protection division of your state utility commission). Some states also have charitable energy assistance funds called fuel funds; check with the National Fuel Funds Network at www.nationalfuelunds.org.

Advocates should also become familiar with certain utility rules. For utilities regulated by the state utility commission (generally, private investor-owned utilities), the commission website should have a link to rules regarding customer shut-offs (for example, a winter shut-off rule, an extreme temperature rule, or severe illness shut-off protection rule); rules regarding payment plans; special protections for low income or LIHEAP customers; rules regarding deposits). Staff in the consumer protection division of the utility commission may be able to help you find the relevant rules. For municipal utilities or cooperatives, the rules will reside with the municipality or the coop.

For longer-term measures to make the home more energy efficient, see the chapter on the Department of Energy's low income Weatherization program.

Join the LIHEAP Coalition. Supporters of LIHEAP should contact the LIHEAP Coalition to receive action alerts on legislative efforts in Congress to provide additional funding for LIHEAP. See contact information at the end of the article.

What to Say to Legislators

Advocates should contact their Members of Congress with the message that:

- LIHEAP is a critical safety-net program to help households afford residential energy.
- There is significant need in my district (provide, for example, the number of clients seeking help with their utility bills, newspaper clips or data regarding the number of households being disconnected).

Low Income Home Energy Assistance Program (LIHEAP)

- The current funding level will not be sufficient to meet the record high levels of applications. At a time of great need, FY11 LIHEAP has been operating with less funding than in years past, around \$1 billion less.
- For three years in a row there have been record high levels of households served by LIHEAP and this demand is expected to remain high due to the high levels of unemployment. Thus, for FY11 and FY12, the regular LIHEAP block grant must be fully funded at \$5.1 billion.

For More Information

For advocates seeking more information about LIHEAP program design:

- The LIHEAP Clearinghouse is a wealth of information regarding the various ways states have designed their LIHEAP programs. In addition to LIHEAP the Clearinghouse also tracks states supplemental energy assistance activities (listed as 'State Supplements' in the menu on the homepage). www.liheap.ncat.org

For advocates seeking information about advocacy regarding LIHEAP funding:

- The National Energy Assistance Directors' Association's (NEADA) website provides information on LIHEAP funding needs and current funding levels. www.neada.org
- The National Fuel Funds Network (NFFN) is an organization of utility and human services organizations focused on charitable energy assistance. NFFN also organizes an annual LIHEAP Day on the Hill in the winter. www.nationalfuelfunds.org
- The LIHEAP Coalition provides email alerts and updates on fast-breaking legislative efforts to increase funding for LIHEAP. The LIHEAP Coalition also coordinates letters to appropriators seeking adequate funding for the program. To be added to the LIHEAP Coalition list, contact Ms. Shirlron Williams at swilliams@nclc.org. Please indicate in the subject line that you would like to be added to the LIHEAP Coalition email alert list.
- The Center on Budget and Policy Priorities often has good, brief analysis on the need for increased funding for LIHEAP. www.cbpp.org
- The Campaign for Home Energy Assistance has helpful fact sheets for advocates that describe the need for increased LIHEAP funding. www.liheap.org/members.html

Low Income Housing Tax Credit

By Peter Lawrence, Senior Director, Public Policy and Government Affairs, Enterprise Community Partners

The Low Income Housing Tax Credit (LIHTC) program finances the construction, rehabilitation, and preservation of affordable rental housing for low income families by offering tax credits to investors and thereby encouraging private investment in affordable housing. The economic downturn dampened demand for tax credits in 2008 and 2009, prompting Congress to respond through the American Recovery and Reinvestment Act (ARRA) by providing temporary measures to ensure that the LIHTC continues to finance affordable housing. However, investment demand rebounded dramatically in 2010, and almost all LIHTC projects were able to attract investor equity.

This program is administered by the Treasury Department's Internal Revenue Service (IRS) in partnership with state LIHTC allocating agencies.

History

LIHTC was created by the Tax Reform Act of 1986 and is codified at Section 42 of the Internal Revenue Code, 26 U.S.C. 42, so tax credit projects are sometimes referred to as 'Section 42 Projects.' The LIHTC was made a permanent part of the Code in 1993, and received a significant increase in state per-capita allocations in 2000 with annual inflation adjustments starting in 2003. The IRS provides additional guidance through revenue rulings, technical advice memorandums, notices, private letter rulings, and other means.

Program Summary

The LIHTC program finances the construction, rehabilitation and preservation of affordable rental housing by encouraging private investment in affordable housing development.

This encouragement comes in the form of a tax credit to investors, who purchase the tax credit award from the developer of a project and, in return, receive an equity stake in the project as well as a dollar-for-dollar reduction in their federal income taxes over a ten-year period starting from when the project becomes occupied. This infusion of equity reduces the amount of money a developer has to borrow, thereby lowering costs and allowing for lower rents. The LIHTC can be used to support a variety of projects including both multifamily and single-family housing, new construction and rehabilitation, special needs housing for the elderly and people with disabilities and permanent supportive housing for homeless families and individuals. Tax credit projects are found in all parts of the country, including rural areas.

Tax credits are allocated to states based on each state's population. For 2011, each state will receive \$2.15 per capita, with small states receiving a minimum of \$2.5 million. In turn, states, through their LIHTC allocating agencies, which are usually their Housing Finance Agency (HFA), allocate credits to specific projects through competitions. These allocations are done according to the state's Qualified Allocation Plan (QAP; for more information see QAP article).

Both for profit and nonprofit developers can apply for credits, but at least 10% of each state's total allocation must be set aside for nonprofits. Many states exceed this minimum set-aside. Once awarded tax credits, a developer then sells them to investors, usually through a 'syndicator.' Syndicators act as a broker between the developer and the investor. Syndicators sometimes pool several tax credit projects together and sell investors shares in the pool.

In recent years, with the departure of Fannie Mae and Freddie Mac as LIHTC investors, most investors have been financial institutions that receive Community Reinvestment Act credit for these investments. The cash (equity) provided by the investors is used by the developer, along with other resources such as conventional mortgages, state loans and funds from federal programs such as HOME, to construct or substantially rehabilitate affordable housing. Although project financing varies from deal to deal, a typical LIHTC project has 50-60% in investor equity, 20% in mortgage debt, and the remainder in a variety of subsidies and soft financing.

Tax credits are available only for qualified low income housing projects which are defined as housing where either: (1) 20% or more of the units are rent-restricted and rented by households at 50% of area median income or less (20/50

Low Income Housing Tax Credit

projects), or (2) 40% of the units are rent-restricted and rented by households at 60% of area median or less (40/60 projects). Units are rent-restricted when rent and utilities do not exceed 30% of the income limitation applicable to that unit, i.e. 50% or 60% of area median income. States sometimes require projects have deeper income targeting requirements, depending on the project type and sources of financing.

The amount of the tax credit varies with the type of project. There are two levels of credit: 9% and 4%. The 9% tax credit is generally available for new construction or rehabilitation projects, and the 4% credit is for (1) acquisition of existing buildings for substantial rehabilitation, or (2) new construction or substantial rehabilitation projects financed with tax-exempt bonds.

The 9% and 4% rates are designed to yield 70% or 30% net present value, respectively, over 10 years at applicable federal interest rates prevailing in 1986. Thus, in the case of a 9% credit, the stream of tax credits over the 10-year credit period is designed to have a value equal to 70% of the eligible development costs, and in a 4% project, the present value of the credits is designed to equal to about 30% of the development costs.

Although most refer to them as the 9% and 4% credits, the effective credit percentages under today's interest rates are less. The IRS computes actual credit percentages monthly based on applicable federal interest rates. For example, in January 2011, the 70% net present value credit is 7.75%, and the 30% net present value credit is 3.32%. For any given project, the real tax credit rate is set at the developer's option the month a project is ready for occupancy, or the month a binding commitment is made between an HFA and developer. This applicable percentage is applied to the project's qualified basis to determine the investors' tax credit. These credits are taken over 10 years. Under the Housing and Economic Recovery Act of 2008 (HERA), 70% net present value credit projects placed in service between July 30, 2008 and January 1, 2014, will receive credits worth at least 9%.

The qualified basis is determined by applying the lower of: (1) the ratio of lower income units to all units (the 'unit fraction') or (2) the ratio of square feet in the lower income units to the project's total square feet (the 'floor space fraction') to the total eligible basis. Eligible basis includes building acquisition, construction, soil tests, engineering costs, and utility hookups. Land acquisition and permanent financing costs are not counted toward the eligible basis, and the eligible basis is usually reduced by the amount of any federal capital funds received during construction and lease-up. The eligible basis of a project can get a 30% increase (a 'basis boost') if the project is located in a census tract designated by HUD as a low income tract ('Qualified Census Tract' or QCT) or a high cost area ('Difficult to Develop Area' or DDA). HERA expanded the use of this basis boost to areas designated by a state as requiring an increase in the credit amount in order to be financially feasible.

The greater the proportion of rent-restricted lower income units in a project (the greater the applicable fraction), the more tax credits a project can receive. This is an incentive to create projects with more than the minimum number of required rent-restricted lower income units, and thus many projects are 100% tax credit-assisted. Tax credit units are available to persons with incomes at the time of initial occupancy at or below 50% or 60% of area median income depending on the election made by the developer. Tax credits are available only for rental units that meet either the 20/50 or 40/60 test outlined above, but projects do not have to contain 100% tax credit units. Therefore, it is possible for LIHTC projects to have a mix of units occupied by lower income people and middle income people. Some HFAs choose to create deeper targeting in order to serve households with even lower incomes.

Rents in LIHTC units. While rents on tax credit units are restricted, tenants pay the fixed maximum tax credit rent, even if it is greater than 30% of their income. In other words, the rent a tenant pays is not based on the tenant's income; rather, it is based on the applicable (50% or 60%) area median income. Consequently, lower income residents of tax credit projects might be rent burdened, paying more than 30% of their income for rent and utilities. Conversely, tax credit projects might simply not be financially available to very low and extremely low income people because rents charged are not affordable to them. HUD's tenant-based Housing Choice Vouchers or project-based vouchers, or U.S. Department of Agriculture (USDA) Rural Development Section 521 Rental Assistance are often needed to fill the gap between 30% of a resident's actual income and the tax credit rent.

The law requires units to be rent-restricted and occupied by income-eligible households for at least 15 years (called the 'compliance period'), with an extended use period of at least another 15 years (30 years all together). Some states

require extended low income housing commitments greater than 30 years, or provide incentives for projects that voluntarily agree to longer commitments. Where states do not mandate longer restricted-use periods, an owner can submit a request to the HFA to sell a project or convert it to market rate during the 14th year of the 15-year compliance period. The HFA has one year to find a buyer willing to maintain the rent restrictions for the balance of the 30-year period. If the property cannot be sold to a preservation purchaser then the owner's obligation to maintain rent-restricted units is removed and lower income tenants receive enhanced vouchers, enabling them to remain in their units for three years.

Although housing tax credits are federal, each state has an independent agency that decides how to allocate its share of federal housing tax credits. Each HFA must have a QAP, which sets out the state's priorities and eligibility criteria for awarding federal tax credits to housing projects. The QAP is subject to public comment and thus is a tool advocates can use to influence how their state's share of annual tax credits is allocated to affordable housing projects.

LIHTCs are very often combined with funding from other federal and state programs. HOME, Community Development Block Grant, HOPE VI funds, tax exempt and taxable bond-financing, Section 8 project-based assistance and the Federal Home Loan Banks' Affordable Housing Program funds can all be combined with low income housing tax credits to support affordable housing. HERA made changes in the HUD and USDA programs to make them more compatible with the LIHTC program. Those changes include streamlining the approval process for use of LIHTCs in HUD and USDA projects, modifying the FHA insurance program so that it is more compatible with the LIHTC program and increasing the flexibility of the project-based Section 8 program, the McKinney-Vento Homeless Assistance Shelter Plus Care program and the Section 202 elderly housing program to enable them to coordinate better with the LIHTC program.

Funding

The LIHTC is a tax expenditure, so it does not require an appropriation. The Joint Committee on Taxation estimates that the program will cost \$5 billion in tax expenditures in 2011.

What Advocates Need to Know Now

The economic downturn in 2008 and 2009 reduced investment in the LIHTC program considerably and caused many developments to stall for lack of sufficient financing. ARRA contained two provisions that helped many of these stalled projects. The first provision allowed states to trade in up to 40% of their 2009 LIHTC allocation authority and all of their unused 2008 authority for cash at \$.85 on the dollar. As of July 2010 (the latest data available), states received \$5.4 billion through the exchange provision. ARRA also included \$2.25 billion in special HOME funds (Tax Credit Assistance Program or TCAP) to address some of the financing gaps in projects that receive credits between October 1, 2006 and September 30, 2009. While these changes were valuable and important to enabling the program to finance affordable housing development in 2009 and 2010, with the resurgence in investment in the program that developed over 2010, the need for them has decreased considerably.

The main issues of concern for the LIHTC program in the upcoming year are tax reform and deficit reduction. Several advisory commissions, boards, and other entities in 2010, such as the President's National Commission on Fiscal Reform and Responsibility (NCFRR), the President's Economic Recovery Advisory Board (PERAB), and the Bipartisan Policy Center have all recommended either the elimination or substantial reduction in tax expenditures, or spending through the tax code, and use the savings to lower tax rates and lower the deficit. The LIHTC is one of the more prominent corporate tax expenditures. In his 2011 State of the Union speech, President Obama called on Congress to enact corporate tax reform, and while there are plenty of obstacles to achieving tax reform, there is also considerable pressure building to pass corporate tax reform, as the U.S. has one of the highest corporate tax rates among members of the Organization for Economic Cooperation and Development.

As a way to develop and maintain support for the program, some advocates are pursuing modest provisions, such as making permanent the 9% credit percentage floor provision originally enacted in HERA, and applying the same principle to the 4% credit for acquisition. Other possible proposals include reinstating the exchange program, allowing the LIHTC to be used to acquire foreclosed multifamily properties, and changes to facilitate the use of the LIHTC in rural areas.

In addition to defending the program, advocates are seeking to modify the program to deepen the income targeting for the program and modify the rent structure to reduce potential rents burdens on very low income tenants.

Low Income Housing Tax Credit

Tips for Local Success

Low Income Housing Tax Credits are distributed based on a state's Qualified Allocation Plan. See the QAP chapter for tips on best utilizing LIHTC dollars in local projects.

What to Say to Legislators

The Low Income Housing Tax Credit program is an important source of funding for affordable housing. Congress should act to protect the program and enhance the program's focus on lower income tenants.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Affordable Rental Housing A.C.T.I.O.N. Campaign · www.rentalhousingaction.org/

A list of QCTs and DDAs are posted at: www.huduser.org/datasets/qct.html

HUD's data base of LIHTC projects, updated through 2008, is at: www.huduser.org/datasets/lihtc.html

LIHTC Program: www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc

See also: *Qualified Allocation Plan*.

Manufactured Housing

By Lance George, Senior Research Associate, Housing Assistance Council

Manufactured housing is an often maligned but particularly important source of housing for millions of Americans. Manufactured housing is a complicated topic involving not only the structures themselves, but also issues of land tenancy, housing finance, evolving technologies, consumer education, and community perception.

Issue Summary

There are approximately 7 million occupied manufactured homes in the U.S., making up about 7% of the nation's housing stock. More than half of all manufactured homes are located in rural areas, making it especially important to rural America. While the demographics of manufactured housing are expanding, households at the lower end of the income spectrum are still the primary residents of manufactured homes. The median annual income of households residing in manufactured housing is \$30,000, nearly 40% less than that of households living in non-manufactured homes.

Modern manufactured homes evolved out of the automobile industry and recreational travel trailers. Today, the term manufactured home encapsulates a broad spectrum of housing styles, systems, and arrangements. The factory-built homes of the 21st century are not the trailers of the 1960s and 70s. Construction standards for manufactured homes have improved markedly over the past few decades, producing homes of greater quality, size, and safety. Some new manufactured homes are virtually indistinguishable from conventionally constructed single-family units. However, it is equally important to recognize the existing stock of older manufactured or 'mobile homes.' It is estimated that approximately one fifth of currently occupied rural manufactured homes were built before 1975. These older units are likely to be smaller, less safe, and have fewer amenities and less investment potential than newer manufactured homes.

While the physical and structural attributes of manufactured housing have improved, peripheral elements related to the sale, finance, appraisal, and placement of this type of housing have not progressed as well. Today the majority of manufactured homes are still financed with personal property, or 'chattel,' loans. With shorter terms and higher interest rates, personal property loans are generally less beneficial for the consumer than more conventional mortgage financing. These finance issues are often exacerbated by the sales system commonly used for manufactured homes. Manufactured homes are typically sold at retail sales centers where salespersons or 'dealers' receive commissions. In some cases, dealers resort to high-pressure sales tactics, trapping consumers into unaffordable loans.

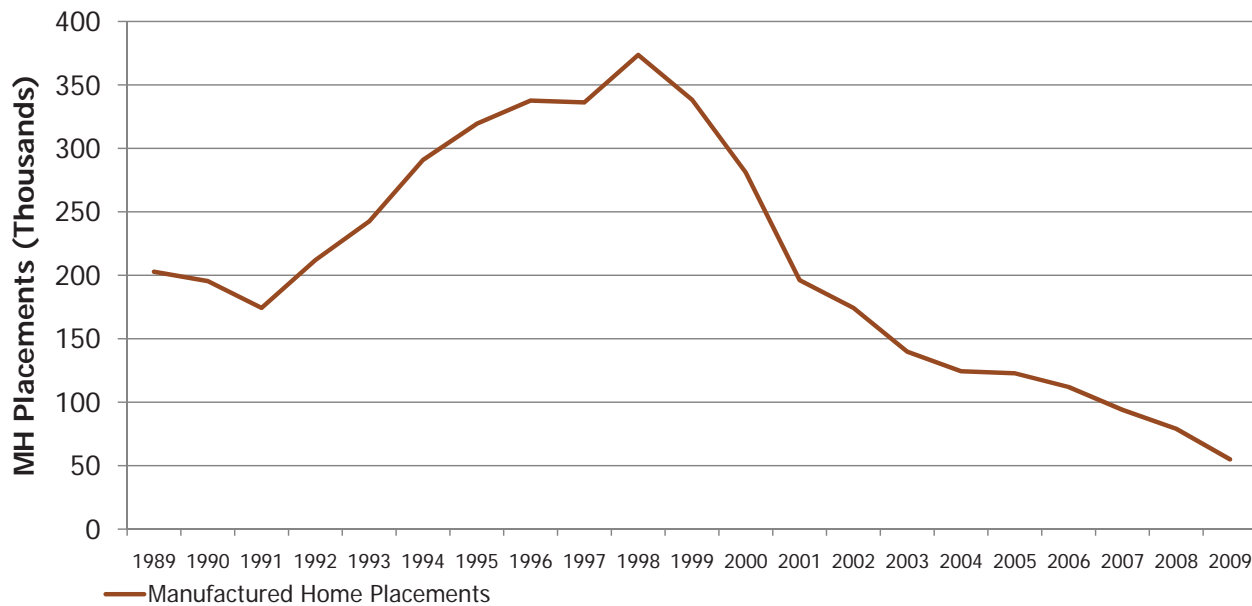
Although manufactured homes are constructed with design features that allow them to be mobile, most of these units remain stationary after their initial placement. These design factors, combined with a history of being placed on rented land, have created a pattern of land tenure status that is unique to this form of housing. Ownership of land is an important component to nearly every aspect of manufactured housing, ranging from quality to assets and wealth accumulation. Residents who do not have control over the land on which their home is placed often have reduced legal protection. It is also well established that ownership of land is at the heart of property values and is essential for potential appreciation of value in manufactured homes.

What Advocates Need to Know Now

The nation's current housing woes are surprisingly reminiscent of what happened in the manufactured housing industry in the early 2000s. After experiencing dramatic growth throughout much of the 1990s, sales and shipments of manufactured housing have spiraled downward into a sustained slump. Much of this decline was precipitated by the overextension of credit and risky financing that backfired after record high foreclosure rates produced a glut of manufactured units, depressing the market. Placements of new manufactured housing units are at their lowest levels in decades, and many large manufacturers and retailers have exited the market or declared bankruptcy.

The HUD code. An important factor in the designation of a manufactured home is whether the unit was built before or after June 15, 1976. This date marked the implementation of the Manufactured Home Construction and Safety Standards Act (42 U.S.C. Sections 5401-5426) regulating the construction of manufactured homes and commonly referred to as the 'HUD code.' HUD developed and administers the code that implements the statute. These federal

New Manufactured Home Placements, 1989 - 2009



Source: U.S. Census Bureau, *Manufacturing and Construction Reports*

standards regulate manufactured housing design and construction, strength and durability, transportability, fire resistance, and energy efficiency. The HUD code evolves over time and has undergone several major modifications since 1976.

Manufactured Housing Consensus Committee. The Manufactured Housing Improvement Act of 2000 established a Consensus Committee to amend, revise, and develop manufactured housing safety standards and enforce regulations. The manufactured Housing Consensus Committee (MHCC), appointed by the HUD Secretary, is composed of 21 voting members representing three interest categories with seven representing producers of manufactured housing, seven representing users of manufactured housing, and seven representing other interest groups or public officials. The committee must adopt proposed standards by at least a two-thirds vote; standards adopted are then sent through the conventional federal rule-making process. HUD may adopt standards not adopted by the MHCC, but must send such standards to the MHCC for comment prior to posting in the federal register.

Government funding for affordable manufactured housing. Manufactured housing is largely financed and funded in the private markets. However, there are several existing federal programs that support the development, financing, and rehabilitation of affordable manufactured housing, such as Community Development Block Grants (CDBG), HOME, USDA Rural Development, and Weatherization.

Legislative and regulatory actions. The Housing and Economic Recovery Act of 2008 (HERA) included several provisions important to manufactured housing. The Secure and Fair Enforcement of Mortgage Licensing (SAFE) Act was implemented to reduce fraud and improve consumer protections by establishing minimum standards for the licensing of mortgage loan originators. Additionally, the act increased loan limits under HUD's Title I Manufactured Home Loan Insurance program from \$48,000 to \$69,678, which are indexed annually. HUD's Title I program insures mortgage loans made by private lending institutions to finance the purchase of a new or used manufactured home.

HERA also requires Fannie Mae and Freddie Mac (the GSEs) to meet a "duty to serve underserved markets." Manufactured housing was identified in the act as one of three underserved markets along with rural areas and housing preservation. Under the act, the GSEs were tasked with increasing mortgage investments and improving the distribution of capital available for mortgage financing in these markets. The Federal Housing Finance Agency (FHFA) has issued a proposed rule on the duty to serve requirements. One key rule is that FHFA will only consider loans for manufactured homes as part of the GSE's duty to serve requirement if the homes are located on real property.

The Energy Independence and Security Act (EISA) of 2007 requires the Department of Energy (DOE) to establish, implement, and oversee energy efficiency standards for manufactured housing.

Tips for Local Success

Developing affordable housing with manufactured homes. At the community level, manufactured housing has often been met with resistance and, at times, vehement opposition. Nevertheless, improvements in the quality of manufactured housing are leading some nonprofit organizations and developers to consider using manufactured housing to create affordable homes. Nationwide, several community-based organizations are utilizing manufactured homes to provide affordable, sustainable housing while avoiding the pitfalls of traditional dealer-based manufactured housing purchase and finance. This 'manufactured housing done right' model has been largely coordinated under the CFED's Innovations in Manufactured Housing (I'M HOME) initiative. Through its nationwide network of national and local partners, I'M HOME seeks to install high quality manufactured homes, help homeowners in manufactured housing communities secure long-term control over the land beneath their homes, advocate for public policies that help owners of manufactured homes, and promote access to fair and responsibly priced mortgage financing for manufactured housing.

Preserving affordable manufactured homes. A significant portion of older manufactured and mobile homes are located in community or 'park' settings. Several common concerns faced by tenants of manufactured home communities include excessive rent increases, poor park management and maintenance, restrictive rules, and restricted access to municipal services. Another problematic trend is a dramatic increase in the number of manufactured home community closures. Exacerbating the rapid nature of closures are weak legal protections for tenants and prohibitively expensive relocation costs. The combination of these factors is threatening an already vulnerable population residing in one of the few affordable housing resources in this nation.

One proven strategy to stabilize and improve manufactured home communities is the process of conversion to resident or nonprofit ownership. One resource in combating park closures is Resident Owned Communities USA. Also known as ROC USA, this nonprofit organization provides financial and technical assistance to help residents buy their manufactured home communities from private owners.

What to Say to Legislators

Advocates should speak to lawmakers with the message that:

- Manufactured homeowners should be provided opportunities to obtain standard mortgage lending instead of personal property loans often used to finance this type of housing.
- Borrowers with personal property loans should be afforded consumer protections such as the Real Estate Settlement Procedures Act (RESPA), and the Home Ownership Equity Protection Act (HOEPA).
- Legislation should be enacted that limits predatory lending practices involving manufactured homes.
- Policies and programs should be enacted to facilitate manufactured housing park preservation, such as protection from park sales, closures, and rent increases. Residents should be properly notified, and given first right of refusal on the sale of a park.
- Enhanced reporting of manufactured home-specific loans should be required and publicly available through the Home Mortgage Disclosure Act (HMDA). Manufactured home loan records and applications should indicate whether the loan or application was a personal property or real property (mortgage) loan. The inclusion of these updated and enhanced manufactured home data would provide a much more complete assessment of lending activity nationwide, and particularly in rural areas.

For More Information

AARP · 888-687-2277 · http://assets.aarp.org/rgcenter/consume/d18138_housing.pdf

CFED I'M HOME · 202-409-9788 · http://cfed.org/programs/manufactured_housing_initiative/

Consumers Union · 512-477-4431 · www.consumersunion.org/mh/

The Housing Assistance Council · 202-824-8600 · www.ruralhome.org/storage/documents/movinghome.pdf

National Consumer Law Center · 202-452-6352 · www.consumerlaw.org/issues/mobile_homes/

ROC USA · 603-856-0246 · www.rocusa.org/

McKinney-Vento Homeless Assistance Programs

By Steve Berg, Vice President for Programs and Policy, National Alliance to End Homelessness

The phrase ‘McKinney-Vento homeless assistance programs’ refers to a set of federal programs created by the McKinney-Vento Homeless Assistance Act, including a number of programs administered by HUD. In 2009, Congress passed the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH), which significantly improves HUD’s McKinney-Vento homeless assistance programs. HUD is currently drafting regulations, and changes will be implemented by HUD and communities over the next two years. Because the HEARTH act increases funding for several activities and FY11 will be the first year of its implementation, a significant increase in funding will be required.

The program is administered by HUD’s Office of Community Planning and Development.

History and Purpose

Congress enacted the Stewart B. McKinney Homeless Assistance Act in 1987 in response to the homelessness crisis that emerged in the 1980s. In 2000, the act was renamed the McKinney-Vento Homeless Assistance Act. After a decade of disagreement about reauthorization of these programs, Congress finally passed the HEARTH act in May 2009. HUD is charged with developing regulations and issuing a draft for comment by May 2010, but that draft had not been issued at the time of this writing. FY11 is the first year in which, under the terms of the law, the HEARTH Act is to take full effect.

Program Summary

HUD’s McKinney-Vento programs provide outreach, shelter, transitional housing, supportive services, and permanent housing for people experiencing homelessness. Funding is distributed both by formula to jurisdictions, and competitively through the Continuum of Care (CoC) process.

ESG program. Prior to implementation of the HEARTH act, approximately 10% of funds have been allocated for the Emergency Shelter Grant (ESG) program, which provided resources for renovation and operation of emergency shelters and related services. ESG is granted by formula to city, county, and state governments. The HEARTH act renames and expands the program, but retains the formula structure.

Under HEARTH, the program is called the Emergency Solutions Grant program, retaining the ESG acronym. The amount of funding provided for ESG would increase to 20% of HUD’s homeless assistance grants, although if overall funding levels are insufficient to meet that allocation and fund all existing CoC grants, then HUD is allowed to allocate less to ESG. Emergency shelter and related services would continue to be eligible activities. New homelessness prevention and re-housing activities similar to those provided by the Homelessness Prevention and Rapid Re-Housing Program (HPRP) would be added. Prevention and re-housing activities include short or medium term rental assistance, utility assistance, housing search assistance, and other activities that are effective at preventing homelessness or helping people move into stable housing. People would be eligible for prevention or re-housing assistance if they are homeless or at risk of homelessness. Being at risk of homelessness means an individual or family has income below 30% of area median income and is losing their housing, doubled up, living in motels, or in other precarious housing situations.

Continuum of Care program. Prior to the HEARTH act, there were three competitive programs: (1) the Supportive Housing program, which funded transitional housing, permanent supportive housing, and supportive services; (2) the Shelter Plus Care program, which funded rental assistance in permanent supportive housing for homeless people with disabilities; and (3) the Moderate Rehabilitation/Single Room Occupancy program, which funded operating assistance in SRO buildings.

A unique feature of HUD’s competitive homeless assistance programs, which will continue under the HEARTH act, is the application process. Applicants in a community, including local governments, nonprofit providers, advocates, homeless people, and other stakeholders organize into a Continuum of Care and submit a joint application to HUD for

McKinney-Vento Homeless Assistance Programs

all of their project requests. The entire application is scored, and specific projects are funded in the order that they are prioritized in the application.

HEARTH combines these three programs into a single Continuum of Care program that includes all of the same eligible activities as the previous programs. The entity that submits the application for funding is known as a Collaborative Applicant. Changes made by HEARTH to the competitive programs include the following:

- The selection criteria includes performance measures for reducing the duration of homelessness, reducing the number of people who become homeless, and reducing the number of people who re-experience homelessness after they exit.
- Incentives include creating new permanent supportive housing for individuals and families experiencing chronic homelessness, and rapid re-housing for homeless families with children.
- The match is simplified to 25% for all activities and is applied collectively to the entirety of Continuum of Care projects in a community rather than project by project. Leasing projects will continue to have no match requirement.
- Renewals of permanent housing activities are funded non-competitively, meaning that if a permanent housing project is meeting standards and is still desired by the Continuum, it will automatically receive funding.
- A new rural program is created that would provide rural areas with more flexibility and also increase funding to those areas.
- More funding is available for administrative costs. For Continuum of Care projects, up to 10% is allowed, and 3% is allowed for the Collaborative Applicant.

HUD has not yet released regulations on the HEARTH Act, so details of the changes to the CoC process will not become clearer until later in 2011.

In addition to HUD's homeless assistance grants, several other programs are authorized by McKinney-Vento:

- Education for Homeless Children and Youth (EHCY), which provides grants to schools to aid in the identification of homeless children and services to help them succeed in school. EHCY also requires that schools make a number of accommodations to improve the stability of homeless children's education.
- Title V Surplus Properties, which requires that federal surplus properties be offered to nonprofit organizations for the purpose of assisting homeless people.
- The Interagency Council on Homelessness, which coordinates the federal response to homelessness and is charged with creating a federal plan to end homelessness.

Funding

The McKinney-Vento homeless assistance programs received \$1.865 billion for FY10. For FY11, the Administration proposed a \$190 million increase to \$2.055 billion. In addition, the Administration recommended phasing in some portions of the HEARTH Act instead of implementing all changes at once. The main activity that would be affected is the ESG program, which would receive \$200 million under the Administration's proposal rather than \$411 million if HEARTH were fully implemented. To fully implement the provisions of the HEARTH Act and maintain the current level of investment in activities such as creating permanent supportive housing, Congress would have had to provide \$2.4 billion for FY11. As of this writing, Congress has not adopted FY11 spending measures, but bills that passed appropriations committees in both the House and Senate included \$2.2 billion, and dealt with the shortfall by allocating some but not all of the money called for by the HEARTH Act to the revamped ESG block grant.

Prior to the current recession, HUD's homeless assistance programs helped communities reduce homelessness. Between early 2005 and early 2008, homelessness was reduced by 11% across the United States. But with the increase in unemployment over the course of 2008, homelessness increase by 3% by early 2009.

What Advocates Need to Know Now

In order to fully implement HEARTH and help the large numbers of Americans made homeless by the recession, funding must be increased to approximately \$2.5 billion. Advocates are making a significant push, including sending letters to Congress and urging members to circulate sign-on letters, to ask the Appropriations Committee to provide \$2.5 billion for HUD's McKinney-Vento homeless assistance programs for FY12.

McKinney-Vento Homeless Assistance Programs

Tips for Local Success

The best way to maximize the impact of McKinney-Vento funding in your community is to participate in your local ten-year plan to end homelessness and Continuum of Care process.

What to Say to Legislators

Advocates should ask their Members of Congress to support a funding level of \$2.5 billion to fully implement the HEARTH Act and deal with continuing effects of high unemployment. Specifically, advocates should communicate the following points:

- Many thousands of hard-working American families, veterans, and people with disabilities are being made newly homeless by the continuing effects of the recession. Communities have been dealing with these effects using HPRP, but that will run out in FY12. The HEARTH Act provides exactly what is needed to give homeless or near-homeless people the hand up they need, but only if it is fully funded.
- An increase in funding is needed because of the changes made by the bipartisan HEARTH Act, particularly the increased focus on preventing homelessness and serving people who are doubled up or live in other precarious situations.
- HUD's McKinney-Vento programs work. They helped reduce homelessness by 11% between 2005 and 2008, before the recession.
- The economy is overwhelming the capacity of homeless assistance programs, causing much more homelessness, particularly among families with children.

For More Information

Corporation for Supportive Housing · 212-986-2966 · www.csh.org

National Alliance to End Homelessness · 202-638-1526 · www.endhomelessness.org

See also: *Homelessness Prevention and Rapid Re-Housing, Continuum of Care Planning Process, Interagency Council on Homelessness, Ten-Year Plans to End Homelessness.*

Minimum Wage

By Douglas Hall, Director of EARN, Economic Policy Institute

The federal minimum wage ensures a basic level of compensation for workers in the United States. But as costs have gone up over the last four decades, the buying power of the minimum wage has eroded, resulting in millions of workers who struggle to afford their most basic needs, such as housing. During a recession, increasing the minimum wage puts more money in the hands of low wage workers, thereby contributing to economic recovery. The 2008 and 2009 increases to the minimum wage boosted consumer spending by about \$8.6 billion.

Most recently raised in 2009, the federal minimum wage is currently set at \$7.25 per hour. Because of the ongoing impact of inflation, these historic increases to the minimum wage are already being eroded.

The U.S. Department of Labor enforces federal minimum wage laws, while state labor departments handle state laws.

History and Purpose

The federal minimum wage was established in 1938 during the Great Depression as a measure to prevent the exploitation of workers and to limit income inequality.

Although the nominal level of the minimum wage has increased over time, prices have also increased, resulting in the wage's fluctuating buying power over the years. In 2010 dollars, this buying power peaked in 1968 at \$10.03. In fact, the real value of the minimum wage was more than \$8.00 throughout most of the period from 1963 to 1981. During the following 25 years, the federal minimum wage was neglected by Congress and sank to a 50-year low of \$5.57 in 2006.

In 2007, after 10 years of inaction on this issue, Congress passed a three-step increase to the federal minimum wage, raising it from \$5.15 to \$5.85 in 2007, to \$6.55 in 2008, and to \$7.25 in 2009. This restored much of the buying power of the minimum wage to its historical levels, but it still remains well below the peak reached in 1968.

Program Summary

Federal minimum wage legislation ensures that employers, both private and public, provide their employees with a minimum level of compensation for hours worked. Almost all workers are covered by this law, with exemptions for teenagers during their first 90 days of employment, some seasonal workers, and a few other groups.

A full-time minimum wage worker takes home just \$14,500 a year, well below the poverty line for a family of three. According to a study by the Economic Policy Institute (EPI), there are almost 5 million workers who earn at or near the federal minimum wage, with more than 70% of this group 20 years old or older. In addition, almost 25% of these workers have children; a total of 2.1 million kids depend on parents who are earning close to the minimum wage. More than half of minimum wage workers have a family income of less than \$35,000 a year.

What Advocates Need to Know Now

Minimum wage and housing. As NLIHC's annual *Out of Reach* report shows, there is no jurisdiction in the United States in which a worker earning the federal minimum wage can afford even a one-bedroom apartment at the fair market rent. On average, a minimum wage worker would have to work 102 hours a week, the equivalent to 2.5 full time jobs, in order to afford a two-bedroom apartment at the fair market rent.

Indexing the minimum wage to inflation. The lack of a strong minimum wage likely contributes to growing wage inequality. Workers today are better educated and more productive than ever before, but real wages for minimum wage workers are now lower than they were 40 years ago. Although the purchasing power of the minimum wage has fallen, it can be restored to help working families support themselves.

Several states have ensured that the real value of the minimum wage will not decline over time by indexing it to inflation, and Congress should follow their lead. This is an improvement over the current system whereby the minimum wage

Minimum Wage

is raised only when it is politically expedient. In addition to maintaining a constant real value of the minimum wage, indexing also ensures that each increase is small and predictable. In a recent paper, EPI highlights the advantages of indexing the minimum wage to a level equal to 50% of average, non-supervisory workers' wages. This would result in even more stable increases, and would do a better job of promoting wage equality.

Stimulating the economy. Because minimum wage workers typically come from low income families, any wage increases given to them will likely be spent quickly, providing a boost to the local economy. A study of the impact of the recent minimum wage increases found that the 2009 increase provided about \$5.5 billion of additional consumer spending to the economy. Despite tentative signs of recovery, the U.S. economy continues to be in dire need of this sort of stimulus.

Tips for Local Success

As the federal minimum wage stagnated from 1984 to 2007, several states decided to take up this issue themselves and set their own minimum wages higher than the federal minimum. In 1984, only one state, Alaska, had a minimum wage higher than the federal minimum. By the end of 2007, 31 states and the District of Columbia had set their minimum wages above the federal level. In addition, many of these states have indexed their minimum wage to inflation so that the purchasing power of the minimum wage does not decline over time.

Advocates interested in fair wages in their states or localities can contact the groups listed below to learn how to organize a campaign to enact a higher state or local minimum wage. In 2011, a number of states are expected to pursue increases to their minimum wages. Campaigns are underway in states including Maryland and Illinois.

What to Say to Legislators

Working Americans should be duly compensated for their labor with a wage that allows them to provide for their families. Even after the latest increase in the minimum wage, its inflation-adjusted value is still lower than historical levels, and it is still at a level that makes it nearly impossible for these workers to pay for basic necessities, including housing.

Advocates should tell their federal and state legislators that the way forward has two steps: first, increase the minimum wage to a livable level, and second, index it to protect against inflation.

During the 1950s and the 1960s, the minimum wage averaged half the average wage of workers in nonsupervisory positions. This level should be used again to set the standard. By indexing to inflation or average wages, Congress would prevent the purchasing power of the minimum wage from eroding as prices increase and ensure that workers are not left behind.

For More Information

Economic Policy Institute · 202-775-8810 · www.epi.org

National Employment Law Project · 212-285-3025 · www.nelp.org

Mortgage Interest Deduction

By Danilo Pelletiere, Research Director, National Low Income Housing Coalition

The Mortgage Interest Deduction (MID) is a provision of the U.S. tax code that allows homeowners to deduct from their taxable income the interest paid to financial institutions or individuals for mortgages on homes they occupy. If they earn enough money and have sufficient deductions, deducting eligible mortgage interest lowers their taxable income and reduces the amount of federal income tax they owe each year. Current law allows homeowners to deduct interest on up to \$1 million in total mortgages on first and second homes, as well as up to \$100,000 in home equity loans.

While few recipients of the MID consider it to be government housing assistance, the MID is actually the federal government's largest housing subsidy. The annual cost of the MID is more than twice as much as the federal government spends on low income housing assistance for the neediest people in the United States. Not only is the MID expensive, it is a highly regressive tax policy. As currently structured, it is the wealthiest people with the biggest mortgages who benefit the most.

Many people believe that the MID promotes homeownership. Indeed, the Congressional Joint Committee on Taxation defines the MID as part of the nation's 'social policy agenda,' intended to encourage homeownership through a 'tax subsidy.' However, because the MID primarily benefits middle and upper income taxpayers, it is not effective at encouraging homeownership among low income households, and most economists question whether it affects the homeownership decision in any significant way. It is more obviously an incentive to use financial leverage to pay more for a home.

Advocates are concerned with both the inequity inherent in the MID subsidy and the program's inefficiency in providing housing assistance. The combination of the housing bust and growing budget deficits has raised the level of scrutiny of this program. The Obama administration's President's National Commission on Fiscal Responsibility and Reform and the George W. Bush administration's President's Advisory Panel on Federal Tax Reform both recommended reforming the policy. Both proposals foresaw limiting the mortgage amount to below \$1 million and converting the deduction to a credit that would reduce every mortgage-holders taxes and benefit lower income owners. The Obama administration has also proposed limiting all deductions for the highest income households as a budget device.

As a tax program, the Mortgage Interest Deduction is administered by the Treasury Department.

History

The MID has its origins in the first federal income tax established in 1913 by constitutional amendment. Interest was named as an allowable deduction, but at the time, most interest was related to business borrowing. Until the mid-1980s, the MID was part of a broader deduction allowed for all consumer interest payments. In the tax reforms of 1986, however, the general deduction for personal interest payments, such as credit card interest, was discontinued.

The MID, however, had strong support from powerful homebuilder and Realtor interests. It also benefited rhetorically from its association with the popular goal of homeownership. President Reagan famously told the National Association of Realtors in 1984, "I want you to know that we will preserve the part of the American dream which the home-mortgage-interest deduction symbolizes." The MID remained part of the tax code.

Summary

The MID is a provision in the tax code that allows home mortgage interest to be a tax-deductible expense for individuals and joint filers similar to other itemized deductions such as real estate property taxes, business and medical expenses, and charitable contributions. The amount of mortgage interest paid in a given tax year is deducted from the taxpayer's income for that year, reducing total tax liability.

Mortgage Interest Deduction

In calendar year 2009, the Joint Tax Committee estimates that 35 million taxpayers claimed the deduction. This is roughly 68% of all homeowners with a mortgage, but just 22% of all tax filers.

There are a number of reasons why the program does not assist all mortgage holders. First, not all mortgage interest qualifies for the MID. For example, interest on home equity loans of over \$100,000 is not eligible. Second, not every eligible mortgage holder receives the benefit of the deduction. A tax deduction differs from a tax credit in that a tax credit directly reduces the tax a filer owes, dollar for dollar. With a refundable credit, any amount above the taxes owed is actually paid to the tax filer, with a check from the government. In contrast, a deduction reduces the income against which taxes are assessed, and each dollar of deduction only reduces tax liability by some fraction of a dollar based on the applicable tax rate. To be assisted by the MID a household still must have a tax liability after any credits are claimed. Thus, the lowest income tax filers may receive no benefit from the MID at all.

Moreover, current law allows every taxpayer to take a 'standard deduction,' ranging from \$5,800 for a single person to \$11,600 for a married couple in 2011. But a household can forego the standard deduction and 'itemize' instead, further reducing its tax liability if the sum of its deductions, including the MID, exceeds the standard amount it can claim. For example, a married couple would need total deductions to exceed \$11,600 to make itemizing, and claiming the MID, worthwhile. The smaller a household's qualified mortgage interest payments and the higher its standard deduction, the less likely it will be to meet the threshold deduction amount necessary to benefit from the MID.

In general, a household can have lower interest payments because it has a smaller loan, a better interest rate, or it has paid down its loan to the point where interest is a small part of the monthly payment. Conversely, larger interest payments are associated with larger loan balances and multiple homes. Therefore, the taxpayers receiving the greatest benefit from the MID tend to be more recent and wealthier borrowers who have purchased more expensive houses and carry larger mortgage balances. Compounding the regressive effect of the MID, higher income households also stand to benefit more from tax deductions in general because they pay a higher marginal tax rate and therefore receive a greater return from each dollar that is not taxed. Many lower and middle income households who do itemize and claim the MID receive startlingly little benefit relative to higher income households.

This contrast is clearly illustrated by a 2008 study by James Poterba and Todd Sinai. Using 2004 data, these authors found that the average tax savings for a middle income household with an annual income between \$75,000 and \$125,000 ranged from \$351 for those over 65 years old to \$1,817 for those between 25 and 35. For those earning over \$250,000, the corresponding range was from \$5,459 to \$7,077. For those earning less than \$40,000, however, the average benefit was a mere \$5 for seniors and \$208 for those between 25 and 35 years old.

Table 1, using more recent estimates from the Joint Committee on Taxation (JCT), shows the regressive distribution of the benefits from the MID.

Table 1. Distribution by Income Class of Mortgage Interest Deduction Tax Subsidies, 2009

Income class (Adjusted Gross Income)	Total returns claiming MID (thousands)	Total subsidy amount (millions)	Average subsidy amount	Percent of MID returns	Percent of total subsidy amount
Below \$20,000	311	88	283	1%	0%
\$20,000 to \$40,000	3023	1813	600	9%	2%
\$40,000 to \$75,000	10,526	11,661	1108	30%	15%
\$75,000 to \$200,000	17,348	40,327	2325	50%	53%
\$200,000 and over	3,424	22,768	6650	10%	30%
Total	34,632	76,656	2213	100%	100%

Source: NLIHC Calculations from Joint Committee on Taxation (2010). Estimates of Federal Tax Expenditures for Fiscal Years 2010-2014. Washington, D.C. U.S. Government Printing Office. Table 6.

Funding

Since the benefit is provided to every qualifying taxpayer and there is no statutory limit on the total annual cost, the MID is considered an entitlement, similar to Food Stamps, Unemployment Insurance, or Social Security. The MID is also a 'tax expenditure' with costs to the Treasury, just as programs supported through appropriations or direct payments to individuals are. The cost of the MID is the difference between what the Treasury can expect to collect with the MID in place and what it would collect if it were not.

In FY10, the MID cost the U.S. Treasury \$79 billion, nearly twice the \$41 billion in direct spending on all housing programs serving low income renters. Between 2012 and 2016 OMB projects this subsidy will cost the Treasury \$609 billion, making it the most expensive federal housing program and the second most expensive tax expenditure after the exclusion of employer contributions for medical insurance.

What Advocates Need to Know Now

Reforming the mortgage interest deduction can mean giving more Americans a tax break, improving the role that tax policy can play as housing assistance, and balancing federal housing policy to help owners and renters. For this reason, one expert panel after the next, from the Obama administration's President's National Commission on Fiscal Responsibility and Reform to the George W. Bush administration's President's Advisory Panel on Federal Tax Reform to the nonpartisan Congressional Budget Office, have recommended reforming the policy to reduce the amount of the mortgage and the rate of the deduction. For example, recent analysis from the Brookings-Urban Institute Tax Policy Center found that reform can serve multiple goals.

