June 8, 2012 | Volume 17, Issue No. 23

NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

FEDERAL BUDGET

THUD Subcommittee Marks Up FY13 Spending Bill

On June 7, the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies (THUD) marked up its FY13 spending bill. The bill was approved unanimously and sent to the Committee on Appropriations, which is expected to mark up the bill as early as the week of June 18.

For the main rental programs serving extremely low income households, the House request would either meet the President's requested funding level or provide less funding than the Administration requested (see Memo, 4/20). The House THUD Subcommittee bill would provide increases to some other HUD programs above both the President's request and the Senate Committee on Appropriations-passed FY13 THUD bill, S. 2322.

Subcommittee Chairman Tom Latham (R-IA) said the overall THUD bill continues the Subcommittee's commitment to reducing spending by proposing $51.6 billion in spending, $4 billion below the FY12 funding level and almost $2 billion below the President's request. Mr. Latham also said the Subcommittee "did our best to refrain from bringing authorizing language to the bill," consistent with House leadership's preference for a clear distinction between authorizing and appropriations work.

Chairman Latham noted that this subcommittee mark up was the last that Ranking Member John Olver (D-MA) will attend prior to his retirement at the end of the Congressional session. He thanked Mr. Olver for his years of work on this Subcommittee and for his work in helping Subcommittee members better understand the programs they fund and the impacts of those programs on the ground.

Mr. Olver expressed some reservations about the THUD bill but noted that it has "some bright spots and that many of them are on the HUD side" of the bill. He said he is disappointed the bill does not address the shortfall in funding for the Project-Based Section 8 account and only provides enough funding to allow renewal of contracts for less than one year. He expressed his hope that this funding shortfall "can be addressed with a higher allocation in conference." Mr. Olver was pleased with the bill's funding levels for Veterans Affairs Supportive Housing (VASH) vouchers, the HOME Investment Partnerships program, the Community Development Block Grant, Housing for the Elderly and Housing for People with Disabilities.

Representative Hal Rogers (R-KY), chairman of the Committee on Appropriations, acknowledged that the House FY13 302(b) allocations are difficult levels for subcommittees to spread amongst programs, saying to Mr. Latham, "we haven't given you as much as you would have liked but you have done a good job" with your allocation. He said he was pleased that the "nation's most vulnerable citizens will have affordable housing" available to them.

Representative Norm Dicks (D-WA), ranking member of the Appropriations Committee, expressed his opinion that now, before the economy has recovered, is not the time to cut back on government spending, particularly on infrastructure investments that would generate jobs and ultimately reduce social services spending. He praised the inclusion of VASH funding in the Subcommittee bill, saying the VASH housing strategy is a better approach to helping veterans than has been used in the past and that it is important to keep these vouchers fully funded. Mr. Dicks also said he regrets that the Subcommittee bill would not fund the HOPE VI program, which has been effective in his district.

<u>Minimum Rents and Medical Deduction Thresholds</u>

The House Subcommittee bill does not include authorizing language to implement the President's FY13 budget request to increase and make mandatory $75 minimum rents charged to tenants in the Tenant-Based Rental Assistance, Project-Based Rental Assistance, Public Housing, Section 811 Housing for People with Disabilities, Section 202 Housing for the Elderly, or Section 236 programs. This policy could cause housing instability for up to 500,000 of the poorest households served by HUD's programs. The bill also does not increase the threshold for medical deductions from 3% to 10% as proposed by the President's budget. The Administration's proposal did not include a concurrent increase in the standard deduction for households that include a person with a disability or for households that are elderly.

The House Financial Services Subcommittee on Insurance, Housing, and Community Opportunity is considering legislation that would reform the tenant-based voucher program and may include minimum rent and medical deduction policies. The Senate has not indicated that it will consider a version of the voucher reform bill.

While the House THUD Subcommittee bill does not include authorizing language for these policies, the bill's funding levels assume the revenue raised by those policy provisions for several accounts. There is also a reference to "the impact of minimum rents, flat rents, and medical expense thresholds" included in the Public Housing Operating Fund section of the Subcommittee bill. This language alone would not change current policies. The forthcoming Subcommittee's Report on the bill is expected to include statements on minimum rents and medical deduction thresholds.

Tenant-Based Rental Assistance

The Tenant-Based Rental Assistance (TBRA) account would be funded at $19.134 billion, $60 million higher than the President's requested funding level of $19.074 billion but below the S. 2322 level of $19.396. Tenant-based contract renewals would be funded at the President's requested funding level of $17.238 billion, lower than the Senate bill level of $17.495 billion. The President requested less funding for contract renewals than would be needed in FY13, relying on policy changes, such as minimum rents, that the Administration believes would raise revenue.

The House bill would provide only the President's contract renewal funding level, which assumes revenues from policy provisions. Even if Congress were to pass legislation with these harmful provisions, the House tenant-based contract renewal level would still likely not fund all vouchers for FY13. The Center on Budget and Policy Priorities estimates that up to 55,000 vouchers could be lost if contract renewals were funded at the President's requested level of $17.238 billion.

New Veterans Affairs Supportive Housing (VASH) vouchers would be funded by the House bill at the FY12 level of $75 million. This funding level is consistent with the President's request and with S. 2322. Tenant-based administrative fees would increase under the House Subcommittee bill to $1.575 billion, restoring the account to its FY10 level after two years of cuts. The House funding level matches the Senate level and the President's request.

