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NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

Out of Reach 2013 to be Released March 11

The National Low Income Housing Coalition will release the findings of *Out of Reach 2013* at a press conference on Monday, March 11 at 2pm EDT. Speaking at the press conference are Sheila Crowley, NLIHC President and CEO, Megan Bolton, NLIHC Research Director, and Barbara Poppe, Executive Director of the U.S. Interagency Council on Homelessness. Ms. Poppe authored the preface in the 2013 report.

Out of Reach is a side-by-side comparison of wages and rents in every county, metropolitan area, 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 in a range of sizes 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. From these calculations the hourly wage a worker must earn to afford the FMR for a two-bedroom home is derived. This figure is the Housing Wage, a term coined by NLIHC in the early 1990s.

Since 1999, the annual *Out of Reach* report has covered every county and metropolitan area in the country, making it the only annual research that reports on rental housing costs in every jurisdiction in the country.

To see the press release, go to http://nlihc.org/press/releases.

Out of Reach 2013 will be embargoed until 2pm EDT, March 11, after which it will be available to the public at the NLIHC website at www.nlihc.org/oor/2013.

NLIHC 2013 CONFERENCE

Last Chance to Register for United for Action

The NLIHC 2013 Housing Policy Conference and Lobby Day, United for Action, is just one week away and limited opportunities to register still remain. Online registration will close on March 11. Mailed registrations will be accepted until March 13. On-site registration will begin at 12 noon on Sunday, March 17.

United for Action will take place Sunday, March 17 through Wednesday, March 20 at the Omni Shoreham Hotel in Washington, D.C. The full schedule of workshops and events is available at http://bit.ly/VC4k5E.

To register, go to www.nlihc.org/conference. The site includes detailed information that can help you plan your participation. Or, to download a registration form, go to http://bit.ly/WrHPhK (PDF).

Be sure to plan your travel arrangements so you can take advantage of everything United for Action has to offer, including programming Sunday afternoon and evening.

NATIONAL HOUSING TRUST FUND

Senate Budget Committee Examines Federal Tax Expenditures

Senate Budget Committee Chairwoman Patty Murray (D-WA) convened a hearing on March 5 entitled, "Reducing the Deficit by Eliminating Wasteful Spending in the Tax Code." The hearing was about the need to scrutinize tax expenditures as closely as direct spending for ways to reduce the deficit.

One of the largest tax expenditures is the mortgage interest deduction, which NLIHC proposes to modify in order to produce savings to fund the National Housing Trust Fund. According to the Office of Management and Budget, there were 173 tax expenditures in 2012 that cost the federal government over $1 trillion in uncollected taxes. Different tax expenditures reduce taxes for corporations and individuals and are often referred to as tax loopholes.

In her opening statement, Chairwoman Murray said that, "for 70% of tax expenditures, the higher your income, the more you benefit. So the wealthiest households benefit the most, while middle class families receive much smaller benefits, and many of our most vulnerable don't qualify at all. The less you need, the more you get."

Senator Murray cited Senator Tom Coburn (R-OK), Speaker of the House John Boehner (R-OH), and House Budget Committee Chairman Paul Ryan (R-WI) as Republicans who have criticized tax expenditures. She quoted Senator Coburn as saying tax expenditures "masquerading as tax cuts, many of these programs are no different from any other program that spends taxpayer money." Representative Ryan was quoted as saying many tax expenditures are "mainly used by a relatively small group of mostly higher-income individuals."

While she favors lowering the deficit, Senator Murray also calls for using savings from reform of tax expenditures to make "crucial investments in our future, rather than lowering tax rates for those who are already doing just fine."

For his part, Ranking Member Jeff Sessions (R-AL) disagrees with the analysis that tax expenditures are federal spending by another name, and objects to the term "tax expenditures." He said that allowing taxpayers to "keep money they earned due to deductions was not spending by the U.S. Treasury" and that "eliminating tax exemptions is a tax increase; you can't spin it any other way."