Converting the deduction to a 20% non-refundable credit that all homeowners with a mortgage could use (not just those with enough income and deductions to itemize) that applies only to the first \$500,000 of borrowing on mortgages on a principal residence (excluding home equity loans and second homes) would raise \$31.6 billion in revenue in 2015. Moreover, under this reform, households earning less than \$75,000 would see their taxes decrease on average, with most taxpayers in this group seeing a decrease. Nearly 30% of taxpayers with incomes between \$30,000 and \$40,000 would see their taxes decrease on average by \$174.

The savings from reform must be dedicated to more affordable housing for the lowest income households. The result of reform must be a rebalancing of federal housing policy that provides additional assistance to the lowest income renters and owners. NLIHC advocates dedicating half the savings to the National Housing Trust Fund to build dedicated units for extremely low income renters, where the stock of this housing is insufficient, and half for tenant vouchers to allow these households to access the existing rental stock.

The current MID is an unaffordable housing program. Proponents of the MID will say that reforming it will cause home prices to decline. While this may be an argument for phasing in reform, it is also a tacit admission that in many communities the deduction raises the cost of housing. This has also been shown empirically by researchers. This research has also shown, however, that the impact of the MID on home prices varies considerably from market to market. Most communities will not likely see significant declines in home prices because of reform. On an individual level, theory and empirical research have shown the MID is more likely to encourage unnecessary borrowing and larger home purchases than be deciding factor in whether a household buys a home at all. Therefore, many economists have implicated the MID in feeding the housing bubble that led to the Great Recession.

Homeowners are not taxed like rental properties. Some will argue that since landlords can deduct the costs of their properties including mortgage interest, homeowners should be able to do the same. This is a red herring. Just like landlords, homeowners who invest in their homes see a return not just when they sell but in the shelter and the enjoyment they receive from living in the house and other benefits that come with being a home owner and adding amenities to it. In the United States, while a landlord is taxed on 'rents' from tenants, a home owner receives the benefits from investments in housing largely tax free and his home can serve as a tax shelter. In countries such as Switzerland the value of homeowner 'rents' are imputed and taxed. We do not do that in the United States so this is not an argument to allow mortgage interest deductibility. More to the point though, most advocates do not want to abolish the MID, but simply to reform it so that most low and moderate income households can receive the benefits and there are no tax incentives for outsized mortgages.

Mortgage Interest Deduction

What to Say to Legislators

Advocates should inform policy makers about what is commonly understood by economists and others who have studied the mortgage interest deduction.

- The MID is a social subsidy that cost the Treasury \$79 billion in FY10, compared to the entire direct spending on low income people's housing of \$41 billion that year. The subsidy is projected to cost \$88 billion in FY11 and \$609 billion over the next four years.
- People who receive the mortgage interest deduction are receiving a federal housing subsidy.
- The MID does not help those most in need.
- The MID is an ineffective policy to encourage homeownership.
- The MID distorts housing markets and encourages Americans to make over-leveraged investments in personal housing.
- Reform proposals would help lower taxes for most taxpayers and generate funds to provide housing for people with the lowest incomes.
- Funding generated from MID reform should not be withdrawn from the housing sector and diverted to other uses.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Congressional Budget Office, Budget Options · www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf

Joint Committee on Taxation (Look for reports and data on "Federal Tax Expenditures") · 202-225-3621 · www.house.gov/jct/

Look also for the report An Overview of Federal Support for Housing · www.cbo.gov/ftpdocs/105xx/doc10525/HousingPrograms.1.1.shtml

Urban Institute Tax Policy Center – Search under 'Mortgage Interest Deduction' - http://taxpolicycenter.org/taxtopics/Tax_Expenditures.cfm

See also: *Balanced Housing Policy: Owning and Renting in U.S. Housing Policy*.

Moving to Work/Housing Innovation Program

By Linda Couch, Senior Vice President for Policy, National Low Income Housing Coalition

Moving to Work (MTW) is a HUD public housing agency (PHA) demonstration program that provides PHAs with enormous flexibility from most HUD statutory and regulatory requirements. The flexibilities, in key programmatic underpinnings like rent affordability and income targeting requirements, can impact residents in both the public housing and Housing Choice Voucher programs. Authorized in 1996, the program continues even though it has not been evaluated on a broad scale. While some underfunded PHAs are desperate for flexibility from HUD rules, NLIHC and others contend that the MTW demonstration may be resulting in more harm than good for extremely low income people in the public housing program and the housing voucher programs.

Legislation to expand the number of PHAs that participate in MTW has been introduced in the 112th Congress and additional similar legislation is expected.

MTW is administered by HUD's Office of Public and Indian Housing.

History and Purpose

The Moving to Work demonstration program was initially created in a 1996 appropriations act. The act authorized 30 PHAs to participate in the demonstration.

Since 1996, various HUD appropriations bills have authorized additional housing authorities to participate in this demonstration program. Meanwhile, some demonstrations ran their course and ended. By 2011, 33 PHAs will have MTW status, including three that were given MTW status in the FY10 HUD appropriations bill.

In 2009, the House Committee on Financial Services passed Section 8 Voucher Reform Act legislation (SEVRA; H.R. 3045). This bill would allow the HUD Secretary to expand the number of MTW agencies to up to 60 and authorize a less extensive demonstration for up to another 20 public housing agencies. In this bill, MTW would be renamed the Housing Innovation Program. SEVRA was never enacted in the 111th Congress. The lack of thorough evaluation of both MTW's impact on low income people and the program's impact on the physical and financial health of PHAs may keep expansion of MTW sites at bay in the 112th Congress. Agencies' ability to divert housing choice voucher program funds to the public housing program may therefore be stifled as well.

Program Summary

As stated in Section 204 of the authorizing statute, the purpose of the MTW demonstration is to give PHAs and HUD the flexibility to design and test various approaches for providing and administering housing assistance that:

- (1) Reduce cost and achieve greater cost effectiveness in federal expenditures.
- (2) Give incentives to families with children in which the head of household is working, is seeking work or is preparing for work by participating in job training, educational programs or programs that assist people to obtain employment and become economically self-sufficient.
- (3) Increase housing choices for low income families.

To achieve these goals, PHAs selected for MTW demonstration sites could receive waivers from most of the existing statutes and regulations governing the public housing and Section 8 voucher programs and gain the ability to combine public housing capital and operating funds with voucher funds. PHAs participating in MTW can change rent rules and income targeting requirements, impose work requirements and time limits, merge public housing funds with voucher funds, change how they use project-based vouchers, and alter their reporting to HUD, among many other functions.

MTW/HIP in SEVRA. If enacted, the SEVRA bill considered in the 111th Congress would have renamed the program and made some programmatic changes. The bill would have allowed up to 60 agencies to participate in the MTW program, renamed the Housing Innovation Program (HIP). Up to another 20 agencies could have participated in a 'HIP-

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light,' with fewer, but still significant, flexibilities from current requirements. Agencies would not have to tell HUD which specific requirements they want freedom from in their HIP applications. Up to five 'near-troubled' agencies could participate. Unlike the current MTW, agencies would have to follow current income targeting guidelines, but could still impose new rent structures, time limits, work requirements, and portability restrictions, and have fungibility between public housing and voucher funds, among other flexibilities.

NLIHC's position on the MTW program is that there should not be any extension of current MTW demonstrations unless and until additional resident protections are incorporated, the current MTW programs are evaluated, and the lessons learned are incorporated into any proposal for expanding the demonstration program.

NLIHC strongly opposes flexibility from existing rent affordability structures and income targeting guidelines. In addition to MTW being expanded by stand-alone legislation or through SEVRA, the annual HUD appropriations bills have also proved a popular way to expand the number of MTW sites, one PHA at a time.

Funding

There is no funding specifically for the MTW program. Under MTW, PHAs receive funding equal to what they would have received had they not participated in MTW.

The serious lack of sufficient funding for public housing is likely one of the reasons some PHAs advocate for the MTW program. Advocates must be committed to identifying and advocating for new resources and new ideas to ensure that public housing and vouchers remain an affordable housing option for the lowest income households. Deregulating public housing and vouchers through the MTW program will not preserve these units as affordable for the lowest income groups.

What Advocates Need to Know Now

In 2005, the HUD Inspector General found that HUD did not design the MTW program to collect any data. Instead, HUD relied on its existing systems to collect data. But, the report says, "the existing system could not accept tenant information and was not adapted in time to support the interim evaluation and, as a result, HUD was not able to collect tenant information needed to measure interim program impact on costs, family self-sufficiency, and housing choices as planned."

Further, the report found that "HUD's evaluation could not cite (1) statistics showing MTW demonstration activities could be considered models for reducing costs and achieving greater cost-effectiveness, promoting resident employment and self-sufficiency, and increasing choice for low income households, and (2) comparative analyses intended to show the impact of program activities and importance of individual policy changes.... We recommend the Office of Public Housing Investments develop a means to collect performance information needed to evaluate Public Housing/Section 8 Moving to Work Demonstration housing authority accomplishments and determine whether any replicable models exist." Given the lack of proof that the program is accomplishing any of its goals, expansion of the program seems ill-considered.

Several other HUD Inspector General reports have also been extremely critical of MTW implementation by specific public housing agencies:

- The Housing Authority of the City of Baltimore was found to have received MTW status even though it applied 31 months after the deadline with an incomplete application that lacked the required public comment period and public hearing. Further, in granting the application, HUD disregarded Baltimore's status as a troubled agency from 2001 to 2003 and, under the Section 8 Management Assessment Program (SEMAP), in 2004.
- The Housing Authority of the City of Pittsburgh was found to have stockpiled more than \$81.4 million of HUD funding during the first four years of its MTW status, all completely legally under MTW rules. Meanwhile, the housing agency did nothing to modernize its 6,700 public housing units and it failed to serve 3,000 families waiting for vouchers. According to the HUD Inspector General, "The relaxation of requirements under Moving to Work allowed the Authority to plan and execute a minimal modernization plan without penalty." Pittsburgh Real Estate Assessment Center (REAC) scores were extremely low: In 2003, 16 of 44 developments (36%) had physical inspection scores below 70 (out of 100).

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- In Philadelphia, the housing authority's participation in MTW was criticized because HUD accepted this agency into the MTW program without carefully evaluating the agency's past poor performance in utilizing housing vouchers. A previous HUD Inspector General report on the Philadelphia Housing Authority found very low voucher utilization rates there: In 1999 the agency had an 87.2% utilization rate; it declined to 84.6% in 2000, 77.8% in 2001, and 76.8% in 2002. The PHA submitted its application for MTW in 2000 and it was approved in 2002. Despite PHA's poor performance, no restrictions were placed on it in the MTW agreement.

In a June 2004 report on the MTW program prepared for HUD, the Urban Institute concluded that three key aspects of the design and implementation of MTW have limited its ability to inform public housing policy going forward:

- (1) The MTW framework put limitations on what could be deregulated and for how long. These restrictions could have discouraged PHAs from implementing reforms that might otherwise have been implemented if MTW had been permanently authorized, rather than being a time-limited demonstration.
- (2) MTW was not designed as a rigorous research demonstration.
- (3) Due to HUD's systems, critical data on the characteristics of public housing residents and Section 8 households have not been collected from the demonstration sites in a consistent and uniform fashion. This leaves much of what we know about MTW's impacts to anecdotes and piecemeal information gathering.

The Urban Institute report also found that there is no way to determine with certainty whether individual programs have achieved the goal of work and self-sufficiency. In addition, while some housing agencies have expanded housing options for low income people, others have restricted it. There has been no mechanism in MTW's history to move forward with what has worked within MTW to improve affordable housing options for the lowest income households and improve the physical and financial health of the housing agency and, critically, leave behind what in MTW agreements has harmed residents and housing agencies.

An August 2010 report to Congress by HUD on the MTW program called for an expansion of MTW. Heralded by many PHAs, the report was roundly criticized by other housing advocates for lacking any rigorous or complete data analysis and instead relying on accounts provided by MTW sites themselves.

NLIHC's concerns about MTW are focused on the ability of the voucher and public housing programs to continue to address the housing needs of their targeted populations in ways that are affordable to each household and that continue to provide residents choice. NLIHC does not believe that work requirements, self-sufficiency contracts, and time limits should be allowed in federal housing safety net programs. Rent policies that increase rents beyond a household's affordability level are tantamount to time limits.

NLIHC's position is that MTW should not be expanded to include other housing agencies and current MTW agreements should not be extended unless the following conditions are met:

- There must be full enforceability of residents' rights as provided by the U.S. Housing Act and HUD regulations.
- There must be no waiver of full portability rights for all households.
- There must be no waiver of any fair housing-related requirements.
- There must be in place at the onset new, common data compilation and evaluation mechanisms, so that each program is subjected to the type of evaluation promised.
- Additional protections are provided for current and potential residents, including protections from unaffordable rents. Any determination of high rent burdens for MTW households would have to be followed by changes in rent policies to keep rents affordable for each household.
- No residents should be subjected to self-sufficiency provisions tied to leases and work or other threshold screening requirements tied to housing eligibility.
- Current income targeting should be maintained with no exceptions.
- Residents must also have a seat on each PHA board, be able to establish a Resident Advisory Board (RAB), and retain grievance and termination procedures.
- The PHA must continue to assist substantially the same number of families under the program as assisted in the year prior to MTW selection and continue to assist a comparable mix of families by family size.
- Those MTW PHAs that have been the subjects of HUD Inspector General MTW audits must prove their compliance with the program rules before their MTW status can be extended.
- If it is determined during the process of evaluation that a MTW PHA is imposing policies that are harmful to low

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income tenants or are otherwise found to be mismanaging its portfolios, its MTW status should be terminated. The MTW program must have room to be recalibrated regularly to address its impacts on residents and the future health of the housing agency.

Tips for Local Success

Advocates should be engaged in whether local PHAs are seeking approval to become an MTW site. MTW agreements between HUD and PHAs must be tailored to preserve housing options while protecting the affordability of homes for extremely low income people.

What to Say to Legislators

Advocates should urge Members of Congress to support increased funding for public housing and vouchers in FY12 so that PHAs can thrive as they operate safe, decent, and affordable public housing and voucher programs.

Legislators should also be asked to oppose continuation or expansion of the Moving to Work program because the program has not been evaluated on a broad basis, and because sufficient protections for current and future residents are not in place. Anecdotal evidence, and numerous HUD Inspector General reports, suggest that the program has caused harm to the lowest income residents and potential residents and to the physical and financial futures of PHAs.

Legislators should also be asked to oppose expanding the MTW program through the annual HUD appropriations bill, where the program has slowly but consistently expanded over the last several years.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Access The Urban Institute's 2004 MTW evaluation at: www.hud.gov/offices/pih/programs/ph/mtw/evalreport.pdf

Center on Budget and Policy Priorities 202-408-1080 www.cbpp.org

HUD's MTW website provides information on current and past MTW demonstration sites: www.hud.gov/offices/pih/programs/ph/mtw/index.cfm

National Housing Law Project · 415546 7000 · www.nhlp.org

See also: *Public Housing, Housing Choice Vouchers*.

Native American, Alaska Native, and Native Hawaiian Housing Programs

By Mellor C. Willie, Executive Director, National American Indian Housing Council

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) is the main piece of federal legislation designed to address Native American housing issues, and comprises three major components: (1) The Indian Housing Block Grant (IHBG) program, (2) Title VIII Housing Assistance for Native Hawaiians, which includes the Native Hawaiian Housing Block Grant (NHHBG) program and the Section 184A Native Hawaiian Housing Loan Guarantee program, and (3) Title VI Tribal Housing Activities Loan Guarantee program.

Other housing programs that address Native American housing issues include the Indian Community Development Block Grant (ICDBG) program and the Indian Home Loan Guarantee program (Section 184), both of which are part of the Housing and Community Development Act of 1992.

NAHASDA is administered by HUD's Office of Native American Programs (ONAP).

History and Purpose

Stemming from treaties with Indian tribes, federal statutes, court decisions, executive agreements, and the course of dealings and other federal policy from the early 1800s, the United States has a trust responsibility to Native American tribes and people. This unique legal and political relationship with Indian tribes is fiduciary in nature, with the federal government serving as trustee with a duty of protection toward tribes as beneficiaries. The trust responsibility extends to areas of health care, education, natural resources and housing. Under the 1937 U.S. Housing Act, Congress addressed the housing needs of low income Americans and in 1961 Indian tribes became eligible for assistance under programs operated by HUD.

HUD regional offices administered programs to tribes in their areas. By the mid-1970s, HUD had created Offices of Indian Programs in Denver and in San Francisco to exclusively administer Indian housing programs. Finally, in 1992, Section 902 of the Housing and Community Development Act created the current entity, the Office of Native American Programs.

NAHASDA was enacted in 1996 and consolidated multiple federal housing assistance programs into a single block grant for Indian tribes or tribally designated housing entities to provide affordable housing for low income families residing on reservations and tribal areas. On October 14, 2008, NAHASDA was amended and reauthorized through FY13.

The face of housing in Native American communities is as diverse as the communities it serves. The chronic problems associated with needs far outstripping resources beget creativity and unique leveraging of funding to address extraordinary housing needs. Overcrowding, poverty, unemployment, low household incomes, a rapidly increasing population, and a lack of infrastructure are just some of the challenges that vex American Indians, Alaska Natives and native Hawaiians.

According to the 2000 Census, 14.7% of American Indian households in tribal areas are overcrowded, compared to 5.7% of homes in the general U.S. population. Furthermore, 11.7% of American Indian households in tribal areas are without complete plumbing, compared with 1.2% of the general U.S. population.

Program Summary

NAHASDA radically reformed how the federal government meets its trust responsibility when it comes to the housing needs of Native Americans. NAHASDA addresses the need for affordable homes in safe and healthy environments on Indian reservations, in Indian communities and Alaska Native Villages, and on native Hawaiian Home Lands.

Native American, Alaska Native, and Native Hawaiian Housing Programs

NAHASDA enhances tribal capacity to address the substandard housing and infrastructure conditions in Indian communities by encouraging greater self-management of housing programs and private sector financing to complement scarce IHBG dollars. The annual IHBGs are formula driven and awarded to eligible Indian tribes or their tribally designated housing entities (TDHEs) for a range of affordable housing activities that primarily benefit low income Indian families living on Indian reservations or in other Indian areas. The amount of each grant is based on a formula that considers need and the amount of existing housing stock.

Activities eligible to be funded with NAHASDA assistance include new construction, rehabilitation, acquisition, infrastructure, and various support services. Housing assisted with these funds may be either rental or homeowner units. NAHASDA funds can also be used for certain types of community facilities if the facilities serve eligible low income Indian families who reside in affordable housing. Generally, only low income families whose income does not exceed 80% of the average median income are eligible for assistance.

The NAHASDA Reauthorization Act of 2008 had broad bi-partisan support in both chambers of Congress. Amendments to the program included removing competitive procurement rules for purchases under \$5,000; recognizing tribal preference laws for NAHASDA hiring and contracting; permitting tribes to carry over funds to a subsequent grant year; and establishing a reserve account for up to 20% of a tribe's annual NAHASDA grant amounts. Before these changes go into effect, tribes and HUD must complete a Negotiated Rulemaking Process. In 2010, a negotiated rulemaking committee was formed and 6 sessions were held to discuss and negotiate a proposed rule. In 2011 the proposed rule will be sent to tribes for comment and review before the regulations are implemented.

Native Hawaiians. In 2000, NAHASDA was amended to create a separate title addressing the housing and related community development needs of native Hawaiians. This title, Title VIII Housing Assistance for Native Hawaiians, includes the Native Hawaiian Housing Block Grant (NHHBG) program and the Section 184A Native Hawaiian Housing Loan Guarantee program. The NHHBG program provides eligible affordable housing assistance to low income native Hawaiians eligible to reside on Hawaiian Home Lands. Since 2005, Title VIII has not been reauthorized. NHHBG has, however, been funded each year.

The Department of Hawaiian Home Lands (DHHL), the sole recipient of NHHBG funding, uses the funds for new construction, rehabilitation, acquisition, infrastructure, and various support services. Housing can be either rental or homeownership. The NHHBG can also be used for certain types of community facilities if the facilities serve eligible residents of affordable housing. DHHL also uses the funds to provide housing services, including homeownership counseling and technical assistance, to prepare families for home purchase and ownership.

The Hawaiian Homelands Homeownership Act of 2000 adds a new Section 184A to the Housing and Community Development Act of 1992, which authorized the Native Hawaiian Housing Loan Guarantee program. The purpose of the Section 184A loan is to provide access to sources of private financing on native Hawaiian Homelands. The program is designed to offer home ownership, property rehabilitation, and new construction opportunities for eligible native Hawaiian individuals and families wanting to own a home on Hawaiian homelands.

Funding

For FY10, the IHBG program was funded at \$700 million and the NHHBG program was funded at \$13 million. The American Recovery and Reinvestment Act of 2009 (ARRA) included a one time infusion of more than \$500 million for competitive and formula IHBG.

What to Say to Legislators

Advocates should be aware of tribal positions and support them in the legislative process.

Native Hawaiian reauthorization. The Title VIII program was included in the House version of NAHASDA reauthorization in 2008, but not in the final bill. The Hawaiian Homeownership Opportunity Act of 2009 (H.R. 709 and S. 72) was introduced in the 111th Congress and would have reauthorized Title VIII. It is anticipated that a similar bill will be introduced in the 112th Congress. Housing advocates should push for reauthorization of native Hawaiian programs in their efforts to ensure native Hawaiians have access to critical resources for housing and community development.

Native American, Alaska Native, and Native Hawaiian Housing Programs

Resources for tribal housing programs. Funding for tribal housing is the lifeblood of community development in Indian Country. For many years, funding has leveled off, failing even to keep pace with inflation and ever-increasing costs of energy, materials, and construction. Advocates should ask Congress and HUD to fully fund tribal housing and tribal housing related programs, including the Indian Housing Block Grant program, the Indian Community Development Block Grant program, the Native Hawaiian Housing Block Grant program, and the Section 184, 184A, and Title VI loan guarantee programs.

For More Information

Department of Hawaiian Home Lands · <http://hawaii.gov/dhhl>

HUD Office of Native American Programs · www.hud.gov/offices/pih/ih/

National American Indian Housing Council · 202-789-1754 · www.naihc.net

Neighborhood Stabilization Program

By Amanda Sheldon Roberts, Housing Director, Enterprise Community Partners

The Neighborhood Stabilization Program (NSP) provides emergency assistance to states and local governments to acquire and redevelop foreclosed, vacant, and abandoned properties that have become blights on the community and are driving down neighboring property values. There have been three rounds of NSP, totaling nearly \$7 billion. The first round, in 2008, distributed funds to communities through a needs-based formula; the second round, approved as part of the 2009 stimulus legislation, distributed funds through a competitive allocation; and the third, approved as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, returned to the needs-based formula of the first round.

NSP is based on a modified Community Development Block Grant (CDBG) program and is administered by the HUD Department of Community Planning and Development (CPD).

History and Purpose

As the foreclosure crisis spread throughout the country, it became apparent that entire neighborhoods were being ravaged by the blighting influence of vacant and abandoned homes. Neighborhoods—urban and suburban, rich and poor, new and old—have been negatively impacted by large numbers of foreclosed and abandoned homes. Foreclosures bring down the value of neighboring homes and lower tax receipts, affecting schools and other local services. Homes that sit vacant cause blight and crime, further lowering property values and affecting the overall quality of life in neighborhoods.

In order to stabilize these neighborhoods and stop the precipitous decline of neighborhood property values, NSP was authorized and funded by Title III of the Housing and Economic Recovery Act (HERA), passed on July 30, 2008. This first round of NSP funds (\$3.92 billion) was distributed to 306 states, cities, and counties via a needs-based formula allocation.

Since the initial round (NSP1), two additional rounds of NSP funding have been provided by Congress (NSP2 and NSP3). On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) provided an additional \$2 billion for the program via a competitive allocation. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act provided an additional \$1 billion for a third round, but returned to the needs-based formula of NSP1.

Program Summary

NSP funds are intended to stabilize communities and stop home prices from declining in areas with large numbers of foreclosures by providing resources to purchase foreclosed, vacant, or abandoned homes and to rehabilitate, resell, rent, redevelop or demolish them. The three rounds of NSP differ from each other in a few key ways.

HERA NSP Formula Grant Program. For the first round of NSP, the Housing and Economic Recovery Act established a formula allocation grant program to distribute NSP funds to states and localities. The formula outlined in the legislation was based on the number and percentage of home foreclosures, the number and percentage of homes financed by subprime mortgages, and the number and percentage of homes in default or delinquency in those areas.

NSP-eligible activities:

- Establish financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties.
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed.
- Establish and operate land banks for homes and residential properties that have been foreclosed.
- Demolish blighted structures.
- Redevelop demolished or vacant properties.

According to the statute, all of the funds must be used for housing for individuals and families whose incomes do not exceed 120% of area median income (AMI). Not less than 25% of funds must be used to house individuals or families

whose incomes do not exceed 50% of AMI. All homes acquired for NSP must be purchased at a discount from the appraised price, and program income earned from the sale of properties must be used for NSP-eligible activities.

On October 6, 2008, HUD released the NSP regulations and announced which jurisdictions would receive an allocation. All 50 states as well as 256 cities and counties (plus three territories) received a direct NSP allocation. The minimum allocation for states was \$19.6 million, and the minimum allocation for cities and counties was \$2 million. Communities eligible to receive NSP funds submitted action plans to HUD, and most signed grant agreements in March of 2009. The statute required that all funds be obligated within 18 months of receipt, which was September 2010 for most grantees.

ARRA Competitive Program: NSP2. NSP2 was created in the American Recovery and Reinvestment Act and provided additional funds to be distributed competitively to state and local governments. Unlike the first round of NSP, nonprofit entities, as well as consortiums of state governments, local governments, for-profits, and nonprofits were all eligible applicants.

On May 4, 2009, HUD released the Notice of Funding Availability (NOFA) for NSP2. Applications were due on July 17, 2009, and HUD had to obligate all funds by February 17, 2010. HUD announced the NSP2 recipients on January 14, 2010, and 56 grantees received funds; the vast majority of these were local consortiums that consisted of local governments or nonprofits. Grantees were required to expend at least 50% of their allocated funds within two years of receipt, and 100% within three years.

Most of the requirements for NSP2 were the same as for NSP1. However, there were some programmatic differences, including a specific prohibition against the use of funds for the demolition of public housing, a requirement that no more than 10% of a jurisdiction's grant be used for demolition of housing (unless a waiver is requested), and a series of mandatory green rehabilitation standards.

NSP2 also offered tenant protection provisions that NSP1 had not. Under these provisions, tenants in NSP-funded properties must be provided with a 90-day notice and tenants with leases have a right to remain in the property for the remainder of their lease. Tenants with Section 8 Housing Choice Voucher assistance will be permitted to remain in the property with their assistance intact, and recipients of NSP funds may not discriminate against holders of vouchers.

Fifty million dollars of the NSP2 allocation was distributed to 10 technical assistance providers to build the capacity of NSP1 and NSP2 grantees. In 2010, over 300 NSP grantees received technical assistance.

Bridge Notice and other NSP changes. Despite being such a new program, there have been a number of important legislative and regulatory changes to NSP. Most of the legislative changes occurred in ARRA, including the repeal of rules requiring the return of program income to the Treasury after five years, and the expansion of the land banking eligible use so that operating expenses are eligible costs.

On June 15, 2009, HUD released the NSP1 Federal Bridge Notice, which detailed how changes in ARRA would apply retroactively to NSP1. The Bridge Notice reduced the minimum purchase discount requirement from 5% to 1% for each property, and waived appraisals for properties valued at \$25,000 or less. The Bridge Notice also applied the ARRA tenant protection provisions to NSP1.

Recapture and reallocation. As mentioned above, NSP1 grantees were required to obligate all of their funds within 18 months and unobligated funds would be subject to recapture. On August 23, 2010, HUD released the Notice of NSP Reallocation Process Changes, which described the corrective actions and recapture process affecting grantees that failed to meet the 18-month deadline for obligating NSP1 funds. The Notice permitted most cities and counties to retain their unobligated funds if they entered into a memorandum of agreement with HUD to improve performance. Very little money was actually recaptured because as of October 19, 2010, 99.7% of all NSP1 funds had been obligated.

Dodd-Frank Formula Grant Program: NSP3. On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, which included \$1 billion for a third round of NSP (NSP3). On September 8, 2010, HUD released the formula allocations for 280 grantees. All 50 states and the District of Columbia received a minimum of \$5 million, and the minimum grant size for cities and counties was \$1 million.

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On October 19, 2010, HUD published the Notice of Formula Allocations and Program Requirements for the NSP Formula Grants. The Notice was intended to be a unified Notice for both the first and third rounds of NSP funding. For NSP1 grantees, this Notice provided consolidated program requirements. For NSP3 grantees, the Notice outlined the allocation formula amounts, alternative requirements, and the waivers of regulations that were specific to the third round of funding. Programmatically, NSP3 most resembles NSP1. However, some of the NSP2 requirements were retained in NSP3, such as the expenditure timeline, the 10% cap on demolition, and mandatory green standards for rehabilitation and new construction.

Funding

\$3.92 billion was appropriated for the NSP program in 2008 under HERA, \$2 billion was provided in 2009 in ARRA, and \$1 billion was provided in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

While obtaining nearly \$7 billion in funding should be viewed as a tremendous success, it is not nearly enough to help all communities in need. Additional federal, state, local, and private funds must be leveraged to make the NSP state and local plans successful.

What Advocates Need to Know Now

NSP has changed significantly since its creation in 2008 and advocates continue to work with Congress and HUD to further improve the program. Congress has made significant improvements through legislative corrections in ARRA and the Dodd-Frank Act. Among these important changes are the repeal of the original program income rules and allowing vacant properties to meet the low income set aside requirement. HUD has also issued dozens of corrections and policy guidance updates that have improved the program's implementation and effectiveness on the ground. For example, HUD revised the definitions of 'abandoned' and 'foreclosed' to better reflect market realities.

In March 2011, the House Financial Services Committee introduced and passed H.R. 861, the NSP Termination Act. The rhetoric behind this bill was that NSP has not been successful and that taxpayer money should not be used for a failed program when the national debt is so large. Advocates should disprove this argument by telling Members of Congress about the impact and success of the NSP program.

Tips for Local Success

In general, for NSP to be successful in truly stabilizing neighborhoods, joint planning and participation of public, private, and nonprofit entities is crucial. It is also important to target resources, as there are limited NSP funds which will therefore be more likely to have a true stabilizing effect when they are concentrated in a few key neighborhoods. In addition, localities will have a greater impact if they can leverage NSP funds with other private or public sources.

In order to assist in the transfer of foreclosed properties from banks or servicers to NSP grantees, Enterprise Community Partners, Housing Partnership Network, Local Initiatives Support Corporation, NeighborWorks America, National Council of La Raza, and Urban League established the National Community Stabilization Trust (NCST). NCST helps communities to obtain foreclosed and abandoned properties from financial institutions and build local capacity to effectively acquire, manage, rehabilitate, and sell foreclosed property. On September 1, 2010, HUD Secretary Shaun Donovan announced an official partnership between NCST and HUD. More information can be found at www.stabilizationtrust.com.

Program Success

The first two rounds of the NSP program will impact an estimated 80,000 foreclosed, abandoned, or vacant properties, and HUD estimates that NSP3 will impact tens of thousands more.

Individual localities are using NSP funds to purchase scattered-site properties and there are isolated examples of true neighborhood stabilization as a result of the program. However, it may be many years before anyone is able to definitively measure the success of NSP when it comes to holistic neighborhood stabilization nationwide. Many NSP grantees are using funds in innovative and effective ways, and it seems that the program will greatly contribute to the efforts to slow the decline of America's neighborhoods.

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The funding allocated to NSP, while large for a new HUD program, is small compared to the size and scale of the foreclosure problem. Thus, it is imperative that state and local governments make effective use of these funds, carefully tailoring strategies to local market conditions, and leveraging resources to achieve holistic neighborhood stabilization.

For More Information

Enterprise Community Partners · 202-842-9190 · www.enterprisecommunity.org

HUD established a comprehensive NSP website to assist grantees at: www.hudnshelp.info

NIMBYism: Overcoming Community Opposition to Affordable Housing

By Jaimie Ross, Affordable Housing Director, 1000 Friends of Florida

The Not in My Backyard syndrome (NIMBYism) connotes objections made to the siting of affordable housing for reasons such as fear and prejudice. This is in contrast to objections over the real threat of an incompatible neighboring use, such as the siting of a hazardous waste facility near a residential area.

NIMBYism presents a particularly pernicious obstacle to producing affordable housing. Local elected officials are regularly barraged by the outcry of constituents with concerns over the siting and permitting of affordable housing. Consequences of NIMBYism include lengthy, hostile and unpleasant public proceedings; frustrated consolidated plan implementation; increased costs of development; property rights disputes; and an inability to meet local housing needs. There are tools advocates can use to avoid or overcome these objections, usually to the eventual satisfaction of all parties.

Issue Summary

Zoning and land use decisions in general are the domain of local government. Examples of such local-level decision making include whether land is zoned for residential use exclusively for single family homes or whether land can be used for multi-family homes, and whether transitional housing facilities or group homes are considered commercial uses or residential.

Local zoning and land use decisions have historically resulted in racially and economically segregated communities. These decisions continue to be made in an ever more political environment fueled by NIMBYism and NIMTOOism (Not In My Term Of Office). NIMBYs are local residents determined to maintain homogeneous neighborhoods and increase property values and will vehemently oppose the development of affordable housing. NIMTOOs are local elected officials who may or may not agree with the NIMBYs, but will not vote in favor of an affordable housing development if it will jeopardize reelection prospects.

Advocates can defend their communities from NIMBYism in the following ways:

Know the law. When discrimination against an affordable housing development is really discrimination on the basis of race, ethnicity, or disability status, it violates the federal Fair Housing Act. Litigation is usually not a meaningful remedy because housing funding cycles are short and court cases can take years to resolve. Often, all advocates need in order to benefit from the protections of the federal Fair Housing Act is a working knowledge of the law and a willingness to make these facts known to local elected officials and government attorneys. In those cases where discrimination is clear and local elected officials act in disregard of that discrimination, advocates may consider referring the incident to the U.S. Department of Justice (DOJ). If DOJ takes the case, it could make future dealings with local government much easier.

Nonprofit developers may be reluctant to challenge a local government over land use issues because the local government provides funds to that nonprofit. A local legal services office or other local advocate for the public interest can argue on behalf of the future tenants or residents who are directly impacted by the land use decision. Developing relationships with such organizations before problems arise can be an effective way to fight NIMBYism.

Educate elected officials. Once a NIMBY battles ensues, it is often too late to educate. Advocates should build relationships with elected officials and educate them about affordable housing and its importance to the health of entire communities. Whenever possible, advocates should include bringing elected officials to see completed developments and share credit with them at ribbon cuttings and in news stories.

In regard to a pending development, whether advocates can meet with elected officials depends upon the ex parte rules in each jurisdiction. If advocates discover that community opposition is meeting with elected officials about a development, advocates should try to do the same.

Garner allies from a broad range of interests. Too often, the only proponents of the affordable housing development are the developers themselves. Whenever possible, advocates should ask members of the business community, clergy, and like minded social service agencies to stand up for an affordable development. Potential beneficiaries of the development, like future residents, can also be effective advocates.

The media can also be an important ally throughout the process of development approval. Whenever advocates foresee a potential NIMBY problem, it is best for them to contact the media first so that they understand the development plans, the public purpose and the population to be served.

Address all legitimate neighborhood and community opposition. Key to overcoming community opposition is addressing the opposition's legitimate concerns. Legitimate, non-discriminatory concern around issues like traffic or project design may lead advocates to make some adjustments to a proposed development.

Concern over property values are often the root of neighborhood opposition. For that reason, included at the end of this article is a bibliography of studies that address the assertion that affordable housing decreases the property value of neighboring properties.

Once all legitimate concerns are addressed, if opposition persists, it can be stated with certainty that the opposition is illegitimate and is therefore opposition that would be inappropriate, arbitrary, capricious, or unlawful for the local government to consider in making its land use decision.

Expand legal protections for affordable housing. Advocate should work for state or local laws that make it harder for NIMBYism to prevail. For example, in 2000, the Florida Fair Housing Act (the state's substantial equivalent to the federal Fair Housing Act) was amended to include affordable housing as a protected class. In 2009, North Carolina adopted a similar statute to add affordable housing as a protected class in its fair housing law.

Decision makers and their staffs must be aware of the law if it is to be helpful to a cause. The expansion of the state fair housing act to include affordable housing in Florida has been successful only because housing advocates have been conscientious about ensuring that local government lawyers knew about the statutory change. It is now commonplace in Florida for a city or county attorney to inform the elected body during a heated public hearing that they would run afoul of the state's fair housing law if they deny the affordable housing developer's application.

What Advocates Need to Know Now

The nationwide downturn in the real estate market provides fodder for opponents of affordable housing. Opposition from neighborhoods or elected officials can now be cloaked in terms of concern over low cost housing market saturation. While the foreclosure crisis and tight credit markets may cause some market saturation of lower cost homeownership housing, it is unlikely that any areas in the country have an oversupply of rental housing for extremely low income, disabled, and frail elderly populations.

A growing opportunity for overcoming community opposition to affordable housing is the adoption of inclusionary land use regulations. The advent of the Sustainable Communities Initiatives and the increasing interest in transit oriented development presents the challenge of how to ensure that sustainable communities are not only for the wealthy and that the increased property values around transit do not price out affordable housing. An inclusionary housing ordinance can be used to ensure that affordable housing is part of sustainable or transit oriented development because it directs that affordable housing be built in a certain location.

Inclusionary housing policy is an optimum tool for affirmatively furthering fair housing and assists in overcoming neighborhood opposition because the local land use law requires that a certain percentage of the housing within a particular geography is affordable. In other words, the not in my backyard argument fails because the law requires affordable housing in that backyard. For those jurisdictions without housing element comprehensive planning requirements, an inclusionary housing ordinance provides local elected officials and affordable housing advocates a clear public interest directive to weigh against neighborhood opposition. In that balance, the proponents of preservation or development of affordable housing should be able to overcome the opposition.

For More Information

The following is a bibliography of property value studies based on statistical and empirical analysis and covering hundreds of case studies from throughout the nation. Virtually without exception, affordable housing developments have been found to have no effect on neighboring market rate property values, and in some instances have increased the value of neighboring property. Local government elected officials and their staff can use these studies as evidence to counteract homeowner fears about loss of property value.

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For information on inclusionary housing policies:

- National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org
- Building Better Communities Network · 202-467-5730 x117 · www.bettercommunities.org
- Business and Professional People for the Public Interest · www.bpichicago.org
- Innovative Housing Institute · www.inhousing.org
- National Housing Conference · www.nhc.org
- PolicyLink · www.PolicyLink.org

See also: *Sustainable Communities and Livability Initiatives*.

Project-Based Housing Assistance

By Todd Nedwick, Assistant Director for Public Policy, National Housing Trust

The federal government provides assistance to make privately owned multifamily housing affordable to low income families and seniors through a number of mechanisms. For example, the HOME program provides grants and loans to create affordable multifamily housing, and the Low Income Housing Tax Credit program provides investors with tax credits in exchange for their investment in affordable housing.

The term ‘project-based housing assistance,’ however, applies to programs in which the federal government has a contract with a private landlord that results in rent restrictions for lower income residents. The contract can be in the form of project-based Section 8 assistance or in the form of mortgage insurance. Project-based assistance differs from tenant-based Section 8 (also known as vouchers) in which the government has a contract with a local governmental or nonprofit agency that extends assistance to landlords willing to serve lower income residents.

There are two important challenges faced by these projects: (1) ensuring sufficient ongoing funding for the maintenance and improvement of homes with project based assistance, including assisting them in increasing their energy efficiency; and (2) ensuring that HUD has the statutory tools and funds needed to preserve and protect these assets from being permanently lost through deterioration or when the contracts and use agreements associated with their subsidized mortgages and rents expire. In cases in which it is not possible to maintain the affordability restrictions (i.e., those projects in which an owner chooses to leave the system at the end of a contract term), the challenge is to ensure that current tenants are protected when their apartments lose their rent restrictions.

Project-based programs are administered by HUD’s Office of Housing.

Programs Summary

From the mid-1960s until the mid-1980s, HUD played an essential role in creating affordable rental homes that were owned and operated by private owners. In addition to other tools, the federal government provided financial incentives for these properties that included:

Section 221(d)(3) below market interest rate (BMIR) loans and Section 236 interest rate subsidies. Section 236 and 221(d)(3)BMIR mortgages had 40-year terms, although program regulations allowed most for-profit owners to prepay their mortgages after 20 years. By prepaying, owners can generally terminate the rent and income restrictions. These loan programs represented the first time the private sector was invited to participate in producing low and moderate income housing, previously the sole domain of public housing agencies.

Project-based Section 8 assistance. Project-based Section 8 assistance offered Housing Assistance Payments (HAP) contracts to owners who agreed to keep the apartments affordable to low income households. This program, created in 1974, provides affordable homes to nearly 1.2 million households. The Section 202 Supportive Housing for the Elderly program provides similar rental assistance for elderly households.

Original Section 8 project-based assistance contracts were entered into between HUD and property owners for terms as long as 40 years. Under the project-based Section 8 program, tenants pay 30% of monthly adjusted income for rent, heat, and electricity. The property owner has a Housing Assistance Payments contract with HUD, under which HUD pays the owner the difference between the contract rent and the tenant’s portion.

Section 521 Rental Assistance (RA). Section 521 is a similar form of subsidy provided for about half of the apartments in properties financed by Section 515 direct loans provided by the U.S. Department of Agriculture’s Rural Development.

Additional units are no longer being produced under these programs. In 1968, the Section 221(d)(3) BMIR program was replaced by the Section 236 program, which was discontinued in 1973 by President Nixon's moratorium on all subsidized housing construction programs. Authorization for new project-based Section 8 contracts for new construction was repealed in 1983.

Residents continue to live in existing project-based units, however, and owners still under contract continue to benefit from program subsidies. In exchange for participating in project-based programs, building owners are required to make the units available to low and moderate income households at HUD-approved rents throughout the mortgage or Section 8 contract term. Built into these rents is a modest, limited dividend return on the owner's investment.

New residents of Section 221(d)(3) BMIR properties can have incomes up to 95% of area median income (AMI), while those in 236 properties can have incomes up to 80% of AMI, though the median annual household income for residents of these properties is between \$11,000 and \$12,000. New residents in units receiving project-based Section 8 assistance can have incomes of no more than 80% of AMI, with 40% of new admissions required to have incomes below 30% of AMI, regardless of whether the property is also financed by a HUD-subsidized mortgage.

Today, more than 1.5 million households live in homes with project-based assistance. More than two-thirds of these households are headed by a disabled or elderly person.

The purpose of these production programs was to provide a supply of decent homes, with restricted rents, affordable to low and moderate income households. Mortgage subsidy programs with use restrictions keep rents relatively affordable even if surrounding land values and rents rise. Project-based subsidies ensure that apartments are affordable to lower income households even though it may be impossible to build new affordable housing in the same community. In tight housing markets with low vacancy rates, apartments with project-based assistance may be the only source of affordable housing, since landlords in such markets may be unwilling to accept tenant-based vouchers.

What Advocates Need to Know Now

Budget cuts threaten affordable housing and HUD's budget is under extreme pressure. Cuts to the Section 8 program, including to project-based Section 8, could result in the loss of thousands of affordable rental homes. Section 8 funding provides housing for some of the most vulnerable households in America. Program cuts will create a housing crisis for those least equipped to respond. For every 1,000 Section 8 units terminated, 530 seniors and 170 disabled individuals will face the loss of their home.

Energy efficiency. A major challenge facing the owners of project-based rental housing is high energy costs. These properties often operate on tight budgets and rising energy costs can undermine the financial stability of assisted properties.

In response, the 2009 American Recovery and Reinvestment Act (ARRA) included \$250 million for energy efficiency improvements in Section 8 and Section 202/811 properties. Owners had an opportunity to compete for grants or low-cost loans to make the energy efficiency improvements. In exchange, owners must commit to maintaining the property's affordability for another 15 years.

ARRA also increased the funding for the Department of Energy's (DOE) Weatherization Assistance Program, which can be used to increase the energy efficiency of privately owned HUD-assisted multifamily properties. HUD and DOE have taken steps to make it easier for HUD-assisted properties to participate in the Weatherization program by streamlining certain eligibility requirements for these properties. See the article on Weatherization for more information.

What to Say to Legislators

Advocates should call Members of Congress and speak to the person who deals with housing policy with the message that preserving the existing project-based contracts is critical, as is supporting new programs to build new, affordable units with HOME and LIHTCs.

It is incumbent upon the federal government to support affordable rental housing as part of a balanced federal housing policy. A balanced federal housing policy must recognize the urgent need to safeguard our nation's limited

Project-Based Housing Assistance

supply of affordable rental homes. As a complement to public housing and tenant-based vouchers, privately owned, project-based housing is essential to preserving existing affordable rental opportunities.

Additionally, advocates should ask their Members to:

- Support full funding for renewal of all the project-based Section 8 contracts.
- Support legislation to provide tools and incentives to make HUD assisted privately owned housing more energy efficient.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

National Alliance of HUD Tenants · 617-267-9564 · www.saveourhomes.org

National Housing Law Project · 510-251-9400 · www.nhlp.org

National Housing Trust · 202-333-8931 · www.nhtinc.org

See also: *Project-Based Housing: Preservation, Weatherization.*

Project-Based Housing: Preservation

By Toby Halliday, Vice President for Public Policy, National Housing Trust

Affordable rental housing is often at risk of conversion to non-affordable uses. The more affordable the housing, the greater the risk of conversion and the greater impact on current and future households if it is lost. While the term ‘preservation’ encompasses the effort to protect any affordable housing at risk of conversion, advocates tend to focus more on housing that has some ongoing rental subsidy, and specifically on housing with project-based rental assistance such as HUD project-based Section 8 or the USDA Rural Housing Service Section 521 Rental Assistance program. The greatest risk for conversion of these properties occurs when rental assistance contracts expire or when subsidized and regulated mortgages mature or become eligible for prepayment. Properties may also become distressed or face a risk of program termination for a variety of reasons at any time.

While the rate of loss of project-based housing has slowed in recent years, certain categories of affordable apartments with rental subsidies from HUD and USDA Rural Development are still at significant risk.

Issue Summary

Rental housing serves a third of American households, including about half of households below 80% of median income. Decent, safe housing that is affordable to people below 80% of median income, whether federally subsidized or not, can be at risk of conversion to non-affordable use for a variety of reasons: conversion to higher-cost rental, conversion to non-rental use, conversion to non-residential use, or deterioration and removal from the housing stock.

There are several specific conversion risks for rental housing with project-based rent assistance.