The Subcommittee bill would also include $75 million for Tenant Protection vouchers, consistent with the President's request and the FY12 funding level but lower than the S. 2322 level of $80 million. The Family Self-Sufficiency (FSS) program would be funded at $60 million, consistent with prior year funding, the President's request and S. 2322.

Section 811 Mainstream Voucher renewals would be funded out of the TBRA account at $111 million, the amount requested by the President and included in S. 2322.

Project-Based Rental Assistance

The House bill would fund the Project-Based Rental Assistance (PBRA) program at only $8.7 billion, level with the President's request but nearly $1.2 billion lower than S. 2322. The Administration has said that $8.7 billion is insufficient to renew all existing PBRA contracts for a full year in FY13. HUD has said it would have to provide short-term contracts for some property owners, a process that would increase administrative burden and expense, shake confidence of private market owners in the PBRA program, and put tenants at risk of losing their affordable units if private owners opted out of the program. The bill would allow residual receipts from the Housing Certificate Fund to be applied to supplement project-based contract funding as has been customary.

Public Housing

Both the Public Housing Operating and Capital Funds would be underfunded by the House bill. Public Housing Operating would be funded at only $4.524 billion, consistent with the President's request and slightly lower than S. 2322, which sets the funding at $4.591 billion. In FY12, the Operating Fund received $3.962 billion but an additional approximately $1 billion was contributed through excess reserves held by public housing authorities. With those reserves exhausted, PHAs would face a decrease in funding from the FY12 total of $4.9 billion to $4.5 billion, an insufficient amount to maintain the nation's public housing stock in good condition.

The Public Housing Capital Fund would be funded at only $1.99 billion in the House bill, $71 million below the President's request of $2.07 billion, though level with the Senate bill. In 2011, HUD estimated the cost of addressing the backlog of public housing capital needs at $26 billion (see Memo, 6/24/11). The House allocation would not be sufficient to keep pace with even the annual accrual of public housing capital needs, much less address the backlog.

The House bill would fund the Resident Opportunities and Self-Sufficiency (ROSS) program as a set-aside within the Capital Fund at $50 million, consistent with both the Senate bill and funding in prior fiscal years. In its FY12 bill, the House THUD Subcommittee did not include ROSS funding, but it was added back in during the FY13 THUD conference with the Senate. The President's request did not include ROSS funding in FY13 or FY12. Instead the Administration proposed funding a new program, the Consolidated Opportunities for Resident Enrichment (CORE) program.

Homeless Assistance Grants

The House Subcommittee bill would fund Homeless Assistance Grants at $2 billion, $231 million less than the President's request of $2.231 billion and below the S. 2322 level of $2.146 billion. This funding level would be insufficient to fund all Continuum of Care renewals in FY13. The National Alliance to End Homelessness estimates that up to 25,000 people would be homeless if the grants were funded at this level.

HOME Investment Partnerships

The House would increase funds for the HOME Investment Partnerships program to $1.2 billion, $200 million higher than $1 million requested by President's request, included in the Senate bill, and provided in FY12. HOME was funded at $1.825 billion in FY10 and $1.607 billion in FY11, and was cut by 38% to $1 billion in FY12. HOME is currently HUD's primary, funded production program.

Additional programs

Several other programs' funding levels would be boosted by the House bill. It would increase funding for the Community Development Fund (CDF) to $3.4 billion, $261 million above the President's request and $190 million above the S. 2322 level. In FY12 CDF was funded at $3.308 billion. The House bill would fund the Community Development Block Grant at $3.344 billion, nearly $400 million higher than the President's request of $2.948 billion and nearly $250 million higher than S. 2322. The House bill would not provide funding for the Sustainable Communities Initiative as part of CDF.

The Self-Help Homeownership Opportunity Program (SHOP) would be increased under the House bill to $20 million. The President did not request FY13 funding for SHOP, while the Senate would fund the program at $14 million.

The Section 202 Housing for the Elderly program would receive $425 million, an increase of $50 million over both FY12 funding and the Senate bill, but $50 million below the President's request. In place of the capital advance system, the Administration requested $100 million for a new Section 202 housing model similar to that of the new Section 811. The Senate bill did not include this funding and the House bill would not specifically apply funds to HUD's new proposed capital model. The House bill would allow residual receipts from certain projects with Project Rental Assistance Contracts to be available for capital advances.

HUD's Policy Development and Research department would be funded at the President's requested level of $52 million, higher than the Senate and the FY12 level of $46 million.

The House Subcommittee bill would provide funds at the FY12 levels for other programs. The Section 811 program would be funded at $165 million, level with FY12 and above both the President's request and the Senate funding level of $150 million.

The House bill would also provide $650 million for the Native American Housing Block Grant, consistent with the President's request, the Senate bill and the FY12 funding level.

The Housing Counseling Program would receive $45 million under the House bill, level with FY12 funding but $10 million lower than both the President's request and the Senate bill level of $55 million. In FY10, the Housing Counseling program received $88 million, and in FY11, the program was zeroed out by Congress.

The Housing Opportunities for Persons with AIDS (HOPWA) and Fair Housing and Equal Opportunity programs would receive slightly less funding in the House bill than in FY12. HOPWA would be funded at $330 million in the House Subcommittee bill, consistent with the President's request and the Senate bill. The HOPWA program received $332 million in FY12. Fair Housing and Equal Opportunity would be funded at $68 million, consistent with the President's request and the Senate bill, but lower than the FY12 level of $71 million.