Mortgage prepayment. Although Section 236 and 221(d)(3) below market interest rate (BMIR) mortgages had 40-year terms, program regulations allowed most for-profit owners to prepay their mortgages after 20 years. By pre-paying, owners can usually terminate the rent restrictions and income restrictions and any Section 8 rent subsidy if they choose.

Expiring project-based Section 8 assistance contracts. Upon expiration of project-based Section 8 assistance contracts, owners may choose to discontinue (or ‘opt out’ of) their contracts or may decline long-term renewals of the contracts. Longer-term renewals are the best way to preserve the availability of affordable housing, though they are still subject to annual appropriations. If an owner prepays the mortgage or does not renew the project-based Section 8 assistance, he or she is free to increase rents on the formerly assisted units.

Maturing mortgages. Tens of thousands of low income families face escalating rents if tenant and affordability protections are not extended for properties with maturing HUD-subsidized mortgages (such as HUD Section 236, Section 221(d)(3) BMIR, and Section 202 Direct Loans). Residents living in apartments with affordability protections but without project-based Section 8 contracts do not currently qualify for Enhanced Vouchers or other rental assistance when the HUD subsidized mortgage expires.

A National Housing Trust analysis reveals that over the next five years, over 50,000 families and seniors are at risk of rent increases or displacement because HUD-subsidized mortgages have recently matured or are due to mature.

Enhanced vouchers. HUD is required to provide enhanced vouchers to some tenants who would otherwise face dislocation, but although the residents are helped the long-term affordability of the unit itself is lost and the community permanently loses affordable housing. Enhanced vouchers provide a tenant-based rental subsidy to affected tenants and provide higher rents if needed to allow them to stay in the converted property.

Mark-to-Market. Some project-based Section 8 units have rents that exceed market rents. Upon contract renewal, HUD is required to reduce rents to market level, creating a cash crunch for these properties and potentially putting their FHA-insured mortgages at risk of default. To address this problem, Congress enacted the Mark-to-Market program

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in 1997, in which properties with above-market rents that have both FHA-insured mortgages and expiring Section 8 contracts have their rents reduced to market and, in many cases, have their mortgages restructured to support the reduced rents.

Conversely, HUD is also able to raise contract rents to market levels upon renewal for properties in high-cost areas through the Mark-Up-to-Market program. This provides a needed incentive for owners to renew their participation in the Section 8 program when private-sector rents are high, and provide a source of repayment for needed capital improvements.

What Advocates Need to Know Now

While the Administration has recognized the need for action to assist in the preservation of project-based units, advocates must educate new Members of Congress about the importance of preserving affordable housing and fully funding the project-based Section 8 program.

Now is the time for this education effort. There are 96 newly elected members of the House of Representatives and 16 new Senators. Many of these Members are not acquainted with affordable housing programs, how they work, or how they serve their constituents. In the House, many of these new Members will be assigned to the Financial Services Committee, which oversees federal housing programs.

It is important to get to know these new Members and their staffs. Invite them to affordable housing tours, open houses, and ribbon cuttings, and provide them an opportunity to see the important work done in their districts with federal resources.

HUD's budget is under extreme pressure. Cuts to the Section 8 program, including project-based Section 8, could result in the loss of thousands of affordable rental homes.

Tips for Local Success

Maturity of HUD-assisted mortgages and expiration of project-based Section 8 contracts are usually predictable events: for most project-based properties the relevant dates can be determined by reviewing relevant data on the HUD website or from the National Housing Trust (www.nhtinc.org). While HUD and USDA have limited staff and funding dedicated to preservation, transactions to preserve affordable rental housing are usually undertaken and financed by mission-driven organizations with particular expertise in this area. The process of preserving affordable rental housing is complex, and successful preservation requires the active participation of many stakeholders. The most successful local efforts include early identification of properties at risk of imminent conversion, an active partnership of tenants, preservation developers (usually regional or national nonprofits with a track record of preservation), local HUD officials, state and local housing officials, and lenders and investors with a shared commitment to preserving affordable rental housing.

One key element is often a database with information about all the subsidized properties in the area, including risk factors related to possible conversion and information on existing financing needed to help structure a preservation transaction.

What to Say to Legislators

Advocacy for preservation typically requires a process of educating elected officials and their staffs about the need to preserve the housing and the tools that are needed. To that end, advocates should:

- Provide information about HUD-assisted and USDA-assisted housing in the district.
- Develop examples of specific properties or, even better, specific households at risk of displacement.
- Remember to discuss seniors and disabled individuals at risk.
- Invite officials to local housing events, ribbon cuttings, and tours of recently preserved properties.

Advocates should urge their Representative or Senator to:

- Support full funding for the project-based Section 8 program.
- Support efforts to revitalize the Low Income Housing Tax Credit program.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

National Alliance of HUD Tenants · 617-267-9564 · www.saveourhomes.org

National Housing Law Project · 510-251-9400 · www.nhlp.org

National Housing Trust · 202-333-8931 · www.nhtinc.org

For more information on NLIHC's Preservation Catalog project: www.preservationcatalog.org

See also: *Project-Based Housing Assistance, Section 515 Rural Rental Housing.*

Public Housing

By Linda Couch, Senior Vice President for Policy, National Low Income Housing Coalition

Public housing is housing stock that is owned by the government; federal public housing is owned by HUD and administered by local public housing agencies (PHAs).

Additional public housing has not been built in decades. Advocates are thus focused primarily on preserving the public housing stock that remains. Issues facing today's public housing include: generally well-run public housing agencies facing significant federal funding shortfalls; policies like demolition, disposition and the HOPE VI program that have resulted in the nationwide loss of public housing units; and calls for deregulation of public housing, through the expansion of the Moving to Work demonstration program and other efforts, that come at the expense of affordability, deep income targeting, resident participation, and programmatic accountability.

In its FY11 budget request, HUD proposed a new Transforming Rental Assistance (TRA) program. TRA would allow public housing agencies and HUD-assisted housing properties to convert to a new form of HUD rental assistance. HUD's three goals for TRA are: (1) to preserve public and assisted housing by increasing both public and private resources available to them, (2) to give residents in TRA-converted units the ability to move with regular housing choice vouchers, and (3) to increase administrative streamlining by incentivizing the regionalization of voucher administration for TRA-funded agencies. During 2010, HUD made changes to its original TRA proposal, and in December 2010, Representative Keith Ellison (D-MN) introduced his own version, renamed the Rental Housing Revitalization Act (RHRA), which is expected to be reintroduced in 2011. In its FY12 budget request, HUD has requested \$200 million for a demonstration to convert public housing and privately-owned properties with contracts under the rent supplement program, the rental assistance program, and the Section 8 moderate rehabilitation program, to long-term project-based rental assistance or to project-based vouchers.

The nation's 1.1 million units of public housing are administered by a network of the 3,200 local public housing agencies with funding from HUD and resident rents.

History and Purpose

Public housing was established by the Housing Act of 1937. A moratorium on public housing was declared in 1974 by President Nixon as the nation shifted its housing assistance vehicle to the then-new Section 8 rental assistance voucher program and the engagement of the private sector in meeting the nation's housing needs. Federal funds specifically for adding to the public housing stock were last appropriated in 1994, but little public housing has been built since the early 1980s.

In 1996, Congress stopped requiring that demolished public housing units be replaced on a unit-by-unit, one-for-one basis. In 1998, the Quality Housing and Work Responsibility Act (QHWRA; pronounced 'kwha-ra') changed various other aspects of public housing, including public housing's two main funding streams, the operating and capital subsidies. Federal law also capped the number of public housing units at the number each PHA operated on October 1, 1999.

Today, units are being lost through PHA demolition and disposition of units, including through the HOPE VI program, the mandatory and voluntary conversion of public housing to voucher assistance, and the cumulative impact of decades of underfunding and neglect on once-viable public housing units.

Since the mid-1990s, about 200,000 public housing units have been demolished; about 50,000 have been replaced with new public housing units and another 57,000 former public housing families were given vouchers instead of a public

housing replacement unit. Another almost 50,000 units of non-public housing have also been incorporated into these new developments but serve groups with incomes higher than those of the displaced households.

Program Summary

There are more than 1.1 million public housing units in the United States. About 41% of the units are occupied by families with children, 30% are elderly households, and 33% are households headed by people with disabilities. The demand for public housing far exceeds the supply. In many large cities, waiting list times can be 10 years or longer.

Access to public housing is means-tested. All public housing households must be low income (meaning income less than 80% of the area median) and at least 40% of new admissions in any year must be extremely low income (meaning income less than 30% of the area median). PHAs can also establish local preferences for certain populations, such as the elderly, people with disabilities, veterans, full-time workers, domestic violence victims, or people who are homeless or who are at risk of becoming homeless.

As in other federal housing assistance programs, residents of public housing pay the highest of (1) thirty percent of their monthly adjusted income, (2) ten percent of their monthly gross income, (3) their welfare shelter allowance, or (4) a PHA-established minimum rent of up to \$50.

The federal public housing stock is owned by HUD and managed by public housing agencies. PHAs are responsible for maintaining the housing, collecting rents, managing waiting lists, and other activities related to the operation and management of the housing (most PHAs also administer localities' Housing Choice Voucher programs).

Most PHAs are required to complete annual and five-year Public Housing Agency Plans, which detail many aspects of their housing programs, including waiting list preferences, grievance procedures, plans for capital improvements, service, and minimum rent requirements. These plans are submitted to HUD and represent a key way for public housing residents, voucher holders, and community stakeholders to participate in the planning process of the public housing agency.

PHAs receive two annual, formula-based grants from HUD: operating subsidies and capital subsidies.

Public Housing Operating Fund. The public housing operating subsidy is designed to make up the balance between what residents pay in rent and what it actually costs to operate the public housing. Federal subsidies pay for about 60% of actual operating expenses, and the remainder is derived from tenant rent payments. Major operating costs include building maintenance, a portion of utilities, services for residents, and PHA employee salaries and benefits.

HUD's new operating formula system, referred to as Asset Management, will base an agency's operating subsidy on a property-by-property basis, rather than the current PHA-by-PHA basis. If, compared to the current formula, a PHA gains operating subsidy with the new formula, the addition will be phased in over two years. Conversely, if a PHA loses subsidy under the new formula compared to the old, then the loss can only be tempered (and potentially arrested) by that PHA's conversion to asset-based management. After a gradual implementation of losses, all properties will be converted to the asset management model by October 1, 2011.

Public Housing Capital Fund. The capital fund is also appropriated annually by Congress and is distributed by HUD to PHAs based on a formula. The capital fund can be used for modernization, including developing, rehabilitating and demolishing units, replacement housing, and management improvements. There is a more than \$22 billion backlog for capital fund repairs in public housing. HUD is currently working to complete a capital needs assessment of the nation's public housing; the last such assessment was done in 2000.

Moving to Work. A key public housing issue is the Moving to Work (MTW) demonstration program that provides a limited number of housing agencies flexibility from most statutory and regulatory rules. Because this demonstration program has not been evaluated and the potential for harm to residents and the long-term health of the PHAs are at stake, NLIHC believes the MTW program is not ready for expansion or permanent authorization.

Public Housing

Various legislative vehicles have sought to maintain and expand the current MTW program. Today, there are 30 PHAs still performing their demonstrations. Some of the original MTW demonstration agreements have ended while the program has grown incrementally through language in the HUD appropriations bills. In 2009, MTW agencies signed new 10 year agreements.

Funding

For FY10, the public housing capital fund was funded at \$2.5 billion, and the operating fund at \$4.78 billion, both increases over FY09 levels. In addition, the federal government's 2009 stimulus bill (the American Recovery and Reinvestment Act or ARRA) provided \$4 billion for the public housing capital fund, \$3 billion of which HUD awarded through its formula allocation and \$1 billion through a competition. If PHAs remain at FY10 funding in FY11, their operating and capital budgets will be stretched to the limit. Any cut below the FY10 level will lead to cuts to local PHA operating budgets as well as mounting capital repair backlogs. To low income people in need of affordable housing, cuts would mean that vacant units will be made available to new households at a slower pace than usual and that maintenance and staffing will suffer.

For the first year since FY02, FY10's operating funding level was at 100% of what HUD's own data say is necessary to support the operation of the nation's public housing.

What Advocates Need to Know Now

In addition to the need to fully fund the operating fund and make sufficient progress to address the massive capital needs backlog, many other public housing issues will be on the table in 2011. In 2010, Representative Maxine Waters (D-CA) introduced broad public housing legislation that would authorize a version of HUD's Choice Neighborhoods Initiative, would reform the demolition and disposition process, and would provide PHAs greater access to tools to preserve their units. Senator Robert Menendez (D-NJ) also introduced a version of Choice Neighborhoods Initiative authorization in 2011. These bills are expected to be reintroduced in 2011.

Rental Housing Revitalization Act. In a major new initiative, HUD, as part of its FY11 request, sought \$350 million for a new Transforming Rental Assistance (TRA) program, aimed in large part at allowing the voluntary conversion of up to 300,000 units of mostly public housing to a new form of rental assistance. HUD's TRA proposal would begin to streamline HUD's more than 13 rental assistance funding streams into one new and streamlined program. TRA had three broad goals: streamlining the funding and regulation of HUD's rental assistance programs, helping to infuse properties with federal subsidies that can help attract private capital, and providing residents of these units with the ability to move with a housing choice voucher. (Currently, neither public housing residents nor tenants in project-based assisted housing have this mobility option.) According to HUD, the new program would maintain income-based rents, allow owners to be in a position to address immediate and long-term needs of their properties, and maintain essential resident protections. In its FY12 request, HUD is expected to ask for funding to achieve similar objectives.

In December 2010, Representative Keith Ellison (D-MN) introduced his version of TRA, renamed the Rental Housing Revitalization Act (RHRA). The proposal made some key improvements to HUD's 2010 proposal but many in Congress and many stakeholders remain skeptical of bringing private mortgages to public housing. However, there is a realization that the status quo is causing a significant annual loss of public housing units and steps need to be taken to stop the rapid disappearance of public housing units from the nation's affordable housing inventory. Mr. Ellison's bill would allow, but not require, public housing agencies and some assisted housing owners to convert their current subsidy streams to new property-based rental assistance contracts. The new contracts would provide increased funding to the converted units. This additional funding could then be used to leverage private resources sufficient to preserve the housing. Funding for public housing has lagged significantly behind need for decades, causing more than 10,000 public housing units a year to leave the federal housing inventory. This bill would put policies and opportunities in place to arrest such losses, protect tenants, and preserve housing.

What to Say to Legislators

Advocates should ask Members of Congress to:

- Maintain funding for the public housing operating and capital funds.
- Enact additional public housing preservation tools that maintain at least the existing number of public housing units while protecting residents' rights, affordability, and income targeting.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

Center for Budget and Policy Priorities · 202-408-1080 · www.cbpp.org

National Housing Law Project · 415 546 7000 · www.nhlp.org

See also: *Housing Choice Vouchers, Public Housing Agency Plans, Moving to Work/Housing Innovation Program, HOPE VI/Choice Neighborhoods Initiative.*

Public Housing Agency Plan

By Ed Gramlich, Regulatory Director, National Low Income Housing Coalition

The Public Housing Agency Plan (PHA Plan) is the collection of a public housing agency's key policies (such as admissions policies) and program intentions (such as demolition). There is a 5-Year Plan with Annual Plan updates. The PHA Plan was meant to ensure local accountability through resident and community participation. Prior to the Obama administration, however, various administrative and legislative efforts weakened PHA Plans.

PHA Plans are administered by some local public housing agencies, with oversight by HUD's Office of Public and Indian Housing.

History and Purpose

The Quality Housing and Work Responsibility Act of 1998 (QHWRA, pronounced 'kwha-ra') established the PHA Plan because of the significant devolution of authority provided to public housing agencies (PHAs) in that bill. The PHA Plan was meant to ensure local accountability through resident and community participation opportunities. Resident Advisory Boards (RABs) were also created in QHWRA to ensure public housing residents and voucher assisted households can fully participate in the PHA Plan process.

In June 2004, HUD issued regulations to streamline the Annual Plan requirements for PHAs with fewer than 250 public housing units and any number of voucher units. These PHAs were only required to submit certifications regarding capital improvement needs and civil rights compliance. This regulatory streamlining was broadened in 2008, when Congress enacted several reforms that greatly diminish the Annual Plan requirements for PHAs that administer fewer than 550 combined units of public housing and vouchers. Also in 2008, HUD took administrative action to dilute the information provided to residents and the general public through the PHA Plan 'template.'

Program Summary

All PHAs must develop 5-Year PHA Plans that describe the overall mission and goals of the PHA regarding the housing needs of low income families in its jurisdiction. Larger PHAs must also develop an Annual Plan, which is a gathering together of a PHA's key policies (such as those applying to admissions, income targeting, rents, pets, etc.) and program intentions (such as demolition or disposition). However, only a short PHA Plan template has to be submitted to HUD each year.

See chart on page 177 for all of the components of the Annual Plan.

Resident Advisory Boards (RABs). As part of this planning process, PHAs are required to have at least one Resident Advisory Board (RAB) to assist in the development of these PHA Plans and any 'significant amendments.' RAB membership must adequately reflect and represent residents served by the PHA, including voucher holders if they make up at least 20% of all those assisted.

In order to ensure that RABs can be as effective as possible, the PHA must allocate reasonable resources to provide 'reasonable' means for the RAB to: become informed about programs covered by the PHA Plan; communicate with residents in writing and by telephone; hold meetings with residents; and, get information through the internet.

The PHA must 'consider' RAB recommendations when preparing a final PHA Plan or any significant amendment to it. A copy of the RAB's recommendations and a description of whether those recommendations were addressed must be included with the final PHA Plan.

Resident and community participation. The law and regulations provide for a modest public participation process.

- The PHA must conduct 'reasonable' outreach to encourage broad public participation.
- The PHA's board of commissioners must invite public comment regarding a proposed PHA Plan and conduct a public hearing to discuss it. The hearing must be held at a location convenient to PHA residents.

- At least 45 days before the public hearing, the PHA must:
 - Make the proposed PHA Plan, required attachments, and other relevant information available for public inspection at the PHA's main office during normal business hours.
 - Publish a notice indicating the date, time, and location of the public hearing, as well as the availability of the proposed PHA Plan.
- The final, HUD-approved PHA Plan, along with required attachments and other related documents, must be available for review at the PHA's main office during normal business hours.
- 'Small' PHAs submitting 'streamlined' Annual PHA Plans must certify that any revised policies and programs are available for review at the PHA's main office during normal business hours.

There are four places in the regulations indicating that writing and calling HUD to complain about the PHA Plan might secure attention and relief from HUD.

- (1) If a RAB claims in writing that the PHA failed to provide adequate notice and opportunity for comment, HUD may make a 'finding' and hold up approval of a PHA Plan until this failure is remedied.
- (2) Before approving a PHA Plan, HUD will review "any...element of the PHA's Annual Plan that is challenged" (by residents or the public).
- (3) HUD can decide not to approve a PHA Plan if it or one of its components:
 - Does not provide all of the required information.
 - Is not consistent with information and data available to HUD.
 - Is not consistent with the jurisdiction's Consolidated Plan (see Consolidated Plan entry).
- (4) To ensure that a PHA complies with all of the policies adopted in its HUD-approved PHA Plan, "HUD shall, as it deems appropriate, respond to any complaint concerning PHA noncompliance with the plan...HUD will take whatever action it deems necessary and appropriate."

'Significant' amendments can only take place after formal adoption by the PHA board of commissioners at a meeting open to the public, and after subsequent approval by HUD. 'Significant' amendments are subject to all of the RAB and public participation requirements discussed above.

The PHA Plan must identify the basic criteria that the PHA has for determining what makes an amendment 'significant.' Advocates and residents should be alert to changes to the PHA Plan at any time of the year because any policy or program in it can be modified. Advocates and residents should review the PHA Plan's criteria defining 'significant' amendments, and work to change them if they are written so that few modifications would be judged 'significant' and therefore escape the RAB and public participation requirements.

What Advocates Need to Know Now

Congress weakened the usefulness of the PHA Plan with changes made in the Housing and Economic Recovery Act of 2008 (HERA). This law includes a provision greatly diminishing PHA Annual Plan requirements for PHAs that administer fewer than 550 combined units of public housing and vouchers. Because of the 2008 law, 75% of the nation's PHAs, which administer 21% of public housing units and 11% of all vouchers, are exempt from developing an Annual Plan. These small 'Qualified PHAs' only need to certify that they are complying with civil rights law, and that their 5-Year PHA Plan is consistent with the local or state government's Consolidated Plan. Small PHAs must still hold a public hearing annually regarding any proposed changes to the PHA's goals, objectives, or policies. They must also have RABs and respond to RAB recommendations at the public hearing.

On February 7, 2011 HUD published a proposed rule that would put the changes made for Qualified PHAs into the regulations. As part of that proposed rule HUD would also eliminate a key sentence in the existing regulations which explains that the purpose of the PHA Plan is "to provide a framework for local accountability and an easily identifiable source by which public housing residents, participants in the tenant-based assistance program, and other members of the public may locate basic PHA policies, rules and requirements concerning the PHA's operations, programs and services." HUD also took action in 2008 to weaken the usefulness of the PHA Plan for larger PHAs. Previously, HUD required public housing agencies to use a computer-based PHA Plan template. This was a very helpful outline of all of the PHA Plan components required by the law (see chart). But HUD drastically diminished the template in 2008, reducing it from a helpful 41-page, easy to access electronic guide, to a mere page and a half form, making it much more difficult for residents and the public to know what the law requires and what has changed at the PHA over the previous year.

Public Housing Agency Plan

The new PHA Plan template makes it more difficult for residents and others to understand the PHA Plan process, engage in it, and have access to information associated with the 19 statutorily required PHA Plan components. The new template merely asks PHAs to indicate which of the long list of components was revised, not how the components were revised. Residents and other advocates will receive significantly less information about revisions included in the Annual Plan. Finally, there will no longer be a list of plan components prompting residents and others to proactively recommend their own revisions to the Annual Plan.

NLIHC is concerned that resident involvement in the PHA Plan will diminish due to the loss of guidance in the revised PHA Plan template. The new template includes far fewer reminders about the role of the RAB in developing the PHA Plan. The template no longer includes the description of the process for electing residents to the PHA Board or the list of RAB Members or residents on the PHA Board.

PHA Annual Plans should be enhanced to provide additional data on:

- The number of Annual Contributions Contract (ACC) units the PHA has, by development; the occupancy level at each development; and a plan to reduce any development's vacancy rate that is above 3%.
- The number of ACC units planned for redevelopment that will no longer be available or affordable to extremely low income households.
- The number of authorized housing vouchers the agency has and the number of these vouchers under lease.
- The PHA's Section 8 Management Assessment Program (SEMAP) ratings, any audits of the agency performed by the HUD Secretary, and any corrective action the agency took regarding SEMAP or audit findings.

In addition, NLIHC believes that more PHAs must be required to comply with the PHA Plan so that residents and community members can have an opportunity to learn about and participate in the decisions affecting the nation's investments in public housing and vouchers.

Tips for Local Success

Participate in the development of your local agency's PHA Plan. Work with your local PHA to find out the PHA Plan schedule (dates PHA Plans are due to HUD are based on PHAs' fiscal year start dates). Ask the PHA to provide notice well in advance of the required public hearing, and ask specifically about proposed changes from the previous year. Advocates should review all PHA Plan components thought important, and should prepare written comments as well as comment at the public hearing. Advocates should work with others, especially residents of public housing, voucher holders, and other low income people, to increase participation in the PHA Plan process. All year long advocates should be on the lookout for 'significant' amendments; submit written comments as well as verbal comments at the public hearing required for significant amendments.

What to Say to Legislators

Early in 2010, the public housing industry prepared a long list of proposed legislative changes that would affect smaller PHAs (those with fewer than 550 public housing units plus vouchers, combined). That proposal sought to prohibit HUD from requiring small PHAs to submit any report, plan, or other information not required of owners of private, project-based Section 8. This proposal was not taken up by Congress in 2010, but could surface again.

Advocates should let their Members of Congress know that:

- The PHA Annual and 5-Year Plans are important, local tools that should be expanded to more PHAs, protected from further dilution, and enhanced to require more components of concern to residents and other community members.
- HUD's diminished template for Annual PHA Plan submission should be returned to its original state.
- Any new form of rental assistance should include mechanisms approximating robust PHA Plans to ensure resident and other community participation in the operation and future of the federal housing investment.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

National Housing Law Project · 510-251-9400 · www.nhlp.org

HUD's web page for locating your PHA Plan is www.hud.gov/offices/pih/pha/approved/

What's in the Annual PHA Plan?

- a) **Housing Needs** of extremely low, very low, and low income families, elderly families, disabled families, and those on public housing and Section 8 waiting lists.
- b) **Tenant Eligibility, Selection, and Admissions Policies** as well as waiting list procedures, admissions preferences, unit assignment policies, and race and income decentralization.
- c) **Financial Resources** and planned uses of these resources for the upcoming year listed in categories such as operating funds, capital funds, other federal funds and non-federal funds.
- d) **Rent Determination** including rent policies for tenants and landlords receiving vouchers.
- e) **Operations and Management** of facilities, including PHA programs, their organization, and policies governing maintenance (including those policies regarding pest infestation).
- f) **Grievance Procedures** for residents and applicants.
- g) **Capital Improvement Needs** and planned actions for the long-term physical and social health of public housing developments. Should include plans and costs for the upcoming year and a 5-year plan.
- h) **Demolition and Disposition Plans** that the PHA has applied for, or will apply for, including timetables. For more information about demolition/disposition, see pages 19 and 20 of NLIHC's The Preservation Guide: Federal Housing and Homeless Plans, available at www.2398.ssldomain.com/nlihc/doc/Preservation-Guide2010.pdf
- i) **Designation of Public Housing for Elderly or Disabled** identified.
- j) **Conversion of Public Housing** to tenant-based vouchers as specified in Section 33 or Section 22. For more information on conversions, see pages 20 and 21 of NLIHC's The Preservation Guide: Federal Housing and Homeless Plans, www.2398.ssldomain.com/nlihc/doc/Preservation-Guide2010.pdf.
- k) **Homeownership Programs** described [such as Section 8(y) or Section 5(h)].
- l) **Community and Self-Sufficiency Programs** that aim to improve families' economic or social self-sufficiency (including Section 3 jobs efforts) and that will fulfill community service requirements.
- m) **Safety and Crime Prevention** including coordination with police.
- n) **Pets** policy.
- o) **Civil Rights** as reflected in a formal pledge that the PHA will comply the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act, and the Americans with Disabilities Act.
- p) **Financial Audit** from the most recent fiscal year.
- q) **Asset Management** for long-term operating, capital investment, rehabilitation, modernization, or sale of the PHA's inventory.
- r) **Domestic Violence** activities, services, or programs that prevent or serve victims of domestic violence, dating violence, sexual assault, or stalking as added by the Violence Against Women Act of 2005 (VAWA).
- s) **Additional Information** including progress in meeting or deviating from the PHA's mission and goals as listed in the 5-Year Plan.

Qualified Allocation Plan

By Ed Gramlich, Regulatory Director, National Low Income Housing Coalition

The federal Low Income Housing Tax Credit program requires each state agency that allocates tax credits (generally called a housing finance agency) to have a Qualified Allocation Plan (QAP). The QAP sets out the state's eligibility priorities and criteria for awarding federal tax credits, as well as tax-exempt bonds and any state-level tax credits, to housing projects.

The QAP is a tool advocates can use to influence how their state's share of annual housing tax credits is allocated to affordable housing projects. Advocates can use the public hearing and comment requirements to convince their housing finance agencies to better target tax credits to projects that house people with extremely low income, locate projects in priority areas, and preserve the existing stock of affordable housing.

Plan Summary

The QAP is a document that state, and a few local, agencies must have in order to distribute federal Low Income Housing Tax Credits (LIHTCs), which can be awarded only to a building that fits the QAP's priorities and criteria. Each QAP must spell out a housing finance agency's (HFA) priorities and specify the criteria it will use to select projects competing for tax credits. The priorities must be appropriate to local conditions.

The QAP must also give preference to projects:

- Serving residents with the lowest income.
- Serving income-eligible residents for the longest period of time.
- Located in qualified census tracts (QCTs), which are tracts with a poverty rate of 25% or in which 50% of the households have incomes below 60% of the area median income (AMI).

The selection criteria must address 10 items: (1) location, (2) housing needs, (3) public housing waiting lists, (4) individuals with children, (5) special needs populations, (6) whether a project includes the use of existing housing as part of a community revitalization plan, (7) project sponsor characteristics, (8) projects intended for eventual tenant ownership, (9) energy efficiency, and (10) historic nature. These requirements are minimums; states can adopt more rigorous criteria that target advocates' priority populations and locations.

HFAs can target tax credits several ways:

- The QAP selection process can give preferences, in the form of extra points, to encourage developers to submit projects more likely to serve particular populations or locations; for example, by awarding 10 bonus points to projects that set aside 20% of the units for special needs populations.
- The QAP can establish a set-aside, reserving a specific percentage or dollar amount of any given year's tax credit allocation for projects more likely to serve particular populations or locations; for example, a \$2 million set aside for rural projects.
- The QAP can establish thresholds, minimum requirements that projects must meet simply to get in the game, thus improving targeting to particular populations or locations; for example, requiring a 50-year income-eligible compliance period.

Tips for Local Success

Because each state gets a new allocation of LIHTCs each year, QAPs are usually drafted annually. This gives advocates regularly scheduled opportunities to influence QAP priorities. LIHTCs are often in high demand among developers; therefore, they propose projects that address the priorities set forth in the QAP to give themselves an advantage in the selection process.

Advocates should assess the QAP. If it only has a general statement of goals, advocates can work to get very specific set-asides or preference points for their priorities. If the QAP has too many priorities, this will render individual priorities less meaningful; advocates should work to narrow the number of priorities or work to establish relative priorities so their priorities can compete more effectively.

If there are types of assisted housing that should be at the top of the priority list, advocates should work to ensure that they are positioned to better compete. For example, if there is a great need for units with more than two bedrooms, advocates might promote a QAP policy offering bonus points for projects providing units with two or more bedrooms for at least 10% of all low income units. To facilitate rural projects, advocates might try to secure QAP policies that give bonus points to projects with fewer than 50 units.

Advocates can also argue for features that protect tenants. For instance, bonus points for projects that do not permanently displace residents, or a QAP policy precluding tax credit assistance for projects that do not provide one-for-one replacement of units lost through redevelopment. Advocates should review the QAP to find out how long targeted units must serve people with lower incomes. If the QAP only requires the basic 15 years, plus extended use period of another 15 years, advocates should try to get the compliance period lengthened as a threshold issue, or try to get bonus point preferences or set asides for projects that voluntarily agree to a longer compliance period.

Procedural steps advocates can take to improve the QAP. There must be a public hearing about a proposed QAP before it is approved by the unit of government overseeing the HFA, but there are no specific requirements for the public hearing. Although not required, most states also provide for a public review and comment period for a proposed QAP.

Advocates should contact the HFA early to learn about its annual QAP process and build this into their work plan for the year. In addition, advocates should be sure to get on any notification list the HFA might have about the QAP and public hearing. Advocates should also develop relationships with the HFA's governing board and communicate the advocate's priorities throughout the year. Not all communication must take place in the context of the formal QAP process. Informal contacts can be used effectively to advance an advocate's priorities.

Once an HFA has decided to award tax credits to a building, it must notify the chief executive officer of the local jurisdiction where the building is located (such as the mayor or county executive). That official must have a reasonable opportunity to comment on the project. Advocates should ask the executive's office and any relevant housing department at the locality to notify them as soon as the HFA contacts the executive about a proposed project. Even better, advocates should seek a local policy requiring public notice and comment, along with public hearings, about a proposed project.

Before tax credits are allocated, there must be a comprehensive market study of the housing needs of low income people in the area a project is to serve. The project developer must hire a disinterested third party approved by the HFA to conduct the market study.

If a building that does not fit the QAP's priorities is to get tax credits, the HFA must provide a written explanation and make it available to the public.

For More Information

HUD's HOME Program web site has links to a firm which lists the HFAs in all states at: www.novoco.com/low_income_housing/lihtc/information_state.php

This link also is a source of state QAPs: www.novoco.com/low_income_housing/lihtc/qap_2010.php

See also: *Low Income Housing Tax Credit Program*.

Resident Participation in Federally Subsidized Housing

By Ed Gramlich, Regulatory Director, National Low Income Housing Coalition

Subsidized housing residents have important personal perspectives on how established and emerging subsidized housing policies impact their needs; consequently, they have good ideas about how their developments should be managed. Resident participation in all aspects of housing management is critical to the long-term success of federal housing programs.

HUD has three major programs that provide rent subsidies to approximately 4.4 million households nationwide. These programs are the public housing program, private multifamily HUD-assisted rent programs, and the Section 8 Housing Choice Voucher program. Each of these programs has its own set of challenges and opportunities related to resident participation.

Public Housing

There are a number of HUD policies that help support the participation of all public housing residents in public housing agency (PHA) decision making.

PHA Plan process. Opportunity for resident participation can be found in the annual and five-year planning process, collectively called the PHA Plan, required by the Quality Housing and Work Responsibility Act (QHWRA; pronounced 'kwa-ra'). Many PHAs only have minimal PHA Plan resident engagement requirements, but the process does open the door for residents and other community members to interact and influence PHA decisions.

Resident Advisory Boards. QHWRA created Resident Advisory Boards (RABs) to ensure public housing residents and voucher-assisted households can meaningfully participate in the PHA Plan process. RABs consist of residents who are elected to represent the population served by the housing agency. By law, PHAs must provide RABs with reasonable resources to enable them to function effectively and independently of the housing agency.

Part 964 Right to organize regulations. A federal rule provides public housing residents with the right to organize and elect a resident council to represent their interests. This regulation, Part 964 of Title 24 of the Code of Federal Regulations (24 CFR Part 964), spells out residents' rights to participate in all aspects of public housing operations, including improvements and modernization, new programs and services, and new policies and procedures. The rule defines the obligation of HUD and PHAs to support resident participation activities through training and other activities.

A resident council is a group of residents who represent the interests of the residents and the projects they live in. Some resident councils are made up of members from just one property, so a PHA could have a number of resident councils. Other resident councils, known as 'jurisdiction-wide' councils, are made up of members from many properties. A resident council is different from a RAB because the official role of a RAB is limited to helping shape the PHA Plan. Resident councils can select members to represent them on the RAB.

Funding for resident participation. Most PHAs are required to include funding for resident participation activities in their annual operating budget. This funding, an amount equal to \$25 per occupied unit per year, is funneled to resident councils to fund activities such as training and organizing.

Resident commissioners. The law also mandates that every PHA, with a few exceptions, have at least one person on its governing board who receives assistance from the agency (either a public housing resident or voucher holder). HUD's rule regarding the appointment of resident commissioners states that residents on boards should be treated no differently than non-residents.

Resident Opportunities and Self-Sufficiency program. HUD's Resident Opportunities and Self-Sufficiency program (ROSS) is designed to link public housing residents with supportive services, resident empowerment activities, and

other assistance in becoming self-sufficient. Competitive grants under the ROSS program can be awarded to PHAs, resident councils, resident organizations, and other entities. ROSS funds have been appropriated annually by Congress, followed by a Notice of Funding Availability (NOFA) from HUD inviting eligible applicants to compete for the funds. In FY10 the ROSS program was funded at \$50 million, but HUD requested no additional funding for ROSS in FY11 or FY12.

Housing Choice Vouchers (Section 8). Approximately 2 million households receive tenant-based assistance through the Housing Choice Voucher Program. Housing Choice Voucher holders, generally referred to as Section 8 voucher holders, are among the most difficult residents to organize because they can choose a private place to rent anywhere in the PHA's market, so are less likely to live close to or have contact with each other.

Participating in PHA Plan processes. At the local level voucher holders can play a key role in shaping PHA policies by participating in the annual and five-year PHA Plan process. PHAs make many policy decisions affecting voucher holders, such as setting minimum rents, developing admissions criteria, determining the amount of time a voucher holder has to search for a unit, preferences for people living in the PHA's jurisdiction, as well as creating any priorities for allocating newly available vouchers to categories of applicants (for example, homeless individuals, families fleeing domestic violence, working families, or those with limited English-speaking capability).

Participation in Resident Advisory Boards. Voucher holders can play an integral role in setting the agenda for local PHAs because the RAB regulations (see the public housing section above) require reasonable representation of voucher holders on the RAB when there are a significant number of voucher holders assisted by the PHA. The PHA Plan process and the requirement that voucher holders be included on the RAB offer an excellent platform for organizing voucher holders in order to amplify their influence in the decision making affecting their homes.

Privately Owned, HUD-Assisted Multifamily Housing (Project-based Section 8 Rental Assistance)

Tenants' right to organize. Regulations require owners of privately owned but HUD-assisted multifamily housing to recognize tenant unions or organizing committees that meet regularly, are democratic, and are completely independent of owners and management agents. These regulations, at 24 CFR Part 245, recognize the right of tenants to leaflet, door-knock, post notices, and convene meetings without management present and without prior notice to or permission from management. Residents can invite outside organizers to assist them. HUD-funded organizers have the right to go into a building without a tenant invitation to help residents organize.

In addition:

- On June 18, 2010 HUD sent a letter to all owners and management agents highlighting key features of Part 245, emphasizing the right of tenants to organize and repeating the list of protected tenant organizing activities. The letter also states that HUD is in the process of developing a Housing Notice that will detail civil monetary penalties that HUD could impose on an owner or manager failing to comply with Part 245.
- HUD has published a brochure, *Resident Rights and Responsibilities*, which clarifies that tenants have the right to organize free of management harassment or retaliation. This brochure must be distributed annually to all HUD tenants.
- HUD's Model Lease, which is applicable to all HUD tenants, explicitly refers to the right to organize in the regulations.
- The Management Agent Handbook requires owners to recognize tenant unions and specifies management practices that would violate tenants' rights and therefore potentially result in HUD-imposed sanctions.
- The civil monetary penalties regulation (24 CFR Part 30) allows HUD to assess fines on owners or management agents for egregious violations of tenants' right to organize.

In addition, over the years, Congress and HUD have expanded the formal process for tenant participation in decisions affecting HUD-assisted housing. For example, HUD must notify tenants about a pending auction or sale of their building if it is owned by HUD or is under HUD foreclosure, so that tenants can either submit a purchase offer as a nonprofit or limited-equity cooperative or support purchase by others. When owners choose to go into HUD's Mark-to-Market program, HUD is required to notify tenants prior to a first and second tenant meeting so that tenants can comment on the owner's plans to rehabilitate the building and change the financing.

Funding for resident participation. For a few years, Congress provided funds to help tenants organize, primarily so that they could understand and influence the future of their homes when a development's Section 8 contract expires.

Resident Participation

The Outreach and Training Assistance Grant (OTAG) and Intermediary Technical Assistance Grant (ITAG) programs were established by Section 514(f) of the Multifamily Assisted Housing and Reform Affordability Act (MAHRAA), enacted in 1998. Section 514 requires HUD to establish procedures to provide opportunities for tenants to participate in rental assistance assessment plans and in the mortgage restructuring process during any proposed transfer of the property. However, OTAG grants have not been awarded since 2001, even though the statute requires up to \$10 million be set aside annually. (Funding was withheld due to concerns HUD had raised about administrative and accounting problems in the program, which are not believed to have been widespread.) These three year grants went to locally based tenant organizing projects or nonprofit organizations to 'organize the unorganized' tenants at the city or state level.

For FY11 HUD stated its intention to make up to \$10 million available for tenant resources, information, and outreach grants, which would provide financial assistance to tenant groups, nonprofit organizations, and public entities for building the capacity of tenant organizations for, among other goals, the preservation of the multifamily assisted housing stock and for tenant services. HUD staff have suggested that a Notice of Fund Availability (NOFA) might be issued sometime in spring 2011 announcing a new outreach and education approach called the Tenant Resource Network.

What Advocates Need to Know Now

The number of PHAs that must complete PHA Plans has been substantially reduced by Congress. Furthermore, in 2008, HUD used its administrative powers to dramatically weaken the usefulness of the PHA Plan for residents and other community members.

Although HUD might announce the availability of funds for tenant outreach and education at subsidized private multifamily projects (the Tenant Resource Network) the amount of funds will probably not be sufficient to address all needs, and the availability of funds in future years remains uncertain.

In the 112th Congress, advocates should keep engaged with HUD's rental assistance demonstration (previously known as Transforming Rental Assistance) to ensure that resident participation requirements are included in any new housing subsidy stream. Advocates should also work to protect and expand current resident participation opportunities in the PHA Plan and in assisted housing preservation. The President did not request specific funds for ROSS in FY11 or FY12; advocates must work to achieve this program's funding.

What to Say to Legislators

- Fund the public housing Resident Opportunity and Self Sufficiency (ROSS) program at \$50 million in FY12.
- Reverse HUD's administrative weakening of the PHA Plan and Congress's 'streamlining' of the Plan's requirements for 75% of the nation's PHAs.
- Support resources that allow qualified and independent organizations to provide outreach and training to HUD assisted housing tenants threatened with the loss of their housing.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

24 CFR Part 245, Tenant Participation in Multifamily Housing Projects:
www.access.gpo.gov/nara/cfr/waisidx_10/24cfr245_10.html.

24 CFR Part 964, Tenant Participation and Tenant Organizing in Public Housing Regulations:
www.access.gpo.gov/nara/cfr/waisidx_09/24cfr964_09.html.

HUD's Resident Rights and Responsibilities brochure: www.hud.gov/offices/hsg/mfh/gendocs/mfhrrr.pdf

National Alliance of HUD Tenants · 617-267-9564 · www.saveourhomes.org

National Housing Law Project · 415-546-7000 · www.nhlp.org

See also: *Public Housing Agency Plan, Project-Based Housing: Preservation.*

Rural Innovation Fund/Rural Housing and Economic Development

By Leslie R. Strauss, Senior Policy Analyst, Housing Assistance Council

From FY99 through FY09, the Rural Housing and Economic Development (RHED) program provided funding and information resources to support innovative affordable housing and economic development activities in rural communities. For FY10, Congress replaced RHED with the Rural Innovation Fund (Rural Fund), a set-aside within HUD's Community Development Block Grant (CDBG) program. FY10 Rural Fund applications were due in February 2011, so funding decisions have not yet been made.

The Rural Fund/RHED is administered by the Office of Economic Development within HUD's Community Planning and Development office.

History

First funded in FY99, the RHED program was kept alive by Congressional support, despite the Bush Administration's repeated attempts to zero it out in annual budgets.

In its FY10 budget outline released in late February 2009, the Obama Administration pledged to reform RHED "so that it is not duplicative of similar USDA programs." At the Obama Administration's urging, Congress did not fund RHED for FY10, instead creating the Rural Innovation Fund within the CDBG program.

Program Summary

The Rural Fund offers three types of funding. Single Purpose Grants address one kind of need in a target area, such as affordable housing development or support for entrepreneurs. Comprehensive Grants assist larger projects with other partners and other funding sources, addressing social, housing, and economic needs in an area. Economic Development and Entrepreneurship Grants for Federally Recognized Indian Tribes support job creation by for-profit entities.

For Single Purpose Grants and Comprehensive Grants, eligible applicants include local rural nonprofit organizations, community development corporations, federally recognized Indian Tribes, state housing finance agencies, and state economic development and community development agencies (including consortia of such entities). For FY10, applicants responded to a Notice of Funding Availability (NOFA) by submitting specific information about a proposed project or activities in their applications. If the program is funded in FY11 and beyond, HUD will conduct annual funding competitions.

Funding

For FY09, RHED was funded at \$26 million, including \$5 million specifically for tribal economic development and entrepreneurship. For FY10, the Rural Innovation Fund had \$25 million, including \$5 million for tribes. For FY11, the Administration's budget proposed no funding for the Rural Fund, and at press time the fund's fate under a final FY11 continuing resolution was uncertain. The Administration's FY12 budget proposal does contain \$25 million for the Rural Fund.

What Advocates Need to Know Now

RHED has provided flexible funding directly to rural organizations for affordable housing development, and the Rural Fund seems likely to do the same. None of USDA's programs work this way; the program does not duplicate any of USDA's efforts. It also does not duplicate HOME or CDBG because it has more flexible spending requirements.

What to Say to Legislators

Advocates should speak to their Representatives and Senators with the message that rural areas, particularly those with concentrated poverty and housing problems, need continued flexible support for affordable housing development and economic development.

Rural Housing and Economic Development/ Rural Innovation Fund

- Legislators should encourage HUD to support the new Rural Innovation Fund in Administration budgeting and planning. Explain that the Rural Fund/RHED complements, rather than duplicates, USDA programs and other HUD programs.
- Support legislation to authorize the Rural Fund, similar to H.R. 1982, passed by the House of Representatives in July 2007 but never acted upon by the Senate.
- Support FY11 and FY12 funding for the Rural Innovation Fund at a level of at least \$25 million, including \$5 million for tribes.

For More Information

Housing Assistance Council · 202-842-8600 · www.ruralhome.org

HUD's Office of Economic Development · 202-402-4681 · www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/

RuralHousingandEconomicDevelopmentGateway · 877-RURAL-26 · www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/gateway

Second Chance Act

By Lisa Stand, Senior Analyst, National Alliance to End Homelessness

The Second Chance Act of 2008 (SCA) created several new programs designed to address the comprehensive needs, including the housing needs, of people reentering communities from prison. Funding is an ongoing issue for these new programs, as the SCA has so far not been fully funded.

The program is administered by the U.S. Department of Justice, Office of Justice Programs.

History and Purpose

SCA was enacted in April 2008 and is the first legislation to address the needs of the increasing numbers of people who leave prison or local jails to reenter their communities. The principal outcome expected from programs under the Second Chance Act is reduction in rates of recidivism.

In 2009, 725,000 people left state and federal prisons. The numbers are gradually increasing and do not include the estimated 9 million people who are released from local jails. Housing problems are common in reentry, especially for those who are released without further supports from the corrections and public safety systems. Ex-offenders tend to have low incomes, often lack family and social supports, and may encounter barriers to obtaining housing through channels open to other low income people.

One in five people who leave prison becomes homeless immediately or soon thereafter. Preliminary studies also indicate that those who leave prison and become homeless are substantially more likely than those with stable housing to become involved again in the criminal justice system, including re-incarceration.

Program Summary

The Second Chance Act authorizes \$165 million for federal grants from the Department of Justice to government agencies and community and faith-based organizations to provide job training and employment assistance, substance abuse treatment, housing, and other services related to reentry.

The largest component of the SCA funds demonstrations by states and local governments, with the objective of promoting measurably successful reintegration of adults and juveniles. This component includes an opportunity to provide housing to vulnerable adults and youths who are coming home from the corrections system. Other reentry activities in the demonstrations are mental and behavioral health services, case management, family services, job search resources, and life skills education.

For the FY10 funding cycle, the Office of Justice Programs announced 66 demonstration grants for adults and juveniles, totaling more than \$35 million. More than 180 applications were submitted. Applicants are typically state, county and municipal agencies, e.g., a corrections department, though courts and public health departments may be awarded a grant.

In addition to the demonstrations, the Second Chance Act funds a number of separate programs for ex-offenders. Housing is not an eligible activity of these programs, but they do expand access to services that may be a necessary part of a reentry housing program, e.g., mentoring, substance abuse treatment, and family services for children of drug-related offenders.

Another significant component of the Second Chance Act is the National Reentry Resource Center, created in 2009 and operated under a grant to the Council of State Governments, Justice Center. The Center collects and disseminates best practices and provides training and support for reentry efforts.

Funding

The Second Chance Act was initially authorized at \$165 million per year. In the past two fiscal years, funding has been substantially less than authorized. In FY10, Congress appropriated \$100 million, and this amount has been carried over in 2011 through the Continuing Resolutions. The President's proposed FY12 budget also asks for \$100 million.

Second Chance Act

Tips for Local Success

Housing advocates can encourage eligible agencies to apply for demonstration grants with housing components, emphasize the importance of stable housing for people leaving jail or prison, and then support a strong plan to contract with experienced housing providers. It is important for housing advocates to understand that federal policymakers will not focus on housing outcomes per se, but will instead look at re-arrest rates to assess the success of the Second Chance Act. Therefore, proposals to use SCA funds for housing should center on the impact housing will have on recidivism.

What to Say to Legislators

Advocates should ask their Members of Congress to support full funding of \$165 million for the Second Chance Act in FY12.

For More Information

National Alliance to End Homelessness · 202-638-1526 · www.endhomelessness.org

National Reentry Resource Center · www.nationalreentryresourcecenter.org/

Office of Justice Programs, Bureau of Justice Assistance Programs · www.ojp.usdoj.gov/BJA/grant/SecondChance.html

Reentry Policy Council · 212-482-2320 · http://reentrypolicy.org/government_affairs/second_chance_act

Section 3: Job Training, Employment and Business Opportunities Related to HUD Funding

By Catherine M. Bishop, Staff Attorney, National Housing Law Project

Section 3, Economic Opportunities for Low and Very Low Income Persons, requires recipients of HUD housing and community development funding to provide “to the greatest extent feasible” job training, employment, and contracting opportunities for low and very low income residents and eligible businesses.

The Section 3 obligation is too often ignored by the recipients of the HUD funds and not enforced by HUD or the local recipients; therefore the potential of the program is unrecognized or underused by low and very low income workers and qualified businesses and their advocates. However, both lawmakers and current HUD officials have expressed interest in strengthening the program in recent years.

Oversight responsibility for Section 3 rests with HUD’s Office of Fair Housing and Equal Opportunity. HUD is charged with monitoring and determining if local recipients of HUD housing and community development funds are meeting their obligations. In addition, those local recipients have the responsibility to ensure that the obligations and goals of Section 3 are met by local contractors.

History

The Section 3 obligation was created as part of the Housing and Urban Development Act of 1968, which at the time was described as “the most farsighted, the most comprehensive, the most massive housing program in all American history.” Section 3 was a component of that act which strove to improve the quality of life of all Americans. The Section 3 statute has been amended four times; each time the amendments primarily sought to expand the reach of Section 3 and to benefit low income families. Nevertheless, the potential of this program has largely been ignored throughout its history.

Program Summary

Section 3 is a federal obligation that is tied to HUD funding. It applies to all HUD funding for public housing and Indian housing, such as the public housing operating fund and capital fund, Resident Opportunity and Self-Sufficiency (ROSS) grants, Family Self-Sufficiency (FSS) grants and HOPE VI. Section 3 also applies to other housing and community development funding including Community Development Block Grant (CDBG), HOME, Housing Opportunities for Persons with AIDS (HOPWA), and Neighborhood Stabilization Program (NSP) funds. The Section 3 requirement states that recipients of HUD housing and community development funding must provide “to the greatest extent feasible” job training, employment, and contracting opportunities for low and very low income residents and Section 3 businesses.

HUD regulations set numerical goals for all entities subject to Section 3. Low and very low income individuals should be provided with a preference for at least 30% of all new hires that arise from the HUD funding. At least 10% of the total dollar amount of all Section 3 contracts for building trades work and 3% of all other contracts should be for Section 3 businesses. A Section 3 business is defined as a business owned by low income individuals, or which hires a substantial number of low income individuals, or which commits to contract at least 25% of the dollars awarded to Section 3 businesses.

Among eligible low income job applicants or Section 3 business contractors, preferences must be given to public housing residents or businesses owned by public housing residents, HUD Youthbuild participants, residents of the neighborhood or businesses that provide economic opportunities to individuals in the neighborhood, and homeless individuals. A preference should mean that if the Section 3 business or individual meets the job qualifications or the bid requirements, the individual should be hired or the business should get the contract.

For both public housing and the other housing and community development funding, the Section 3 obligation is applicable to the entire project regardless of whether the funding subject to the Section 3 obligation is sufficient for

Section 3

the entire project. For example, a project may receive funds from many sources, public and private, but if there are any public housing funds in the project, the Section 3 obligation applies to the entire project.

For public and Indian housing funding, Section 3 is applicable to any jobs and contracting opportunities that arise in administration, management, service, maintenance and construction. For the other housing and community development funding, Section 3 is applicable to jobs that arise in connection with construction or rehabilitation and only if the funding is more than the established threshold. Examples of eligible types of other housing and community development projects include housing construction or rehabilitation; public works projects, such as waterfront redevelopment; retail and restaurant development, landscaping, development of entertainment facilities and other related infrastructure.

One HUD administrative decision regarding the program is of special note. In April 2004, HUD issued a decision that the city of Long Beach, CA, violated Section 3 because Section 3 new hires worked significantly less than 30% of the hours worked by all new hires. This decision is important because the standard of 30% of new hires can be easily manipulated with a hiring surge at the end of the contract period and frustrate the purpose of Section 3. Using the standard of 30% of the hours worked each year by the new hires is much better and is consistent with the Section 3 goal of creating employment opportunities for low income individuals “to the greatest extent feasible.”

Section 3 complaint procedure. There is a HUD-established complaint procedure for individuals and businesses to use for violations of Section 3. Complaints are filed with HUD’s Office of Fair Housing and Equal Opportunity. HUD has responded favorably to some complaints that have been filed. There is no publicly available data on the number of complaints that have been filed or their resolution.

What Advocates Need to Know Now

Enforcement of the Section 3 goals. The potential for jobs for low income residents under Section 3 is significant. In the past, when funding for public housing construction and rehabilitation, including HOPE VI, was nearly \$3 billion, some estimated that there should have been in excess of 16,000 jobs annually for public housing residents.

However, a 2003 HUD Inspector General (IG) report found that HUD had not implemented sufficient controls over the prior 37 years to ensure that Section 3 goals are met. For example, although HUD requires that recipients of HUD financial assistance subject to Section 3 requirements submit an annual performance report, HUD historically did not track agencies or localities subject to Section 3 requirements and did not adequately respond to lack of compliance with the reporting requirements.

Beginning in 2009, HUD began to change course, responding to policy positions advocates have promoted for years. Specifically, HUD has begun to act more aggressively to require recipients of all housing and community development funds to file HUD form 60002, the annual report regarding Section 3 outcomes. HUD form 60002 provides some very basic information for each agency and local program, such as HOPE VI, CDBG, and the public housing capital fund, regarding the number of Section 3 individuals hired and the amount of contract dollars committed to Section 3 businesses. Also, HUD announced in the general requirements for the FY09 Notice of Funding Availability (NOFA) and sent notices to all recipients of HUD funds that failure to file the form could result in sanctions.

HUD reports that in 2009 and 2010 it received substantially more forms than previously and has issued a list of those jurisdictions that have submitted form 60002. Now, issues for advocates include how HUD will use the information it is receiving, what HUD will do if a local agency reports no or too few new Section 3 hires or no or too few dollars under contract with Section 3 businesses, and what HUD will do if local agencies continue to ignore the reporting requirements or fill out the form inadequately.

In FY10 HUD continued to increase its focus on Section 3. It issued guidance for recipients of NSP funds on compliance with Section 3. In addition, HUD improved the HUD NOFA process by informing applicants that it was interested in proposals that focus on skills training and partnerships with community-based organizations to develop pathways to career ladders for low income populations. The FY10 NOFA states that HUD is interested in outcomes “beyond just the number of jobs created.” To be consistent with these efforts, HUD should also revise the Section 3 regulations (24 C.F.R.Part135) in line with the decision it issued regarding the City of Long Beach, which considered the number of hours worked by all new employees as compared to the hours worked by all new Section 3 hires.

Section 3 reform legislation. Representative Nydia Velazquez (D-NY) has sought to improve Section 3. In 2007 she introduced H.R. 3310, and in 2009, she circulated and held hearings on a revised draft bill, the Earnings and Living Opportunities Act (ELOA). The revised draft ELOA bill is a good start at addressing some of the weaknesses of Section 3, in that it changes the scope of Section 3 to cover a percentage of hours worked by all employees on Section 3 eligible projects, not just a percentage of new hires; allows residents to retain their Section 3 designation for five years, so as to assist with the creation of long-term job opportunities; and makes Section 3 applicable to all permanent jobs created as a result of HUD funding. It also increases monitoring and compliance by requiring that Section 3 committees be created within each PHA, that contractors submit a plan as to how they will comply with Section 3, and increases the obligation of recipients of HUD funds and HUD to report on compliance and to authorize individuals to enforce Section 3.

In addition, Ms. Velazquez introduced H.R. 4224, the Together We Care Act of 2009, which was incorporated as Title IV of H.R. 5814, the Together We Care Act of 2010. Title IV of H.R. 5814 proposed to establish a pilot program to provide home health care service training for public housing residents. If enacted, the residents would receive training to provide such services to other public housing residents or other residents of HUD-assisted multifamily housing who are disabled or elderly. The bill proposed providing \$2.5 million annually for three years for grants to public housing agencies, community health care agencies, faith based organizations, or labor groups to create an employment training program. Trainees could also receive services such as health care, transportation, and child care.

To support trainees increase their income and maintain housing stability, certain increases in income would not be considered when evaluating housing eligibility for a period of time. Grants would be awarded based upon the number of persons served who are elderly or disabled, and the number of residents trained who are currently unemployed or underemployed. Grantees would have to demonstrate ability to provide high-quality care through the training.

Funding

The number of jobs created or contracts provided to Section 3 individuals or businesses depends upon the level of funding for the applicable housing or community development program. There has been no independent funding for Section 3. Therefore, it is important to support full funding of housing programs for FY11 because of the benefits of jobs and economic opportunities in addition to the housing benefits. The FY10 HUD NOFAs have increased the focus on Section 3 outcomes including long-term job creation for low income individuals.

Tips for Local Success

The successes of Section 3 are almost exclusively attributed to local staff of recipient agencies implementing the goals, and to oversight, monitoring and advocacy by local advocates and community groups.

Advocates should contact local unions, resident organizations, minority and women-owned businesses, community development corporations and employment and training organizations to discuss how they and their members or clients can use the Section 3 goals and preferences to increase employment and contracting opportunities for the targeted low and very low income individuals and Section 3 businesses.

In addition, advocates should meet with local PHAs and other local recipients of housing and community development dollars (often cities and counties) to discuss whether they are meeting their Section 3 obligations with respect to public housing funds, CDBG, HOME, and NSP funds. Locally, advocates should seek information on the number of low and very low income individuals trained and hired in accordance with Section 3, the dollar amounts contracted with Section 3 businesses, and to create or improve upon a local plan to fully implement Section 3. Because of the new initiative to get recipients to submit the HUD form 60002, advocates should ask local recipients of HUD funds or HUD for copies of the submitted forms. For those jurisdictions that receive NSP funds, the jobs reported on the HUD form 60002 should be compared with the jobs that the local jurisdiction reports as created due to the expenditure of these funds.

Compliance with Section 3 could be addressed in the annual PHA plan process or the Consolidated Plan (ConPlan) process. In addition, reviewing the quarterly NSP reports could also provide an opportunity to address Section 3 compliance and issues.

If compliance is a problem locally, advocates should urge HUD to monitor and conduct a compliance review of the non-complying recipients of federal dollars for housing and community development, including public housing agencies

Section 3

and local community development agencies. Low income persons and businesses with a complaint about recipients of HUD funds or contractors' failure to comply with or meet Section 3 goals or preferences should consider filing a complaint with HUD.

What to Say to Legislators

Advocates should encourage Ms. Velazquez to reintroduce the Earnings and Living Opportunities Act (ELOA) bill, which is designed to address some of the weakness in the Section 3 program. They should also encourage their member of Congress to inform Ms. Velazquez of their interest in Section 3 and to inform her of the member's willingness to cosponsor the bill and to support it when introduced. In addition, advocates should urge Ms. Velazquez to reintroduce the Together We Care Act and request their member of Congress to support it.

For More Information

For more information and the complaint forms, go to www.hud.gov/offices/fheo/section3/section3.cfm and <http://nhlp.org/resourcecenter?tid=115>

See the NHLP publication, *An Advocate's Guide to the HUD Section 3 Program: Creating Jobs and Economic Opportunity*, and other materials available at: <http://nhlp.org/resourcecenter?tid=115>

National Housing Law Project · 415-546-7000 · www.nhlp.org

Section 202 Supportive Housing for the Elderly

By Nancy Libson, Director of Housing Policy, LeadingAge (formerly American Association of Homes and Services for the Aging)

The Section 202 Supportive Housing for the Elderly program provides capital and operating funds to nonprofit organizations that develop and operate housing for seniors with very low incomes. As the U.S. population ages, both the creation of new Section 202 units and the preservation of existing units will be increasingly important.

There are three current issues related to the Section 202 program: an anticipated proposal by the Administration to reform the capital advance program in FY12, a growing demand for units, and the preservation of senior housing.

The Section 202 program is administered by HUD's Office of Housing Assistance and Grant Administration under the Assistant Secretary for Housing/FHA Commissioner.

History and Purpose

The Section 202 program was established under the Housing Act of 1959. Enacted to allow seniors to live with dignity by providing assistance with housing and supportive services, the program has gone through various programmatic iterations during its lifetime before taking the form it does today. Prior to 1974, Section 202 funds were 3% loans that may or may not have had either Section 8 or rent supplement assistance for all or some of the units. Between 1974 and 1990, Section 202 funds were provided as loans and subsidized by project-based Section 8 contracts. Until the creation of the Section 811 program in 1990, the Section 202 program funded housing for both seniors and people with disabilities.

According to HUD, senior households with very low incomes are the likeliest to pay more than they can afford for their housing. The 2009 HUD study of worst case housing needs found that the number of senior rental households with worst case housing needs is 18.7%, or 1.33 million, of the estimated 7.10 million households with worst case housing needs.

Program Summary

The Section 202 Supportive Housing for the Elderly program provides capital and operating funds to nonprofit organizations, known as sponsors, that develop and operate senior housing. Many Section 202 project sponsors are faith-based groups.

The Section 202 grant program has two main components: a capital advance that covers expenses related to housing construction, and operating assistance that supports the buildings' ongoing operating costs. Both the capital and operating funding streams are allocated to nonprofits on a competitive basis, through a HUD Notice of Funding Availability (NOFA).

Capital funding. The first component of the Section 202 program provides capital advance funds to nonprofits for the construction, rehabilitation, or acquisition of supportive housing for seniors. These funds can now be augmented by tax credit debt and equity to either build additional units or supplement the capital advance as gap financing in so-called mixed finance transactions. The Section 202 program is HUD's largest directly funded construction program; however, the capital advances rarely support 100% of the construction costs.

Operating funding. The second program component provides rental assistance in the form of Project Rental Assistance Contracts (PRACs) to subsidize the operating expenses of these developments. Residents pay rent equal to 30% of their adjusted income, and the PRAC makes up the difference between rental income and operating expenses.

In addition to the core components of the Section 202 program, HUD administers four relatively new companion programs that have been established by Congress to help meet the needs of seniors aging in place:

Section 202 Supportive Housing for the Elderly

- (1) Predevelopment grants to help nonprofits use Section 202 funds effectively.
- (2) Assisted living conversion program to help meet the great need for affordable assisted living options for low income seniors.
- (3) Emergency capital repair grants for federally assisted senior properties.
- (4) Service coordinators.

About a third of Section 202 properties have a service coordinator funded as part of the Section 202 appropriation. These HUD grants provide funding for full-time service coordinators who assist Section 202 residents and low income elderly or disabled families living in the vicinity of Section 202 properties. Service coordinators assess residents' needs, identify and link residents to services, and monitor the delivery of services. The older Section 202 properties are eligible for grant funding, while the Section 202/PRAC properties may include the cost of service coordinators in their operating budgets if funds are available.

Section 202 tenants generally must be at least 62 years old and have incomes less than 50% of their area median income (AMI) qualifying them as very low income. Some facilities have a percentage of units designed to be accessible to non-elderly persons with mobility impairments or may serve other targeted disabilities. The average age of a Section 202 resident is 79, and nearly 39% of residents are over the age of 80. The average annual income of a resident is little more than \$10,000. There are more than 400,000 Section 202 units serving very low income seniors.

Funding

In FY10, Congress appropriated \$582 million for new Section 202 construction and project rental assistance and an estimated \$93 million for PRAC renewals. In addition, the FY10 appropriation included \$20 million for Section 202 predevelopment grants, \$90 million for service coordinators, and \$40 million for assisted living conversion and emergency capital repair grants. The total appropriation for all Section 202 authorities is \$825 million.

What Advocates Need to Know Now

There are three main issues confronting the Section 202 program:

Funding in FY11 and FY12. In FY11, the Administration requested only \$273.7 million to cover the costs of PRAC renewals, amendments, and \$90 million for service coordinator grants and renewal of Congregate Housing Services programs; there would not have been any funding for the capital advance program. Although all HUD programs are operating under the Continuing Resolution (CR), both the House and Senate would have appropriated \$825 million for the Section 202 program had the omnibus appropriation bill passed.

The budget proposal for FY11 recommended suspending the capital advance program pending reforms to the program that according to HUD would have:

- Ensured meaningful impact of dollars awarded.
- Raised thresholds for sponsor eligibility to ensure the award of funds only to organizations with unique competency to achieve the program goals.
- Streamlined processing to speed development timeframes.
- Better facilitated supportive services provided by health related Medicaid/Medicare Waiver programs and the Program of All-inclusive Care for the Elderly (PACE) model services to 202 project residents.
- Encouraged better leveraging of other sources of funding, such as low income housing tax credits.

Advocates believed, and the House and Senate appropriators agreed, that HUD has the ability to make many of the needed reforms administratively, without waiting for reform legislation to pass. The NOFA for 2010 funding was released March 5 and includes some administrative changes that reflect HUD's thinking.

After convening stakeholder meetings in the spring of 2010, HUD developed draft legislation for comment that was released in October 2010. That legislation was designed to address the realities of the budget environment, the realities of the affordable housing development climate, and the need for long term services and supports for a growing senior population that envisions aging in place in affordable housing communities. It anticipated that 202 funds would be targeted to frail elders. It was not formally presented to Congress for introduction, but many of the issues addressed in the draft legislation will be included in a new but slimmed down legislative proposal that will reflect the comments

Section 202 Supportive Housing for the Elderly

received and the new legislative realities of the 112th Congress. The legislation will be intended to stretch the dollars available, make the rental assistance cover both operating costs and debt service, encourage and reward leverage, and to ensure that supportive services are available for frail elders.

Growing demand for increases in the supply of affordable senior housing. A lack of adequate new Section 202 construction funds means that the growing demand for affordable senior housing will not be met. The senior population is expected to double to 70 million by 2030 with the most growth among those over 85. Over the last several years, the funding available for new construction of Section 202 units has produced fewer than 4,000 units each year, many fewer than are needed to meet the growing demand. A recent HUD study has recommended that 10,000 Section 202 units be produced each year for the next 10 to 15 years to serve the growing senior population as an important and cost-effective alternative to premature placement in institutional settings, and necessary where states are engaged in transitioning seniors from costly nursing homes to the community. An AARP study released in January 2006 estimates that there are 10 residents for every one unit that becomes available.

At the very least, \$825 million is needed in the final budget for FY11 and for FY12 for construction and project rental assistance contracts (PRACs) alone. Although insufficient to meet the needs of the growing elderly population, this will allow construction of approximately 7,500 new units as the current program is structured. If required leverage is built into the program, the unit count will change.

In addition, in FY11 and FY12, \$20 million will be needed for grants to nonprofits to cover costs of architectural and engineering work, site control, and other planning relating to the development of Section 202 housing. Federal assistance with these costs can ensure the timely development of quality housing. HUD's draft legislative proposal recommended changing the pre-development grants into planning grants equal to no more than 5% of the total appropriated for the capital advance program.

Preservation of existing units. Those currently residing in assisted senior housing are aging in place. Just as the residents are aging in place, the buildings themselves are aging and lack the amenities to provide supportive services. Further, the problems of low income seniors facing multi-year housing assistance waiting lists are only exacerbated by the shrinking supply of suitable, affordable housing as some owners sell their properties to new owners who will convert existing units to market-rate housing at the end of the original mortgage term. Finally, the oldest Section 202 mortgages are nearing the end of their mortgage terms. Some mortgages have been refinanced and some properties have already been sold out of the inventory. Legislation was enacted in the recently completed lame duck session of Congress to make preservation of Section 202 properties easier to accomplish including providing authority for new project based assistance for oldest cohort of 202 properties that typically have no rental assistance. New tools are needed to help preserve these units, as well as the Section 202 properties with project-based section 8 that can be refinanced, and to provide the supportive services that are so necessary for an aging population. Tools that should be enacted or implemented include exit tax relief to remove the disincentives that existing for profit owners have in selling properties to nonprofits and others who would preserve the housing as affordable housing, and new capital and rental assistance programs to encourage the preservation of housing with maturing mortgages as affordable housing in the future.

What to Say to Legislators

Advocates concerned with senior housing issues should encourage their Members of Congress to take the following actions:

- Support funding for Section 202 capital advances and new PRAC.
- Support the Section 202 program as a platform for the delivery of supportive services and increase funding for service coordinators.
- Provide sufficient renewal funding for all expiring PRACS and Section 8 contracts, and support an advance appropriation for PRAC amounts in FY12 to preserve affordable senior housing.
- Enact preservation legislation to protect affordable senior housing and its residents in the future.
- Enact preservation legislation to address the unique issues of senior housing with mortgages that will soon mature.

For More Information

LeadingAge · 202-508-9447 · www.leadingage.org

Section 515 Rural Rental Housing

By Leslie R. Strauss, Senior Policy Analyst, Housing Assistance Council

Under the Section 515 program, the U.S. Department of Agriculture's (USDA) Rural Development arm (RD) makes direct loans to developers of affordable multifamily rental housing. Production of new units has almost ceased, however, and many existing units are deteriorating physically or are in danger of leaving the affordable housing stock.

Congress created new demonstration programs to address preservation issues, but the future of these programs is now threatened. Efforts have been made in the last several congresses to authorize these programs permanently, but the legislation has not passed and seems unlikely to be considered favorably in the 112th Congress.

The program is administered by the USDA RD Housing and Community Facilities Programs office.

History and Purpose

In operation since 1963, the Section 515 program provides essential, decent housing for the lowest income rural residents by helping to produce affordable rental units. While dramatic improvements have been made in rural housing quality over the last few decades, problems persist. Many of rural America's 55.4 million residents experience acute housing problems that are often overlooked while public attention is focused on big-city housing issues.

Nearly 30% of nonmetropolitan households experience at least one major housing problem: high cost, physical deficiencies, or overcrowding. These problems are found throughout rural America but are particularly pervasive among several geographic areas and populations, such as the Lower Mississippi Delta, the colonias along the U.S.-Mexico border, in Central Appalachia, and among farm workers and Native Americans.

More than one third of rural renters, about 1.9 million households, are cost burdened, paying more than 30% of their income for their housing. One in every 10 rural rental households lives in either severely or moderately inadequate housing.

Program Summary

Under the Section 515 program, USDA RD makes direct loans to finance affordable multifamily rental housing for very low income, low income, and moderate income families; elderly people; and persons with disabilities.

Section 515 provides direct loans to developers at an interest rate of 1%, amortized over 50 years, to finance modest rental or cooperatively-owned housing.

Section 515 funds can be used both for new construction as well as the rehabilitation of existing properties. However, very few new rental properties are built each year because the program's appropriations levels are low.

Congregate housing for the elderly and persons with disabilities and group homes for the developmentally disabled are authorized through special regulations and requirements, but nursing or 'special care' homes are not eligible. Funds may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems.

Very low, low, and moderate income households are eligible to live in Section 515-financed housing. When USDA Section 521 rental assistance is available to help tenants pay affordable rents, 95% of tenants in new Section 515 projects and 75% of new tenants in existing projects must have very low incomes. Priority is given to those living in substandard housing. The vast majority (93%) of 515 tenants has incomes less than 50% of area median income, and more than half of the tenants are elderly or disabled. Residents' incomes average about \$11,000 per year, and more than half of resident households are headed by elderly people or people with disabilities.

Section 515 loans are made available on a competitive basis each year, using a national Notice of Funding Availability (NOFA).

Funding

The Section 515 program was funded at \$69.5 million in FY10 and FY11.

What Advocates Need to Know Now

Section 515's history created serious current challenges for the program. In the 1970s, owners of Section 515 properties were permitted to prepay their low-cost mortgages and, once their buildings were no longer receiving federal subsidies, displace tenants. Two separate statutes were adopted at different times to restrict prepayments. As a result, properties financed between 1979 and 1989 are subject to one set of restrictions, and post-1989 properties to another.

In the early 1990s, publicity about program abuses by a few developers resulted in drastic budget cuts for the program, from \$512 million in FY94 to \$183 million in 1995. A study conducted for USDA in 2004 found that, as a result of USDA policies and operating fund shortages that encouraged property owners to defer maintenance, none of the properties in the program had adequate reserves to cover the costs of needed repairs and renovations. At the same time, program funding has continued to fall, reaching \$70 million each year in FY08 through FY10. Section 515, which financed the construction of over 38,000 units at its peak in 1979, produced just 2,800 units in 1995 and 800 in 2008.

Preservation of the existing units in the 515 portfolio – that is, the developments whose owners are still making payments on Section 515 mortgages – is a serious issue for two reasons.

First, increasing numbers of these owners are prepaying their mortgages, thus removing government affordability requirements. Owners seek to prepay for varying reasons, including the expiration of tax benefits, the burden of increased servicing requirements, the desire of some small project owners to retire and, in some rural areas, an increase in vacancies due to out-migration. As is the case for owners of HUD multifamily projects, Section 515 owners' ability to prepay is restricted by federal law. The details vary depending when a loan was approved, but in all cases USDA is either permitted or required to offer owners incentives not to prepay, and in exchange the property continues to be restricted to low income occupancy for 20 years. Incentives offered to owners include equity loans, increases in the rate of return on investment, reduced interest rates, and additional rental assistance. In some cases, an owner that rejects the offered incentives must offer the project for sale to a nonprofit or public agency.

Second, many Section 515 properties are aging and must be preserved against physical deterioration. A 2004 Comprehensive Property Assessment (CPA) prepared for USDA by a team of consultants found that the physical conditions of Section 515 properties were an even greater problem than prepayments. The CPA reported that the average age of Section 515 properties was 23 years. Researchers determined the physical conditions of the properties did not pose any serious immediate health and safety problems, but warned that many properties would face significant physical needs in the immediate future. None of the properties had enough money in reserve to address its physical needs over time. Researchers calculated the total cost to prevent physical deterioration of Section 515 properties would be \$2.6 billion over 20 years.

For the last few years, USDA RD has funneled all its preservation efforts through its Multifamily Housing Preservation and Revitalization (MPR) demonstration program. MPR offers several possible types of assistance to owners or purchasers of Section 515 properties. The most commonly used is debt deferral, while other possibilities include grants, loans, and soft-second loans. (In FY08 through FY10, MPR has been available to Section 514/516 farmworker housing properties as well.)

Section 515 has financed more than 550,000 decent, safe, sanitary, and affordable homes, which are often the only such rental housing in rural communities.

In its first five years of operation, the MPR demonstration obligated over 400 transactions that will preserve properties occupied by nearly 14,000 tenant households.

Section 515 Rural Rental Housing

Other preservation tools include Section 542 tenant vouchers, which can be provided to tenants who face higher rents when their buildings leave the Section 515 program. Finally, USDA's second demonstration program, the Preservation Revolving Loan Fund (PRLF), makes loans to intermediaries that relend the money to owners and purchasers of Section 515 rental or Section 514/516 farmworker housing.

In the last several congresses, bills have been introduced in the House of Representatives that would have accomplished two things for the Section 515 program. First, they would have authorized MPR, presumably thus increasing its chances for funding. Second, they would have improved USDA's preservation voucher program. Similar bills have not been introduced in the Senate, however. It is likely that the legislation will be presented again in the 112th Congress, but prospects for passage are unclear.

Tips for Local Success

Funding for new Section 515 projects has been scarce for several years, and most activity related to the program has involved preservation of existing units. Preservation means either renovating a property or keeping it affordable for low income tenants, or both. Local rural housing organizations can help with preservation in both senses by helping owners who want to leave the program find ways to do so without changing the nature of their properties. Often, this means purchasing the property and refinancing to obtain sufficient proceeds to update and rehabilitate it.

What to Say to Legislators

Legislators should be urged to:

- Support \$69.5 million in funding for the Section 515 program in FY11 and FY12, as well as \$25 million for USDA's Multifamily Rental Preservation Demonstration (MPR), \$16.4 million for Section 542 preservation vouchers, and \$1.8 million for the Rental Preservation Revolving Loan Fund (PRLF).
- Support the Rural Housing Preservation Act if it is reintroduced, with the addition of further tenant protections and authorization for the PRLF.

For More Information

Housing Assistance Council · 202-842-8600 · www.ruralhome.org

National Housing Law Project · 510-251-9400 · <http://nhlp.org/resourcecenter?tid=61>

U.S. Department of Agriculture Rural Development · www.rurdev.usda.gov

See also: *Project-Based Housing: Preservation*.

Section 811 Supportive Housing for Persons with Disabilities Program

By Ann O'Hara, Director, TAC Housing Center

Section 811 Supportive Housing for Persons with Disabilities is a federal program that assists the lowest income people with the most significant, long-term disabilities to live independently in the community by providing affordable housing linked with voluntary services and supports. On January 4, 2011 President Obama signed the bi-partisan Frank Melville Supportive Housing Investment Act of 2010, which includes important Section 811 reforms to stimulate the creation of thousands of new integrated Section 811 permanent housing units every year.

The Section 811 program is administered by HUD's Office of Assisted Housing.

History

Over the past two decades, the Section 811 program has created more than 30,000 new supportive housing units, primarily through the development of group homes and independent living projects, under regulations and guidelines developed in the early 1990s. Prompted in part by judicial decisions affirming important community integration mandates in the Americans with Disabilities Act, disability housing and services policies evolved significantly during that time to focus more on consumer choice, Medicaid-financed community-based services and integrated housing opportunities. The Section 811 program did not keep pace with these improvements in community living for people with disabilities, which reduced demand for Section 811 funding. By 2007, stagnant Section 811 appropriations, combined with the fiscal burden of renewing an ill-conceived Section 811 voucher program, produced fewer than 1,000 new units of new Section 811 housing annually. That year, facing an enormous unmet need for permanent supportive housing and with Section 811's future hanging in the balance, national disability advocates began a successful three year legislative campaign to reform, improve, and reinvigorate this important permanent supportive housing program. The Section 811 legislation recently signed into law by President Obama honors the memory of Frank Melville, who was the first chair of the Melville Charitable Trust and a national leader in the supportive housing movement.

Program Summary

The Melville Act reforms the Section 811 program by: (1) providing a strong statutory foundation for community integration, tenancy rights, and voluntary services and supports in permanent supportive housing, including service programs that emphasize personal autonomy and choice; (2) authorizing new program options consistent with these goals; and (3) adopting new project selection criteria to leverage other sources of affordable housing development capital. This policy will lower Section 811 capital costs and help fund more units from Section 811 appropriations.

The reformed Section 811 program includes two different approaches to create permanent supportive housing: the Modernized Capital Advance/Project Rental Assistance Contract (PRAC) option, and the Project Based Rental Assistance option. Both options provide affordability for people with disabilities with the lowest incomes by: (1) ensuring that tenants pay no more than 30% of their adjusted income for rent; and (2) providing a long term operating subsidy contract from HUD (either a PRAC or Project Based Rental Assistance) to cover housing operating costs (i.e. property insurance, maintenance and repairs, owner-paid utilities, replacement reserves, etc.) which cannot be covered by tenant rents.

Under the Modernized Capital Advance/PRAC option, the program will continue to provide future Section 811 nonprofit sponsors with a Capital Advance and a PRAC to create permanent supportive housing for very low income (e.g. income at or below 50% of area median income AMI) non-elderly adults with the most significant and long-term disabilities. This option permits the development of 'single purpose' group homes (no more than 8 units), independent living projects (generally no more than 16 units), as well as condominium and cooperative units. Under the new law, this option can create more integrated Section 811 units by using Capital Advance/PRAC to fund Section 811 units in nonprofit owned multifamily affordable rental housing properties that also provide housing for people who do not have disabilities. No more than 25% of the units in any Capital Advance/PRAC multifamily project, including condominium or cooperative housing, may receiving Section 811 assistance or have an occupancy preference for people with disabilities.

Section 811 Supportive Housing for Persons with Disabilities

To ensure that the new Capital Advance/PRAC multifamily option is cost effective, Section 811 sponsors will be incentivized to leverage other capital and equity funding, including federal Low Income Housing Tax Credits, HOME funds, and other sources. HOME development cost limits will apply to new Section 811 multifamily projects, with waivers under certain circumstances. HUD is also required to delegate processing of Section 811 multifamily projects to state housing agencies that have the capacity and willingness to perform these functions.

The reformed Section 811 program also authorizes a new and innovative Project Based Rental Assistance option to promote the creation of integrated supportive housing units in multi-family affordable housing properties. Project Based Rental Assistance has more narrow income targeting criteria than the Capital Advance/PRAC option as it limits eligibility to extremely low income people with disabilities in need of permanent supportive housing. This option will provide a contract for Section 811 Project Based Rental Assistance for supportive units included in multifamily rental housing developments but will not provide Section 811 Capital Advance funds. Eligible Project Based Rental Assistance applicants include state housing finance agencies “and other appropriate entities” to be defined by HUD regulation. Applicants will not be required to specify the actual projects that will include Section 811 units but will be required to describe the policies in place to select units that will receive Project Based Rental Assistance. Policies that meet this requirement include a state’s Qualified Allocation Plan for federal Low Income Housing Tax Credits and possibly a state or local Consolidated Plan.

Project Based Rental Assistance units can be located in new or existing multifamily properties. Applicants for the Section 811 Project Based Rental Assistance option are required to enter into agreements with the state agency that administers or supervises the administration of the State Medicaid Plan. This agreement must identify the target population for Section 811 units, the outreach and referral process, and ensure the availability of supportive services for Section 811 tenants. No more than 25% of the total number of dwelling units in any project receiving Section 811 Project Based Rental Assistance may be used for supportive housing or have an occupancy preference for people with disabilities.

The Melville Act eliminates the Section 811 tenant based rental assistance program and authorizes the transfer of an estimated 14,000 Section 811 funded mainstream vouchers to the Housing Choice Voucher program. The act also requires that these 811 vouchers – along with an estimated 58,000 Housing Choice Vouchers targeted by Congress to non-elderly people with disabilities – continue to be made available to non-elderly people with disabilities upon turnover.

Funding

The FY10 budget appropriated \$300 million for the Section 811 program, a \$50 million increase from FY09. As of January 2011, HUD had not released a FY10 Section 811 Notice of Funding Availability. The \$300 million in FY10 funds must first be used to cover the renewal cost of the 14,000 Section 811 Mainstream vouchers, and renew expiring PRACs for existing Section 811 projects. These renewal costs will be transferred to the Housing Choice Voucher program in FY11 or FY12. The uncertainty regarding timing for the shift in renewal funding for the 811 Mainstream vouchers makes it more difficult to predict the level of funding that will be appropriated for the Section 811 program in a final FY11 HUD budget.

What Advocates Need to Know Now

The reformed Section 811 program inaugurates a new and transformative period in federal permanent supportive housing policy. However, the exact timing associated with the implementation of the various provisions of the new law has not been settled. This situation is compounded by the lack of a final FY11 budget. Nonetheless, there are several things that advocates can do to pave the way for the new and improved Section 811 program. First, advocates should become familiar with the significant changes that have been made to the Section 811 program. Second, the Melville Act received overwhelming bi-partisan support in Congress, and advocates can build on that support to request at

The Melville Act received extraordinary bi-partisan support from Congress and was one of the few affordable housing bills enacted during 2010. Advocates can be successful when they provide lawmakers with information on best practice approaches to supportive housing and evidence that it is more cost effective. This advocacy approach can also be helpful to develop support for permanent supportive housing activities in states and local communities.

Section 811 Supportive Housing for Persons with Disabilities

least level funding for Section 811 in FY11 and FY12 to ensure that the reformed program has the resources to be successful. Advocates should also be prepared to submit public comment when HUD publishes a Proposed Section 811 Rule later in 2011.

Tips for Local Success

Advocates should begin education and outreach activities with state and local agencies and organizations that will be critical to the success of the new Section 811 options. Like any reformed federal housing program, it must be successfully 'marketed' to potential stakeholders. At the state level, these outreach activities should focus on state housing finance agencies, state Medicaid and state health and human service agencies. Nonprofit and for-profit developers that frequently use federal Low Income Housing Tax Credits and HOME funds should also be made aware of the new opportunities to assist people with disabilities using the new Section 811 options. These options are modeled after successful innovative programs underway in several states including North Carolina, Louisiana, New Mexico, Pennsylvania, and Massachusetts. Efforts in these states have resulted in thousands of new and integrated permanent supportive housing units being created by nonprofit and for-profit affordable housing developers.

What to Say to Legislators

Advocates are encouraged to contact members of Congress with the message that people with disabilities continue to be the poorest people in the nation. More than four million non-elderly adults with significant and long term disabilities have Supplemental Security Income levels (SSI) equal to only 18% of AMI and cannot afford housing in the community without federal housing assistance. Because of this housing crisis, the most vulnerable people with disabilities often live unnecessarily in costly nursing homes, in seriously substandard facilities which may violate the ADA, or they may become chronically homeless. Advocates should also ask lawmakers to provide at least level funding for the reformed Section 811 program, which provides the federal government with new and more cost-effective permanent supportive housing options to help highly vulnerable people with disabilities live successfully in the community with supports and reduce reliance on expensive and unnecessary restrictive settings.

For More Information

Technical Assistance Collaborative · 617-266-5657 · www.tacinc.org

Self-Help Homeownership Opportunity Program

By Leslie R. Strauss, Senior Policy Analyst, Housing Assistance Council

The Self-Help Homeownership Opportunity Program (SHOP) is a competitive grant program that provides funds to national and regional nonprofits that assist low income families in building their own homes using a ‘sweat-equity’ or ‘self-help’ model. The homes are sold to the homebuyers at below-market rates.

The SHOP program is run out of HUD’s Office of Community Planning and Development.

History and Purpose

Congress first authorized the SHOP program in 1996. SHOP was created for the purpose of alleviating one of the largest obstacles faced by self-help housing developers in the production of affordable housing: the high cost of acquiring land and developing infrastructure before house construction begins.

Program Summary

SHOP is a competitive grant program run by HUD that provides funds to national and regional nonprofits who assist low income families in building their own homes using a ‘sweat-equity’ or ‘self-help’ model. Funds are restricted to paying for land and infrastructure costs associated with building the homes, including such items as sewer connections, streets, utilities, and environmental remediation. These funds must result in one home for each \$15,000 awarded. Each low income family receiving assistance through SHOP is required to invest at least 100 hours of work in building its home and the homes of others, although many families work far more than the required hours. The homes are sold to the homebuyers at below-market rates.

National or regional nonprofit organizations or consortia can apply to HUD annually for SHOP funds. There are currently two SHOP recipients that operate nationwide: Habitat for Humanity and the Housing Assistance Council. HUD awards grants competitively based upon an organization’s experience in managing a sweat-equity program, community needs, its capacity to generate other sources of funding, and the soundness of its program design. The HUD-funded organizations may develop self-help housing themselves or act as intermediaries; that is, make SHOP loans to local organizations that work with self-help home buyers.

All families receiving SHOP funds must earn less than 80% of the area median income (AMI), although many of the organizations that facilitate the distribution of these funds work with families who have incomes well below that threshold. SHOP funds have been used to support the work of self-help housing organizations in every state, resulting in the development of thousands of affordable homes for ownership.

Funding

SHOP was appropriated \$26.5 million in FY09 and \$27 million in FY10. The Administration’s budget for FY11 proposed no funding for the program, but it was not targeted for elimination in negotiations to develop continuing resolutions for FY11. The Administration’s FY12 budget again proposed to eliminate SHOP, noting that the HOME program could cover SHOP’s activities.

What Advocates Need to Know Now

SHOP, created in 1996, received steady support from Congress and the Clinton and Bush Administrations. It is one of the few federal housing programs to receive an ‘effective’ rating (the highest rating possible) on the Program Assessment Rating Tool developed by the Office of Management and Budget (OMB).

The Obama Administration’s HUD, which is focusing on much-needed capital improvements to federally assisted rental housing, has put less emphasis on homeownership and new production.

Tips for Local Success

Local organizations can access SHOP funding by partnering with one of the national or regional funding recipients. The strongest applicants have self-help experience.

Self-Help Homeownership Opportunity Program

What to Say to Legislators

Members of the House and Senate should be asked to support continued SHOP funding at \$27 million per year. The program has many positive aspects:

- Self-help housing provides families a hand up. The families who ultimately use the program's funds will put at least 100 hours, and often more, into building their own homes. For example, through the Housing Assistance Council's first 10 years of SHOP funding, participating homebuyers averaged over 1,000 hours of labor.
- Because owners' sweat equity reduces mortgage amounts, the self-help process makes homeownership affordable to people with low and very low incomes.
- SHOP is authorized by Congressional legislation; there is no danger that it can be perceived as an earmark.

Adding self-help organizations to the competition for fewer HOME dollars would both decrease the success of current self-help efforts and also further reduce the amount available for HOME's other much-needed activities.

For More Information

Habitat for Humanity International · 202-628-9171 · www.habitat.org

Housing Assistance Council · 202-842-8600 · www.ruralhome.org

HUD · 202-708-2684 · www.hud.gov/offices/cpd/affordablehousing/programs/shop

Service Coordinators in Multifamily Housing

By Judith Chavis, Executive Director, American Association of Service Coordinators

A service coordinator is a social service professional who generally acts as an information and referral resource for with families, seniors, and persons with disabilities residing in publicly funded subsidized apartments or other affordable housing environments. Specifically, service coordinators help the residents in these settings to remain independent and self-sufficient by connecting them with community-based services and other income related benefits.

HUD's Service Coordinators in Multifamily Housing program funds the work of service coordinators in Section 202 housing. The Resident Opportunities and Self Sufficiency (ROSS) Service Coordinator and Family Self Sufficiency Coordinator programs fund the work of service coordinators in public housing or for Housing Choice Voucher holders. These programs are housed in the Office of Public and Indian Housing.

The Service Coordinators in Multifamily Housing program is housed in HUD's Office of Housing.

History

Congress created HUD's Service Coordinator program through Section 808 of the National Affordable Housing Act of 1990 (also known as the Cranston-Gonzalez Affordable Housing Act, Public Law 101-625). This law gave HUD the authority to use Section 8 funds to employ service coordinators in Section 202 housing.

The Service Coordinator program received additional authority through the 1992 Housing and Community Development Act (HCDA; Public Law 102-550). The HCDA expanded the program by broadening authority for funding of service coordinators in most HUD assisted and conventional public housing developments designated for the elderly and people with disabilities.

Program Summary

A service coordinator is defined as a social service staff person hired or contracted by a property owner or management company. The service coordinator's primary role is to coordinate the provision of supportive services to low income elderly and nonelderly people with disabilities to prevent premature and inappropriate institutionalization, thereby improving residents' quality of life. Service coordinators' work allows frail elderly to remain in their homes.

The service coordinator is funded through the program to carry out the following activities:

- Determining the service needs of residents.
- Identifying appropriate services available in the community.
- Linking residents with needed services or public benefits.
- Monitoring and evaluating the effectiveness of the supportive services.
- Performing other functions to enable frail and at-risk low income elderly, people with disabilities and families to live with dignity and independence.

Service coordinators are specifically prohibited from directly providing support services, serving as an Activities Director/Coordinator or assisting with other administrative work of the property.

Service Coordinator funds are distributed by a national competitive grant process through a HUD Notice of Funding Availability (NOFA). Eligible applicants for these funds include owners of HUD assisted multifamily housing, namely developments built with or subsidized by the following programs: Section 202, project-based Section 8, Section 236 and Section 221(d)(3) Below-Market Interest Rate. All housing must be designed or designated for sole occupancy by elderly persons (aged 62 and older) and/or younger people with disabilities (aged 18 to 61).

While HUD allows service coordinators to be funded through a property's residual receipts funds or to be incorporated into the property's operations budget, most federally assisted properties do not have sufficient resources in their operating budgets to staff service coordinators.

Service Coordinators in Multifamily Housing

The program is similar to the ROSS Service Coordinator and FSS Coordinator programs, which also provide funding for service coordinators in public housing communities and for Housing Choice Voucher holders participating in the FSS program, respectively.

Funding

For FY11, Congress maintained the \$90 million funding level for the Multifamily Service Coordinator grant program in the Continuing Resolution (CR) passed in lieu of an actual appropriations bill.

What Advocates Need to Know Now

There continues to be a need for a dual strategy for funding service coordinators that includes maintaining the service coordinator grant programs while also increasing the ability for the routine staffing of service coordinators within a property's operating budget. While statutory authority exists to allow HUD to fund service coordinators, many senior housing facilities have not been able to secure the necessary rent adjustments to accommodate them. Advocates should recommend that sufficient Section 8, Project Rental Assistance Contract (PRAC), or other operating funds be increased to allow routine staffing of service coordinators as well as to direct HUD and its field offices to provide necessary budget adjustments and regulatory relief to remove any barriers restricting the staffing of service coordinators through a property's operating budget.

There is also a need to expand the funding for housing-based service coordinators to assist frail seniors in the surrounding community where the property is located. While Section 851 of the American Homeownership and Economic Opportunity Act of 2000 (Public Law 106-569) granted authority to enable service coordinators to assist residents in the surrounding community, there are insufficient funds to enable service coordinators to reach out to assist these residents.