The House Subcommittee bill would not fund the HOPE VI or Choice Neighborhoods program, nor would it provide funding for Native Hawaiian Housing Block Grants.

House THUD Subcommittee members agreed to hold off on offering any amendments to the FY13 bill until the Committee on Appropriations marks up the bill later in the month. Ranking Member Olver expressed his hope that the THUD bill would have floor consideration this session. Appropriations Committee Chair Hal Rogers (R-KY) noted that at the time of mark up the House has passed three of its twelve appropriations bills on the floor already, was considering a fourth bill, and he hoped that a fifth spending bill would be under consideration before the House's recess the week of June 11. Later in the week, the House passed its fourth appropriation bill and was scheduled to consider its fifth. The House Committee on Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies also marked up its FY13 spending bill the week of June 4 (see article elsewhere in *Memo*).

If the House and Senate both pass their THUD bills, Congress may conference the bills and begin to address differences in program funding levels. Because the House Appropriations Committee did not provide 302(b) subcommittee allocations that totaled the 302(a) agreed to in the Budget Control Act of 2011 (BCA), the House THUD 302(b) allocation is close to $2 billion less than the Senate allocation. The House could increase its overall allocation to agree with the BCA spending caps during conference committees on appropriations bills.

Regardless of whether there is agreement on the THUD bill, Congressional FY13 appropriations work is not expected to wrap up before the start of the October 1 fiscal year. Congress is instead expected to pass a continuing resolution (CR) to keep the government funded through the first few of the new fiscal year, allowing lawmakers to delay appropriations decisions until after the November elections. The outcome of the elections could have a significant impact on the direction that Congress takes with its final FY13 spending bills.

View NLIHC's budget chart: http://nlihc.org/sites/default/files/FY13_Budget_Chart.pdf

View the draft House THUD Subcommittee bill: http://appropriations.house.gov/Subcommittees/Subcommittee/?IssueID=34798

House Subcommittee Provides Disappointing Rural Rental Housing Funding

The House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies marked up its FY13 spending bill on June 6 with disappointing funding levels for rural affordable rental housing programs. The Senate Committee on Appropriations passed its FY13 Agriculture bill, S. 2375, in April and included insufficient funding levels for numerous rural rental programs as well (see Memo, 5/4). Both the House and Senate bills mirror the Administration's recent withholding of support for rural affordable rental housing programs as illustrated through its FY13 Department of Agriculture budget request.

Though it represents the high-water mark in funding proposals for this program, the House Subcommittee bill would severely underfund the Section 515 Rental Housing Direct program, providing only $31 million, less than half of FY12 funding. S. 2375 would include only $28 million, while the President proposed zeroing out the program in FY13. In FY11, Section 515 was funded at $70 million, and was cut to $65 million in FY12.

The Section 521 Rental Assistance program would be cut to $887 million by the House Subcommittee bill. The President requested $907 million, $2 million above the FY12 funding level and $49 million below the FY11 funding level. S. 2375 would fund the program level with the President's request. The House Subcommittee level would be a nearly $100 million decrease for the program, compared to the FY10 funding level of $980 million.

For the Farm Labor Housing programs, Section 514 loans and Section 516 grants to build farm worker housing, the House Subcommittee bill would provide less funding than both the President's request and the Senate bill. The breakdown of funding is not yet published. These programs are small compared to the overall Agriculture bill spending level. In FY12, the Section 514 program was funded at $26 million and the Section 516 program was funded at $10 million.

During the June 6 Subcommittee mark up, no members of the Subcommittee offered amendments to increase rural housing funding or made statements about rural housing funding. It is not clear when the Committee on Appropriations may mark up the Subcommittee bill or if House leadership will move the bill to the floor for consideration by all members of the House.

View NLIHC's budget chart: http://nlihc.org/sites/default/files/FY13_Budget_Chart.pdf

View the House Agriculture Subcommittee bill: http://appropriations.house.gov/Subcommittees/Subcommittee/?IssueID=43419

Organizations Launch Sign-on Letter to Protect Nondefense Discretionary Programs

NLIHC is working with a broad network of organizations to oppose the sequester, which was authorized by the 2011 Budget Control Act (BCA) and is set to impose 8.4% across-the-board cuts to housing and other nondefense discretionary programs in January 2013. Both defense and nondefense programs are subject to the planned sequestration of funds. The defense community is rallying forcefully to exempt defense programs from sequester. Supporters of nondefense discretionary programs are doing the same.

On June 8, NLIHC issued a Call to Action urging organizations in our network to sign on to a letter addressed to the House and Senate. The letter urges Congress to avoid the planned sequester by instead employing a balanced approach to deficit reduction that does not include additional cuts to these programs. In addition to the forthcoming sequester, the BCA also imposed $1 trillion in cuts over ten years to nondefense discretionary programs. The letter argues that nondefense discretionary programs have already contributed their fair share to deficit reduction and the sequester must be nullified.

The deadline for local, state and national organizations to sign on to the letter is June 22.

To view the letter, go to: http://publichealthfunding.org/uploads/NDD_Sign_On.June2012.pdf

To sign on to the letter, go to: https://nlihc.wufoo.com/forms/signon-letter-stop-acrosstheboard-cuts/

MORE CONGRESS

NLIHC President Testifies at House Hearing on Multifamily Programs

The House Financial Services Subcommittee on Insurance, Housing and Community Opportunity held a June 6 hearing, "Oversight of Federal Housing Administration's Multifamily Insurance Programs." NLIHC President and CEO Sheila Crowley testified at the hearing. Subcommittee Chair Judy Biggert (R-IL) opened the hearing, describing it as a continuation of the Subcommittee's look at Federal Housing Administration (FHA) programs with a closer look at multifamily issues.