Additionally, Section 515 of the American Housing Act of 1949 (Public Law 81-171) provided preliminary language for the use of service coordinators at rural multifamily housing developments under the authority of the U.S. Department of Agriculture (USDA). In the 515 program, the service coordinator can be funded through the property's operations budget. Again, lack of sufficient resources in the operations budgets at these properties has prevented many properties from staffing a service coordinator.

What to Say to Legislators

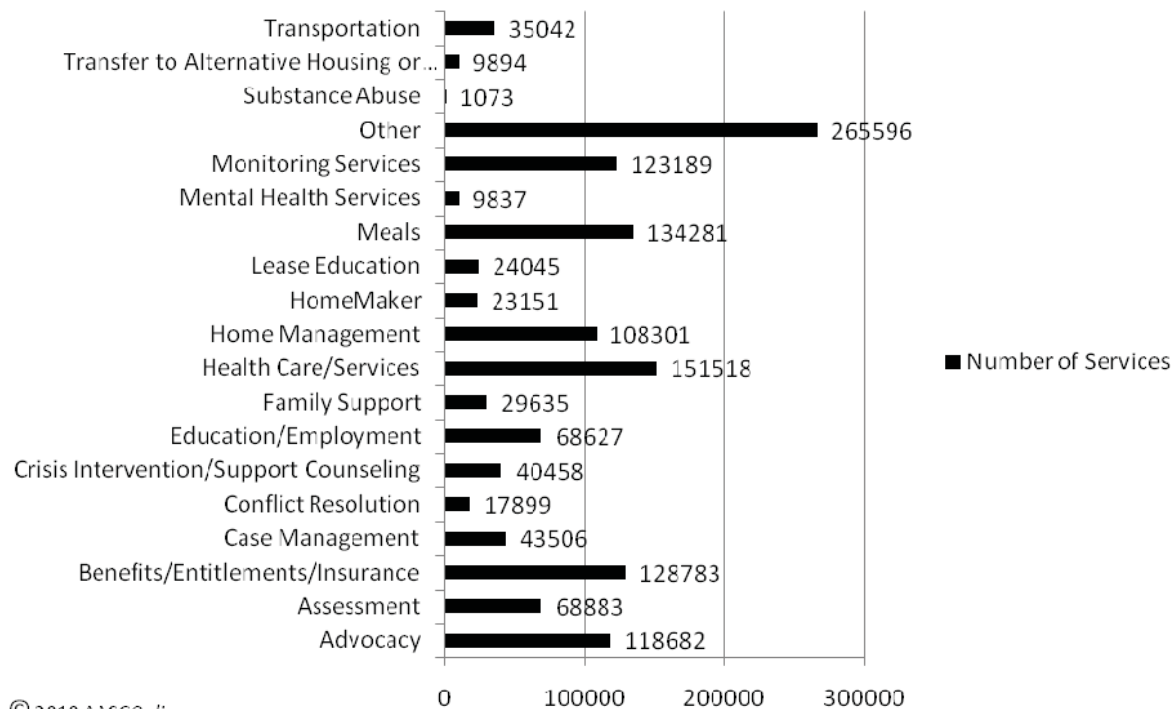
Advocates are encouraged to contact members of Congress with the message that despite the critical need and cost-effectiveness of service coordinators in assisting low income seniors and others with special needs to access supportive services, or the need to assist low income families to become more self sufficient and economically independent, funding for service coordinators remains very limited.

Additionally, members of Congress should be urged to:

- Appropriate \$100 million in FY12 for service coordinators in federally assisted housing, particularly to ensure adequate funds for expiring grants for existing service coordinator positions and to expand the number of properties with a service coordinator.
- Fully fund Section 8, PRAC, other rent subsidies and project operating funds to permit the staffing of a service coordinator as a routine part of the housing property's operating budget.
- Appropriate \$10 million in FY12 to fund a competitive grant for service coordinators in Section 514, 515 and 516 based programs under USDA.
- Appropriate \$75 million in FY12 as a separate add-on in Public Housing Operating Funds for ROSS service coordinators in PHAs.

Over 1,000 service coordinators across the country utilize a web-based documentation system, *AASCOOnline*, to assess, document and monitor the service needs of their residents. Currently, over 1,328 affordable housing properties for seniors are in the system. In 2010, more than 1.6 million services were provided to the approximately 128,000 residents being tracked in *AASCOOnline*. The following charts illustrate the type and number of services provided by the service coordinators; the ages of residents at these properties; and, cost savings for the residents through September 2010.

Types of Services and/or Referrals for Services Provided by Service Coordinators In Affordable Housing Properties for Seniors January 1, 2010 - September 30, 2010



Program successes. A research study on service coordination offers some exciting information on the benefits of service coordination across the country. Additionally, national data from the AASCO^{Online} documentation system has shown the benefits of service coordination in terms of providing access to services and supports; increased length of independent living; and, most recently, cost-savings for the residents from their access to needed services, benefits and supports.

HUD's Office of Policy Development and Research evaluated the level of satisfaction among property managers in multifamily housing properties with the provision of service coordination. The report, *Multifamily Property Managers' Satisfaction with Service Coordination*, was based on a survey of property managers in multifamily developments who have or did not have a service coordinator program in place.

Overall, the report found a high level of satisfaction from property managers regarding the service coordinator program as well as a strong belief that service coordinators improve the quality of life for the residents in their housing properties. The report also goes on to find resident occupancy appears to be longer in properties with a service coordinator when compared to properties without the position. Specifically, the report stated that the length of occupancy at developments with a service coordinator was 10% more (more than six months) than at developments without a service coordinator. This increased length of independent living serves to reduce the long term care costs for this population.

The report can be found at www.huduser.org/portal/publications/hsgspec/serv_coord.html.

For More Information

American Association of Service Coordinators · 614-848-5958 · www.servicecoordinator.org

State and Local Housing Trust Funds

By Mary E. Brooks, Housing Trust Fund Project, Center for Community Change

Housing trust funds are created when ongoing, dedicated sources of public funds are committed by ordinance or legislation to support the production and preservation of homes for lower income households. This single key characteristic of housing trust funds advances the way this country funds affordable housing by guaranteeing that revenues are available each year to support critical affordable housing needs.

History and Purpose

Since the 1980s, housing trust funds have employed the model of committing public funds to address our most critical affordable housing needs. With nearly 700 housing trust funds in cities, counties, and states, these funds have become important elements in an overall housing policy and well known for their flexibility, sustainability, and success in addressing critical housing needs.

Program Summary

Because housing trust funds are distinct funds created through the dedication of public revenues, they are essentially public funds and this shapes how they operate. There are three key elements to any housing trust fund:

Administration. Most housing trust funds are administered by a public or quasi-public agency. Housing advocates are not always comfortable with the performance of local agencies and may not find this an easy condition to accept. While there are alternatives, such as a community foundation administering the fund, there are very few examples of such models. In the long run, it is desirable for elected officials to accept ownership and responsibility for addressing critical housing needs and designate the housing trust fund as one way in which they intend to do this.

One administrative characteristic of housing trust funds that usually improves upon this arrangement is the creation of an appointed oversight board. Most housing trust funds have such boards. They are typically broadly representative of the housing community, including banks, Realtors, developers, nonprofit development organizations, housing advocates, labor, service providers, and low income residents. These boards can be merely advisory, but it is preferable to delegate some decision-making authority to them, including determining which projects receive funding from the trust fund, oversight of policies, and evaluating and reporting on performance of the fund.

Programs. The basic programmatic issues for housing trust funds should be defined in the ordinance or legislation that establishes the fund. This ensures that the key operating components of the trust fund are not subject to the whims of changing administrations. Staff and board members will need to develop an application cycle, program requirements, and administrative rules.

Housing trust funds are created locally to address the most critical housing needs that exist. In order to ensure that the trust fund does what needs to be done, several decisions must be made about what gets funded through the trust fund. This includes determining eligible applicants, eligible activities, and requirements that must be met to receive funding. Most housing trust funds provide loans and grants through a competitive application process, although some establish distinct programs. Grants are important to ensure that housing can be provided to meet the needs of those with the lowest incomes. Eligible applicants typically include nonprofit developers, for-profit developers, government entities, Native American tribes, and public housing authorities. Eligible activities are usually quite broadly defined, including new construction, rehabilitation, acquisition, emergency repairs, accessibility, first time homeownership, operating and maintenance costs, and many other activities. Rental assistance is provided by some housing trust funds. There are a few housing trust funds that serve only the needs of the homeless population and define their activities accordingly.

Among the most important decisions to be made regarding program are the requirements that projects must meet to be eligible for funding. Chief among these is the income level of those who benefit from the housing provided. Most housing trust funds serve populations earning no more than 80% of the area median income, but many serve lower income households either entirely or in part by setting aside a portion of the funds to serve these populations

State and Local Housing Trust Funds

in particular. Without setting aside funds to serve very and extremely low income households, these most critical needs continue to be ignored. It is important to give serious consideration to these set-asides and other programmatic issues that enable funding for those with the most critical needs. Another key concern is the long-term affordability requirements that must be met. Many housing trust funds require that the units supported through the trust fund remain affordable to the targeted population for a defined amount of time or in perpetuity.

Housing advocates may identify other requirements they want to make sure are incorporated, including accessibility, mixed income, green housing principles, rural housing, and housing-related services requirements.

Revenue sources. Identifying public revenue sources that can be committed to a local housing trust fund is what makes creating housing trust funds difficult. Different revenue sources are available to different jurisdictions, because each controls specific taxes and fees. Research must be done to identify appropriate funding sources.

The most common revenue source for a city housing trust fund is a linkage program. These are impact fees placed on non-residential developers to offset the impact of the development's employees on the housing supply and are part of the zoning ordinance. Along with linkage fees, many jurisdictions also use inclusionary zoning in-lieu fees. Other cities have committed various fees, such as condominium conversion fees or demolition fees, along with taxes, including property taxes, real estate excise taxes, and hotel and motel taxes.

The best and most common revenue source for a county housing trust fund is a document recording fee. This is one of the few revenue sources that most counties can commit. Other sources used by counties, include sales taxes, developer fees, real estate transfer taxes or real estate excise taxes.

State housing trust funds are most commonly funded by real estate transfer taxes, but states have committed nearly two dozen revenue sources to housing trust funds. Other options include interest from state held funds (such as unclaimed property funds and budget stabilization funds, among others), interest from real estate escrow or mortgage escrow accounts, and document recording fees.

Often housing advocates study alternative revenue sources themselves and propose the best options. These are not difficult studies, but it takes time and some diligence to obtain the necessary information. Some housing trust funds have been created through specially designated task forces that have responsibility for doing the background research and making recommendations on how best to create the proposed housing trust fund. Regardless, it is important for advocates to advance their own proposals for a housing trust fund with a specific revenue source recommendation, instead of leaving this critical element up to elected officials to determine.

Each state is unique in its treatment of taxes and fees. Research must be conducted into what the state constitution and statutes permit with regard to dedicating public revenues to a specific purpose; what, if any, limitations are placed on specific revenues options, including caps on the rate of a tax or fee applied; and the uses to which the revenue may be applied, among other questions. New ideas are constantly being explored, so it pays to be creative in searching for potential public revenue sources.

As the revenue source search is undertaken, it is extremely important that a goal for the housing trust fund be established that identifies the amount of revenue needed each year. This can be based on actual need, a realistic assessment of what can be secured or an evaluation of the capacity to use new funds. This goal will be the measure by which each potential revenue source will be judged as sufficient. A combination of revenue sources may be necessary.

It is critical to keep the focus on dedicated sources of public funding that will provide an ongoing stream of revenue for the housing trust fund. Other alternatives, such as a one-time appropriation, bond revenues or private sources, will be proposed, but the campaign must keep its sights on putting into place an ordinance or legislation that will change the future of affordable housing.

The relationship between state and local housing trust funds. One of the most innovative recent advances in the housing trust fund field is state legislation that enables local jurisdictions to create housing trust funds. There are several models in place. States can enact legislation that opens a door for local housing trust funds either by providing

matching funds to encourage and support local housing trust fund efforts, enabling cities or counties to utilize a specific revenue source for local housing trust funds by sharing a new public revenue source with local jurisdictions or establishing a process whereby local jurisdictions can decide to commit specific funds to a local housing trust fund.

What Advocates Need to Know Now

Today's economic climate is the most challenging yet to the goal of preserving dedicated public revenue for a housing trust fund. Within the last year, state housing trust funds have lost an estimated half of their dedicated revenues either through the decline in revenue collected through a tax or fee, or from cuts imposed through efforts to address budget deficits. Some of this decline will recover naturally as the economy regains strength and revenue collections rebound. Nonetheless, many if not most housing trust funds are facing severe challenges to their sustainability. As devastating as this may seem, the model of dedicated revenue established through legislation or ordinance appears to create a foundation from which effective campaigning for sustainability can be launched.

The housing trust fund concept continues to have resiliency. Within the last two years, more than \$200 million has been added to housing trust funds and twelve new housing trust funds have been created. With nearly 700 such funds created and implemented over the past thirty years, housing trust funds are well established as a vital part of the affordable housing field. Cities, counties, and states have developed models that work, supported innovative approaches to all aspects of addressing affordable housing and homeless needs and demonstrated that decent, affordable homes can be provided for everyone if communities are willing to commit the resources to do so. This commitment expands local economies, demonstrates new partnerships, and builds local capacity to engage in public policy initiatives. Creating a housing trust fund is a proactive step that housing advocates can take to make systemic change in the housing field.

While it is relatively easy for the public at large, and elected officials in particular, to nod toward the need to provide more affordable homes, committing precious resources to make it happen requires an active campaign. The challenge advocates face is in making affordable housing enough of a priority that elected officials can make the right decision. Housing trust fund campaigns have made important contributions in reframing affordable housing as a policy priority that is integral to the success of our communities. Not only is there an obvious connection between jobs and housing, but building housing also fuels the economy in a number of direct and indirect ways. Housing has a direct relationship to education, health, environment, and neighborhood quality. Personal stories and connections to real families have given the issue a face that is far more powerful than statistics reflect. Campaigns have begun to build on the value frame that everyone should have a place to call home.

Housing trust fund campaigns have found numerous ways to boast about what housing programs can accomplish. There is no reason to be bashful about this. There are thousands of remarkable and outstanding examples of good, well-managed, integrated affordable housing. Housing advocates have an obligation to educate the public and elected officials about the new face of affordable housing. Rarely have housing trust funds been created without the pressure applied by such a campaign. Housing advocates have succeeded in making the point that providing decent, safe affordable homes is no longer an arbitrary decision to which we can simply choose to devote resources or not. Rather, it is an ongoing, essential part of every community, no less important than streets, sewers, health centers, police or fire protection, schools, and other basic components of a viable community.

One of the most exciting aspects of housing trust funds is the demonstration that housing advocates can engage in progressive campaigns to make a change in the way this country supports affordable housing. Campaigns have been waged by local faith-based organizations, city-wide coalitions of nonprofit developers, state-wide housing advocacy groups, and many others. Coalitions have been built engaging the full spectrum of the housing industry. Their stories are as unique as they are uplifting and full of promise.

Tips for Local Success

Virtually all housing trust funds require a campaign. It is likely to be a multi-year effort and should not be considered unless advocates are willing to invest the time and effort necessary. There is a wealth of information and experience that provides good direction, sound advice and proof that it can be done.

State and Local Housing Trust Funds

The housing trust fund model can be adapted in many ways to make it possible to dedicate public funding to addressing critical housing needs. They have been created in many states, in small cities, rural counties, and large metropolitan areas. Today, there are easily 30 housing trust fund campaigns underway in cities, counties, and states across the country. Some are focused on creating new housing trust funds; many are working to increase resources to existing housing trust funds.

Here are some steps advocates can take in creating a housing trust fund campaign:

Invite some friends over. The average housing trust fund campaign takes three years, so advocates must assemble the group who are most committed to making a trust fund happen. This core group will keep the campaign focused and see it through to a successful conclusion.

Develop a proposal for a housing trust fund. Advocates should spend time thinking through a mission, how much in dedicated revenue is most desirable each year, who should administer the fund, what kind of oversight there should be, who would be eligible for funding, what kinds of affordable housing/homeless activities should be funded, and what kinds of requirements must be met in order to be eligible for funding (e.g., income targeting, long term affordability, accessibility, green housing, etc.). They should pinpoint the specific public revenue source(s) to commit to the fund. Advocates will need to do some research and gather background information to complete this step well.

Expand the circle of friends. Advocates must be very creative in reaching out to those who might want to be part of this campaign, and should invite those who will endorse or add to the proposal the campaign has developed. Advocates should not, however, invite the opposition for the sake of trying to bring them on board. Housing trust fund campaigns have broken down walls with regard to stereotypes of affordable housing. Advocates can bring a face to their campaign by connecting housing to education, health, job creation and showing that investing in a housing trust fund is good fiscal policy.

Find the best elected champion to work with. The campaign will need to get some kind of ordinance or legislation passed to create the housing trust fund. Advocates should talk to their best elected friends and get advice on how to proceed. It is important to find a true effective legislative champion, then get new folks involved in pushing for affordable housing.

Prepare for opposition. While any aspect of a housing trust fund plan may face opposition, most often opposition is expressed against the dedicated revenue source selected and usually comes from an industry associated with the revenue source. Much of the opposition can be countered with facts that accurately reflect what the proposal will cost, what will be funded, and who will benefit. This kind of background information is important and needs to be explained in a precise and straightforward manner. In some cases, it is possible to negotiate with the opposition, but advocates should be sure those involved can make decisions and are absolutely certain of the elements in the proposal that are not to be compromised.

Stay in front. Many housing trust fund campaigns have recognized that in this economic climate, it is particularly tough to ask for public money. Some campaigns, working to create a housing trust fund or to increase revenues to an existing housing trust funds, are taking this period to build their campaign: adding new organizations, enhancing educational efforts, documenting the impact of affordable housing, and building a messaging component, among many other strategies for strengthening a campaign.

For More Information

Housing Trust Fund Project of the Center for Community Change · 661-245-0318 · www.communitychange.org/our-projects/htf

See also: *National Housing Trust Fund*.

Supplemental Security Income

By Kathy Ruffing, Senior Fellow, Center on Budget and Policy Priorities

Supplemental Security Income (SSI) is a means-tested program that provides cash benefits for low income people who are disabled, blind, or elderly.

The Social Security Administration (SSA) runs the program.

History

Congress created SSI in 1972 to replace the former program of grants to states for aid to the aged, blind, or disabled.

Program Summary

SSI provides monthly cash assistance to persons who are unable to work due to age or medical conditions and have little income and few assets. In 2011, the basic monthly SSI benefit is \$674 for an individual and \$1,011 for a couple. Beneficiaries who live in another person's household and receive in kind maintenance and support receive one third less than this amount, while beneficiaries who receive long-term care in a Medicaid-funded institution receive \$30 per month. Many states supplement the federal SSI benefit, though state budget cuts are severely crimping those additional payments.

SSI benefits are reduced when recipients have other income. Each dollar of so-called unearned income over \$20 per month — such as Social Security benefits, pensions, or interest income — reduces SSI benefits by a dollar. Each dollar of earned income over \$65 a month (or \$85 for someone with no unearned income) reduces SSI benefits by 50 cents, a provision that is meant to encourage work. SSI benefits are unavailable to people whose assets exceed \$2,000 for an individual or \$3,000 for a couple (with certain exceptions).

Although run by the the same agency, SSI is distinct from the Old-Age, Survivors, and Disability Insurance (OASDI) programs commonly known as Social Security. To collect Social Security, recipients must have worked a certain number of quarters and paid the requisite payroll taxes, besides meeting certain age or disability requirements. Many SSI recipients have worked long enough to collect Social Security but their Social Security benefit is low enough that they also qualify for SSI. Nearly one-third of adult SSI recipients under age 65, and almost three-fifths of recipients over 65, also get Social Security.

In most states, anyone who receives SSI benefits is automatically eligible for Medicaid. About half of SSI recipients also get food stamps (except in California, which pays an extra cash supplement in lieu of food stamps).

Over 90% of SSI recipients are U.S. citizens. The 1996 welfare reform law eliminated most noncitizens' eligibility for SSI unless they fall into one of three main groups: lawful residents who entered the United States by August 1996; refugees who entered after that date (who can receive SSI only on a temporary basis, currently for nine years); or immigrants who entered after August 1996 and have earned 40 quarters of coverage under Social Security.

Individuals may apply for SSI by phone or in person at one of SSA's field offices. SSA will verify the applicant's identity, age, work history, and financial qualifications. In the case of disability applications, state agencies called Disability Determination Services (DDS) weigh the medical and related evidence to judge whether the applicant meets the criteria set out in law — basically, whether he or she suffers from a severe impairment that will last at least 12 months or result in death and that makes it impossible to engage in substantial work. (A slightly different definition applies to disabled children under age 18.) If the DDS initially denies the application, individuals have several levels of appeal, and may choose to be represented by an attorney.

Although SSI benefit levels are low, they are critical to obtaining and maintaining housing for many recipients. SSI benefits enable some homeless recipients to qualify for supportive housing programs, subsidized housing vouchers or units prioritized for persons with disabilities. Supportive housing providers may also receive Medicaid reimbursement for certain services provided to clients who qualify for Medicaid via SSI.

Supplemental Security Income

In December 2010, over 7.9 million people received SSI benefits: 1.2 million children under age 18, 4.6 million disabled adults aged 18-64, and 2.0 million people 65 or older.

Funding

As an entitlement program, SSI is available to anyone who meets its eligibility requirements. Total SSI outlays were \$50.8 billion in 2010, including \$3.5 billion for administrative costs (which are subject to annual appropriation).

What Advocates Need to Know Now

Although SSI benefits provide critically needed resources to persons with disabilities, they can be difficult to obtain. Nationwide, about one-fourth of adult disability claims are approved at the initial level, a rate that rises to about 40% after all appeals. (Allowance rates for disabled children are slightly higher.) The process is especially challenging for people who are homeless. Barriers include difficulty obtaining medical documentation and in making and keeping appointments. SSA requires evidence of a disability to come from an 'acceptable medical source.' The list of acceptable medical sources excludes such providers as physicians, psychologists, physicians' assistants, nurse practitioners, and licensed clinical social workers (although such professionals often provide supporting documentation).

Disability claimants often face an extended wait for a decision. Initial review of a disability application typically takes four to five months, although there is a fast-track program for certain severe conditions; appeals to the Administrative Law Judge (ALJ) level may take 500 days to be processed. Nevertheless, helped by funding from the 2009 economic recovery package and by future appropriations, SSA hopes to eliminate the hearings backlog by 2013. Some states and localities offer interim assistance while an applicant awaits a decision on SSI, eventually recouping the money from any retroactive benefits.

Some initiatives have demonstrated success in increasing SSI access for homeless people with disabilities. The Social Security Outreach and Access to Recovery (SOAR) program has used a train-the-trainer model combined with technical assistance to teach caseworkers how to conduct outreach and assist homeless applicants. SOAR is an interagency initiative involving SSA, HUD, and the Department of Health and Human Services' Substance Abuse and Mental Health Services Administration (SAMHSA). As of summer 2010, clients at SOAR-trained sites in 37 states had an average initial approval rate of 73%.

Although SSI payments may allow recipients to obtain subsidized housing, they are insufficient to enable residents to afford unsubsidized housing. Congress should consider a number of enhancements to SSI, such as increasing the basic benefit, liberalizing the treatment of other income (both earned and unearned), and raising and indexing the resource limits (which have not changed since 1989). Those proposals, however, may cost significant amounts of money at a fiscally challenging time.

What to Say to Legislators

Advocates should urge Congress to continue funding for the SOAR program within SAMHSA's Programs of Regional and National Significance. Advocates should also ask legislators to extend SSI for refugees who are slated to lose their benefits when their temporary eligibility ends. Congress should ensure that SSA offices, including ALJ services, are adequately staffed. Finally, advocates should urge Congress to improve benefits in the SSI program, while recognizing fiscal realities.

For More Information

Center on Budget and Policy Priorities · www.cbpp.org
National Law Center on Homelessness & Poverty · www.nlchp.org
National Health Care for the Homeless Council · www.nhchc.org
National Policy and Advocacy Council on Homelessness · www.npach.org
National Senior Citizens Law Center · www.nslc.org
SOAR · www.prainc.com/soar
Social Security Administration · www.socialsecurity.gov

Sustainable Communities and Livability Initiatives

By Elina Bravve, Research Assistant, National Low Income Housing Coalition

The Obama Administration is undertaking unprecedented efforts to integrate housing, transportation, environmental, and economic development strategies within and across federal agencies. However, with the 2011 shift in leadership within the House, federal funds for sustainability initiatives face the risk of cuts in the as-yet unfinished FY11 appropriations, and in the FY12 appropriations process.

Issue Summary

For far too long, federal support for community strategies that integrate housing, transportation, environmental and economic development strategies have been lacking. Siloed and uncoordinated federal funding for housing, transportation and community development make it challenging for local leaders to implement integrated approaches to community revitalization that benefit all residents, including low income residents and communities of color.

This began to change in 2009 when the Obama Administration and several Congressional leaders stepped forward with proposals to promote more livable, sustainable communities. In the 111th Congress, Senator Christopher Dodd (D-CT) and Congressman Ed Perlmutter (D-CO) introduced the Livable Communities Act which proposed aligning transit, housing and environmental goals.

In 2009, the Administration established the Interagency Partnership on Sustainable Communities between the U.S. Environmental Protection Agency (EPA), the U.S. Department of Transportation (DOT) and HUD to “coordinate federal housing, transportation, and other infrastructure investments to protect the environment, promote equitable development, and help to address the challenges of climate change.”

The Interagency Partnership has issued the following set of six livability principles to guide its work:

- (1) Provide more transportation choices. Develop safe, reliable, and economical transportation choices to decrease household transportation costs, reduce our nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions, and promote public health.
- (2) Promote equitable, affordable housing. Expand location- and energy-efficient housing choices for people of all ages, incomes, races, and ethnicities to increase mobility and lower the combined cost of housing and transportation.
- (3) Enhance economic competitiveness. Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers, as well as expanded business access to markets.
- (4) Support existing communities. Target federal funding toward existing communities—through strategies like transit oriented, mixed-use development, and land recycling—to increase community revitalization and the efficiency of public works investments and safeguard rural landscapes.
- (5) Coordinate and leverage federal policies and investment. Align federal policies and funding to remove barriers to collaboration, leverage funding, and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.
- (6) Value communities and neighborhoods. Enhance the unique characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban.

Building off of the announced Interagency Partnership for Sustainable Communities, HUD has taken a lead role in providing new funding to regions seeking to better integrate housing, transportation and environmental plans and investments. On February 4, 2010, HUD Secretary Shaun Donovan announced the launch of HUD’s new Office of Sustainable Housing and Communities (OSHC) to serve as the lead coordinating entity within HUD working with DOT and EPA on livability and sustainable communities. HUD also funded the Sustainable Communities Initiative in FY10.

The need for greater integration of housing and transportation planning at the federal level is captured in a speech Secretary Donovan made in Seattle on February 4:

Sustainable Communities and Livability Initiatives

“For decades, HUD would build housing in one part of a community and the Department of Transportation would invest in another -- with no coordination and in some cases working at cross-purposes, with highways often bypassing rural communities entirely and splitting inner-city neighborhoods in two. As a result, communities from Seattle to Salt Lake have taken matters into their own hands, leveraging public dollars with private and philanthropic capital to expand transportation options and preserve the affordability of neighborhoods. From the moment President Obama was inaugurated, he directed us to not only catch up to what localities are already doing -- but to scale up those ideas, lead the charge and set the pace for change.”

What Advocates Need to Know Now

The President’s FY11 and FY12 budget requests included funding for the Sustainable Communities Initiative. The FY11 funding bill passed by the House would eliminate funding for the Sustainable Communities Initiatives.

Sustainable Communities Initiative (HUD). The Administration’s FY12 HUD budget request includes \$150 million for the Sustainable Communities Initiative to further integrate transportation and housing planning and decisions in a way that maximizes choices for residents and businesses, lowers transportation costs, and drives more sustainable development patterns. The funding request is consistent with the FY11 request. The FY12 proposal moves the Office of Sustainable Housing and Communities out of the Community Development Block Grant budget and makes it a separate line item.

In 2010, \$100 million was made available for regional integrated planning initiatives through HUD’s Sustainable Communities Regional Planning Grant Program. In October 2010, HUD funded 45 regional partnerships, from metropolitan planning organizations (MPOs) and state governments to nonprofit and philanthropic organizations. Grants encourage regions to develop and implement new plans to integrate affordable housing with retail and economic development.

An additional \$40 million was also provided in 2010 to support Sustainable Community Challenge grants to encourage metropolitan and local leaders (and, in certain cases, states) to make market-shifting changes in local zoning and land use rules, as well as to building codes, to ensure adequate availability of affordable and low income housing near public transportation and other community amenities.

The Sustainable Community Challenge Grants were awarded in conjunction with DOT’s TIGER II Planning Grants which focus on surface transit programs.

Livable Communities Program (DOT). DOT oversees a large budget and provides billions of dollars annually to states, regions and communities to fund highways, bridges, public transit, rail, and bicycle and pedestrian projects. As partners in the Sustainable Communities Initiative, DOT and HUD are coordinating to identify strategies to reduce the combined housing and transportation cost burden, and to place a higher priority on preserving and creating affordable housing near transportation amenities.

The President’s FY12 budget request includes making ‘Livable Communities’ one of the five core Federal Highway Administration programs with a \$4 billion funding request for FY12. In addition, the FTA Transit Expansion and Livable Communities Program budget request is \$3.5 billion in FY12. It includes \$50 million in funding for new Livable Communities demonstration grants.

Smart Growth Technical Assistance (EPA). The Environmental Protection Agency (EPA) is the third partner in the federal Sustainable Communities Initiative. For the past decade EPA has supported smart growth strategies to help communities grow in ways that expand economic opportunity, protect public health and the environment. The Administration’s FY12 budget request expands EPA’s commitment to smart growth, livability and sustainable communities.

The Administration created an Office of Sustainable Communities within EPA in 2010 to provide technical assistance grants and fund research. For FY12, the Administration requests \$10 million for smart growth technical assistance. Through programs such as the Sustainable Communities Building Blocks program, communities will receive assistance with the implementation of new sustainable policies.

Transportation Reauthorization. In September 2009, the federal surface transportation authorization legislation expired, and Congress continues its work towards a new authorization bill. Transportation and Infrastructure Former Chairman Jim Oberstar (D-MN) introduced a \$450 billion bill in the House of Representatives in 2009. While that bill did not move forward as planned, an extension of the Surface Transportation Act was signed by the President in March 2011. Members of Congress may work to enact a new multi-year transportation authorization in 2011.

The Administration included a six-year transportation plan in the FY12 budget that shifts funding towards transit and livability programs as well as competitive grant programs.

Affordable housing advocates at the national and state level can work to support specific housing-related policies that will advance equitable transportation principles including:

- Provide tangible financial incentives to preserve and expand the availability of housing affordable to families with a range of incomes, including low and extremely low income, near public transit stops, job centers, and other essential destinations.
- Target transportation investments to support convenient, complete and inclusive communities with a mix of housing types and incomes, where necessities and amenities are close by, and people can walk, bike, ride transit and drive.
- Ensure that low and moderate income families have access to housing near transportation options by providing direct incentives and support for creation of transit-oriented development districts around corridor transit stations, with bonuses given for preservation and creation of mixed income housing.
- Establish national minimum guidelines for coordinating state and metropolitan transportation planning with other planning processes to ensure integration of housing, land use and transportation activities resulting in more compact, mixed income communities well served by transit.
- Establish an Office of Livability within DOT responsible for administering new livability programs and policies, coordinating the various offices within the department, working with DOT's federal partners, and ensuring that states and MPOs integrate housing, land use, and environmental uses.

What to Say to Legislators

The Interagency Partnership for Sustainable Communities is an historic commitment by the federal government to work together to support local strategies to create livable communities that are healthy, safe and economically secure for households of all income levels. Ensuring that all three federal agencies involved in the Initiative—HUD, DOT, and EPA—have funding and staff devoted to sustainable communities will help accelerate successful projects in communities across the country. It is also essential to update federal regulations and policies that have often worked against locating and preserving affordable housing in neighborhoods with access to jobs, transportation and community amenities.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

EPA's Smart Growth Programs: www.epa.gov/smartgrowth/

FTA Livable and Sustainable Communities: http://fta.dot.gov/publications/publications_10935.html

Link to NLIHC's community planning principles at: www.nlihc.org/doc/Principles-NLIHC-Letterhead.pdf

HUD Office of Sustainable Communities and Housing http://portal.hud.gov/hudportal/HUD?src=/program_offices/sustainable_housing_communities

LISC · <http://lisc.org>

PolicyLink · www.policylink.org

Reconnecting America · www.reconnectingamerica.org

Smart Growth America: www.smartgrowthamerica.org/policy-work/federal-policy-priorities/

Temporary Assistance for Needy Families (TANF)

By Sharon McDonald, Senior Policy Analyst, National Alliance to End Homelessness

Temporary Assistance for Needy Families (TANF) is a federal block grant program that provides funds to states to assist low income families. Last year, Congress extended authorization for the program through September 30, 2011 through a Continuing Resolution. The President's FY12 budget is not widely expected to include a proposal to fully reauthorize TANF, though it may include proposals to help states meet the needs of low families impacted by the recession or to support state level innovation.

History and Purpose

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) replaced Aid to Families with Dependent Children (AFDC), an entitlement program established by the Social Security Act of 1935, with the TANF block grant. Many proponents of welfare reform argued that the ongoing availability of cash assistance under AFDC did little to promote work, marriage, or self-sufficiency, and instead encouraged government dependence. Opponents argued that welfare reform would dismantle an important safety net for families and leave them with little protection from the vagaries of uncertain labor markets.

TANF is used by states to provide cash assistance and work supports, such as child care, transportation, and job training, to low income families with children. States cannot use federal TANF resources to provide cash assistance to families for more than five years, though 20% of a state's caseload can be exempted from the five year time limit. States must also demonstrate that 50% of cash assistance recipients are engaged in 20-35 hours of approved work activities each week. States receive a 'caseload reduction credit' toward the 50% work participation rate when families exit the program. Federal TANF resources cannot be used to provide assistance to some immigrant families legally residing in the United States.

States were provided broad flexibility in the use of the block grant program to assist families. Most states adopted much shorter time limits for cash assistance than the federal law requires and imposed sanctions to reduce or withhold cash assistance from families who failed to meet work participation requirements. States used the flexibility of the block grant program to provide child care and other supports that helped low income women make the transition to employment. As more families transitioned off of welfare assistance, states received credit toward the state's work participation rate. As a result, states were able to engage families in a wide array of activities without regard to whether those activities were an 'approved' work activity. States used this flexibility to engage families in activities such as mental health and substance abuse counseling.

The program was reauthorized by the Deficit Reduction Act of 2005 (DRA) which restricted state flexibility in administering the program. DRA recalibrated how states were rewarded for caseload reductions and more narrowly defined activities that families could engage in and be counted toward the state's work participation rate. This created more pressure on states to engage families in countable work activities and to invest more resources in activities that counted. Advocates expressed concern that pressure on states to meet work participation rates would increase the likelihood that families would lose cash assistance due to sanctions when they did not meet work requirements and they would lose access to needed services, such as rehabilitative services, that were not 'countable.'

To help states serve the increased number of families in need due to the recession, the American Recovery and Reinvestment Act (ARRA) included \$5 billion for the TANF Emergency Contingency Fund (ECF). States were eligible to draw down TANF ECF resources to mitigate the increased costs they incurred providing cash assistance, subsidized employment, or short-term benefits such as eviction prevention assistance, utility assistance, security deposit, and first month's rent. The TANF ECF funds expired on September 30, 2010. Attempts to extend the program through FY11 were defeated in the Senate.

Program Summary

The purpose of the TANF program includes providing assistance to families "so that children may be cared for in their own homes or in the homes of relatives." The program purpose also includes reducing dependence on cash

Temporary Assistance for Needy Families (TANF)

assistance by promoting work and marriage, preventing out-of-wedlock pregnancies, and promoting the formation and maintenance of two-parent families.

TANF dollars are distributed to states on a formula basis that reflects the states' historical spending on assistance for low income families. States are required to provide their own funding toward meeting the purposes of the block grant, known as the Maintenance of Effort (MOE). To meet the MOE requirement, states must maintain 75 to 80% of their historical spending on assistance to low income families. The program may be administered by the state or county level TANF agency.

Programs can vary widely because states have a lot of flexibility in how the funds are used. Cash assistance comprises approximately 30 percent of how states use federal and state TANF funds. States typically commit substantial portions of their TANF dollars toward meeting childcare needs. States also use the funds for work preparation activities including job training, education, rehabilitative services, and subsidized employment. With the availability of TANF ECF funds, states significantly increased their use of subsidized employment to assist families, which is credited with helping thousands of families from falling into deeper poverty.

Some states use TANF resources to help meet the housing needs of families, including through the use of short- or medium-term rental assistance, eviction prevention assistance, and security deposit and first month's rent to help families exit shelter. In some states, TANF resources are also used to support shelters and transitional housing programs serving families. With TANF ECF funds, states also crafted new partnerships with homeless service programs to help support families facing homelessness with prevention and rapid re-housing services.

Eligibility criteria for TANF cash assistance and TANF-funded services are largely determined by the state. Typically, households with children and very limited incomes are eligible for TANF cash assistance. Immigrant families cannot receive federally funded TANF assistance unless they have resided in the United States for more than five years, and federal TANF resources cannot be used to provide assistance to families beyond five years. States can choose to use MOE funds to support families who cannot be supported with federal TANF assistance.

Nationally, 1.9 million families receive cash assistance. The number of families receiving assistance has declined by over 60% since TANF was enacted in 1996. Only 40% of income-eligible families receive TANF cash assistance and data from homelessness assistance programs indicate that fewer than 20% of families entering transitional housing programs receive TANF cash assistance. Families who are not receiving cash assistance include those who have been sanctioned off because they have not complied with program requirements or who have reached their state's time limit. Studies have found that families who have lost TANF cash assistance through sanctions are more likely than other families to include a person with a disability.

TANF cash assistance is an important source of financial support for families without other sources of income. Benefit levels are set by each state, and are typically well below what families need to pay for housing. The average cash assistance benefit for a family of three is under \$500 a month. An analysis by the Center on Budget and Policy Priorities found that only one state provided families with cash assistance over 50% of the federal poverty level and cash assistance benefits in 20 states leave families below 25% of the federal poverty level. Families served by TANF programs have high rates of housing instability and homelessness, likely due to their very low incomes. The loss of TANF cash assistance due to sanctions or time limits can increase the risk of housing instability and homelessness.

Families in need may have stopped seeking assistance from their state TANF agency. Throughout the recession, there were sharp increases in food stamp and unemployment compensation caseloads. In many communities, more and more families are turning to emergency shelter and homelessness prevention programs. Yet in many states, welfare caseloads have not significantly expanded to meet the increased needs of families.

Funding

The TANF block grant provides \$16.6 billion annually to states. States are required to provide their own funding for the purposes of the block grant, known as the Maintenance of Effort.

Temporary Assistance for Needy Families (TANF)

What Advocates Need to Know Now

The failure to extend the TANF ECF, significant shortfalls in state budgets, and the declining value of the TANF block grant puts TANF funded initiatives for low income families at significant risk even though the need for support remains acute. State level advocates will likely focus on preserving support to families under TANF and fight efforts to reduce cash assistance, restrict access to assistance, or to suspend critical services.

Advocates should attend to state and federal proposals that could expand or restrict access to financial assistance and work supports for low income families. A strong performing income and employment support program is critical to help low income families access and maintain housing in their community.

Many states consider the initiatives funded by TANF ECF, such as new collaborations with homeless service providers and subsidized employment, to be successful ones. Though state resources may be constrained, there may be state level interest in maintaining or building on successful initiatives.

Tips for Local Success

Local homelessness and housing advocates should develop partnerships with state and local organizations advocating for improved TANF income and employment supports for low income families. Through collaboration, housing and welfare advocacy organizations can propose solutions that meet the holistic needs of low income families.

What to Say to Legislators

Local advocates should educate their Congressional delegation about how TANF resources are being used to meet the needs of families in their state and the need for more funding for the TANF block grant.

For More Information

Center on Budget and Policy Priorities · 202-408-1080 · www.cbpp.org

Center on Law and Social Policy · 202-906-8000 · www.clasp.org

National Alliance to End Homelessness · 202-638-1526 · www.endhomelessness.org

Ten-Year Plans to End Homelessness

By Shambhavi Manglik, Research Associate, National Alliance to End Homelessness

The homeless population was once assumed to be largely mentally ill, urban, and unable to be helped. The solution was to manage homelessness through the creation of emergency shelters, transitional housing, and other homeless services. These assumptions have disappeared. Over the last few decades, numerous studies have worked to dispel the myths that have surrounded homelessness. Now, communities of all sizes across the country are completing plans to end homelessness, declaring that it is no longer suitable for any community to yield to what we have come to learn is a surmountable problem. Since 2003, more than 270 communities have completed ten-year plans to end homelessness, and many more are in the process of developing them.

History

In 2000 the National Alliance to End Homelessness (NAEH) released *A Plan, Not a Dream: How to End Homelessness in Ten Years*. Drawing upon years of research and promising approaches from around the country, the blueprint provided the key strategies needed to address the issue of homelessness in ten years. In 2001, HUD, together with the Bush Administration, endorsed the initiative to end chronic homelessness. In 2002, the U.S. Interagency Council on Homelessness (ICH) was reactivated, and in 2003 ICH challenged 100 cities to create plans to end chronic homelessness. Since that time, ICH reports that 339 state and jurisdictions have developed plans to end homelessness. Over 270 of these communities have completed and adopted their plans.

In 2010, ICH released *Opening Doors: The Federal Strategic Plan to Prevent and End Homelessness*. *Opening Doors* is the first-ever comprehensive federal commitment to end homelessness. The plan is especially notable because when the federal government challenged communities to create plans to end homelessness in 2003, there was little in the way of federal assistance for these plans. It aims to support local plan implementation, and promote effective strategies across the country with a concrete timeframe and clear, measurable national goals.

Components of the Plan

Local plans to end homelessness have been completed in all regions of the country in all types of communities - rural, urban, and suburban. While some of the elements in the plans may differ, common plan components include a survey of baseline data, strategies for ending homelessness among people currently experiencing homelessness, prevention efforts to reach people at risk of homelessness, and community outreach plans.

Most plans start from the same place: understanding the local homeless population. More than 80% of communities with completed ten year plans collected baseline data on homelessness prior to engaging in planning efforts. This data allows the community to better understand who in their community becomes homeless, how they become homeless, and which programs will work best to solve each community's specific problems.

The strategies outlined in the plans vary widely depending on the unique needs of the community. One common component is the need for permanent housing. Approximately 89% of the plans include permanent housing as a strategy to end homelessness, and 77% identify the need for permanent supportive housing in particular. In total, the plans call for the creation of more than 375,000 units of affordable and permanent supportive housing for homeless people. Efforts to shorten the length of time people spend homeless through Housing First or rapid rehousing initiatives are included in 94% of the plans.

While the initial challenge was to create plans to end chronic or long-term homelessness, 74% of communities extended their plans to include all homelessness. Many plans outline additional strategies to address the unique needs of various subpopulations such as veterans, youth, families, victims of domestic violence, and the elderly. Of the completed plans to end homelessness, 70% identify strategies to end chronic homelessness (including those that target it specifically). Furthermore, 50% lay out strategies to end homelessness among youth, 49% provide strategies to end family homelessness, and 32% address the housing needs of former prisoners re-entering the community.

Ten-Year Plans to End Homelessness

Prevention is an integral part of ending homelessness in every community. By identifying and serving those most at-risk of becoming homeless, communities can cap the endless stream of people entering into homelessness.

Emergency prevention strategies, such as eviction prevention through rent, utility, or mortgage assistance, case management, and landlord intervention are included in 83% of the plans. Systems-level prevention, such as discharge planning from correctional facilities, mental health facilities, youth aging out of foster care, and residential treatment programs, are included in 83% of the plans.

Outreach plays an important role in ending homelessness by engaging persons on the street and helping them both get into housing and access needed services. Over 62% of plans focus on increasing outreach efforts to people living on the streets and provide them with basic services such as food, medical care, and housing. Many already have outreach activities, such as Assertive Community Treatment (ACT) teams and safe havens, in place. The provision of, or links to, mainstream services are included in 78% of the plans. Increasing income through job training services, Supplemental Security Income (SSI) outreach, Transitional Aid to Needy Families (TANF) outreach, or Earned Income Tax Credit (EITC) outreach was included in over three-quarters of the plans.

Housing Type	Percent of Ten-Year Plans that Included or Identified a Need for Additional:
Permanent Housing Total	89%
Permanent Supportive Housing	77%
Affordable Housing	50%
Public Housing	6%
Project-Based Section 8	10%
Tenant-Based Section 8	28%
Other Rental Assistance Vouchers	32%
Inclusionary Zoning	19%

Tips for Local Success

To be successful, the planning process should be participatory and involve multiple sectors of the community. Receiving input from the public, private, and nonprofit sectors allows for greater community buy-in and a smoother transition from planning to implementation. The more than 270 completed plans incorporate a wide range of stakeholders in the process, from formerly homeless persons to the local chamber of commerce. Approximately 40% involved public sector stakeholders, 36% involved the nonprofit community, and 25% of plans had private sector representation.

It has been 11 years since NAEH released *A Plan, Not a Dream*, and seven years since ICH challenged communities to end chronic homelessness. In that time the country has dramatically improved the way we respond to homelessness. As a result, the number of people experiencing homelessness across the country, particularly the number of people experiencing chronic homelessness, has declined. However, there is much more to be done. While over 270 communities have completed these plans to end homelessness, the transition from planning to implementation can be difficult. Including elements such as ways to measure progress, defining parties responsible for each action step, identifying funding sources, and creating timelines can help communities stay on track. Further, plans should be living documents that can be modified and updated in response to a community's changing need.

For More Information

National Alliance to End Homelessness · 202-838-1526 · www.endhomelessness.org

See also: *Interagency Council on Homelessness*

Weatherization Assistance Program

By Meg Power, Ph.D., Economic Opportunity Studies, Inc.

The Department of Energy (DOE) administers the Weatherization Assistance Program (Weatherization, or WAP), which funds improvements, delivered by trained workers, that reduce home energy consumption and costs. The program serves low income households, and prior to 2010 primarily served those living in privately owned single-family or small multifamily homes. Because of funding received from the American Recovery and Reinvestment Act of 2009 (ARRA), Weatherization expanded from serving 175,000 units yearly to delivering ARRA WAP improvements at a yearly rate of about 250,000, to meet the objective of completing almost 600,000 additional homes by March 31, 2012.

In 2011, the top issues for the program are improving services to eligible renter households and larger multifamily buildings, managing the greatly scaled-up program, and preparing for likely reductions in workforce and contractor activity in the winter of 2011-2012.

History and Purpose

The 1976 Energy Conservation and Production Act established the Weatherization Assistance Program (WAP) following a successful pilot program of the Community Services Administration (CSA). WAP moved to the newly formed DOE in FY77. Legislative changes in 1984 and again in 1993 established requirements that required installers to use DOE-approved, computerized building energy audits, to evaluate the house as a 'system,' and to prioritize long-lasting, high-impact investments. The Weatherization Assistance Program is designed to "increase the energy efficiency of dwellings owned or occupied by low income persons, reduce their total residential energy expenditures, and improve their health and safety, especially low income persons who are particularly vulnerable such as the elderly, the handicapped, and children." The purpose of its ARRA funding is to expand construction trade employment while achieving Weatherization's primary goals.

While surviving occasional efforts to terminate it entirely, the DOE program's size fluctuated through the 1990s, then grew from 2000-2004 when it was a 'Presidential Priority,' and ended up with \$227 million in FY08. In 2009, appropriations followed by ARRA provided a dramatic funding increase of \$5 billion, expanded program eligibility and raised the investment allowed per home. ARRA funding reached most local programs by November 2009. By November of 2010, more than 47% of planned units had been weatherized and almost 40% of ARRA funds had been expended.

Program Summary

The Weatherization program provides funds to states to increase the energy efficiency of low income residential properties through energy efficiency investments delivered by skilled workers. Traditionally, Weatherization primarily funded energy measures in single-family homes, although rental housing is also represented in the mix of weatherized units.

The program is a formula-based state categorical program. About 700 Community Action Agencies (CAAs) and 250 other nonprofit organizations, including a number of nonprofit housing developers, deliver the program services with program-trained and specially equipped employees or contractors. For ARRA, many states funded and trained additional sub-recipients.

Funding sources. Until ARRA, DOE funding had made up only one third to one half of the total used for all Weatherization services delivered by the local agencies. Many states have also tapped LIHEAP funds and utility programs for low income efficiency investments and state housing-related funding to access another \$300 million to \$500 million to WAP programs, but in other states these resources have been used independently of the state WAP infrastructure. In 2008, local Weatherization agencies collectively spent about \$800 million in Weatherization and coordinated resources. That year, more than 175,000 units were weatherized by the network, of which about 92,000 were DOE-funded. As of 2011, some states' utility funding dedicated to traditional weatherization programs has grown while others' has contracted, and some states have withdrawn LIHEAP funds.

Weatherization Assistance Program

Operations and standards. Technical protocols approved by DOE ensure quality, safety, and a positive return on the investment of federal funds. Local agency employees and private contractors are supervised by skilled staff technicians. They measure the systems that heat, ventilate, and cool the whole building. Each federal dollar spent must meet a savings-to-investment ratio (SIR); it must produce a dollar of energy savings over the life cycle of the measures installed for each dollar invested.

In a typical single-family job, workers pressurize the house and identify leaks in the building's shell using blower doors and infrared imaging. Then, they check for blocked air movement or conflicting pressures, safety hazards, and heating system performance, including water heating, cooling equipment, lighting fixtures, and equipment performance. A small share of program funds may be used for minor repairs and health and safety improvements. DOE counts (and funds) only the homes that are 'fully weatherized' using these protocols and only the measures that will result in energy savings equal to their cost. There is a \$6,500 ceiling on average direct expenditures per home, calculated statewide.

Program eligibility. Households with incomes at or below 200% federal poverty guidelines, or at or below 60% of state median income are eligible for Weatherization. Before ARRA, recipients have disproportionately been homeowners living in northern tier states. Elderly and disabled households are well-represented among those served. Renters can be served if the services primarily benefit the eligible tenant, not the landlord, and meet the cost-effectiveness test. For 2011, DOE requires that states include a mix of multifamily buildings with smaller homes in their programs.

Industry and career development. In 2010, DOE devoted substantial resources to standardizing the knowledge, skills and abilities that the workforce which performs residential energy retrofits should possess and to prepare curricula, field guides and other materials needed to expand WAP and also to establish quality standards for the growing national retrofit workforce. The work and training standards are part of the Recovery through Retrofit initiative and will be packaged with related HUD and EPA work practices guidelines.

Most new workers needed Weatherization-financed training and on-the-job practice for the specialized 'green collar' skills required. However, a shortage of trainers impeded program acceleration in 2009. This expansion has introduced conventional remodelers to new efficiency and safety related tools and skills that they can integrate with their conventional work in the future.

Clean energy projects. WAP funded more than 100 Weatherization agencies' clean energy demonstration projects that would not have been consistent with the strict DOE payback requirement. This discretionary program, Sustainable Energy Resources for Consumers, was authorized in the 2007 Energy Independence and Security Act. Weatherizers are testing myriad technologies and partnerships, from geothermal heating devices and cool roofing material to renewable energy installations and small-scale metering and consumer-feedback devices.

Regional Variations. The homes weatherized before 2009 are disproportionately in the northern tier of the United States because the distribution formula weights funding below \$234 million to colder states. In contrast, funds in excess of \$234 million are distributed based on a higher weight for low income population. The ARRA distribution means Texas' program grows 16-fold over three years, while the Wisconsin program barely doubles. DOE is expanding its research and its training on mild climate approaches to reducing usage.

Multifamily buildings. High energy costs can pose a significant threat to maintaining affordable rental housing. Housing advocates are very concerned about finding opportunities and funding to lower these operating costs. DOE changed a number of policies that were barriers to including larger apartment buildings in the program: grant guidance directs states to include a mix of building types in their annual plans or risk rejected plans because tenants with high energy burdens did not have the same access to weatherization services as owners or renters in smaller homes. Landlord agreements to share the benefits with tenants and to avoid rent increases are often required; some states also require private landlords to contribute to WAP projects.

Most important, in a partnership with HUD and USDA, DOE generated a list of federally assisted buildings that meet the income eligibility requirements for WAP. This spares local agencies countless person-years gathering the income data on occupants of each unit as is needed to make improvements to the entire structure, not only the individual units. While individual apartments in large buildings use relatively little energy, upgrading the core heating and cooling

equipment and changing lighting and other electrical equipment in the common areas of apartment buildings of 6 or more units can be very cost effective.

To be eligible for improvements to the common spaces and the common energy equipment (if any), a building must have at least 67% of its units occupied by eligible tenants, or 50% in the case of large buildings with potential for substantial energy savings. Apartment dwellers sometimes spend a much smaller share of their income on energy than others of the same income and may not be prioritized for WAP when a building has relatively low tenant out-of-pocket bills as compared to other homes. WAP requires that the low income tenant be the primary beneficiary of Weatherization upgrade, a difficult test to meet where out-of-pocket shelter costs are capped at a reasonable share of income

Additional DOE guidance has, however, clarified that states may consider approving tenant benefits other than reduced tenant utility costs, including the preservation of affordable housing nearing the end of its dedicated period of low income occupancy or improvement in owner-supplied building services.

The total estimated 2008 production of the 900 Weatherization network agencies was about 175,000 weatherized homes, of which more than 90,000 received DOE funds. ARRA funding is expected to result in about 600,000 weatherized units from 2010 through March 2012.

The program historically reduces all fuel consumption in the average home by 30.5 mmbtu, or 21%; this means a 30% reduction in main fuel usage. Electric baseload savings have not been evaluated. Average savings, which persist for about 20 years, were estimated at \$413 per year at current prices. The energy savings equaled about \$1.67 for every federal dollar invested. Results vary among homes by the amount of energy the home was using pre-treatment and with energy prices. Weatherization reduces the carbon dioxide emissions of the average natural gas heated home by 1.8 tons.

Major evaluations of traditional and ARRA programs are underway. The results may show a positive, but less dramatic, SIR. Because more investment per home is possible, many agencies will do all the cost-effective measures, including those that pay back 1:1. In the past, investment would have stopped after only the most cost-effective investments were made because total expenditures were more limited. The ARRA multifamily building projects will have a longer economic pay-back rate in some cases because while the SIR rule is implemented with calculations that use residential wages set by Davis-Bacon for workers in buildings of 4 stories or less, current regulations require higher commercial wages for those who work on taller buildings.

Funding

ARRA provided \$5 billion for Weatherization over three years. In addition, \$450 million was appropriated for regular FY09 funding and \$180 million for the regular FY10. DOE's guidance requires ARRA funds to be spent before regular funds and both may not be comingled in one home.

The total estimated 2008 production of the 900 Weatherization network agencies was about 175,000 weatherized homes, of which more than 90,000 received DOE funds. ARRA funding is expected to result in about 600,000 weatherized units from 2010 through March 2012. The program historically reduces all fuel consumption in the average home by 30.5 mmbtu, or 21%; this means a 30% reduction in main fuel usage. Electric baseload savings have not been evaluated. Average savings, which persist for about 20 years, were estimated at \$413 per year at current prices. The energy savings equaled about \$1.67 for every federal dollar invested. Results vary among homes by the amount of energy the home was using pre-treatment and with energy prices. Weatherization reduces the carbon dioxide emissions of the average natural gas heated home by 1.8 tons.

Major evaluations of traditional and ARRA programs are underway. The results may show a positive, but less dramatic, SIR. Because more investment per home is possible, many agencies will do all the cost-effective measures, including those that pay back 1:1. In the past, investment would have stopped after only the most cost-effective investments were made because total expenditures were more limited. The ARRA multifamily building projects will have a longer economic pay-back rate in some cases because while the SIR rule is implemented with calculations that use residential wages set by Davis-Bacon for workers in buildings of four stories or less, current regulations require higher commercial wages for those who work on taller buildings.

Weatherization Assistance Program

What Advocates Need to Know Now

Future funding challenges. Weatherization's future and that of its workforce are in serious doubt. Despite the infusion of ARRA funding, DOE's leadership publicly says the program cannot count on robust federal funding and must find private or local government funding sources to upgrade low income housing after the 2011 program year. The Weatherization community will be following housing advocates' lead and relying on their expertise to make the case that private investors and local government are unlikely foundations for sustained investments in low income housing upgrades.

Weatherization network agencies are deeply concerned about the potential collapse of the program and its workforce when ARRA ends, especially if a mature market demanding millions of home retrofits has not yet emerged. While their leadership is beginning to work on creative leveraged partnerships for 2012, the network also seeks the authorized funding level of \$1.4 billion.

In addition to stabilizing funding, advocates would like to see the following program improvements made:

Investor outreach. A vastly expanded program offers value to potential private partners who want to achieve carbon reductions in a large share of the population. Weatherizers expect more partners to add value to the program's resources, to help achieve more savings per home and to develop more community-wide benefits.

Eligibility. Eligibility is inconsistent with that of HUD programs. Weatherizers want the DOE statute changed to match the 'low income' definition to align with those of HUD programs. Existing weatherization providers must also expand their efforts to serve low income renters, who constitute half of WAP-eligible households but who have received less than one-fourth of WAP services.

Standard housing. Because very limited amounts of DOE or LIHEAP Weatherization funds are set aside for home repair, Weatherizers are not able to insulate homes with major roof leaks or to tighten air flow in homes with mechanical or other hazards. Major rehab funding and partnerships are rare. Weatherizers favor a separate fund for simple health and safety related repairs (costing up to \$10,000 per home) that do not reach the level comprehensive rehab.

Good jobs and living wages. The market must change if the green-collar labor market is to engage in massive energy retrofits of residences. The DOL created a Weatherization worker wage because the work does not fit the definition of other construction jobs. Most areas' wages were determined to be essentially the same as the past program wage, generally not as high as a living wage for the area. Costs for skilled trades involved in mechanical upgrades shot up dramatically, as did the cost of work in tall apartment buildings. The energy benefits-to-program-cost ratio will drop where wages rose. Advocates must join in redesigning the program performance tests to allow low income households to participate in projects that pay a living wage.

The program disappointed those who expected thousands of unskilled workers to be hired and trained in green jobs, because the work requires mid-level building skills, and ARRA projects could not wait for the 6-12 months needed to train new workforce entrants. However, many experienced unemployed builders have been recruited and trained.

For More Information

- Technical and program information site with links to all network partners: www.waptac.org
- Videos demonstrate Weatherization training and service delivery in the field: www.waptac.org/MediaModule/c/85/Training-and-Demonstration.aspx
- The Department of Energy Weatherization gateway page: <http://apps1.eere.energy.gov/weatherization/>
- Economic Opportunity Studies' pages on partnerships and expansion: www.weatherizationplus.org
- Studies and evaluations of the program: <http://weatherization.ornl.gov/>
- Green housing preservation: www.nhtinc.org/green_affordable_housing_preservation.php

Economic Opportunity Studies, Inc. · 202-628-4900 www.opportunitystudies.org/

National Housing Trust · 202-333-8931 · www.nhtinc.org/

Lobbying by 501(c)(3) Organizations

Contrary to what many nonprofits believe, 501(c)(3) organizations may lobby in support of their organization's charitable mission. How much lobbying the organization can do depends on how the organization chooses to measure its lobbying activity. There are two options to determine lobbying limits for 501(c)(3)s: the insubstantial part test and the 501(h) expenditure test.

Insubstantial Part Test

The insubstantial part test automatically applies unless the organization elects to come under the 501(h) expenditure test. The default insubstantial part test requires that a 501(c)(3)'s lobbying activity be an 'insubstantial' part of its overall activities. Unfortunately, the Internal Revenue Service and courts have been reluctant to define the line that divides substantial from insubstantial. Most lawyers agree that if up to 5% of an organization's total activities are lobbying, then the organization is generally safe. The insubstantial part test is an activity-based test that tracks both activity that the organization spends money on, as well as activity that does not cost the organization anything (for example, when unpaid volunteers lobby on behalf of the organization). There are no clear definitions of lobbying under the insubstantial part test.

501(h) Expenditure Test

Fortunately, there is an alternative test that provides much clearer guidance on how much lobbying a 501(c)(3) can do and what activities constitute lobbying. The 501(h) expenditure test was enacted in 1976 and implementing regulations were adopted in 1990. This choice offers a more precise way to measure an organization's lobbying limit because measurements are based on the organization's annual expenditures. The organization is only required to count lobbying activity that actually costs the organization money (i.e., expenditures); therefore, activities that do not incur an expense do not count as lobbying. A 501(c)(3) can elect to use these clearer rules by filing a simple, one-time form, IRS Form 5768 (available at www.irs.gov).

To determine its lobbying limit under the 501(h) expenditure test, an organization must first calculate its overall lobbying limit. This figure is based on an organization's 'exempt purpose expenditures,' which, generally, is the amount of money an organization spends per year. Once an organization has determined its exempt purpose expenditures, the following formula is applied to determine the organization's overall lobbying limit:

**20% of the first \$500,000
+15% of the next \$500,000
+10% of the next \$500,000
+5% of the remaining**

There are two types of lobbying under the 501(h) expenditure test: direct lobbying and grassroots lobbying. An organization can use its entire lobbying limit on direct lobbying, or if it chooses to engage in grassroots lobbying, it can only use one-fourth of the overall lobbying limit on grassroots lobbying.

There is a \$1 million yearly cap on an organization's overall lobbying limit. This means that if an organization chooses to measure its lobbying under the 501(h) expenditure test, it also agrees not to spend more than \$1 million on lobbying activity each year.

Direct lobbying is a communication with a legislator (federal, state or local) or legislative staff member that refers to specific legislation and takes a position on the legislation. Remember that a legislator also includes the president or governor when you are asking them to sign a bill into law or veto a bill and officials who have the ability to influence legislation.

Grassroots lobbying is a communication with the general public that refers to specific legislation, takes a position on the legislation, and has a call to action. A call to action refers to four different ways the organization asks the public to respond to its message: (1) asking the public to contact their legislators; (2) providing the contact information (for example, the phone number) for a legislator; (3) providing a mechanism for contacting legislators (for example, a tear-

Lobbying by 501(c)(3) Organizations

off postcard or email link sending a message directly to legislators); or (4) listing those voting, undecided or opposed to specific legislation. Identifying legislators as sponsors of legislation is not a call to action. Fortunately, the 501(c)(3)'s members are treated as a part of the organization, so urging them to contact public officials about legislation is considered direct, not grassroots, lobbying.

Ballot measures. Communications with the general public that refer to and state a position on ballot measures (including, for example, referenda, ballot initiatives, bond measures and constitutional amendments), count as direct lobbying, not grassroots lobbying, because the public are presumed to be acting as legislators when voting on ballot measures.

Lobbying exceptions. There are some specific exceptions for activities that otherwise might appear to be lobbying under the 501(h) expenditure test. It is not lobbying to prepare and distribute a substantive report that fully discusses the pros and cons of a legislative proposal (even if the analysis comes to a conclusion about the merits of that proposal). The report cannot ask readers to contact their legislators or provide a mechanism to do so and it must be widely distributed to those who would both agree and disagree with the position (for example, through an organization's web site and to all members of the legislature). Nor is it lobbying to respond to a written request for testimony or assistance at the request of the head of a government body (for example, a legislative committee chair). It is also not lobbying for an organization to support or oppose legislation if that legislation impacts its tax exempt status or existence. This lobbying exception is narrow and should be used with caution after consultation with an attorney. Broad examinations and discussions of broad social, economic and similar problems are also not considered lobbying. For example, discussions that do not refer to specific legislation if they are used to communicate with a legislator or if such discussions communicate with the general public and express a view on specific legislation, they do not have a call to action. Litigation and attempts to influence administrative (regulatory) decisions also fall outside definitions of lobbying, as do enforcement of existing laws and executive orders.

Recordkeeping. A 501(c)(3) organization, when it is measuring its lobbying under the insubstantial part test or the 501(h) expenditure test, is required to reasonably track its lobbying in a way sufficient to show that it has not exceeded its lobbying limits. There are three costs centers that 501(h)-electing organizations must count toward their lobbying limits: staff time, direct costs and overhead. Examples of each cost center include:

- Staff Time: Paid staff time spent meeting legislators, preparing testimony, or encouraging others to testify.
- Direct Costs: Printing, copying or mailing expenses to get the organization's message to legislators.
- Overhead: The pro-rated share of rented space used in support of lobbying (a good way to handle this is to pro-rate the cost based on the percentage of staff time spent lobbying).

For More Information

Alliance for Justice (www.afj.org) publishes a detailed, plain-language guide to the 501(c)(3) lobbying rules called *Being a Player: A Guide to the IRS Lobbying Regulations for Advocacy Charities*. Another AFJ publication, *The Rules of The Game: A Guide to Election-Related Activities for 501(c)(3) Organizations (Second Edition)*, reviews federal tax and election laws which govern nonprofit organizations in an election year, and explains the right (and wrong) ways to organize specific voter education activities. AFJ also publishes guides on related topics and offers workshops and technical assistance for nonprofit organizations.

Alliance for Justice · 202-822-6070 · www.afj.org

Lobbying and Advocacy Tips

While some think that there is a mystique to lobbying, it really comes down to talking to your Member of Congress or a staff person for your Member of Congress about an issue of concern to you. Every American has that right. As a housing advocate, you can, and should, lobby your congressional delegation. It is important to remember that you do not have to be an expert on housing policy to lobby. The experience and information you can provide on the housing situation in your Member's district is very valuable to him or her. Indeed, you are the expert when it comes to what is going on in your district or state. And it is the responsibility of Members of Congress and their staff to be responsive to the concerns of their constituents.

Visiting Your Member of Congress

If you have never lobbied before, it may help to think of the visit as a 20-minute conversation that will give both your organization and your Member added insight into where each of you stands on a given topic.

A face-to-face meeting with a Senator or Representative is often the most effective way to get your voice heard. However, given the schedule of most Members, you may end up meeting with the staff person who deals with housing issues. Do not be disappointed if this is the case. Staffers have significant input into many policy decisions, so getting to know the staff person and building a relationship with him or her is crucial.

Setting the meeting. If you know you will be visiting D.C., call in advance for an appointment. If you do not know your Member's phone number, call the U.S. Capitol Switchboard at 202-224-3121 and ask to be transferred. Ask to meet with your Member or his or her staff person who works on housing issues. Tell the person who sets up your appointment: (1) where you are from and what organization you represent; (2) the purpose of the meeting; and (3) the number of people who will be attending the meeting. You may be asked to fax in a request for the meeting rather than giving the information over the phone. E-mail the staff person you will meet with to confirm the meeting date, time and purpose and to send any information you think would be useful for the Member or staff person to review in advance. The day before the visit, call to confirm the appointment.

Planning the meeting. A planned meeting will be more relaxed and productive. Before you go, set an agenda based on how much time you have - usually no more than 20 minutes or half an hour. Decide what issues you'd like to discuss (usually no more than two or three), how to frame your message positively, and what specific action or actions you would like your Member to take. Unless you have met with them before, do not assume that Members and staff understand the problem. It is best to start with a description of the problem in your community, and then move on to solutions.

In deciding how to frame your message, it helps to know your Member's professional interests and personal concerns, including congressional committee assignments, memberships and affiliations (often listed on a Member's web site). This may help you gauge what your Member's priorities are and why he or she should be interested in what you have to say. It also helps to know how your Member voted on housing issues. You can review roll call votes on key bills at <http://thomas.loc.gov>. If the Member's record is favorable, remember to acknowledge his or her past support during the meeting. If a record is unfavorable you may express your concern, but remember that today's opponent may be tomorrow's ally.

Gather written materials to leave with the staff person. To remind Members and staff of the extent of the housing crisis in their districts, copy pages from Out of Reach that show the hourly housing wage in each county, Congressional District Profiles that show housing affordability data for renters by Congressional District, and other NLIHC research reports (or download data from www.nlihc.org). For information on the National Housing Trust Fund as part of the solution, download a copy of the NHTF Frequently Asked Questions and the list of housing units and jobs created by every \$1 billion investment in the NHTF at www.nhtf.org. Finally, decide who from the group will lead the meeting and what everyone else's roles will be.

Lobbying and Advocacy Tips

The meeting. Be punctual! Security at the House and Senate office buildings can be tight and, if there are hearings or other events in those buildings, the lines to enter the building can be long, so be sure to leave extra time. Be sure also to leave behind items that may trigger a security concern.

Begin the meeting by introducing the attendees and stating the purpose of the meeting. As you raise your first issue, state your views clearly. Remember to start with the problem and then to move on to solutions. Include personal stories and experiences to make key points. Have concrete and specific suggestions for action, such as supporting, sponsoring, co-sponsoring or opposing a bill.

Be honest. If you are asked a question to which you do not know the answer, tell your Member or staff person you will find out the answer and get back to him or her soon. In fact, rather than feeling bad about not having the answer or information, think of it as an excellent reason to get back in touch with your Member or staff person later. Do not make a scapegoat of other programs in making your point. If the Member or staff person suggests that you engage in a discussion of another program, do not get off point. Come back to your agenda. Keep in mind that the Member or the staff person may have to cut the meeting short, so stick carefully to your agenda. Do not do all of the talking. Listen and get a sense of your Member's views on the issue. The Member might have legitimate concerns about the issue that your group should address.

Before closing the meeting it is important to know where a Member stands on the issues and to try and get an answer on specific legislation even if it is 'maybe' or 'no'. Information is important as it will enable you to develop any follow up that must be done. Leave the relevant materials. Thank the Member or the staff person for his or her time.

Keep the door open for further discussion and lay the foundation for future contact. Even if your Member seems to be leaning against your position, do not write him or her off. Consider your meeting an opportunity to build your relationship with the staff person and to educate the office about your organization's work. Every meeting is an investment that will pay off in the future.

Following your visit. Send a letter or e-mail to your Member and his or her staff thanking them for their time and reaffirming your views and any agreements made in the meeting. Send any information or materials you agreed to provide. If you lobbied on an issue being tracked by your state coalition or NLIHC, report the results of the meeting to them. This is especially crucial on an issue such as the National Housing Trust Fund. Monitor your Member's actions on your issue. Continue to communicate with him or her as the issue advances.

Writing Your Member of Congress

Letters can also be effective in letting your Representative or Senator know how you feel about issues. Some offices have said that a letter from a constituent is viewed as representing 100 to 200 voters from the Member's district! When writing, make sure you state the issue concisely and specifically, using bill numbers where applicable. To make sure the correct person receives your letter, address it to the attention of the housing staff person. Because security concerns mean that letters can be delayed by as much as two to three weeks in reaching Congress, it is a good idea to fax as well as mail your letter. Call your Member's office to get his or her fax number.

Handwritten letters can be especially effective. If you are having a meeting of agency staff, board members, clients, etc., start the meeting by handing out blank paper and having everyone take 10 minutes to handwrite a letter to his or her Member. You can provide a sample letter, but encourage people to describe the problem as they see it. Collect the letters and then fax and mail them over the course of a few days. Address letters as follows:

Senate

The Honorable (full name)
Attn: Housing Staffer
United States Senate
Washington, DC 20510

House

The Honorable (full name)
Attn: Housing Staffer
United House of Representatives
Washington, DC 20515

Calling Your Member of Congress

Calls can be especially effective if a staff person receives several calls on the same topic within a few days of each other, so you may want to encourage others in your district to call at the same time you do. When you call, ask to speak to the staff person who deals with housing issues. Be sure to say who you are, where you are from and what organization or constituency you represent. When possible, have names and numbers of bills you are calling about. The days before a key vote or hearing are critical decision times and an especially effective time to call. You can locate the address and phone number of your Member by going on the NLIHC web site and using our Contact Congress option. A Member of Congress may also be contacted through the Capitol Switchboard at 202-224-3121.

Emailing Your Member of Congress

Unless you are using an email service like the one on the NLIHC web site, it is generally not a good idea to attempt to correspond with your Member using email. Members can receive upwards of 50,000 emails a month and many of these messages will never be read by the appropriate staff. But once you have established a relationship with a staff person and have that staff person's direct email address, email can be an easy and effective way to keep in touch.

Other Advocacy Ideas

Visits, letters and calls are not the only ways to communicate your positions to Congress. You can also:

- Invite your Representative or Senator to speak at your annual meeting or conference.
- Organize a tour for your Member of your organization's projects that feature real people telling their success stories.
- Get media coverage. Organize a tour for a local reporter or set up a press conference to tie your issue into a local event. You can also call in to radio talk shows and write letters to the editor of your local paper. Or call your newspaper's editorial page editor and set up a meeting to discuss the possibility of the paper's support for your issue. If you get an editorial or other press coverage, be sure to send the clippings to your Member's office.
- Elicit the support of potential allies who are influential with your Member - your city council, mayor, local business or religious leaders.
- Finally, be creative. How else can you build a relationship with your Member and increase public support for your issues?

Contacting Congress, the White House, and Federal Agencies

Congress · Capitol Switchboard · 202-224-3121

U.S. House of Representatives · www.house.gov

U.S. Senate · www.senate.gov

All Members of Congress can be reached by phone by calling the Capitol Switchboard and asking for that Member's office. To find the website of a Member of Congress, visit the homepage for either the House or Senate and use the drop-down menu to choose a specific Member.

To find your Member of Congress, visit www.nlihc.org and enter your ZIP code in the 'Contact Congress' box.

White House · 202-456-1414 · www.whitehouse.gov

Department of Housing and Urban Development (HUD) · 202-708-1112 · www.hud.gov

Department of Housing and Urban Development - HUD USER · 202-708-1112 · www.huduser.gov

Office of Management and Budget · 202-395-3080 · www.whitehouse.gov/OMB

Department of Agriculture, Rural Development Housing Programs · 202-699-1533 · www.rurdev.usda.gov

Department of Health and Human Services, Office of Community Services · 202-690-7000 · [www.acf.hhs.gov/
programs/ocs](http://www.acf.hhs.gov/programs/ocs)

Department of Justice · 202-514-2000 · www.usdoj.gov

Department of Transportation · 202-366-4000 · www.dot.gov

Department of Treasury, Community Development Financial Institutions Fund · 202-622-6355 · www.tres.gov/cdfi/

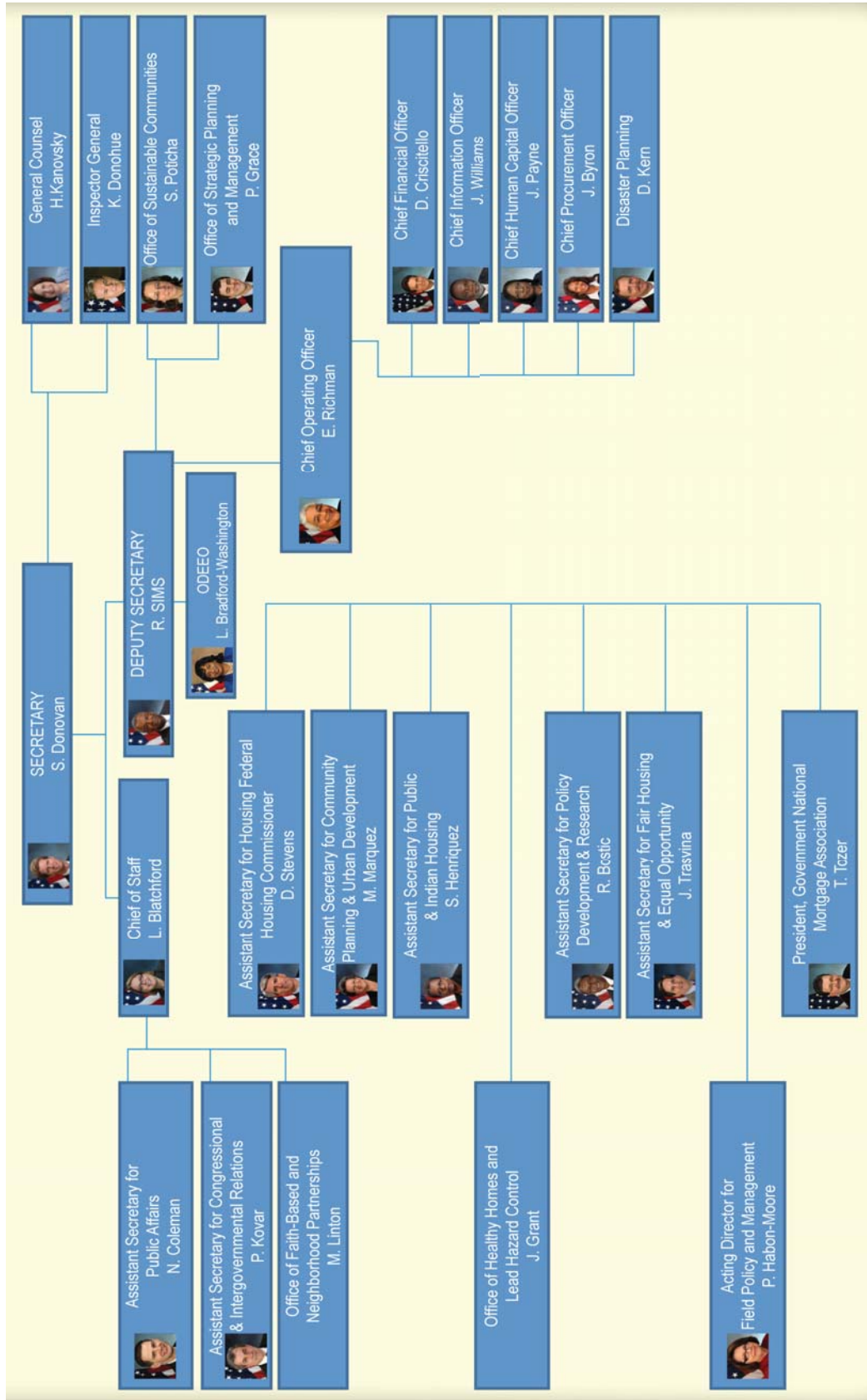
Federal Emergency Management Agency · 202-646-2500 · www.fema.gov

Environmental Protection Agency · 202-272-0167 · www.epa.gov

Federal Housing Finance Agency · 202-414-3800 · www.fhfa.gov

Small Business Administration · 202-205-8885 · www.sba.gov

HUD Organizational Chart



White House Offices

The White House develops and implements policy through a variety of means. The Obama Administration has focused on housing and urban policy to a greater extent than the previous administration. The following offices within the White House are responsible for policy development relating to housing and economic development issues.

Domestic Policy Council (DPC)

The DPC Coordinates the domestic policy making process of the White House and offers advice to the President. The DPC also supervises the execution of domestic policy and represents the President's priorities to Congress. Melody Barnes is the President's Domestic Policy Advisor and the Director of the Domestic Policy Council.

For more information see: www.whitehouse.gov/administration/eop/dpc/

National Economic Council (NEC)

The NEC coordinates policy making for domestic and international economic issues, coordinates economic policy advice for the President, ensures that policy decisions and programs are consistent with the President's economic goals, and monitors implementation of the President's economic policy agenda. Gene B. Sperling is the Director of the National Economic Council.

For more information see: www.whitehouse.gov/administration/eop/nec/

Office of Faith-Based and Neighborhood Partnership (OFBNP)

The OFBNP is part of the DPC and works to build bridges between the federal government and nonprofit organizations, both secular and faith-based, to better serve Americans in need. The Office advances this work through 11 Agency Centers across the government and a Strategic Advisor at the Corporation for National and Community Service. Joshua DuBois is the Executive Director of the OFBNP and a Special Assistant to the President.

For more information see: www.whitehouse.gov/administration/eop/ofbnp

Office of Public Engagement (OPE)

The OPE is part of the Office of Public Engagement and Intergovernmental Affairs and creates and coordinates opportunities for direct dialogue between the Obama Administration and the American Public. This includes acting as a point of coordination for public speaking engagements for the Administration and the various departments of the Executive Office of the President. Christina M. Tchen is the Director of OPE.

For more information see: www.whitehouse.gov/administration/eop/ope

Office of National AIDS Policy (ONAP)

The ONAP is part of the DPC and is tasked with coordinating the continuing efforts for the government to reduce the number of HIV infections across the United States. The Office emphasizes prevention through a wide-range of education initiatives and helps to coordinate the care and treatment of citizens with HIV/AIDS. Jeffrey Crowley is the Director of ONAP.

For more information see: www.whitehouse.gov/administration/eop/onap/

Office of Urban Affairs (OUA)

The OUA is part of the Office of Public Engagement and Intergovernmental Affairs. OUA provides leadership for and coordinates the development of the policy agenda for urban America across executive departments and agencies. Derek R.B. Douglas leads the OUA and is a Special Assistant to the President.

For more information see: www.whitehouse.gov/administration/eop/oua

Key Congressional Committees

For all committees, Members are listed in order of seniority. Subcommittee members are marked with an asterisk (*).

House of Representatives Committee on Financial Services

The Committee on Financial Services oversees all components of the nation's housing and financial services sectors including banking, insurance, real estate, public and assisted housing and securities. The Committee reviews the laws and programs relating to the Department of Housing and Urban Development (HUD), the Federal Reserve Bank, the Federal Deposit Insurance Corporation, Fannie Mae and Freddie Mac, and international development and finance agencies such as the World Bank and the International Monetary Fund. The Committee also ensures enforcement of housing and consumer protection laws such as the U.S. Housing Act, the Truth in Lending Act, the Housing and Community Development Act, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act, the Community Reinvestment Act, and financial privacy laws. <http://financialservices.house.gov/>

The Subcommittee on Insurance, Housing and Community Opportunity oversees HUD and the Government National Mortgage Association (Ginnie Mac). The subcommittee also handles matters related to public affordability, and rural housing, as well as community development including Empowerment Zones, and government-sponsored insurance programs, such as the Federal Housing Administration and the National Flood Insurance Program (NFIP).

MAJORITY MEMBERS (Republicans)

Spencer Bachus (AL) *Chairman*
Jeb Hensarling (TX) *Vice Chairman*
Peter King (NY)
Edward Royce (CA)
Frank Lucas (OK)
Ron Paul (TX)
Donald Manzullo (IL)
Walter Jones (NC)
Judy Biggert* (IL) (*Subcommittee Chair*)
Gary Miller* (CA)
Shelley Moore Capito* (WV)
Scott Garrett* (NJ)
Randy Neugebauer (TX)
Patrick T. McHenry* (NC)
John Campbell (CA)
Michele Bachmann (MN)
Kenny Marchant (TX)
Thaddeus McCotter (MI)
Kevin McCarthy (CA)
Stevan Pearce (NM)
Bill Posey (FL)
Michael G. Fitzpatrick (PA)
Lynn Westmoreland* (GA)
Blaine Luetkemeyer (MO)
Bill Huizenga (MI)
Sean P. Duffy* (WI)
Nan A. S. Hayworth (NY)
Jim Renacci (OH)
Robert Hurt* (VA) (*Subcommittee Vice-Chairman*)
Robert J. Dold* (IL)
David Schweikert (AZ)
Michael G. Grimm (NY)
Francisco R. Canseco (TX)
Steve Stivers* (OH)

MINORITY MEMBERS (Democrats)

Barney Frank (MA) *Ranking Member*
Maxine Waters* (CA)
Carolyn Maloney (NY)
Luis Gutierrez* (IL) (*Subcommittee, Ranking Member*)
Nydia Velázquez* (NY)
Melvin Watt* (NC)
Gary Ackerman (NY)
Brad Sherman* (CA)
Gregory Meeks (NY)
Michael Capuano* (MA)
Rubén Hinojosa (TX)
William Lacy Clay* (MO)
Carolyn McCarthy (NY)
Joe Baca (CA)
Stephen Lynch (MA)
Brad Miller (NC)
David Scott (GA)
Al Green (TX)
Emanuel Cleaver* (MO)
Gwen Moore (WI)
Keith Ellison (MN)
Ed Perlmutter (CO)
Joe Donnelly (IN)
Andre Carson (IN)
Jim Himes (CT)
Gary Peters (MI)
John Carney (DE)

Key Congressional Committees

House of Representatives Committee on Appropriations

Members of the Appropriations Committee are responsible for determining the amount of funding made available to all authorized programs each year. <http://appropriations.house.gov/>

The Subcommittee on Transportation, Housing and Urban Development, and Related Agencies determines the amount of government revenues dedicated to HUD, among other agencies.

MAJORITY MEMBERS (Republicans)

Harold Rogers (KY) *Chairman*
Jerry Lewis (CA) *Vice-Chairman*
C.W. Bill Young (FL) *Vice-Chairman*
Frank R. Wolf* (VA)
Jack Kingston (GA)
Rodney Frelinghuysen (NJ)
Tom Latham* (IA) *(Subcommittee Chairman)*
Robert B. Aderholt (AL)
Jo Ann Emerson (MO)
Kay Granger (TX)
Michael K. Simpson (ID)
John Abney Culberson (TX)
Ander Crenshaw (FL)
Denny Rehberg (MT)
John R. Carter* (TX)
Rodney Alexander (LA)
Ken Calvert (CA)
Jo Bonner (AL)
Steve Latourette* (OH) *(Subcommittee Vice-Chairman)*
Tom Cole (OK)
Jeff Flake (AZ)
Mario Diaz-Balart* (FL)
Charles Dent* (PA)
Steve Austria (OH)
Cynthia Lummis (WY)
Tom Graves (GA)
Kevin Yoder (KS)
Steve Womack* (AR)
Alan Nunnelee (MS)
John Salazar (CO)

MINORITY MEMBERS (Democrats)

Norm Dicks (WA) *Ranking Member*
Marcy Kaptur* (OH)
Pete Visclosky (IN)
Nita Lowey (NY)
Jose Serrano (NY)
Rosa DeLauro (CT)
Jim Moran (VA)
John Olver* (MA) *(Subcommittee, Ranking Member)*
Ed Pastor* (AZ)
David Price* (NC)
Maurice Hinchey (NY)
Lucille Roybal-Allard (CA)
Sam Farr (CA)
Jess Jackson Jr. (IL)
Chaka Fattah (PH)
Steve Rothman (NJ)
Sanford Bishop (GA)
Barbara Lee (CA)
Adam Schiff (CA)
Mike Honda (CA)
Berry McCollum (MN)

Senate Committee on Banking, Housing and Urban Affairs

The Committee on Banking, Housing and Urban Affairs oversees legislation, petitions, and other matters relating to the financial institutions, economic policy, housing, transportation, urban development, international trade and finance, securities and investments. <http://banking.senate.gov/public/>

The Subcommittee on Housing, Transportation, and Community Development is the primary oversight committee for the US Department of Housing and Urban Development (HUD). The Subcommittee oversees urban mass transit systems and general urban affairs and development issues, HUD community development programs, the Federal Housing Administration, the Rural Housing Service, and Fannie Mae and Freddie Mac. The Subcommittee oversees all issues related to public and private housing, senior housing, nursing home construction and Indian housing issues.

MAJORITY MEMBERS (Democrats)

Tim Johnson* (SD) *Chairman*
Jack Reed* (RI)
Charles E. Schumer* (NY)
Robert Menendez* (NJ) (*Subcommittee Chairman*)
Daniel Akaka* (HI)
Sherrod Brown* (OH)
Jon Tester* (MT)
Herb Kohl* (WI)
Mark R. Warner* (VA)
Jeff Merkley* (OR)
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MINORITY MEMBERS (Republicans)

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Mike Crapo* (ID)
Bob Corker* (TN)
Jim DeMint* (SC)
David Vitter (LA) (*Subcommittee Ranking Member*)
Mike Johanns* (NE)
Patrick Toomey (PA)
Mark Kirk (IL)
Jeff Moran (KS)
Roger F. Wicker (MS)

Senate Committee on Appropriations

Members of the Appropriations Committee are responsible for determining the amount of funding made available to all authorized programs each year. <http://appropriations.senate.gov/>

The Subcommittee on Transportation, Housing and Urban Development, and Related Agencies has jurisdiction funding for the departments of Housing and Urban Development and Transportation. It also oversees funding for the Federal Housing Administration and economic and community development programs, such as the Community Development Block Grant (CDBG) program.

MAJORITY MEMBERS (Democrats)

Daniel K. Inouye (HI) *Chairman*
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Herb Kohl* (WI)
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Dianne Feinstein* (CA)
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Mitch McConnell (KY)
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Kay Bailey Hutchison* (TX)
Lamar Alexander* (TN)
Susan Collins* (MA) (*Subcommittee Ranking Member*)
Lisa Murkowski (AK)
Lindsey Graham (SC)
Mark Kirk* (IL)
Daniel Coats* (IN)
Roy Blunt* (MO)
Jerry Moran* (KS)
John Hoeven (ND)
Ron Johnson* (WI)

List of Abbreviated Statutory References

- Section 3, Housing and Urban Development Act of 1968, 12 U.S.C. 1701u, economic opportunities for low and very low income persons.
- Section 5, United States Housing Act of 1937, 42 U.S.C. 1437c, funding for public housing and Section 8 housing.
- Section 8, United States Housing Act of 1937, 42 U.S.C. 1437f, low income rental housing assistance.
- Section 18, United States Housing Act of 1937, 42 U.S.C. 1437p, demolition and disposition of public housing.
- Section 42, Internal Revenue Code of 1986, 26 U.S.C. 42, low income housing tax credit.
- Section 108, Housing and Community Development Act of 1974, 42 U.S.C. 5308, loan guarantees.
- Section 202, Housing Act of 1959, 12 U.S.C. 1701q, elderly and handicapped housing.
- Section 203, National Housing Act, 12 U.S.C. 1709, single-family mortgage insurance.
- Section 203k, National Housing Act, 12 U.S.C. 1709(k), single-family mortgage insurance for rehabilitation.
- Section 207, National Housing Act, 12 U.S.C. 1713, multifamily mortgage insurance.
- Section 221, National Housing Act, 12 U.S.C. 1715, multifamily mortgage insurance.
- Section 221(d)(3), National Housing Act, 12 U.S.C. 1715(d)(3), below market interest rate (BMIR) rental housing mortgage insurance.
- Section 221(d)(4), National Housing Act, 12 U.S.C. 1715(d)(4), mortgage insurance refinancing.
- Section 221(g)(4), National Housing Act, 12 U.S.C. 1715(g)(4), assignment of mortgages to HUD.
- Section 223(a)(7), National Housing Act, 12 U.S.C. 1715n(a)(7), insurance for refinancing.
- Section 223(d), National Housing Act, 12 U.S.C. 1715n(d), insurance for multifamily operating loss loans.
- Section 223(f), National Housing Act, 12 U.S.C. 1715n(f), mortgage insurance for multifamily refinancing.
- Section 231, National Housing Act, 12 U.S.C. 1715v, mortgage insurance for elderly and handicapped rental housing.
- Section 235, National Housing Act, 12 U.S.C. 1715z, home mortgage interest reduction payments.
- Section 236, National Housing Act, 12 U.S.C. 1715z-1, rental and cooperative housing interest reduction payments.
- Section 241, National Housing Act, 12 U.S.C. 1715z-6, multifamily supplemental loans.
- Section 502, Housing Act of 1949, 42 U.S.C. 1472, rural direct and guaranteed single-family housing loans.
- Section 504, Housing Act of 1949, 42 U.S.C. 1474, rural very low income home repair loans and grants.
- Section 514, Housing Act of 1949, 42 U.S.C. 1484, farm labor housing loans.
- Section 515, Housing Act of 1949, 42 U.S.C. 1485, rural rental and cooperative housing.
- Section 516, Housing Act of 1949, 42 U.S.C. 1486, farm labor housing grants.
- Section 521, Housing Act of 1949, 42 U.S.C. 1490a, rural rental assistance.
- Section 533, Housing Act of 1949, 42 U.S.C. 1490m, rural housing preservation grants.
- Section 538, Housing Act of 1949, 42 U.S.C. 1490p-2, guaranteed rural rental housing loans.
- Section 811, Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. 8013, supportive housing for persons with disabilities.

Selected List of Major Housing and Housing-Related Laws

AIDS Housing Opportunity Act (Housing Opportunities for Persons with AIDS or HOPWA), title VIII, subtitle D of the Cranston-Gonzalez National Affordable Housing Act, P.L. 101-625, 104 Stat. 4079.

American Recovery and Reinvestment Act of 2009, P.L. 111-5, 123 Stat. 115.

Civil Rights Act of 1964, P.L. 88-352, 78 Stat. 241.

Fair Housing Act, title VII, Civil Rights Act of 1968, P.L. 90-284, 82 Stat. 81.

Cranston-Gonzalez National Affordable Housing Act, P.L. 101-625, 104 Stat. 4079.

Department of Housing and Urban Development Act, P.L. 89-17, 79 Stat. 667.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, P.L. 111-203, 124 Stat. 1376.

HOME Investment Partnerships Act, title II, Cranston-Gonzalez National Affordable Housing Act, P.L. 101-625, 104 Stat. 4079.

Home Mortgage Disclosure Act, P. L. 94-200, 89 Stat. 1125.

Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH), Division B, Helping Families Save Their Homes Act of 2009, P.L. 111-222, 123 Stat. 1633.

Housing and Economic Recovery Act of 2008, P.L. 110-289, 122 Stat. 2654.

Housing and Community Development Act of 1974, P.L. 93-383, 88 Stat. 633.

Housing and Community Development Act of 1987, P.L. 100-242, 101 Stat. 1815.

Housing and Community Development Act of 1992, P.L. 102-550, 106 Stat. 3672.

Housing and Urban Development Act of 1965, P.L. 89-117, 79 Stat. 451.

Housing and Urban Development Act of 1968, P.L. 90-448, 82 Stat. 476.

Housing and Urban Development Reform Act of 1989, P.L. 101-235, 103 Stat. 1987.

Housing and Urban-Rural Recovery Act of 1983, P.L. 98-181, 97 Stat. 1153.

Housing Act of 1959, P.L. 86-372, 73 Stat. 654.

Multifamily Housing Property Disposition Reform Act of 1994, P.L. 103-233, 108 Stat. 342.

National Housing Act, P.L. 73-479, 48 Stat 1246.

National Housing Trust Fund, §1338 to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, P.L. 102-550 (FHEFSSA), as amended by §1131 of the Housing and Economic Recovery Act of 2008, P.L. 109-289.

Protecting Tenants at Foreclosure Act, Division A, title VII, Helping Families Save Their Homes Act of 2009, P.L. 111-22, 123 Stat. 1633.

Stafford Disaster Relief and Emergency Assistance Act, P.L. 100-707.

Quality Housing and Work Responsibility Act of 1998, P.L. 105-276, 112 Stat. 2461.

Supportive Housing for Persons with Disabilities, Section 811, Cranston-Gonzalez National Affordable Housing Act, P.L. 101-625, 104 Stat. 4079.

Stewart B. McKinney Homeless Assistance Act, P.L. 100-77, 101 Stat. 482.

United States Housing Act of 1937, P.L. 75-412, 50 Stat. 888.

Housing Act of 1949, P.L. 81-171, 63 Stat. 413.

How Laws Are Made

The House and Senate processes are replete with rules and procedures to hasten, thwart and kill legislative proposals. The political power and will of those seeking to use these tools can prove critical to their success. The role of congressional staff cannot be overstated. Members of Congress have personal staff in their individual offices. Committee and subcommittee leadership (in both the majority and the minority) have separate committee staff. Both personal and committee staff have significant input in the legislative process.

Laws may be initiated in either chamber of the Congress, the House of Representatives or the Senate. This description, found on the web site of the Government Printing Office (GPO), tracks a bill introduced in the House of Representatives:

1. When a Representative has an idea for a new law, he or she becomes the sponsor of that bill and introduces it by giving it to the clerk of the House of Representatives or by placing it in a box, called the hopper. The clerk assigns a legislative number to the bill, with H.R. for bills introduced in the House of Representatives and S. for bills introduced in the Senate. GPO then prints the bill and distributes copies to each representative.

2. Next, the bill is assigned to a committee by the Speaker of the House so that it can be studied. The House has standing committees, each with jurisdiction over bills in certain areas. The standing committee (or often a subcommittee) studies the bill and hears testimony from experts and people interested in the bill. The committee then may release the bill with a recommendation to pass it, or revise the bill and release it, or lay it aside so that the House cannot vote on it. Releasing the bill is called reporting it out, while laying it aside is called tabling.

3. If the bill is released, it then goes on a calendar (a list of bills awaiting action). Here the House Rules Committee may call for the bill to be voted on quickly, limit the debate, or limit or prohibit amendments. Undisputed bills may be passed by unanimous consent or by a two-thirds majority vote if members agree to suspend the rules.

4. The bill then goes to the floor of the House for consideration and begins with a complete reading of the bill (sometimes this is the only complete reading). A third reading (title only) occurs after any amendments have been added. If the bill passes by simple majority (218 of 435), the bill moves to the Senate.

5. In order to be introduced in the Senate, a Senator must be recognized by the presiding officer and announce the introduction of the bill. Sometimes, when a bill has passed in one chamber, it becomes known as an Act; however, this term usually means a bill that has been passed by both chambers and becomes law.

6. Just as in the House, the bill is then assigned to a committee in the Senate. It is assigned to one of the Senate's standing committees by the presiding officer. The Senate committee studies and either releases or tables the bill just like the House standing committee.

7. Once released, the bill goes to the Senate floor for consideration. Bills are voted on in the Senate based on the order in which they come from the committee; however, an urgent bill may be pushed ahead by leaders of the majority party. When the Senate considers the bill, it can be debated indefinitely. When there is no more debate, there is a vote on the bill. In many cases, a simple majority (51 of 100) passes the bill.

8. The bill now moves into a conference committee, which is made up of members from each chamber of the Congress. The conference committee works out any differences between the House and Senate versions of the bill. The revised bill is sent back to both chambers for their final approval. Once approved, the bill is printed by the GPO in a process called enrolling. The clerk from the introducing chamber certifies the final version.

9. The enrolled bill is now signed by the speaker of the House and then the vice president. Finally, it is sent for presidential consideration. The president has 10 days to sign or veto the enrolled bill. If the president vetoes the bill, it can still become a law if two-thirds of the Senate and two-thirds of the House then vote in favor of the bill and override the veto.

For More Information

How a Senate Bill Becomes a Law, from the U.S. Senate: www.senate.gov/reference/resources/pdf/legprocessflowchart.pdf

Tying it All Together: Learn About the Legislative Process, from the U.S. House of Representatives: www.house.gov/house/Tying_it_all.shtml

Introduction to the Federal Regulatory Process

When Congress changes an existing law or creates a new one, federal agencies such as HUD usually must implement the changes or the new law by creating a new regulation or modifying an existing one. In addition, federal agencies can review existing regulations and amend them even when there have been no changes to the underlying law. Both the creation of a new regulation and the modification of an existing regulation provide advocates with an opportunity to shape policy. Once a final regulation, or rule, is adopted, it has the force of law.

Congress passes legislation and the President, by signing that legislation, turns it into a law. Usually, these laws spell out the general intent of Congress but do not include all of the technical details important to achieve Congress' wishes and implement the law. Regulations add those details.

Two publications are keys to the federal regulatory process. The *Federal Register* is a daily publication that contains proposed regulations, final rules, and other official notices and documents issued by the executive branch. All final regulations published in the *Federal Register* are eventually gathered together, or 'codified,' in the Code of Federal Regulations (CFR).

Summary of the Federal Regulatory Process

Proposed regulations. In order to implement laws, Congress gives federal agencies, such as HUD, the power to write rules to interpret laws and enforce both the laws and their interpretation of them. When housing law is created or modified, HUD, with input from the Office of Management and Budget (OMB), will draft a proposed rule for comment. This proposed rule is then published in the *Federal Register*. The *Federal Register* notice will specify when comments are due and how comments can be filed. Usually, the proposed rule will establish a 60-90 day comment period, but the time can be shorter or longer.

Final regulations. Once the comment period on a proposed rule is closed, HUD considers all comments and will, as appropriate, make changes in the proposed rule. Once these changes are complete, and after a review by OMB, HUD publishes a final rule.

In the preamble to the final rule, HUD must present all meaningful comments and explain why each was accepted or rejected. In addition to the actual text of the changed or new regulations, the final rules must state a date when they will go into effect, generally 30 or 60 days in the future.

Other regulatory options. In addition to proposed and final rules, the regulatory process can occasionally include:

- Advanced Notice of Proposed Rulemaking (ANPR): HUD can ask for information from the public to help it think about issues before developing proposed regulations.
- Interim Final Rules: HUD can issue regulations that are to be followed as if they are final, yet ask for continued public comment on some parts of the rules. Subsequent final rules can include changes based on any additional public comment.
- Direct Final Rules: HUD can issue regulations thought to be minor and non-controversial.
- Negotiated Rulemaking: A seldom-used approach which engages knowledgeable people to discuss an issue and negotiate the language of a proposed regulation which is then submitted to the *Federal Register*.
- Petition for Rulemaking: A process by which anyone can submit suggested regulations, along with supporting data and arguments in support of the suggestions. If HUD agrees, it will publish proposed rules; if HUD denies the petition, it must be in writing and include the basis for denial.

How to Find Proposed and Final Regulations in the *Federal Register*

The Government Printing Office (GPO) publishes the *Federal Register* and the CFR. The main web site for the GPO is www.gpoaccess.gov. The search feature can be used to find proposed and final regulations on specific topics. *Federal Register* notices for both proposed and final rules can be tracked by subscribing to a daily email of the table of contents of the *Federal Register* at www.gpoaccess.gov/fr/. The public can read and copy comments made by others at HUD Headquarters, or at www.regulations.gov. The web page www.regulations.gov also provides all rules open for comment and enables electronic submission of comments.

Introduction to the Federal Regulatory Process

The Code of Federal Regulations. All final rules published in the *Federal Register* are eventually collected and placed in the Code of Federal Regulations. There are 50 titles in the CFR, each representing a broad topical area. The HUD-related regulations are in Title 24. Each title is divided into parts that cover specific program areas.

The traditional approach to finding rules in the CFR is to go to www.access.gpo.gov/nara/cfr/cfr-table-search.html#page1. On this page is a list of all of the CFR titles. Clicking on the most recent year for Title 24 will bring up Title 24 and all of its parts. If the part number is unknown, most HUD programs list the applicable regulations on the program's web site at www.hud.gov.

Another approach is to go to www.gpoaccess.gov/databases.html and click on Electronic Code of Federal Regulations (e-CFR), which brings up the e-CFR home page. On the e-CFR home page, select Title 24 from the dropdown box and a list of HUD-related parts will appear. The e-CFR is updated frequently, so it should contain changes made by final rules in the *Federal Register* before those changes are placed in the formal Code of Federal Regulations in April of each year. The Office of the *Federal Register* stresses that the rules available there are not an official legal edition of the CFR.

For More Information

National Low Income Housing Coalition · 202-662-1530 · www.nlihc.org

e-CFR · ecfr@nara.gov · www.gpoaccess.gov/databases.html

Office of the Federal Register · 202-741-6000 · www.archives.gov/federal-register

Regulations.gov · 877-378-5457 · www.regulations.gov

Freedom of Information Act (FOIA)

Everyone has the right to request federal agency records or information under the Freedom of Information Act (FOIA), and federal agencies, subject to certain exceptions, must provide the information when requested in writing.

In order to use FOIA, advocates do not have to have legal training or use special forms. All that is necessary is a letter. This appendix provides some tips for submitting a FOIA request.

Program Summary

FOIA allows individuals and groups to get access to the records and documents of federal agencies like HUD and USDA's Rural Development (RD). Requests must be made in writing and each agency has its own practices and regulations.

- HUD's FOIA webpage is www.hud.gov/offices/adm/foia/index.cfm
- RD's FOIA webpage is www.rurdev.usda.gov/RD_EFOIA.html

FOIA does not provide access to the records and documents of parts of the White House, Congress, the courts, state and local governments or agencies, or private entities or individuals.

Records include not only print documents, such as letters, reports and papers, but also photos, videos, sound recordings, maps, email and electronic records. Agencies are not required to research or analyze data for a requester, nor are they required to create a record or document in response to a request. They are only obligated to look for and provide existing records. Agencies must, however, make reasonable efforts to search for records in electronic form and defines 'search' to mean to review, including by automated means, agency records (e.g., performing relatively simple computer searches).

A formal FOIA request might not be necessary. By law and Presidential order, Federal Agencies are required to make a substantial amount of information available to the public. Before considering a FOIA request, advocates should explore the HUD or RD websites and be fairly confident that the information sought is not already available online.

HUD's website can be searched in a couple of ways. First, the 'Program Offices' tab found at www.hud.gov will provide access to each of the HUD offices, and for each individual office there is a 'Resources' section which will detail the types of information available in connection with that program. Also, the HUD online library, at www.hud.gov/library/index.cfm, provides links to most the information available on the HUD website, and HUD's FOIA page, www.hud.gov/offices/adm/foia/index.cfm, provides links to frequently requested material.

Information about RD programs can be found at www.rurdev.usda.gov/rhs/

Making a FOIA Request

Start with an informal verbal request. If advocates cannot find the information they seek on an agency's web site, it might be readily available from agency staff in the field, regional, or headquarters offices. Rather than invoking the formal FOIA process, it is often quicker and easier to start with an informal approach. Advocates can simply phone or email the agency office and ask for the information. HUD contact information can be found under the 'Contact Us' tab on the HUD web site, www.hud.gov.

RD State Offices, Area Offices and Local Offices can be located at www.rurdev.usda.gov/recd_map.html. USDA Service Centers (which might have an RD Area Office) can be found at <http://offices.sc.egov.usda.gov/locator/app>.

Contents of a formal FOIA request. If an informal request does not produce the desired information, a formal request may be necessary. A formal FOIA request can be simple and short, but it must be in writing and should be as specific as possible about the information sought. The request should describe the information sought in detail and include dates, names, document numbers, titles, and addresses to expedite the review of the request.

Freedom of Information Act

The FOIA letter should also provide contact information for the individual or organization requesting the information, including mailing address, phone number and email address. The request should also specify the format, paper or electronic, in which the writer would like to receive the requested information.

The letter should ask the agency to provide detailed justifications for any information that it refuses to release, and include a statement that the law requires the agency to respond within 20 days indicating whether the request will be processed.

Fees. Agencies can charge fees for copying and other costs associated with a FOIA request; however, advocates can, in their FOIA letter or email, request a waiver of any fees. An agency may waive these fees if the disclosure of the information is in the public interest and the information will not be used for commercial purposes.

In requesting a fee waiver, advocates should be sure to explain their organization's mission and its nonprofit nature in order to demonstrate that the information is not sought for commercial purposes. In addition, advocates should explain how this information will be of interest to more than a small number of people and how their organization can distribute the information to many people. Advocates should also explain how providing this information will lead to a level of public understanding of a HUD or RD activity that is greater than that which currently exists. In the alternative, advocates can state that they will only pay fees up to certain dollar amount. Neither HUD or RD charges fees for requests costing less than \$25.

Sending a FOIA request. Formal requests must be in writing, but they can be made through email, by fax or through regular mail.

To make a FOIA request of HUD, advocates should visit http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/foia/requests. The 'Submit a FOIA request' tab leads to a page where requests can be submitted. Advocates who have not submitted a request before must register.

Rural Development. For records held at the local level, advocates can write to the Rural Development FOIA Coordinator in that state, who can be found at www.rurdev.usda.gov/efoia/requests.htm#goto. For records held at Headquarters or the Finance Office in St. Louis, advocates should write to the Rural Development FOIA Officer in Washington, D.C., www.rurdev.usda.gov/efoia/requests.htm. If advocates are not sure where the information is located, they should send the FOIA request to the Rural Development FOIA Officer in Washington, D.C. www.rurdev.usda.gov/efoia/requests.htm.

The Federal Open Government Guide, published by the Reporters Committee for Freedom of the Press, provides an interactive tool to generate a FOIA request to any agency at www.rcfp.org/foialetter/index.php?op=foia.

Timeline. Once advocates have made a request, HUD and RD will log that request and provide a tracking number. The agencies must grant or deny a FOIA request within 20 working days of receiving it. This response simply shows whether or not the agency intends to provide the information. There is no time limit on actually providing the information; however, USDA's regulations require RD to provide an approximate date the information will be provided.

If HUD or RD denies a request, they must explain why and that there exists a right to appeal. If there are 'unusual circumstances,' such a large number of records to review or staffing limitations, the agency can tack on an extra 10 days, and must give written notice.

Expedited requests. If there is an imminent threat to the life or physical safety of someone or if there is an urgent need to inform the public, advocates can ask for expedited processing. HUD and RD will issue a notification within 10 working days whether it will prioritize the request and speed up the review.

Denial of requests. Information can only be denied if it is 'exempt.' The law lists nine exemptions, such as classified national defense information, trade secrets, personal information and certain internal government communications. The letter denying a FOIA request must give the reasons for denial and inform the requester of his or her right to appeal to the head of the agency.

Appeals. Decisions to deny a fee waiver, deny a request for expedited disclosure or failure to release the requested information can be appealed. To contest these actions, a letter should be sent to the HUD official indicated in the denial letter and following the procedures outlined in the denial letter, including filing any appeal within a 30 day time period. If that appeal fails, appeal can be made to the HUD Secretary. To appeal an RD denial, advocates can send a letter to the RD official indicated in the denial letter within 45 days. If that appeal fails, advocates can appeal to the RD FOIA Officer; if still not satisfied, advocates should write to the Rural Housing Service Administrator. The agency has 20 working days to make a decision regarding an appeal.

Sample FOIA Letter

Date

Agency/Program FOIA Liaison

Name of Agency or Program

Address

RE: Freedom of Information Act Request

Dear [name]:

Under the Freedom of Information Act I am requesting copies of [identify the records as specifically as possible]. I request a waiver of fees because my organization is a nonprofit with a mission to [state the organization's mission and activities, demonstrating that it does not have a "commercial" interest in the information]. In addition, disclosure of the information will contribute significantly to public understanding of the operations and activities of HUD/RD.

[Explain how the information is directly related to HUD/RD; how the information will contribute to public understanding of HUD/RD operations or activities; and how not just you or your organization, but a broader segment of the public will gain a greater understanding of these agencies by having the requested information. Describe the role and expertise of your organization as it relates to the information and how the information will be disbursed to a broader audience.]

As provided by law, a response is expected within 20 working days. If any or part of this request is denied, please describe which specific exemption it is based on and to whom an appeal may be made.

If you have any questions about this request, please phone me at _____.

Sincerely,

Name

Address

For More Information

The Department of Justice website provides a complete list of FOIA contacts for each covered agency at: www.justice.gov/oip/foiacontacts.htm

General Services Administration, *Your Right to Federal Records* · www.pueblo.gsa.gov/cic_text/fed_prog/foia/foia.pdf

Public Citizen's Freedom of Information Clearinghouse · www.citizen.org/litigation/free_info/

The Reporters Committee for Freedom of the Press, *How to Use the Federal FOI Act* · www.rcfp.org/foiact/index.html

Board Advocacy Project

The tragedy of homelessness will end when public will demands it. There must be a public movement with enough power to move our decision makers to enact the policies needed to ensure everyone has a safe and affordable place to live. The Board Advocacy Project believes nonprofit board members are an enormous untapped resource who can play a pivotal role in this movement; and the project will inspire and activate these community leaders through education, mobilization and ongoing support.

Board member advocacy is smart, simple and strategic, and it can make a big difference for communities for years to come.

Project Summary

Advocates in Washington state started the Board Advocacy Project because while there are at least 500 nonprofit organizations working on issues of homelessness and affordable housing in Washington, too few of the 5,000 to 10,000 board members volunteering time to these groups are actively involved or trained in public policy advocacy. The Board Advocacy Project wants to change that.

By engaging, motivating, and training thousands of nonprofit board members across the state on how to be effective advocates, the Board Advocacy Project will help them use their individual voices and collective leverage to make a lasting difference in the campaign to end homelessness. Led by Common Ground of Washington, with support from the Campion Foundation, the Board Advocacy Project has created a framework to give board members the training and ongoing support they need to be effective advocates. This framework can serve as inspiration to advocates across the country as they work to strengthen coalitions and make gains at the local, state and federal levels.

The Board Advocacy Project aims to provide the following:

Motivation. The project will help demonstrate the connection between effective advocacy and fiscal responsibility. As skilled advocates, board members can engage policy makers to protect and increase critical public funding for homelessness prevention and affordable housing. They can also help their organizations compete more effectively for philanthropic support critical to long-term success.

Skill Building. The project will provide useful guidance on how to be persuasive in all communications with elected officials. Building on board members' roles as community leaders, the project will arm board members with the tools and messages required to be persuasive messengers for the cause.

Sustainability. The project will help assess your organization's structure and bylaws through an advocacy framework. By adopting sound advocacy plans, board advocacy committees, and internal budgetary commitments for advocacy, nonprofits can make sure advocacy becomes a permanent board priority, on par with governance, fundraising and other core board duties.

Tips for Local Success

Live in Washington state?

Register for a training. The Project's two-hour workshops are thorough, informative and fun, and they happen in cities all across Washington. While board members are our primary targets, anyone working in the housing and homelessness sector is welcome to attend. Advocates can visit www.boardadvocacy.org to enroll.

Live elsewhere?

Watch the video. "Board Members: An Untapped Resource" features Bill & Melinda Gates Foundation trustee Bill Gates, Sr., former Seattle mayor Norm Rice, and other funders, civic and elected leaders explaining board members' unique power and the risks of not engaging in advocacy. Advocates can watch the video online, or order a DVD copy to view at a board meeting.

Expand the conversation. The Board Advocacy Project website offers a budget template that provides a visual depiction of the impact public funds can have on an organization's financial well being. Advocates can schedule a conversation about advocacy at an upcoming board meeting, and use the budget template and the video to spark a discussion of how advocacy can impact an organization's bottom line.

For More Information

Board Advocacy Project · 206.461.4500 x110 · www.boardadvocacy.org

Glossary

The assistance of the Local Initiatives Support Corporation in the preparation of this document is appreciated.

ADVANCE APPROPRIATION. Budget authority or appropriation that becomes available in one or more fiscal years after the fiscal year for which the appropriation was enacted. For example, an advance appropriation in the FY10 appropriations act would become available for programs in FY11 or beyond. The amount is not included in the budget totals of the year for which the appropriation act is enacted but rather in those for the fiscal year in which the amount will become available for obligation.

AFFORDABLE HOUSING. Housing that costs an owner or renter no more than 30% of household income.

AMORTIZE. Decrease an amount gradually or in installments, especially in order to write off an expenditure or liquidate a debt.

AFFORDABLE HOUSING PROGRAM (AHP). A program of the Federal Home Loan Bank system, AHP provides subsidized cash advances to member institutions to permit them to make below-market loans for eligible housing activities.

ANNUAL ADJUSTMENT FACTOR. The mechanism for adjusting rents in certain types of Section 8-assisted properties, including Section 8 New Construction/Substantial Rehab. HUD publishes annual percentage factors by unit type and region.

ANTI-DEFICIENCY ACT. A federal law forbidding federal employees from spending money or incurring obligations that have not been provided for in an appropriation.

APPROPRIATION. A provision of law providing budget authority that enables an agency to incur obligations and to make payments out of the Treasury for specified purposes. Non-entitlement programs are funded through annual appropriations.

AREA MEDIAN INCOME (AMI). The midpoint in the income distribution of within a specific geographic area. By definition, 50% of households, families or individuals earn less than the median income, and 50% earn more. HUD calculates family AMI levels for different communities annually, with adjustments for family size. AMI is used to determine the eligibility of applicants for both federally and locally funded housing programs.

ASSISTED HOUSING. Housing where the monthly costs to the tenant are subsidized by federal or other programs.

AUTHORIZATION. Legislation that establishes or continues operation of a federal program or agency either indefinitely or for a specific period of time or that sanctions a particular type of obligation or expenditure within a program.

BELOW MARKET INTEREST RATE (BMIR). See Section 221(d)(3) BMIR.

BLOCK GRANTS. Grants made by the federal government on a formula basis, usually to a state or local government.

BORROWING AUTHORITY. The authority to incur indebtedness for which the federal government is liable, which is granted in advance of the provision of appropriations to repay such debts. Borrowing authority may take the form of authority to borrow from the Treasury or authority to borrow from the public by means of the sale of federal agency obligations. Borrowing authority is not an appropriation since it provides a federal agency only with the authority to incur a debt, and not the authority to make payments from the Treasury under the debt. Appropriations are required to liquidate the borrowing authority.

BROOKE RULE. Federal housing policy that limits a tenant's contribution to rent in public housing and under the Section 8 program to 30% of income. This amount is considered to be the maximum that one should have to pay for rent without becoming 'burdened.' The rule is based on an amendment sponsored by then Senator Edward Brooke (R-MA) to the public housing program in 1971. The original Brooke amendment limited tenant contributions to 25%. The limit was increased from 25% to 30% in 1981.

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BUDGET AUTHORITY. The legal authority to enter into obligations that will result in immediate or future outlays of federal funds. Budget authority is provided in appropriation acts.

BUDGET ENFORCEMENT ACT (BEA). An expired 1990 Act of Congress credited in part with creating a budget surplus by establishing limits on discretionary spending, maximum deficit amounts, pay-as-you-go rules for revenue and direct spending, new credit budgeting procedures, and other changes in budget practices. Congress has wrangled over the re-establishment of pay-as-you-go rules and disagreement about whether such rules should apply to both spending and taxation or only to spending.

BUDGET RESOLUTION. A concurrent resolution passed by both houses of Congress that does not require the signature of the president. The budget resolution sets forth various budget totals and functional allocations and may include reconciliation instructions to specific House or Senate committees.

COLONIAS. The rural, mostly unincorporated communities located in California, Arizona, New Mexico, and Texas along the U.S.-Mexico border. Colonias are characterized by high poverty rates and substandard living conditions, and are defined primarily by what they lack, such as potable drinking water, water and wastewater systems, paved streets, and standard mortgage financing.

COMMUNITY AND HOUSING DEVELOPMENT ORGANIZATION (CHDO). A federally defined type of nonprofit housing provider that must receive a minimum of 15% of all federal HOME Investment Partnership Funds.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG). The annual grants administered by HUD on a formula basis to cities and other units of government for community development activities. The CDBG program is authorized by Title I of the Housing and Community Development Act of 1974.

COMMUNITY DEVELOPMENT CORPORATIONS. Community development corporations are nonprofit, community-based organizations that provide capital locally through the development of both residential and commercial property, ranging from affordable housing to developing shopping centers and even owning businesses.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI). A specialized financial institution that works in market niches that have not been adequately served by traditional financial institutions. CDFIs provide a wide range of financial products and services, including mortgage financing, commercial loans, financing for community facilities, and financial services needed by low income households. Some CDFIs also provide technical assistance. To be certified as a CDFI by the CDFI Fund of the Treasury Department, an institution must engage in community development, serve a targeted population, provide financing, have community representatives on its board, and be a non-governmental organization.

COMMUNITY REINVESTMENT ACT (CRA). A program that requires periodic evaluations of insured depository institutions and their efforts in helping meet the credit needs in their communities.

CONGRESSIONAL BUDGET OFFICE (CBO). An organization created by Congress that provides staff assistance to Congress on the federal budget.

CONSOLIDATED PLAN. The Consolidated Plan, or ConPlan, combines all of the planning, application, and performance requirements previously required separately for Community Development Block Grants (CDBG), Emergency Shelter Grants (ESG), Housing Opportunities for People With AIDS (HOPWA), and programs such as HOME that require a Comprehensive Housing Affordability Strategy (CHAS).

CONTINUING RESOLUTION (CR). Spending bill that provides funds for government operations for a short period of time until Congress and the President agree on an appropriations bill.

CREDIT UNION. A nonprofit financial institution typically formed by employees of a company, labor union, or religious group and operated as a cooperative. Credit unions may offer a full range of financial services and pay higher rates on deposits and charge lower rates on loans than commercial banks. Federally chartered credit unions are regulated and insured by the National Credit Union Administration.

DISCRETIONARY SPENDING. Budget authority, other than for entitlements, and ensuing outlays provided in annual appropriations acts. The Budget Resolution sets limits or caps on discretionary budget authority and outlays.

EARMARKS. Appropriations that are dedicated for a specific, particular purpose. The funding of the Community Development Fund typically has earmarks as part of the Economic Development Initiative.

EMERGENCY LOW INCOME HOUSING PRESERVATION ACT (ELIHPA). The 1987 statute authorizing the original federal program to preserve federally assisted multifamily housing. The program was active 1987-1992.

ENHANCED VOUCHERS. The tenant-based Section 8 assistance provided to eligible residents when owners prepay their subsidized mortgages or opt out of project-based Section 8 contracts. Rents are set at market comparable levels, instead of the regular voucher payment standard, as long as the tenant elects to remain in the housing.

ENTITLEMENT JURISDICTION. Under the Community Development Block Grant communities that meet certain statutory requirements are 'entitled' to receive funding under the program. These communities are known as 'entitlement jurisdictions.'

ENTITLEMENTS. Entitlements benefits available based on meeting a certain set of criteria. Access to entitlement benefits, such as social security, is not limited by the need for appropriations.

EXIT TAX. The taxes paid on the recapture of depreciation and other deductions, experienced upon sale of a property. In some affordable housing transactions, sellers may face a significant exit tax even when they do not receive net cash at sale.

EXPIRING USE RESTRICTIONS. The low and moderate income affordability requirements associated with subsidized mortgages under Section 221(d)3 BMIR and Section 236, which terminate when the mortgage is prepaid.

EXTREMELY LOW INCOME. A household income below 30% of area median, as defined by HUD.

FAIR MARKET RENTS (FMR). HUD's estimate of the actual market rent for a modest apartment in the conventional marketplace. Fair market rents include utility costs (except for telephones). Every year, HUD develops and publishes FMRs for every MSA and apartment type. FMRs are currently established at the 40th percentile rent, the top of the range that renters pay for 40% of the apartments being surveyed, with the exception of some high-cost jurisdictions, where it is set at the 50th percentile.

FANNIE MAE (FEDERAL NATIONAL MORTGAGE ASSOCIATION). A federally chartered government-sponsored enterprise that purchases mortgages from originators to facilitate new mortgage lending. Similar to Freddie Mac.

FARMERS HOME ADMINISTRATION (FmHA). The former name of the Rural Housing Service.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). The federal agency established in 1933 that guarantees (within limits) funds on deposits in member banks and thrift institutions and performs other functions such as making loans to or buying assets from member institutions to facilitate mergers or prevent failures.

FEDERAL HOUSING ADMINISTRATION (FHA). A part of the Department of Housing and Urban Development that insures lenders against loss on residential mortgages. It was founded in 1934 in response to the Great Depression to execute the provisions of the National Housing Act.

FEDERAL HOUSING FINANCE AGENCY (FHFA). Created in 2008 to take over the functions of the Office of Federal Housing Enterprise Oversight (OFHEO) and the Federal Housing Finance Board (FHFB). OFHEO was the regulator for Freddie Mac and Fannie Mae, and the FHFB regulated the Federal Home Loan Banks.

FEDERAL HOUSING FINANCE BOARD (FHFB). Federal agency created by Congress in 1989 to assume oversight of the Federal Home Loan Bank System from the dismantled Federal Home Loan Bank Board. The FHFB was merged into the Federal Housing Finance Agency (FHFA) in 2008. The FHFA also regulates Freddie Mac and Fannie Mae.

Glossary

FEDERAL RESERVE BOARD (FRB). The governing board of the Federal Reserve System. Its seven members are appointed by the president, subject to Senate confirmation, and serve 14-year terms. The Board establishes Federal Reserve System policies on such key matters as reserve requirements and other bank regulations, sets the discount rates, and tightens or loosens the availability of credit in the economy.

FEDERAL RESERVE SYSTEM. The system established by the Federal Reserve Act of 1913 to regulate the U.S monetary and banking system. The Federal Reserve System ('the Fed') consists of 12 regional Federal Reserve Banks, their 24 branches, and all national and state banks that are part of the system. National banks are stockholders of the Federal Reserve Bank in their region. The Federal Reserve System's main functions are to regulate the national money supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for the transfer of funds throughout the banking system, and examine member banks' compliance with Federal Reserve regulations.

FINANCIAL INSTITUTION. An institution that collects funds from the public to place in financial assets such as stocks, bonds, money market instruments, bank deposits, or loans. Depository institutions (banks, savings and loans, saving banks, credit unions) pay interest on deposits and invest the deposit money, mostly in loans. Non-depository institutions (insurance companies, pension plans) collect money by selling insurance policies or receiving employer contributions and pay it out for legitimate claims or for retirement benefits. Increasingly, many institutions are performing both depository and non-depository functions.

FISCAL YEAR (FY). The accounting period for the federal government. The fiscal year for the federal government begins on October 1 and ends the next September 30. It is designated by the calendar year in which it ends; for example, FY11 begins on October 1, 2010, and ends on September 30, 2011.

FLEXIBLE SUBSIDY. A direct HUD loan or grant for rehabilitation or operating losses, available to eligible owners of certain HUD-subsidized properties. Owners must continue to operate the project as low and moderate income housing for the original mortgage term. Not currently active.

FORECLOSURE. The process by which a mortgage holder who has not made timely payments of principal and interest on a mortgage loses title to the home. The holder of the mortgage, whether it be a bank, a savings and loan, or an individual, uses the foreclosure process to satisfy the mortgage debt either by obtaining the proceeds from the sale of the property at foreclosure or taking title to the property and selling it at a later date. Foreclosure processes vary from state to state and can be either judicial or non-judicial.

FORMULA ALLOCATION. These programs allocate funds to recipients based on a formula. The parameters for the formula are usually established by statute and are often based in the need of the recipient for the program being funded. CDBG and HOME are formula allocation programs.

FREDDIE MAC (FEDERAL HOME LOAN MORTGAGE CORPORATION). A federally chartered government-sponsored enterprise that purchases mortgages from originators to facilitate new mortgage lending. Similar to Fannie Mae.

FREEDOM OF INFORMATION ACT (FOIA). This generally refers to the process of securing documents from HUD or other federal agencies in accordance with required procedures. Certain types of documents, including owner financial statements, are considered privileged and are not available for disclosure to the public.

GOVERNMENT ACCOUNTABILITY OFFICE (GAO). Formerly known as the General Accounting Office, the GAO is a Congressional agency that monitors the programs and expenditures of the federal government.

GINNIE MAE (GOVERNMENT NATIONAL MORTGAGE ASSOCIATION). An agency of HUD, Ginnie Mae guarantees payment on mortgage-backed securities, which represent pools of residential mortgages insured or guaranteed by the FHA, the Veterans Administration, or the Rural Housing Service.

GOVERNMENT SPONSORED ENTERPRISE (GSE). An enterprise established by the federal government but privately-owned and operated. Fannie Mae and Freddie Mac are GSEs, as are the Federal Home Loan Banks.

GUARANTEED LOAN. A loan in which a private lender is assured repayment by the federal government of part or all of the principal, interest, or both, in the event of a default by the borrower.

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME). Administered by HUD's Office of Community Planning and Development, this program provides formula grants to states and localities (see also PARTICIPATING JURISDICTIONS) to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low income people. The HOME program is authorized by Title II of the 1990 Cranston-Gonzalez National Affordable Housing Act.

HOME MORTGAGE DISCLOSURE ACT (HMDA). This act, which was created in 1975, requires most financial institutions that make mortgage loans, home improvement loans, or home refinance loans to collect and disclose information about their lending practices.

HOMELESS EMERGENCY ASSISTANCE AND RAPID TRANSITION TO HOUSING (HEARTH) Act of 2009. Signed into law in 2009 (P.L. 111-22), this law revises the McKinney-Vento Homeless Assistance Grant programs and will provide communities with new resources and better tools to prevent and end homelessness. The legislation: increases priority on homeless families with children, significantly increases resources to prevent homelessness, provides incentives for developing permanent supportive housing and creates new tools to address homelessness in rural areas.

HOUSING ASSISTANCE PAYMENTS (HAP). HAP is the payment made according to a HAP contract between the agency issuing a housing choice voucher (HCV) and the landlord renting a unit to the holder of the HCV.

HOUSING BONDS. Bonds that are secured by mortgages on homes or rental properties. Generally the bonds are issued by states and the housing financed by the bond is targeted to lower income families or individuals.

HOUSING CHOICE VOUCHERS (HVC). Also known as Section 8 or Section 8 vouchers, this is a rental assistance program funded by HUD. The goal of the program is to assist primarily extremely low income families rent housing in the private market. Under the program the federal government pays a portion of the family's rent each month. Families participating in the Housing Choice Voucher Program can rent a single-family home, an apartment or a condominium. Prior to receiving a subsidy every unit must pass a housing inspection. Once the unit passes inspection and rent guidelines, voucher families pay a percentage of their monthly adjusted income toward monthly rent and utilities (generally not more than 30%) and the rest is paid with the federal subsidy.

HOUSING COSTS. Essentially, they are the costs of occupying housing. Calculated on a monthly basis, housing costs for renters include "contract rent, utilities, property insurance, mobile home park fee." For owners, monthly housing costs are "the sum of monthly payments for all mortgages or installment loans or contracts, except reverse annuity mortgages and home equity lines of credit. Costs also include real estate taxes (including taxes on manufactured/mobile homes, and manufactured/mobile home sites if the site is owned), property insurance, homeowner association fees, cooperative or condominium fees, mobile home park fees, land rent, utilities." Utilities include "electricity, gas, fuels (oil, coal, kerosene, or wood), water, sewage disposal, garbage and trash collection." (2001 AHS, Appendix A, www.census.gov/hhes/www/housing/ahs/ahs01/appendixa.pdf)

HOUSING FINANCE AGENCY. The state agency responsible for financing housing and administering assisted housing programs.

HOUSING STARTS. The indicator of residential construction activity monitored by the Department of Commerce. Housing starts represent the start of construction of a house or apartment building, which means the digging of the foundation. Other categories are housing permits, housing completions, and new home sales.

HOUSING TRUST FUNDS. Distinct funds, usually established by state or local governments, that receive ongoing public revenues which can only be spent on affordable housing initiatives, including new construction, preservation of existing housing, emergency repairs, homeless shelters, housing-related services, and multifamily building for nonprofit organizations.

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HUD INSPECTOR GENERAL. The HUD official appointed by the president who is responsible for conducting audits and investigations of HUD's programs and operations.

INCLUSIONARY ZONING. A requirement or incentive to reserve a specific percentage of units in new residential developments for moderate income households.

INDEPENDENT AGENCY. An agency of the United States government that is created by an act of Congress and is independent of the executive departments. The Securities and Exchange Commission is an example of an independent agency.

INTERMEDIARY ORGANIZATION. Organizations that play a fundamental role in encouraging, promoting, and facilitating business-to-business contacts. These can include both nonprofit and for-profit organizations: chambers of commerce; trade associations; local, civic, and community groups; state and local governments; academic institutions; and private corporations.

LEVERAGING. The maximization of the effects of federal assistance for a project by obtaining additional project funding from non-federal sources.

LOW INCOME HOUSING PRESERVATION AND RESIDENT HOMEOWNERSHIP ACT (LIHPRHA). The 1990 statute authorizing the 'permanent' federal multifamily preservation program. The program was active 1990 - 1996.

LOW INCOME HOUSING TAX CREDITS (LIHTC). Enacted by Congress in 1986 to provide the private market with an incentive to invest in affordable rental housing. Federal housing tax credits are awarded to developers of qualified projects. Developers then sell these credits to investors to raise capital (or equity) for their projects, which reduces the debt that the developer would otherwise have to borrow. Because the debt is lower, a tax credit property can in turn offer lower, more affordable rents. Provided the property maintains compliance with the program requirements, investors receive a dollar-for-dollar credit against their Federal tax liability each year over a period of 10 years. The amount of the annual credit is based on the amount invested in the affordable housing.

LOW INCOME. As applied to most housing programs, household income below 80% of metropolitan area median, as defined by HUD, is classified as low income. See also **EXTREMELY LOW INCOME**, **VERY LOW INCOME**.

MARK-TO-MARKET. The process of reducing above-market rents to market levels. In ordinary usage, this means HUD recognizing defaults on FHA-insured mortgages, paying the mortgage claims, and restructuring the remaining available debt service into a new mortgage.

MARK-UP-TO-MARKET. A federal program to adjust rents on assisted housing up to the market rate.

METROPOLITAN STATISTICAL AREA (MSA). The basic census unit for defining urban areas and rental markets.

MODEL CITIES. An element of President Lyndon Johnson's War on Poverty. It was created 1966 but ended in 1974. The purpose of the program was to improve coordination of existing urban programs and provide additional funds for local plans.

MODERATE HOUSING PROBLEMS. As used in this Guide and by HUD, moderate problems consist of cost burden above 30% but not more than 50% of income, occupancy of housing with moderate physical problems, or overcrowding (more than one person per room).

MORTGAGE BANKER. The company, or individual, that originates mortgage loans, sells them to other investors, services the monthly payments, keeps related records, and acts as escrow agent to disperse funds for taxes and insurance. A mortgage banker's income derives from origination and servicing fees, profits on the resale of loans, and the spread between mortgage yields and the interest paid on borrowings while a particular mortgage is held before resale.

MORTGAGE BROKER. A company or individual that brings together a borrower and a lender for the purpose of assisting a borrower in obtaining a mortgage loan. The broker does not originate or service the loan.

MORTGAGE INTEREST DEDUCTION. The federal tax deduction for mortgage interest paid in a taxable year. Interest on a mortgage to acquire, construct, or substantially improve a residence is deductible for indebtedness of up to \$1 million.

MORTGAGE. The debt instrument by which the borrower (mortgagor) gives the lender (mortgagee) a lien on property as security for the repayment of a loan. The borrower has use of the property, and the lien is removed when the obligation is fully paid.

MOVING TO WORK (MTW). A demonstration program for public housing agencies (PHAs) that provides them the opportunity to design and test innovative strategies that use Federal dollars to help residents find employment and become self-sufficient. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their federal funds.

MULTIFAMILY ASSISTED HOUSING REFORM AND AFFORDABILITY ACT (MAHRA). The 1997 statute authorizing the Mark-to-Market program and renewals of expiring Section 8 contracts.

MULTIFAMILY. A building with five or more residential units.

NEW CONSTRUCTION/SUBSTANTIAL REHAB. A form of project-based Section 8 assistance used in the original development and financing of some multifamily housing. Projects could be both insured and uninsured (with conventional or state/local bond financing). These contracts were long-term (20-40 years). Active 1976 - 1985.

NOTICE OF FUNDING AVAILABILITY (NOFA). A notice by a federal agency, including HUD, used to inform potential applicants that program funding is available.

OFFICE OF AFFORDABLE HOUSING PRESERVATION. Formerly the Office of Multifamily Housing Assistance Restructuring (OMHAR), HUD established this office to oversee the continuation of the Mark to Market program and provide assistance in the oversight and preservation of a wide spectrum of affordable housing programs.

OFFICE OF RURAL HOUSING PRESERVATION (ORHP). Processes applications to prepay RHS multifamily housing loans and preserve housing as affordable low and very low income housing.

OFFICE OF THRIFT SUPERVISION (OTS). An agency of the Treasury Department created by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The OTS replaced the disbanded Federal Home Loan Bank Board and assumed regulatory responsibility for the nation's saving and loan industry.

OUTLAYS. Payments made (usually through the issuance of checks or disbursement of cash) to liquidate obligations. Outlays during a fiscal year may be for payment of obligations incurred in the previous year or in the same year.

PARTICIPATING JURISDICTION (PJ). A HUD-recognized entity that is an eligible recipient of HOME funding.

PAY-AS-YOU-GO or PAYGO. A requirement that Congress offset the costs of tax cuts or increases in entitlement spending with increased revenue or savings elsewhere in the budget.

PAYMENT STANDARD. The amount used to determine how much rent a housing authority will pay monthly to subsidize a housing choice voucher holder, expressed as a percentage of the Fair Market Rent (FMR). The payment standard must be at least 80% of the FMR.

PERFORMANCE FUNDING SYSTEM. Developed by HUD to analyze costs of operating public housing developments, used as the basis for calculating the need for operating subsidies.

PERMANENT SUPPORTIVE HOUSING. Decent, safe and affordable permanent community-based housing targeted to vulnerable very low income households with serious and long term disabilities that is linked with an array of voluntary and flexible services to support successful tenancies.

Glossary

PREPAYMENT PENALTY. A fee that may be levied for repayment of a loan before it falls due.

PRESERVATION. A program (enacted in 1987 with the Emergency Low Income Housing Preservation Act (ELIPHA) and later amended into the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA)) that (1) prevented owners of what are called older assisted properties from prepaying their mortgages and converting the buildings to market rate use, and (2) compensated them with financial incentives available through extension or continuation of ownership, or sale to a nonprofit buyer. While neither ELIPHA nor LIHPRHA are currently in effect, their preemption provisions may threaten state and local laws regulating the preservation of federally assisted housing.

PRIMARY MARKET. A market where financial instruments, such as loans, are created. When a homeowner gets a loan from a bank they are acting in the primary market.

PROJECT-BASED VOUCHERS. A component of a public housing agencies (PHAs) housing choice voucher program. A PHA can attach up to 20 percent of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set-aside a portion of the units in an existing development for lower income families. Rehabilitated units must require at least \$1,000 of rehabilitation per unit to be subsidized, and all units must meet HUD housing quality standards.

REAL ESTATE ASSESSMENT CENTER (REAC). The office within HUD responsible for tracking, monitoring, and enforcing the regulatory agreements of multifamily housing projects with FHA insurance or project-based assistance, including regular property inspections.

REAL ESTATE INVESTMENT TRUST (REIT). A business trust or corporation that combines the capital of many investors to acquire or finance real estate, which may include assisted housing. Cash flow generated by the properties is distributed to investors in the form of stock dividends. The REIT can also provide an attractive tax deferral mechanism by enabling investors to exchange their partnership shares for interests in the REIT, a nontaxable transfer.

REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA). A statute that prohibits kickbacks and referral fees that unnecessarily increase the costs of certain settlement services in connection with real estate transactions and provides for disclosures in connection with such transactions. HUD enforces RESPA.

RECONCILIATION BILL. A bill containing changes in law recommended by House or Senate committees pursuant to reconciliation instructions in a budget resolution.

RENT SUPPLEMENT. An older HUD project-based rental subsidy program used for some 221(d)3 and 236 properties. The subsidy contract is coterminous with the mortgage. Most rent supplement contracts in HUD-insured projects were converted to Section 8 in the 1970s.

RESIDUAL RECEIPTS. Cash accounts maintained under joint control of the owner and HUD (or Housing Finance Agency) into which is deposited all surplus cash generated over and above the allowable limited dividend or profit. The disposition of residual receipts at the end of the Section 8 contract or mortgage is governed by the Regulatory Agreement.

RIGHT OF FIRST REFUSAL. The right of first refusal means the right to match the terms and conditions of a third-party offer to purchase a property, within a specified time period.

RURAL DEVELOPMENT (RD). Part of the U.S. Department of Agriculture, RD administers grant and loan programs to promote and support housing and essential community facilities development in rural communities.

RURAL HOUSING SERVICE (RHS). A part of the Department of Agriculture's Rural Development division, RHS is responsible for administering a number of rural housing programs.

RURAL. As used in this guide, areas that are not urbanized. The Census Bureau defines an urbanized area as "an incorporated place and adjacent densely settled (1.6 or more people per acre) surrounding area that together have a minimum population of 50,000."