Marie Head, Deputy Assistant Secretary in HUD's Office of Multifamily Housing Programs, Federal Housing Administration, testified that the demand for FHA insurance for new construction and refinancing of multifamily properties increased more than five-fold from 2008 to 2011. Ms. Head described the increased market demand for new rental housing as directly attributable to the fact that "as many as 3.9 million former homeowners have been displaced by mortgage distress and are now in the rental market" and the entrance of "as many as 4.3 million new renter households" into the rental housing market.

Michael Bodaken of the National Housing Trust testified on the role of FHA in preserving project-based Section 8 housing. "Historically, FHA's role has been pivotal in the development and insurance of HUD-insured and Section 8-assisted housing.... Forty percent of the HUD project-based Section 8 portfolio is FHA-insured, totaling $13.8 billion in outstanding debt insured by the FHA," said Mr. Bodaken. He criticized the Obama administration for its FY13 proposal to short-fund project-based Section 8 contracts. "Underfunding or short funding these Section 8 contracts would not only have negative consequences on the residents, two-thirds of whom are elderly or disabled, but also on the FHA given its significant exposure - over $13 billion - to insuring Section 8 housing," Mr. Bodaken said.

Mr. Bodaken also commented on H.R. 4253, the Preservation Enhancement and Savings Opportunity Act, which was introduced by Representative Erik Paulsen (R-MN) (see Memo, 3/30). The bill would enable owners of LIHPRHA properties to access excess project funds and refinance the property to undertake rehabilitation projects for the purpose of preservation. "NHT is concerned that the legislation, as filed, may enable owners to strip a property of its equity through refinancing and not actually ensure long-term physical feasibility," Mr. Bodaken said, adding that he appreciates the eagerness to reach agreement on this bill and is hopeful that changes can be made so the bill may move forward.

Ms. Crowley testified that "almost everybody will be renters at some point in their lives." But, Ms. Crowley said, "the rental housing market perhaps is most important for low income people (80% of area median income or less), who make up 41% of all households in the United States." Ms. Crowley described the shortage of rental units in the United States, "which virtually disappears at the low income level" but that is severe for extremely low income households (under 30% AMI), where 76% of renter households pay more than half of their incomes for rent.

Federal housing policy has long favored single family homeownership over rental housing, with most federal housing programs and subsidies going toward home ownership, Ms. Crowley said. FHA's current portfolio consists of 4.8 million single family homes and just 13,000 multifamily properties.

"There is no evidence that the private market is interested or willing to invest in rental housing on its own that can be afforded by the lowest income household, despite a huge demand," Ms. Crowley testified. Ms. Crowley also described to the Subcommittee how funding the National Housing Trust Fund would achieve "our national goal of ending homelessness in our country." Ms. Crowley described to the Subcommittee how modest changes to the mortgage interest deduction, such as converting the deduction to a non-refundable credit set at 15% and reducing the size of a mortgage eligible for the credit from $1.1 million to $500,000, would result in savings that could be redirected to creating and preserving housing for those in the greatest need. In addition to ensuring that all homeowners with mortgages would get a tax break, under this proposal the number of homeowners with mortgages who would get a tax break would increase from 37 million to 52 million, with 94% of the increase being households with incomes less than $100,000 a year.

In response to a question from Representative Al Green (D-TX) about the value of the FHA, Mr. Bodaken said that the FHA is critical in financing and preservation project-based Section 8. Extremely low income households are not served by the private market, Mr. Bodaken said, but the FHA supports Section 8 properties that predominantly house extremely low income households. Ms. Crowley also commented in her written testimony on the critical role of the FHA in subsidized housing preservation. "The preservation imperative is why we are concerned about H.R. 4253 in its current form. While owners should have greater access to funds generated by a property, this access should be for the purpose of reinvesting and preserving the property," Ms. Crowley wrote.

In response to a question from Representative Robert Dold (R-IL) about ways, in addition to the low income housing tax credit program, to incentivize private sector involvement in affordable housing, Joseph Pagliari, Jr., Clinical Professor of Real Estate, The University of Chicago Booth School of Business, said that vouchers and other income assistance to low income families is also effective. Mary Kenney, Executive Director, Illinois Housing Development Authority, who testified on behalf of the National Council of State Housing Agencies, said that resources in general are squeezed, specifically mentioning FY12's 38% cut to the HOME program and efforts to cut Illinois' state housing trust fund, funds she said are necessary because "this is not a role the private sector can serve or has served well."

Ms. Kenney focused her testimony on NCSHA's support of "strengthening FHA's affordable multifamily lending capacity by authorizing Ginnie Mae to securitize FHA-insured multifamily loans under the FHA-Housing Finance Agency (HFA) Risk Sharing program. Enhancing this program's proven ability to address our nation's growing affordable rental housing need at no cost and with minimal taxpayer risk is a sound, prudent course of action at this time, when such approaches are desperately needed.

"Permitting Ginnie Mae to securitize FHA-HFA Risk-Sharing loans would reduce the cost of financing rental housing developments, making it possible to achieve lower rents and reach even lower income households," Ms. Kenney said.