SAVINGS AND LOAN ASSOCIATION (S&L). A depository financial institution, federally or state chartered, that obtains the bulk of its deposits from consumers and holds the majority of its assets as home mortgage loans. In 1989, responding to a massive wave of insolvencies caused by mismanagement, corruption, and economic factors, Congress passed a savings and loan 'bailout bill' that revamped the regulatory structure of the industry under a newly created agency, the Office of Thrift Supervision.

SAVINGS BANK. A depository financial institution that primarily accepts consumer deposits and makes home mortgage loans. Historically, savings banks were of the mutual (depositor-owned) form and chartered in only 16 states; the majority of savings banks were located in the New England states, New York, and New Jersey.

SECONDARY MARKET. The term secondary market refers to the market in which loans and other financial instruments are bought and sold. Freddie Mac and Fannie Mae, for example, operate in the secondary market because they do not deal directly with the borrower but instead purchase loans from lenders.

SECTION 202. A HUD program created in 1959 to provide direct government loans or grants to non-profits to develop housing for the elderly and handicapped. Currently, the program provides capital grants and project rental assistance contracts.

SECTION 221(d)(3) BELOW MARKET INTEREST RATES (BMIR). A HUD program under which the federal government provided direct loans at a below market interest rate (3%) and FHA mortgage insurance to private developers of low and moderate income housing. Active 1963 - 1970.

SECTION 236. A program under which HUD provided interest subsidies (known as Interest Reduction Payments or IRP subsidies) and mortgage insurance to private developers of low and moderate income housing. The interest subsidy effectively reduced the interest rate on the loan to one percent. Active 1968 - 1975.

SECTION 514 LOANS AND SECTION 516 GRANTS. Administered by RHS and may be used to buy, build, improve or repair housing for farm laborers. Authorized by the Housing Act of 1949.

SECTION 515 RURAL RENTAL HOUSING PROGRAM. Provides funds for loans made by RHS to nonprofit, for profit, cooperatives, and public entities for the construction of rental or cooperative housing in rural areas for families, elderly persons, persons with disabilities, or for congregate living facilities. Authorized by the Housing Act of 1949.

SECTION 533 HOUSING PRESERVATION GRANT PROGRAM (HPG). This program, administered by RHS, provides grants to promote preservation of Section 515 properties. Authorized by the Housing Act of 1949.

SECTION 538 RENTAL HOUSING LOAN GUARANTEES. RHS may guarantee loans made by private lenders for the development of affordable rural rental housing. This program serves a higher income population than that served by the Section 515 program. Authorized in the Housing Act of 1949.

SECTION 8 PROJECT-BASED CONTRACTS or PROJECT-BASED SECTION 8. Administered by HUD's Office of Multifamily Housing, Section 8 Project-Based Assistance takes the form of a contract between HUD and building owners, who agree to provide housing to eligible tenants in exchange for long-term subsidies. Project-Based Assistance limits tenant contributions to 30 percent of the household's adjusted income. Assistance may be provided to some or all of the units in a project occupied by eligible tenants and is attached to the unit and stays with the housing after the tenant leaves.

SECTION 8 PROJECT-BASED VOUCHERS. Uses housing choice vouchers to provide place-based assistance to a project by allowing local housing authorities to contract with property owners to place a limited number of vouchers in a project. These vouchers remain with the project even if the assisted tenant moves. The effect is similar to the project-based section 8 program in that the place-based funding helps preserve the affordability of the units. One difference between the two programs is the mobility feature of the project-based voucher program which allows a tenant to move with continued assistance in the form of a housing choice vouchers. This program is administered by HUD's Office of Public and Indian Housing and local housing authorities.

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SECTION 8 VOUCHERS. Administered by HUD's Office of Public and Indian Housing and local housing authorities, housing choice vouchers are allocated to individual households and provide a rental subsidy, generally limiting the tenant contribution to rent to 30% of the household's adjusted income. Local housing authorities can attach a limited number of their housing choice vouchers to individual units, thereby 'project-basing' them. See SECTION 8 PROJECT-BASED VOUCHERS.

SECTION 811. The program provides funds to nonprofit organizations to develop rental housing, with supportive services, for very low income adults with disabilities and provides rent subsidies for the projects to help make them affordable.

SEVERE HOUSING PROBLEMS. As used by HUD in defining priorities, severe housing problems are homelessness, displacement, housing cost burden above 50% of income, and occupancy of housing with serious physical problems. Data on severe housing problems drawn from the American Housing Survey measures only cost burden and physical problems.

SINGLE-FAMILY. A single-family property is a residential property with fewer than 5 units.

STAFFORD DISASTER RELIEF AND EMERGENCY ASSISTANCE ACT (STAFFORD ACT, P.L. 100-707). Provides a systemic means of providing federal natural disaster assistance to state and local governments. The act establishes the Presidential declaration process for major emergencies, provides for the implementation of disaster assistance, and sets forth the various disaster assistance programs.

STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT. Enacted in July 1987, the McKinney Act, P.L. 100-77 established distinct assistance programs for the growing numbers of homeless persons. Recognizing the variety of causes of homelessness, the original McKinney Act authorized 20 programs offering a multitude of services, including emergency food and shelter, transitional and permanent housing, education, job training, mental health care, primary health care services, substance abuse treatment, and veterans' assistance services. The Act was renamed to the McKinney-Vento Homeless Assistance Act, in 2000 to reflect the late Representative Bruce Vento's (D-MN) work to improve housing for the poor and homeless. The Act was revised in 2002 and again in 2009. See HOMELESS EMERGENCY ASSISTANCE AND RAPID TRANSITION TO HOUSING (HEARTH) Act of 2009.

TAX CREDIT. A provision of the tax code that specifies an amount by which a taxpayer's taxes will be reduced in return for some behavior.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF). Provides block grants to states administered under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which established a new welfare system. The TANF block grant replaced Aid to Families with Dependent Children (AFDC). The chief feature of TANF was the abolition of a federal entitlement to cash assistance.

THRIFT. See SAVINGS AND LOAN ASSOCIATION (S&L).

VERY LOW INCOME (VLI). A household where the household income is at or below 50% of area median, as defined by HUD.

VOUCHER. A government payment to, or on behalf of, a household, to be used solely to pay a portion of the household's housing costs in the private market. Vouchers are considered tenant-based assistance because they are not typically connected to a particular property or unit (although they may be 'project-based' in some cases) but are issued to a tenant.

WORST CASE HOUSING PROBLEMS. Unsubsidized very low income renter households with severe housing problems. HUD is required to submit a periodic report to Congress on worst case housing problems.

Advocates' Guide Authors

Steve Berg

Steven R. Berg, Vice President for Programs and Policy at the National Alliance to End Homelessness, specializes in the impact on homelessness of public policies regarding employment, human services and housing. He also oversees most of the programmatic work of the Alliance. He came to the Alliance from the Center on Budget and Policy Priorities, where he worked on state-level welfare reform and employment. Before coming to Washington he spent 14 years as a legal services attorney in California and Connecticut, working on housing, government benefits, employment and family integrity issues. His experience includes nonprofit management and staff training and development.

Nancy Bernstine

Nancy Bernstine has served as executive director of the National AIDS Housing Coalition since 2003. NAHC is a national housing advocacy and policy organization which focuses on the housing and housing-related support service needs of people with HIV/AIDS. Previously, she was a member of a Washington, D.C. law firm providing legislative and administrative representation for non-profit housing organizations and housing industry trade associations. She has worked in senior policy positions in U.S. nonprofit housing organizations including the National Housing Law Project and the McAuley Institute. Nancy serves on the board of the National Low Income Housing Coalition, is a trustee of the National Housing Conference and is a member of the District of Columbia Bar and the American Bar Association Affordable Housing Forum.

Cathy Bishop

Cathy Bishop has more than 30 years of experience in federal housing law and is a recognized legal expert in the field. A veteran litigator, trainer and advocate, Ms. Bishop has built long-standing relationships with residents of federally assisted housing, legal and policy advocates, as well as with numerous representatives of HUD and housing authority officials, nationwide. Ms. Bishop currently focuses on public housing and voucher issues including full utilization of vouchers, portability and discrimination against source of income, and tenant's rights and participation, the PHA Annual Plan process, HOPE VI, demolition and disposition of public housing, and promoting and improving programs like Section 3.

Elina Bravve

Elina Bravve is a Research Assistant for NLIHC. She joined NLIHC in September of 2010 after completing an affordable housing policy internship for the U.S. Green Building Council. Prior to that position, she worked as an intern for the D.C. Office of Planning, the North Carolina Housing Finance Agency, and an Affordable Housing Task Force in Raleigh, NC. She earned a Master's degree in City Planning from the University of North Carolina-Chapel Hill.

Mary Brooks

Mary E. Brooks has worked as a low income housing advocate for more than 30 years. The majority of her work has involved policy advocacy advancing affordable housing, land use and zoning, community development, and civil rights issues. She holds a Master's degree in City and Regional Planning from Ohio State University, where she received the College of Engineering Distinguished Alumna Award. She was awarded the Community Housing Leadership Award by the National Low Income Housing Coalition in 2004. Currently, Ms. Brooks directs the Housing Trust Fund Project of the Center for Community Change and serves on the board of the National Low Income Housing Coalition.

Corey Carlisle

Corey Carlisle is the Director of Federal Policy and Government Affairs of the Low Income Investment Fund (LIIF). Mr. Carlisle joined LIIF in 2008 and is responsible for the organization's efforts in advancing national legislation and programs in the field of poverty alleviation and community capital. Mr. Carlisle is a member of the National Low Income Housing Coalition's Production Committee, serves on the advisory boards of the National Housing Conference, the Opportunity Finance Network, and New Markets Tax Credit Coalition, chairs the Charter School Lenders' Coalition, and has taken leadership roles within the National Children's Facilities Network. Prior to joining LIIF, he was the Associate Vice President of Governmental Affairs at the Mortgage Bankers Association. Mr. Carlisle began his career as the legislative assistant to Senator Kent Conrad (D-North Dakota) and went on to work for several large financial institutions and banks including Freddie Mac and Bank of America. Mr. Carlisle holds a Master of Science degree in

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Political Economy from the London School of Economics and Political Science, and a B.A. in Economics and Political Science from the University of Minnesota.

Judith Chavis

Judith P. Chavis is the Executive Director of the American Association of Service Coordinators (AASC) and has more than 25 years of association, public policy, social services and community assistance experience. Prior to working at AASC, Judy was the Assistant Executive Director of the Ohio Job and Family Services Directors' Association where she provided training, legislation development, technical assistance and policy advocacy on public assistance programs like TANF, subsidized child care, Food Stamps/SNAP, Medicaid, and issues affecting low income families, workforce development programs, adult protective services, child support enforcement and child protective services. Judy has a Master's degree in Public Administration from Ohio University and a B.A. in Political Science/Sociology from The Ohio State University.

Ben Clark

Ben Clark is the Project Coordinator for Public Policy and Communications at the National Fair Housing Alliance. He joined NFHA in 2009 in this capacity. As Project Coordinator, Mr. Clark represents the interests of NFHA and its members before Congress and federal agencies and coordinates efforts with other civil rights and housing advocacy groups. Prior to NFHA, Mr. Clark was employed by Relman, Dane & Colfax, PLLC, a Washington, DC based civil rights law firm. Mr. Clark earned his Bachelor of Arts degree from Northwestern University in 2007.

Linda Couch

Linda Couch is the Senior Vice President for Policy for NLIHC. Linda has worked at NLIHC since 1995 except for three years at the American Association of Homes and Services for the Aging, where she worked on affordable housing for low income seniors. Ms. Couch works on public and assisted housing issues, budget and appropriations and NLIHC's campaign to capitalize a national housing trust fund, among other issues. Linda has a background in state governmental affairs, working for a private consulting firm and as a fellow in the Connecticut General Assembly's Office of Legislative Research. Ms. Couch has a Masters of Public Affairs from the University of Connecticut and a B.A. from George Washington University. She lives in Mount Rainier, Maryland with her husband and two young children.

Megan DeCrappeo

Megan DeCrappeo joined the National Low Income Housing Coalition as the Research Analyst in June 2009. Prior to joining NLIHC as a full-time employee she earned her Master's degree in Public Policy from George Washington University while working as a research intern at NLIHC and then as an intern with the Local Initiatives Support Corporation (LISC) where she worked for the Housing Authority Resource Center, a national program run by LISC. Before moving to DC to pursue her Master's degree, Ms. DeCrappeo spent almost five years working as the Portfolio Analyst at the Low Income Investment Fund in San Francisco. Ms. DeCrappeo has a B.A. in anthropology from Penn State University.

Danna Fischer

Danna Fischer was the Legislative Director and Counsel for the National Low Income Housing Coalition through February 2011. Before joining the Coalition she was a Senior Director at Freddie Mac, where she was responsible for the company's relationship with HUD. Ms. Fischer got her start in housing policy as counsel to the Housing Subcommittee of the House Committee on Banking, Finance and Urban Affairs (now the House Committee on Financial Services). On the committee, she worked on a wide range of housing issues including the development of the HOME program, housing preservation, McKinney revisions, Section 8 reauthorizations, and public housing.

Lance George

Lance George is a Senior Research Associate at the Housing Assistance Council (HAC) based in Washington, D.C. HAC, founded in 1971, is a nonprofit organization that supports affordable housing efforts in rural areas of the United States. Before coming to HAC, Lance worked for Frontier Housing, Inc., a nonprofit organization that builds affordable homes for low income families in Appalachian Eastern Kentucky. Lance's research and policy analysis at HAC encompasses a wide array of issues and topics related to rural housing.

Ed Gramlich

Ed Gramlich has been at NLIHC since October 2005. Currently he is the Regulatory Director. Prior to joining the staff of the Coalition, Mr. Gramlich worked for 26 years at the Center for Community Change (CCC) where his primary function was to provide technical assistance about CDBG to low income community-based groups. While at CCC, Mr. Gramlich also devoted considerable time to providing technical assistance to groups about the CHAS and ConPlan processes.

Doug Hall

Doug Hall became Director of EPI's Economic Analysis and Research Network (EARN) in July 2009, after being an active member of EARN for ten years. EARN is a vibrant network of 56 state groups in 42 states, each sharing the common goal of using economic research and public policy advocacy to improve the well being of working families. Hall most recently served as director of operations and research for the Connecticut EARN partner, Connecticut Voices for Children, where he played a leading role in work related to family economic security and state tax and budget issues. He is the author or co-author of dozens of reports, including eight State of Working Connecticut reports. His work has been extensively cited by statewide media, and he has contributed several op-ed pieces for publication in newspapers such as the *Hartford Courant* and the *Kentucky Post*. He has also appeared as an expert on public affairs shows on Connecticut television stations such as NBC30, Fox 61, and CPTV, and on KET in Kentucky. Hall earned a Ph.D. in Political Studies at Queen's University in Ontario, and also has Bachelor's and Master's degrees specializing in public policy and administration.

Toby Halliday

Toby Halliday is Vice President for Public Policy for the National Housing Trust. The Trust preserves and revitalizes affordable rental housing through real estate development, lending, and public policy initiatives to better the quality of life for the families and elderly who live there. NHT has helped to save more than 22,000 affordable apartments in 41 states through technical assistance, real estate development, and lending activities. Since joining the Trust in early 2008, Mr. Halliday has worked with other supporters of affordable rental housing to promote policy changes at HUD and in Congress to facilitate the preservation of affordable rental housing.

Mindy La Branche

Mindy La Branche is a legislative and policy associate at the National Council of State Housing Agencies, where she has worked since 2007. Ms. La Branche received her Bachelor of Arts degrees in business administration and global leadership from Huntingdon College and is pursuing her Masters of Business Administration at Georgetown University.

Peter Lawrence

Peter Lawrence is a Senior Policy Director for Enterprise Community Partners. His primary issue responsibilities are tax, including advocacy on the Low Income Housing Tax Credit and the New Markets Tax Credit programs as well as tax incentives to promote green and sustainable building, and affordable housing preservation policy. He also is the Secretary of the Board of Directors of the Affordable Housing Tax Credit Coalition, as well as a member of the Board of Directors of the New Markets Tax Credit Coalition. Prior to joining Enterprise, he was a Legislative and Policy Associate at the National Council of State Housing Agencies (NCSHA), focusing on the Low Income Housing Tax Credit, tax-exempt housing private activity bond programs, and Government Sponsored Enterprises. He also was a Housing Policy Analyst for the Center on Budget Policies and Priorities, where he worked on the Section 8 Housing Choice Voucher Program, a Congressional Fellow for Senator Jack Reed of Rhode Island in his capacity as the Ranking Member of the Senate Housing and Transportation Subcommittee, and a Presidential Management Fellow for the Office of Policy Development & Research at the U.S. Department of Housing & Urban Development. In addition to his federal experience, he has served as an analyst for the affordable housing group of Chicago Metropolitan 2020, and as an appointed member of the Interagency Taskforce on Homelessness of the City of Berkeley, California.

Nancy Libson

Nancy Libson has been the Director of Housing Policy at LeadingAge(formerly AAHSA) for the last seven years, following a more than 30 year career in affordable housing development, policy development, advocacy, and technical assistance. Her experience includes eight years as staff and staff director of the Housing Subcommittee of the House Financial Services Committee, the Office of Legislation at HUD, the Appalachian Regional Commission, the D.C. Public Housing Authority, the National Center for Housing Management, Hessel, Aluisse, and Neun, and an affordable housing developer.

Jane Malone

Jane Malone joined the National Center for Healthy Housing as Policy Director in 2010 after working for the Alliance for Healthy Homes for 12 years. Her current work focuses on advancing commitments to healthy homes by Congress and federal agencies, supporting local partners' policy change work, improving model housing codes and standards, implementing lead-safe renovation requirements, and financing environmental health hazard mitigation. She also directs HUD-funded research on integrated pest management in unsubsidized multifamily housing. Prior to focusing on indoor environmental health concerns, she led efforts in Philadelphia to eliminate homelessness and improve public education. She attended the University of Pennsylvania.

Shambhavi Manglik

Shambhavi Manglik is a Research Apprentice for the Homelessness Research Institute, the research and communications arm of the National Alliance to End Homelessness. Joining the staff in August of 2010, she is responsible for writing reports and briefs, and the analysis of various data and research around homelessness and poverty. Ms. Manglik will complete her M.S. in Public Policy and Management from Carnegie Mellon University's Heinz College in May, 2011. Prior to graduate school Ms. Manglik worked as a legislative assistant to Congresswoman Lucille Roybal-Allard (D-CA). She has a B.A. in Politics from the University of California, Santa Cruz.

Sharon McDonald

Sharon McDonald is a Senior Policy Analyst at the National Alliance to End Homelessness where she focuses on policy and program strategies to end family homelessness. She is a social worker with a B.S.W., M.S.W., and Ph.D. in Social Work and Social Policy and has worked as a Licensed Clinical Social Worker. Ms. McDonald began her post-graduate work with individuals and families experiencing poverty and homelessness as a direct practitioner in Richmond, Virginia in 1989. She supervised a community-based seven day a week program that served as the 'Living Room' and access point to supportive services and clinical interventions for people experiencing homelessness, primarily adults living outside of the shelter system. Ms. McDonald served as the 1999/2000 Social Work Congressional Fellow in Senator Paul D. Wellstone's office.

Monica McLaughlin

Monica McLaughlin is the Senior Public Policy Specialist for the National Network to End Domestic Violence (NNEDV), working on the intersection of domestic violence and housing issues, among a number of other policy issues. As a life-long activist in the women's movement, Ms. McLaughlin began her career as a domestic violence advocate in Montana, Chicago and England. Her work with survivors afforded her a unique perspective on the issues that impact survivors' lives and fueled her desire to shape public policy. Recently, Ms. McLaughlin led the successful campaign to reauthorize the Family Violence Prevention and Services Act (FVPSA) and she leads the national campaign to increase federal funding for domestic violence programs. Ms. McLaughlin holds a Master's degree in Communication Studies from Marquette University.

Anna Melbin

Anna Melbin is the Housing Director at the National Network to End Domestic Violence (NNEDV). In this position she oversees NNEDV's housing work, including providing comprehensive technical assistance to over 220 transitional housing programs across the country, focusing on services for survivors of domestic, sexual and dating violence, and stalking. She provides trainings and technical assistance to national and community-based organizations on a range of issues related to violence against women, homelessness, housing, and best practice strategies for serving survivors. Ms. Melbin conducted comparative national and state-wide research on transitional housing programs for battered women, and is first author of "Transitional Supportive Housing Programs: Battered Women's Perspectives and Recommendations," published in *Affilia*, 2003. Ms. Melbin holds a Master of Social Work and a Master of Public Policy, from the University of Michigan, Ann Arbor.

Todd Nedwick

Todd Nedwick is the Assistant Director for public policy at the National Housing Trust (NHT). He conducts nationwide research and analysis of successful affordable housing preservation policies and practices. He holds a B.A. in Political Science from American University and a M.P.P. from the University of Maryland, School of Public Policy.

Ann O'Hara

Ann O'Hara is co-founder of TAC and Director of TAC's Housing Center. Ms. O'Hara is nationally known for her public policy work to expand affordable housing opportunities for people with disabilities and her expertise in housing programs for people who are homeless or at-risk of homelessness. She has over 25 years' experience in the development and administration of the full range of subsidized rental and homeownership programs funded at the national, state, and local level. Working with a consortium of other national organizations, Ms. O'Hara has successfully advocated for national housing policy initiatives, developed legislative proposals, and assisted numerous federal and state agencies to address the housing problems of extremely low income people with special needs. Prior to joining TAC, Ms. O'Hara served as Assistant Secretary for Housing and Director of Rental Assistance for the Commonwealth of Massachusetts.

Danilo Pelletiere

Danilo Pelletiere is Research Director and Chief Economist at the National Low Income Housing Coalition. Prior to NLIHC he held various positions at George Mason University, World Resources Institute, and Virginia's Center for Innovative Technology. Mr. Pelletiere received his B.A. in regional science and history from the University of Pennsylvania and his Ph.D. in public policy from George Mason University, where he continues to teach and research at the School of Public Policy. He is a past Fulbright scholar in the field of economic development at the University of Rostock, Germany.

Meg Power

Dr. Meg Power is President and Executive Director of Economic Opportunity Studies (EOS) of Washington, D.C., a nonprofit corporation that offers analysis and technical assistance to community action and weatherization organizations. She has specialized in projects that provide affordable and fair energy services and environmental benefits for all consumers, including sustainable community development, Weatherization and other clean energy investments.

Melissa Quirk

Melissa Quirk is Policy Analyst for the National Low Income Housing Coalition. Ms. Quirk handles NLIHC's budget and appropriations work as well as the organization's policy work on housing for people who are homeless, people with disabilities and people who are elderly. Prior to joining NLIHC, Ms. Quirk was the Assistant Director of the Emergency Shelter Commission in Mayor's Office in the City of Boston and focused on homelessness policy and planning. She also worked for Citizens' Housing and Planning Association, NLIHC's Massachusetts state partner, and for NLIHC organizational member TAG Associates, a consulting company providing technical assistance to PHAs across the country. Ms. Quirk holds a B.A. in Urban Studies from Vassar College in New York and an M.A. in Public Policy and Urban Planning from Tufts University in Massachusetts.

Amanda Sheldon Roberts

Amanda Sheldon Roberts serves as Housing Director on the Public Policy Team at Enterprise where she analyzes and explores new policies and programs to support the financing of affordable housing in diverse, thriving communities. Amanda is a policy subject expert on the HUD Neighborhood Stabilization Program (NSP) and co-authored *The Challenge of Foreclosed Properties*, a publication released in 2009 that analyzed the action plans of NSP grantees. Amanda has shared her NSP knowledge by briefing Congressional staff, giving the keynote address at a Kansas City Federal Reserve Bank conference, and presenting at over a dozen housing and community development conferences or webinars. Amanda has a Master in Public Policy from Duke University, a degree she earned after returning from two years as a youth and community development volunteer in the Peace Corps. Amanda also holds a B.A. in International Relations and Women's Studies from Tulane University in New Orleans.

Jeremy Rosen

Jeremy Rosen is the Policy Director for the National Law Center on Homelessness & Poverty. Mr. Rosen previously served as Executive Director of the National Policy and Advocacy Council on Homelessness (NPACH), as Director for Homelessness and Mental Health in the National Office of Volunteers of America, and as a Staff Attorney at Legal Services of Greater Miami. He received his B.A. from the University of Wisconsin-Madison in 1994, and his J.D. from The George Washington University Law School in 1998. Mr. Rosen is an expert on federal, state, and local affordable housing policy, with a focus on homelessness, veterans housing, and housing for children, youth, and families. Mr. Rosen's work also focuses on access to government benefits for low income people, prisoner reentry, and the intersection of affordable housing policy and the education and child welfare systems. He is a frequent speaker on these topics, and has published numerous journal articles and papers.

Jaimie Ross

Jaimie Ross is a public interest lawyer at 1000 Friends of Florida. During her tenure as Affordable Housing Director, Ms. Ross initiated the broad-based coalition that successfully advocated passage of the William E. Sadowski Affordable Housing Act, providing a dedicated revenue source for affordable housing in Florida. She authored *Creating Inclusive Communities in Florida: a Guidebook for Local Elected Officials and Staff on Avoiding and Overcoming the NIMBY Syndrome*. Ms. Ross served on the board of the National Low Income Housing Coalition from 1997-2003, she served as Editor of the NIMBY Report during that time and subsequently served on the National Low Income Housing Coalition NIMBY Report Advisory Committee. Nationally, she serves on the Board of the Innovative Housing Institute. She is a former Fannie Mae Fellow and is currently the President of the Florida Housing Coalition and founding director of the Florida Community Land Trust Institute.

Kathy Ruffing

Kathy Ruffing is a Senior Fellow at the Center on Budget and Policy Priorities, specializing in federal budget issues. Ruffing spent 25 years at the Congressional Budget Office, where she analyzed a wide range of topics including interest costs and federal debt, federal pay, immigration, and Social Security. Upon her departure, the Congressional Record praised her as a dedicated public servant who worked tirelessly to advance the legislative process and whose analyses displayed the best characteristics of CBO reports: impartiality, clarity, and comprehensiveness. Before joining CBO, Ruffing spent several years at the Department of Labor and the Social Security Administration. More recently, she helped launch a budget study at the National Academy of Sciences. Ruffing earned a B.A. in economics and political science at the University of Pittsburgh, and an M.A. in economics at The George Washington University.

John von Seggern

John L. von Seggern is the President and CEO of the Council of Federal Home Loan Banks. He was first hired in 1998 to become the newly-formed Council's Chief Executive. John von Seggern came to the Council from the Office of Thrift Supervision (OTS) where he served as the Executive Director for External Affairs. In that capacity, he managed the oversight and formulation of OTS' public and congressional affairs. Prior to joining OTS, Mr. von Seggern served as an Officer in the United States Air Force where he spent seven years flying KC-135 aerial refueling aircraft and also served as a conventional and strategic warfare planning officer.

Josh Silver

Josh Silver has 20 years experience in the housing and community development field. As Vice President of Research and Policy, Mr. Silver develops the National Community Reinvestment Coalition's (NCRC) policy positions, produces various research studies, engages in proposal writing and fundraising, and supervises a staff of research and policy analysts. He has written NCRC testimony submitted to the Senate and House Banking Committees on topics including financial modernization, predatory lending, and the effectiveness of the Community Reinvestment Act (CRA). He has also written several comment letters to federal banking agencies on subjects ranging from the merger application process, the content and accuracy of home and small business data, and fair lending issues. Mr. Silver has testified before Congress, municipal and state legislative bodies and has represented NCRC on television and radio. Prior to NCRC, Mr. Silver worked at the Urban Institute for five years, where he specialized in housing market analysis and program evaluation. Mr. Silver holds a Master's degree in public affairs from the Lyndon Johnson School of Public Affairs at the University of Texas in Austin and earned a Bachelor's degree in economics from Columbia University in New York City. He lives in Bethesda, Maryland with his wife and daughter.

Lisa Stand

Lisa Stand joined the National Alliance to End Homelessness in November 2010. She has a health policy background and practical experience with incarceration and reentry issues. At the Alliance, she focuses on chronic homelessness and possible solutions, in order to inform policy and program development.

Leslie Strauss

Leslie R. Strauss is Senior Policy Analyst at the Housing Assistance Council. She joined HAC in 1991 as Research and Information Director and has also served as Communications Director. Currently she is responsible for a variety of policy and information activities, including much of HAC's work on rental housing preservation. She has a law degree and practiced real estate law for several years before joining HAC. She serves on the board of the National Rural Housing Coalition.

Norm Suchar

Norm Suchar joined the staff of the National Alliance to End Homelessness in 2002. He directs the Alliance's Capacity Building Center, which helps communities implement system-wide strategies that prevent and end homelessness. He assists communities with implementation of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act and the Homelessness Prevention and Rapid Re-Housing Program (HPRP). His prior experience includes work on federal policy for the Alliance related to housing and homelessness programs, three years in the Budget Office at the U.S. Department of Housing and Urban Development, where he focused on homelessness and community development programs, and two years working in child welfare for the State of Utah.

Eric Tars

Eric Tars currently serves as the human rights program director and children and youth staff attorney with the National Law Center on Homelessness & Poverty. Before coming to the Law Center, Mr. Tars was a Fellow with Global Rights' U.S. Racial Discrimination Program, and consulted with Columbia University Law School's Human Rights Institute and the U.S. Human Rights Network. Mr. Tars currently serves as the Chair of the Training Committee of the U.S. Human Rights Network and on the Steering Committee of the Human Rights at Home Campaign. Mr. Tars received his J.D. as a Global Law Scholar at Georgetown University Law Center, his B.A. in Political Science from Haverford College, and studied international human rights the Institute for European Studies, Vienna, and at the University of Vienna.

Steve Taylor

Steve Taylor, Vice President and Counsel for Public Policy at United Way Worldwide, serves as United Way's lead advocate to Congress and the Federal Government. Steve previously spent over 10 years working in various capacities as a staff member in the United States Senate, most recently serving for 2 years as General Counsel to U.S. Senator Chuck Hagel (R-NE). Steve served as Senior Counsel on the U.S. Senate Judiciary Committee's Subcommittee on Antitrust, Competition Policy and Consumer Rights for 6 years under its Chairman, former Senator Mike DeWine (R-OH). Steve also served as Chief Legislative Analyst for the Minority Leader in the New Mexico House of Representatives. Steve holds a Bachelor of Arts in political science from the University of New Mexico, and a Juris Doctor from the University of New Mexico School of Law. Steve is licensed to practice law in New Mexico and engaged in the practice of law there in the mid-1990s. Steve serves on the National Board of the Emergency Food and Shelter Program.

John Wancheck

John Wancheck is the Earned Income Credit Campaign Coordinator for the Center on Budget and Policy Priorities, a Washington-based nonprofit organization that conducts research and policy analysis on issues that have an impact on low and moderate income Americans. The Center has spearheaded a national public education campaign on the Earned Income Tax Credit (EIC) each year since 1989 and distributes a widely-used EIC community outreach kit. Since 1994, John has assisted local agencies and community groups to organize EIC outreach efforts. He conducts EIC workshops on EIC outreach and fields EIC information requests from local, state and national organizations. He previously worked as a community organizer for over 20 years with community-based organizations in North Carolina, Virginia, Connecticut, and Rhode Island.

Olivia Wein

Olivia Wein is a staff attorney at the National Consumer Law Center (NCLC) focusing on low income energy and utility issues. She is co-author of the fifth edition of NCLC's manual *Access to Utility Service* and co-author of *The Rights of Utility Consumers*. She serves on the board of directors of the National Low Income Energy Consortium, co-chairs the LIHEAP Coalition, serves on the steering committee of the Campaign for Safe and Affordable Drinking Water, and served as a member of the U.S. EPA's National Drinking Water Advisory Council's Small Systems Affordability Work Group. She was an Economic Justice Fellow at Consumers Union.

Ruth White

Ruth White is one of the nation's leading experts on the nexus between housing policy and child welfare. She is co-founder and Executive Director of the National Center for Housing and Child Welfare and former director of Housing and Homelessness for the Child Welfare League of America (CWLA). In 2004, Ms. White co-edited the landmark issue of the League's journal, *Child Welfare*, documenting best practices to bring affordable housing resources to families and youth in the child welfare system. Prior to joining CWLA, White managed the front-door family shelter and worked as a case manager in Columbus, OH. Ms. White is also a HUD Certified Assisted Housing Manager. Ms. White has a Master of

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Science Degree in Social Administration from Case Western Reserve University as well as a Bachelor of Science degree in Social Work from Ohio State University. She is a doctoral candidate and Furfey Scholar at the Catholic School of Social Service at Catholic University of America. Ms. White was recently appointed to the American Bar Association's Council on Homeless Children.

Mellor Willie

Mellor C. Willie (Navajo) is the Executive Director of the National American Indian Housing Council. A Native American affairs advocate with extensive experience at the tribal, state and federal level, Mr. Willie has held a number of high-level public policy and public relations positions with a variety of organizations, including The Navajo Nation, National Congress of American Indians, Harvard University's Kennedy School of Government and the New Mexico State Senate. In 1998, Mr. Willie received his Bachelor's Degree in political science from Southern Utah University. In May 2009, Mr. Willie graduated from The George Washington University's Graduate School of Political Management.

NLIHC Direct Assistance Program

The National Low Income Housing Coalition receives hundreds of calls, emails, and letters each year from people looking for housing they can afford or solutions to other kinds of housing problems. We explain to the people who request direct services that NLIHC is not an agency that provides housing assistance to individual people.

We then suggest that they call the office of their Member of Congress and ask to speak to the person who provides constituent services. We help them find the phone number of the office closest to their homes. We explain that the constituent service function of Members of Congress and their rights as constituents to such services. In addition to providing this information to people who contact us by mail, email, and telephone, NLIHC has a 'looking for housing' link on its web site which contains similar information. It is available at www.nlihc.org/resources/looking.cfm

This approach has several advantages.

- First, people who are seeking help receive some tangible information from an empathetic person in lieu of simply being told NLIHC cannot help them.
- Second, people learn how to communicate with the offices of their elected representatives and may be empowered to become more active as advocates.
- Third, the constituent case workers will become more aware of the housing problems of people who live in their Congressional districts and communicate these needs to the Member of Congress.
- Finally, the people in need may actually obtain knowledgeable assistance in their own communities in their search for affordable housing.

Accessing NLIHC Resources

In addition to the Advocates' Guide, NLIHC offers many other resources for advocates, policymakers, students and others in order to provide information on the most relevant housing and housing-related programs and issues. Here are ways to get the most out of your relationship with NLIHC.

Outreach

Your first point of contact at NLIHC is your Outreach Associate. NLIHC's Outreach Associates are members' direct points of contact for answers to federal policy or membership questions. The outreach team also coordinates responses from members when there is a federal housing issue that needs attention. NLIHC's outreach associates are assigned specific states. Find the contact information for your state's Outreach Associate at www.nlihc.org/template/page.cfm?id=171 or e-mail outreach@nlihc.org

Policy

NLIHC's policy team tracks, analyzes, and advocates for NLIHC's policy priorities. The policy team updates Fact Sheets on NLIHC's policy initiatives and priority legislation on a monthly basis. NLIHC's policy priorities and Fact Sheets can be found at, www.nlihc.org, under 'Issues and Initiatives.' NLIHC also convenes four policy committees, comprised of NLIHC board members and individual members, that help set NLIHC's policy agenda. Committee information is available on the website under 'About Us.'

Research

NLIHC's research team publishes resources on housing-related topics throughout the year. From www.nlihc.org, click on the 'Research & Publications' tab to access the latest research and reports.

Out of Reach. NLIHC's flagship research publication, *Out of Reach*, offers a side-by-side comparison of wages and rents in every county, metropolitan area (MSAs and HMFAs), combined nonmetropolitan area and state in the United States. For each jurisdiction, the report calculates the amount of money a household must earn in order to afford a rental unit at a range of sizes (0,1,2,3, and 4 bedrooms) at the area's Fair Market Rent (FMR), based on the generally accepted affordability standard of paying no more than 30% of income for housing costs. *Out of Reach* is available on NLIHC's homepage at www.nlihc.org.

Congressional District Profiles. NLIHC's Congressional District Profiles offer a snapshot of housing needs for each Congressional district in the country. Each profile pulls from a variety of sources and illuminates several dimensions of housing affordability for renter households in each district, the surrounding area, and the state. This resource can be found at www.nlihc.org under the 'Research & Publications' tab.

Contact Your Elected Officials

To find contact information for your state or federal elected officials, visit www.nlihc.org and enter your zip code in the 'Contact Congress' box on the lower left side of the page.

NLIHC State Partners

NLIHC maintains close ties with our state partners, housing and homeless advocacy organizations who serve statewide or regional areas. To find out what's happening in your state, visit www.nlihc.org and click on the 'State Resources' tab. NLIHC also maintains a repository of state-generated research, at www.nlihc.org/template/page.cfm?id=139.

NLIHC Annual Housing Policy Conference

NLIHC hosts an Annual Conference every spring in Washington, D.C., that offers federal housing policy related workshops, plenaries, and keynote speakers, as well as a lobby day at which advocates have the opportunity to weigh in with Members of Congress and their staffs. For more information and to register, visit www.nlihc.org/conference

NLIHC on Social Media

Facebook: Become a fan of NLIHC on Facebook and get instant updates on the latest housing news and information: www.facebook.com, search: National Low Income Housing Coalition.

Twitter: Follow NLIHC on Twitter for daily updates: www.twitter.com/NLIHC.

YouTube: Subscribe to NLIHC's YouTube Channel for video messages from NLIHC staff and coverage of NLIHC events: www.youtube.com/NLIHC.

Blog: NLIHC's blog, *On the Home Front*, features news and analysis from our staff, guest posts from state and national partners, and opinion on the latest developments in housing policy. Join the discussion at <http://nlihc.wordpress.com>.

Join NLIHC

NLIHC membership dues make up 20% of NLIHC's operating revenue. Your dues are essential to the success of NLIHC's advocacy on behalf of low income people in need of safe and affordable housing. Members receive a number of important benefits, including weekly email delivery of *Memo to Members*, periodic *Calls to Action* alerts to significant policy developments requiring constituent calls, a subscription to *Shelterforce*, discounted conference rates, free or discounted publications including *Out of Reach* and NLIHC's *Advocates' Guide*, membership in NARFE Premier Credit Union, telephone resource referrals to state and regional networks, and participation in the policy-setting decisions of NLIHC.

To learn more or become a member, visit www.nlihc.org/join.

NLIHC State Partners

NLIHC state partners are an integral part of our work. Our state partners are housing and homelessness advocacy organizations serving statewide or regional areas, and are the organizations with whom we work most closely. Please join the partner or partners where you live, as well as NLIHC, to strengthen both state and national advocacy for more affordable housing

Alabama

Alabama Arise
334-832-9060
<http://arisecitizens.org/>

Low Income Housing Coalition of Alabama
(c/o Collaborative Solutions)
205-939-0411
www.collaborative-solutions.net/Programs/lihca.html

Alaska

Alaska Coalition on Housing and Homelessness
907-743-5726
www.akcoalition.com

Arizona

Arizona Housing Alliance
602-662-0111
www.azhousingalliance.org

California

California Coalition for Rural Housing
916-443-4448
www.calruralhousing.org

California Housing Partnership Corporation
415-433-6804
www.chpc.net

Housing California
916-447-0503
www.housingca.org

Non-Profit Housing Association of Northern California
415-989-8160
www.nonprofithousing.org

Southern California Association of Non Profit Housing
213-480-1249
www.scanph.org

Colorado

Colorado Coalition for the Homeless
303-293-2217
www.coloradocoalition.org

Housing Colorado
303-863-0123
www.housingcolorado.org

Connecticut

Connecticut Housing Coalition
860-563-2943
www.ct-housing.org

Delaware

Delaware Housing Coalition
302-678-2286
www.housingforall.org

Florida

Florida Coalition for the Homeless
850-412-0021
www.fchonline.org

Florida Housing Coalition, Inc.
850-878-4219
www.flhousing.org

Georgia

Georgia State Trade Association of Nonprofit Developers
404-526-1260
www.gstand.org

Hawaii

Affordable Housing and Homeless Alliance
808-845-4565
www.hawaiihomeless.org

Illinois

Housing Action Illinois
312-939-6074
www.housingactionil.org

Indiana

Indiana Association for Community Economic Development
317-920-2300
www.iaced.org

Kansas

Kansas Statewide Homeless Coalition
785-354-4990
www.kshomeless.com

Kentucky

Homeless and Housing Coalition of Kentucky
502-223-1834
www.hhck.org

Louisiana

Louisiana Housing Alliance
225-381-0041
www.lahousingalliance.org/web

Maine

Maine Affordable Housing Coalition
207-553-7777
www.mainehousingcoalition.org

Massachusetts

Citizens' Housing and Planning Association
617-742-0820
www.chapa.org

Michigan

Community Economic Development Association of Michigan
517-485-3588
www.cedam.info

Michigan Disability Rights Coalition
517-333-2477
www.copower.org/mdrc/MDRC.htm

Minnesota

Minnesota Housing Partnership
651-649-1710
www.mhponline.org

Minnesota Coalition for the Homeless
651-645-7332
www.mnhomelesscoalition.org

Missouri

Missouri Association for Social Welfare
573-634-2901
www.masw.org

Nebraska

Nebraska Housing Developers Association
402-435-0315
www.housingdevelopers.org

New Hampshire

Housing Action New Hampshire
603-828-5916
www.housingactionnh.org

New Jersey

Housing and Community Development Network of New Jersey
609-393-3752
www.hcdnnj.org

New Mexico

New Mexico Coalition to End Homelessness
505-982-9000
www.nmceh.org

Supportive Housing Coalition of New Mexico
505-255-3643
www.thehousingcoalition.com

New York

Coalition for the Homeless
212-776-2000
www.coalitionforthehomeless.org

Neighborhood Preservation Coalition of New York State
518-432-6757
www.npcnys.org

NLIHC State Partners

New York State Rural Housing Coalition

518-458-8696
www.ruralhousing.org

Supportive Housing Network of New York

646-619-9640 or 518-465-3233
www.shnny.org

Tenants and Neighbors

212-608-4320
www.tandn.org

North Carolina

North Carolina Coalition to End Homelessness

919-755-4393
www.ncceh.org

North Carolina Housing Coalition

919-881-0707
www.nchousing.org

Ohio

Coalition on Homelessness and Housing in Ohio

614-280-1984
www.cohhio.org

Oregon

Housing Alliance (c/o Neighborhood Partnership Fund)

503-226-3001
www.oregonhousingalliance.org

Pennsylvania

Housing Alliance of Pennsylvania

215-576-7044
www.housingalliancepa.org

Rhode Island

Housing Action Coalition of Rhode Island

401-521-1461
www.housingactionri.org

Housing Network of Rhode Island

401-521-1461
www.housingnetworkri.org

Rhode Island Coalition for the Homeless

401-721-5658
www.rihomeless.com

South Carolina

Affordable Housing Coalition of South Carolina

803-808-2980
www.affordablehousingsc.org

Texas

Texas Association of Community Development Corporations

512-916-0508
www.tacdc.org

Texas Homeless Network

512-482-8270
www.thn.org

Texas Low Income Housing Information Service

512-477-8910
www.texashousing.org

Utah

Utah Housing Coalition

801-364-0077
www.utahhousing.org

Vermont

Vermont Affordable Housing Coalition

802-660-9484
www.vtaffordablehousing.org

Virginia

Virginia Housing Coalition

804-497-3060
www.vahousingcoalition.org

Washington

Washington Low Income Housing Alliance

206-442-9455
www.wliha.org

Washington State Coalition for the Homeless

253-761-7446
www.endhomelessnesswa.org

Wisconsin

Housing for All (c/o Independence First)

414-291-7520

Wisconsin Partnership for Housing Development, Inc.

608-258-5560 or 414-226-0380

www.wphd.org

Wyoming

Wyoming Coalition for the Homeless

307-634-8499

www.wch.vcn.com



727 15th Street NW, 6th Floor
 Washington, DC 20005
 (202)662-1530 (202)393-1973 fax
 www.nlihc.org

National Low Income Housing Coalition

Membership Form

1. Choose one:

Joining NLIHC Renewing Membership (Current Past)

2. Provide your member information (please print):

Mr. Ms. Other:

Name: _____

Title: _____

Organization: _____

Address: _____

City: _____ State: _____ ZIP: _____

Telephone: _____ Fax: _____

Cell: _____

Email: _____

Individual members without email may choose to receive Memo by mail:

Organizations may list up to 10 additional people to receive Memo.
 Please use space provided on opposite side of page and/or additional sheet.

Let us know who else should be a member. See top of opposite side.

3. Choose a membership type:

Category	Amount (suggested)
Individual with low income, or student	\$3
Individual	\$100
Resident Association, low income	\$10
Organization, <\$250,000 operating budget	\$200
Organization, \$250K - 499,999	\$350
Organization, \$500K - 999,999	\$500
Organization, \$1,000,000 - 2,000,000	\$1000
Organization, >\$2,000,000	\$2000

4. Choose a payment option:

Check (please enclose) Visa Mastercard Exp Date: _____

Credit card number: _____ CVC*: _____

Cardholder Name (printed): _____

Cardholder Signature: _____

**Three-digit code on back of card.*

Benefits of Membership

Memo to Members

Members receive this much admired weekly newsletter by email or mail.

Calls To Action

Members receive email notification of significant policy developments requiring constituent calls or letters to Congress.

Shelterforce Subscription

Discounted Conference Fees

NLIHC hosts an annual policy conference and leadership reception in Washington, DC. The conference draws advocates, researchers, academics, individuals with low incomes, and government experts together to provide expertise and updates on current federal housing policy initiatives.

Free or Discounted Publications

NLIHC produces a number of publications each year, including an *Advocates' Guide* and *Out of Reach*.

Telephone resource referrals with linkage to state and regional networks

Participation in policy-setting decisions of NLIHC

Dues and gifts are taxexempt under Section 501(c)(3) of the IRS code.

2011 Advocates' Guide Reader Feedback Form

1) Please indicate how you feel about the following statements.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The <i>Advocates' Guide</i> has helped me become a better advocate.					
The <i>Advocates' Guide</i> gives me information I can't find anywhere else.					
The <i>Advocates' Guide</i> is written in a way that is clear and easy for me to understand.					
The <i>Advocates' Guide</i> gives me good ideas of ways to advocate in my own community.					
I would recommend the <i>Advocates' Guide</i> to others.					

2) Please use this space to discuss any of your answers to the previous questions.

3) What would you like to see in the *Advocates' Guide* that is not currently included?

4) Would you like to be contacted about your responses? Please provide your name and contact information if you would like to tell us more about your experience with the *Advocates' Guide*.

*Return completed forms by mail to
2011 AG Feedback, NLIHC, 727 15th St N.W., 6th Fl, Washington, D.C. 20005
or by email to amy@nlihc.org*



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