Representatives from the National Association of Home Builders and the Mortgage Bankers Association testified in opposition to FHA's proposed increase in multifamily insurance premiums, criticizing the proposal because there is "no compelling reason" for an increase, the premium increase could be used to cover what are actually losses in the single family side of FHA's business, and because an increase in premiums would drive up rents and lead to less rental housing construction. Robert Nielson, representing NAHB, testified in support of H.R. 4235, saying that the bill would accelerate owners' access to their own funds.

Richard Mostyn, testifying on behalf of the National Multi Housing Council and the National Apartment Association, questioned HUD's December 2011 announcement that it would impose more stringent criteria for customers seeking FHA multifamily on loans of more than $40 million. Ms. Head responded that the new policy was in part an effort to push more multifamily FHA business back into the private sector.

Peter Schiff of Euro Pacific Capital focused his comments on the need for the public sector to get out of the housing business altogether. In addition to eliminating FHA, Fannie Mae, Freddie Mac and HUD "because they've done enough damage," Mr. Schiff chastised Congress for its "culpability in enabling millions of Americans to buy homes they could not afford." It is no surprise, Mr. Schiff said, that the "same lobbyists are back for more," gesturing to the hearing's witness panel.

View an archived webcast of the hearing and all witness testimony at http://financialservices.house.gov/Calendar/EventSingle.aspx?EventID=297671

Senate Committee Holds Hearing on Poverty

The Senate Committee on Finance held a hearing, "Combating Poverty: Understanding New Challenges for Families," on June 5. Witnesses and Senators discussed the underlying causes of poverty as related to people in families, as well as the Temporary Assistance for Needy Families (TANF) program. Unless reauthorized by Congress, TANF is set to expire on September 30.

Several Senators noted rising rates of poverty in recent years, due in part to the recession. "The 2010 poverty rate of 15.1% was the highest seen in the past 17 years. The current economic recession is especially acute for children. In 2010, over one in five children were poor. That is up from about one in six in 2006," said Ranking Member Orrin Hatch (R-UT) in his opening statement.

Committee Chair Max Baucus (D-MT) expressed concern about the ability of the TANF program to meet the current need, saying that "TANF did not respond to the recession as many of us would have hoped. Other safety net programs expanded to make sure families were properly fed and had access to medical care. TANF, however, did not."

While the issue of affordable housing was not discussed in the hearing, its relation to poverty and TANF was mentioned in the written testimonies of some of the witnesses.

Ron Haskins of the Brookings Institution argued in his testimony that there should be work requirements for both the Supplemental Nutrition Assistance Program (SNAP) as well as for housing assistance programs. "Although controversial, a reasonable implication of these results is that federal policy should encourage work. One way to achieve this end would be to strengthen work requirements in both the SNAP program and the means-tested housing programs," said Mr. Haskins.

Chair Baucus (D-MT) raised concerns about work requirements, particularly given current economic realities. While one of the purposes of the TANF program is to incentivize employment, Mr. Baucus said that "TANF works well when there are jobs open for people to fill. But when there are millions of people looking for work, the program doesn't respond as well as it should. Our goal should be to craft a system that works, regardless of the economic climate."

All witness testimony and an archived hearing webcast are available at: http://www.finance.senate.gov/hearings/hearing/?id=0a85a99b-5056-a032-52f7-b827ad9732ba

Minimum Wage Increase Bill Introduced

Representative Jesse Jackson (D-IL) introduced H.R. 5901 on June 6. The bill would increase the federal hourly minimum wage to $10. In a press statement, Mr. Jackson referred to this amount as "a degree of catch-up" to where the minimum wage would be ($11 an hour) if it kept pace with the purchasing power of the current minimum wage, which was last raised in 2007.

The bill would raise the minimum wage to $10 an hour 60 days after the bill is enacted. The hourly minimum wage would be indexed in proportion to the increase in the Consumer Price Index going forward. NLIHC supports this legislation, which currently has 17 cosponsors in the House. As documented in NLIHC's annual *Out of Reach* report, a significant gap exists between what minimum wage earners can afford to spend on rent, and the actual cost of rental homes.

The bill was referred to the House Committee on Education and the Workforce.

Bill Introduced to Assist Veterans

Representative Bob Filner (D-CA) introduced legislation, H.R. 5861, on May 30 that would direct the Secretaries of the U.S. Department of Veterans Affairs (VA) and HUD to establish a pilot grant program to provide housing to veterans who are experiencing homelessness and who are age 55 or older.

The legislation, if enacted, would authorize two grants of no more than $25,000,000 each to be awarded to two distinct private, nonprofit organizations in order for them to provide non-transitional housing to veterans who are experiencing homelessness. H.R. 5861 would require that interested organizations submit an application for consideration of a grant award; the application requirements and evaluation criteria are not outlined in the bill.

The bill calls for the grants to be used to either "(a) purchase real property within a single geographical area to be used to provide up to 200 eligible homeless veterans with non-transition housing; and (b) refurbish or renovate such property."

H.R. 5861 requires that the VA provide case management services to veterans who receive housing under the grants authorized by the measure.

To be eligible under the bill, a veteran must meet several conditions. These include: being age 55 or older, having either been continuously homeless for a year or more or having experienced four distinct periods of homelessness during the last three years, and having a condition that "limits the veteran's ability to work or perform activities of daily living."

The bill has been referred to the House Committees on Financial Services and Veterans' Affairs. H.R.5861 has no co-sponsors as of this writing.

ADMINISTRATION

Administration to Hold Call on Mortgage Refinance Plan

The White House and HUD's Center for Faith Based and Neighborhood Partnerships has scheduled a call, "Helping Responsible Homeowners Refinance Their Homes," for faith and nonprofit leaders. The call will highlight the President's plan to help owners refinance their mortgages, including and efforts to investigate mortgage misconduct and to help homeowners stay in their homes.

The call will be on June 12 at 4 pm ET.

RSVP for the call at http://1.usa.gov/LdrQ28. Join the call via 800-700-7890.

HUD

HUD Proposes Caps on PHA Executive Salaries

HUD has announced that if Congress does not extend the FY12 Appropriations Act one-year salary cap of $155,500 for public housing agency (PHA) executives, it will propose a tiered system of maximum salaries for FY13 and beyond. The FY12 appropriations limit applies only to the federal contribution to PHA executive salaries, not to bonuses and other forms of compensation; more could be provided to executives from other sources.

In August 2011, prior to the Appropriations Act, HUD collected data from each PHA regarding the 2010 compensation provided to their top five highest compensated employees. HUD reports that 97% earned less than $155,500 in total cash compensation; 93% earned less than $125,000. The average was $82,299. According to HUD, 21% of the highest paid PHA executives earned more than the median for nonprofit executives of similar-sized organizations.

HUD proposes to align PHA compensation with the tiers of the federal government pay system. The caps will be based on geographic location and the number of units administered by the PHA. The proposal is as follows:

- More than 1,250 units: $147,857 - $155,500.
- Between 250 and 1,249 units: $106,369 - $125,926.
- Fewer than 250 units: $74,628 - $88,349.

Another change proposed by HUD is to base the caps on total cash compensation, not just salary. HUD notes that many PHA executives receive a significant share of their compensation through bonuses.

The document displays the results of the 2010 data collected from PHAs by HUD region and PHA size.

View the HUD document at: http://nlihc.org/sites/default/files/PHA_Salary_Cap_FY13.pdf

Formal Memorandum Issued on CDBG and HOME Voluntary Grant Reductions In Lieu of Repaying Ineligible Uses

HUD's Office of Community Planning and Development (CPD) sent a formal memorandum to its field office directors on May 15 explaining the policy for processing requests from jurisdictions choosing to voluntarily reduce their CDBG or HOME grant when CPD has found that funds were used for ineligible activities. Usually when there is noncompliance a jurisdiction is expected to reimburse its CDBG or HOME program account from non-federal sources and then reprogram those funds for eligible uses.

The memorandum explains that some jurisdictions claim that it is difficult for them to make repayments with non-federal funds due to dire fiscal problems. In some cases, CPD has allowed grantees to instead voluntarily reduce their future CDBG or HOME grants. While this is a possibility, CPD prefers jurisdictions reimburse their programs with non-federal sources because voluntary reductions of future grants reduces the amount of scarce CDBG or HOME being used to meet the housing and community development needs of low income people.

Advocates will want to be aware of and weigh in on their jurisdiction's decision in order to prevent the loss of CDBG or HOME available to benefit low income people. The memorandum emphasizes that a proposal to reduce a grant must be made public in accordance with the Consolidated Plan regulations, probably entailing a substantial amendment to the ConPlan, which requires public notice and comment.

Generally, CPD wants jurisdictions to repay disallowed costs within one year, but allows repayments for up to three years for large amounts. CPD will apply the same timeframe for voluntary reductions.

The CPD Memorandum is available at: http://nlihc.org/sites/default/files/CPD_Memo_CDBG_HOME_Voluntary_Grant_Reductions.pdf

June 8, 2012
Volume 17, Issue No. 23

FROM THE FIELD

Vermont Advocates Celebrate Multiple Wins in Legislative Session

The Vermont Affordable Housing Coalition (VAHC), an NLIHC state coalition partner, is celebrating multiple victories coming out of the state's legislative session. Despite challenges brought by a five-year budget deficit and flood damage from Tropical Storm Irene in August 2011, several homeless and affordable housing programs received increased funding. Advocates also are heartened by Governor Peter Shumlin's decision to make housing and addressing homelessness top priorities for the second year in a row.

"We are incredibly fortunate to have a governor and legislative leaders who understand that housing is a basic human need without which no one can succeed, and that homelessness prevention saves the state money in the long run," said Erhard Mahnke, VAHC's coordinator. "They also know that investing public dollars in permanently affordable housing makes good economic sense and increases the sustainability of our rural villages and small cities."

Major legislation broadly influencing affordable housing, S.99, passed this session and provides support to mobile home communities and advances efforts to preserve the Vermont's affordable housing stock. VAHC and its partners worked closely with state legislators on the bill's language and successfully influenced the legislature to secure its passage.

The bill directs the Department of Economic Housing and Community Development to work with stakeholders to develop a plan to help mobile home communities become resistant to natural disasters. Mobile homes were especially vulnerable in the 2011 storm, which destroyed or damaged more than 3,500 Vermont homes, including more than 500 mobile homes. The plan must include methods to identify barriers to mobile home ownership and assess the potential loss of mobile home parks and their affordability. Also included was an amendment to the state's Mobile Home Park Statute, which extends from 90 to 120 days the time that residents can negotiate for the purchase of a mobile home park. Coupled with technical assistance funds, this provision is designed to encourage the creation of resident-owned mobile home cooperatives.

S.99 also includes a major change to the state's Fair Housing Act by adding income as a protected class to address discrimination in land use decisions, and to protect affordable housing developments from discrimination during the permitting process. This amendment was included to address pushback in areas where storm-damaged mobile home communities may need to relocate. Advocates and lawmakers believe the amendment, modeled after similar provisions in Florida and North Carolina state law, is perhaps the most protective legislation against income discrimination in the nation.

As a companion to S.99, Governor Shumlin supported and the legislature approved an expansion of the Vermont Affordable Housing Tax Credit. The expansion permanently increases from $100,000 to $300,000 the first-year amount of state tax credits the state's housing finance fgency can issue for owner-occupied housing. Because the tax credit is a five-year credit, the annual award represents an additional $1 million in credits. It is expected to raise $900,000 in equity annually, intended initially to help fund a new statewide affordable mobile home financing program spearheaded by VAHC and Champlain Housing Trust, an NLIHC member. The legislature appropriated $350,000 to help seed the program.

Housing and homeless programs funded through the state's General Fund also fared well. A new state rental assistance program will receive $730,000 to help alleviate homelessness. Advocates hope the program will cut down on expenditures for emergency motel vouchers. In addition, the budget includes $500,000 for another new rental assistance program for residents with mental health disabilities, operated by the Vermont State Housing Authority for the Agency of Human Services (AHS). Other AHS-administered housing assistance and supportive services programs received level or increased funding; they included an investment in offender re-entry housing, which has increased by more than 450% over the last four years.

For the second year in a row, VAHC and its partners were successful in getting the legislature and governor to use state funds to replace $1.7 million in federal Homeless Prevention and Rapid Re-housing funds, providing needed continued assistance to families on the verge of homelessness (see Memo, 5/20/11). Vermont's Housing and Conservation Trust Fund was increased for a second year in a row, as well; its dedicated funding source—the property transfer tax—was restored following years of raids to help meet state budget gaps. Total funding in FY13 will be $14 million, a $1.2 million increase.

Advocates attribute a large part of their success to the National Mortgage Settlement, which allocated $2.5 million to Vermont. Of that total, $1.1 million has been designated for housing and foreclosure counseling in FY13.

For more information, contact Erhard Mahnke at erhardm@vtaffordablehousing.org

EVENTS

Webinars on Housing for Veterans Scheduled

The National Housing Conference (NHC) will host two webinars on the housing needs of veterans.

The first webinar, "Homeless Veterans and Rental Housing: Supportive Housing Programs to End Homelessness," will be held on June 13 at 2 pm ET. The scheduled speakers are Steve Berg of the National Alliance to End Homelessness, Brad Bridwell of Cloudbreak Communities, Baylee Crone of the National Coalition for Homeless Veterans, and Ethan Handelman of NHC

Register for the June 13 meeting at: https://www1.gotomeeting.com/register/850739193

The second webinar, "Effort to Protect Veterans from Foreclosure," will be held on June 19 at 3 pm ET. The scheduled speakers are Danielle Johnson-Kutch of the U.S. Department of the Treasury, David Gibbons of Wells Fargo, and Ethan Handelman of NHC.

Register for the June 19 webinar at: https://www1.gotomeeting.com/register/527807001

For more information, contact Emily Salomon of NHC at (202) 466-2121 x239, or at esalomon@nhc.org.

Free Webinars for Residents of HUD Affordable Rental Housing

The National Housing Law Project (NHLP) continues its series of webinars for residents of HUD affordable rental housing assistance, including public housing, vouchers, and project-based Section 8.

On June 19 and June 21, there will be a two-part, web-based training about reasonable accommodation for residents with disabilities. The webinar will explain the laws and how residents with disabilities may use their right to reasonable accommodation to obtain, and remain in, HUD-assisted rental housing.

The sessions are at 6 pm Eastern, 5 pm Central, 4 pm Mountain, and 3 pm Pacific.

Previous sessions provided an overview of HUD's rental housing programs, discussed residents' rights in public and private HUD-assisted housing, and explained rent-setting policies.

Those webinars and outlines about public housing, vouchers, and project-based Section 8 are available at www.nhlp.org/webinars.

One more set of webinars is scheduled for Tuesday, July 10 and Thursday, July 12. They will discuss tools residents can use to enforce their rights.

Tenants, resident council members, local tenant advocates and community organizers will all gain from the trainings. There is no fee thanks to the support of the Herb Block Foundation. For more details go to the NHLP homepage at www.nhlp.org. Direct questions to ResidentAcademy@nhlp.org or call 415-546-7000 x3110.

The National Housing Law Project has the nation's top legal experts on the rights of residents in HUD-assisted rental housing programs.

NFHA to Present Webinar on Current Status, Future Prospects for Fair Housing

The National Fair Housing Alliance will hold a free webinar answering these questions:

What is affirmatively furthering fair housing (AFFH)? What does it require state and local jurisdictions to do? What can advocates expect from the new AFFH regulations that HUD has promised to issue?

The federal Fair Housing Act requires HUD, other federal agencies and recipients of federal housing and community development funds to affirmatively further fair housing. The webinar will provide participants with a background in the concepts of AFFH.

This free webinar will be on June 21 from 2 to 3 pm ET.

Register at: http://nationalfairhousing.org/June212012registrationpage/tabid/4194/Default.aspx

RESOURCES

NLIHC Fact Sheets Updated for June

NLIHC updated its fact sheets on current legislative issues as of June 1, based on recent legislative activity in the 112th Congress. Fact sheets track legislation related to NLIHC's 2012 policy agenda, including the National Housing Trust Fund, vouchers, public and assisted housing preservation, budget and appropriations, protecting tenants at foreclosure, housing plus services, low income housing tax credits, and other issues.

Access the updated information at: http://nlihc.org/involvement/advocacy/factsheets

HUD Study Describes the Housing Problems of Those with Disabilities

A study recently released by HUD website demonstrates a positive correlation between rent burden and the incidence of disabilities among respondents to HUD's American Housing Survey (AHS). The study was initiated because, for the first time, the AHS included the same six questions regarding disabilities that are used in the American Community Survey (ACS), the Current Population Survey (CPS), and the Survey of Income and Program Participation (SIPP). Although the study was initially undertaken to explain significant statistical differences in the estimates given by the AHS and ACS of the number of households with residents with disabilities in the United States, it also recognizes that the new AHS data provide a unique opportunity to investigate the relationship between people with disabilities and their housing circumstances.

One of the major findings from the study is that lower income households are much more likely to include one or more members with a disability than high income households. Thirty percent of households with members with one or more disabilities are extremely low income, a rate that is three times greater than the percentage among households with extremely high incomes (9.8%). The researchers attribute this to the fact that one-third of all households with people with disabilities are single-person households and the earning potential of households, especially single-person households, is limited by having a member with a disability.

Furthermore, rent-burdened households (those paying more than 30% of income on housing costs) are significantly more likely than other households to include one or more residents with a disability. While the proportion of households with one or more residents with a disability was 15% among households whose ratio of rent to gross income was 20% or less, that proportion climbed to 17.3% among households whose rent made up 30-40% of their total income. Among households whose rent exceeded their gross income, the incidence of disability was 27%.

Other findings were related to the type, location, and age of respondents' dwellings. Although the incidence of disability among people living single-family homes and multi-unit structures was not significantly different (16.9% and 17.3%, respectively), incidence in mobile homes was much higher (25.8%). A member with a disability was also much more likely among households in urban or rural areas (21.9% and 21.7% respectively) than in suburban areas (between 15.3% and 16.9%). Additionally, residents with disabilities were more likely to be found in older homes: 19% of homes built between 1950 and 1969 had one or more member with a disability, compared with only 13% of homes built after 1990. Finally, the percentage of households with members with disabilities is higher among those renters who live in subsidized housing (38.1%) than those living in market housing (14.5%).

Although the researchers did not feel they had been able to conclusively account for the statistical differences between the findings of the AHS and the ACS, they did feel that their work had developed a useful understanding of the particular strengths and weaknesses of both surveys. Since the AHS reports statistics at the household level and collects extensive details about respondents' housing, the researchers concluded that it was an especially valuable resource for those interested in investigating further the relationship between disabilities and housing quality. However, they also note that those using the AHS should be aware that it finds a substantially lower percentage of households with members with disabilities than the ACS does.

Along with the above findings, the full study also includes information about the six questions on disability and possible explanations as to why these questions produce different estimates between surveys.

The study, *Disability Variables in the American Housing Survey*, is available online at http://www.huduser.org/publications/pdf/AHSTask8.pdf. For more information on the AHS, see http://www.census.gov/housing/ahs.

NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

June 8, 2012
Volume 17, Issue No. 23

FACT OF THE WEEK

Incidence of Households with Member with Disabilities Higher Among Those with Unaffordable Housing Cost Burden

Percent of income spent on housing costs	Share of total cost burdened households with one or more member with disabilities
20% or less	15.0%
20 to 30%	15.9%
30 to 40%	17.3%
40 to 50%	19.2%
50 to 70%	20.9%
70 to 100%	23.2%
100% or more	27.0%

Source: Eggers, F., & Moumen, F. (2011). *Disability Variables in the American Housing Survey.* Washington, D.C.: US Department of Housing and Urban Development. Retrieved June 7, 2012 from http://www.huduser.org/publications/pdf/AHSTask8.pdf

NLIHC STAFF

Megan Bolton Research Director, x245

Elina Bravve Research Analyst, x244

Sarah Brundage Communications Project Manager, x246

Amy Clark Communications Director, x227

Linda Couch Senior Vice President of Policy & Research, x228

Sheila Crowley President, x224

Ed Gramlich Director of Regulatory Affairs, x314

Mary Kolar Outreach Associate, x233

Rebecca Larew Outreach Intern, x229

Sham Manglik Policy Analyst, x243

Taylor Materio Communications Consultant

Marcus Mello Outreach Intern, x223

Khara Norris Director of Administration, x242

Melissa Quirk Senior Policy Analyst, x230

Bill Shields Vice President of Operations, x232

La'Teashia Sykes State Coalition Project Director, x247

Girma Syoume Research Intern, x249

Kate Traynor Development Coordinator, x234

ABOUT NLIHC

The National Low Income Housing Coalition is dedicated solely to achieving equitable federal policy that assures affordable, accessible, and healthy homes for the people with the lowest incomes in the United States.

Established in 1974 by Cushing N. Dolbeare, NLIHC educates, organizes, and advocates to ensure decent, affordable housing within healthy neighborhoods for everyone.

TELL YOUR FRIENDS!

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

NLIHC membership information is available at www.nlihc.org/join. You can also e-mail us at outreach@nlihc.org or call 202-662-1530 to request membership materials to distribute at meetings and conferences.

Follow @NLIHC on Twitter!

Become a fan of NLIHC on Facebook!

Check out NLIHC's blog, *On the Home Front*, at www.nlihc.wordpress.com!