All three of the witnesses disagreed with Senator Sessions and equate tax expenditures with spending. Russ Roberts of the Hoover Institution at Stanford believes all government spending should be cut, whether direct spending or through the tax code. He was especially critical of excessive government support for "rich financial executives, rich farmers, and rich old people who don't need a government retirement program," but also would leave serving the poor to the voluntary sector.

Jared Bernstein, testifying on behalf of the Center on Budget and Policy Priorities, said that tax expenditures per se were not bad, but their utility should be evaluated by three criteria: revenue foregone, efficiency, and fairness. The benefit of most tax expenditures accrues to higher income people, "exacerbating the problem of high and growing income equality." He uses the mortgage interest deduction as an example of how tax expenditures "disproportionately benefit the well off." A tax expenditure that meets the criteria of fairness and efficiency is the Earned Income Tax Credit (ETIC).

Edward Kleinbard, a law professor at the University of Southern California and a former Chief of Staff to the Congressional Joint Committee on Taxation, had the most to say about the mortgage interest deduction in his testimony. He said, "of all the current law's tax expenditures, the most important to address in tax reform are the personal itemized deductions, such as deductions for home mortgage interest, charitable contributions, and state and local taxes. They are inefficient in that they lead to misallocations of economic resources, especially with regard to housing. They are poorly targeted, in that government subsidies go to individuals who would have behaved the same without the subsidies. And they are unfair, in that they are 'upside down' subsidies that subsidize high income Americans more than low income ones."

NLIHC proposes to lower the cap on the amount of mortgage for which interest can be deducted from $1 million to $500,000 and to convert the tax deduction to a 15% non-refundable tax credit. These changes would provide tax breaks to 16 million more homeowners with incomes of $100,000 or less who do not benefit from the mortgage interest deduction now. The proposal would also save $200 billion over ten years that NLIHC proposes be used to fund the National Housing Trust Fund.

To read the witnesses' written testimony and view the archived video of the March 5 hearing, go to http://1.usa.gov/Y3j147.

To learn more about NLIHC's proposal to fund the NHTF and reform the MID, go http://nlihc.org/issues/mid. To endorse the proposal, go to http://nlihc.org/issues/mid/support.

FEDERAL BUDGET

First Week of Sequestration Demonstrates Negative Impacts for Low Income Tenants

President Barack Obama signed the executive order implementing sequestration March 1 , and in the days following , several public housing agencies (PHAs) announced the first impacts of sequestration on low income tenants. Many PHAs report that they will stop issuing tenant-based vouchers to households on their waiting lists due to funding cuts to the program.

While PHAs do not have new vouchers to issue, they reissue existing vouchers when the previous voucher holder leaves the program, usually because of increased income, death, or relocation to a nursing home. These vouchers are given to people on PHA waiting lists, many of whom have been waiting years for housing assistance. Now, they now must remain in unaffordable, unsuitable housing or in a shelter.

Not reissuing these vouchers also means they are lost to the housing authority this year as well as in future years because funding for tenant-based rental assistance is based upon prior-year utilization of vouchers. Households on the waiting list that are in shelters may face a double risk; they may lose the opportunity to live in an affordable unit, and the funding for their shelter may be in jeopardy due to cuts in the Homeless Assistance Grants program.

HUD issued letters to governors on March 4 outlining the overall sequestration cuts each state will experience. The letters include a table with the estimated dollar amount cut for Tenant-Based Rental Assistance, HOME, Homeless Assistance Grants and Housing Opportunity for Persons with AIDS funding. HUD posted these letters to its sequestration website.

USDA's Rural Housing Service (RHS) sent a document to Members of Congress describing the cuts that will be made to the Rental Assistance Program and the Rural Housing Insurance Fund Program Account. RHS estimates that 10,340 current tenants will lose their rental assistance. The average income of households served by RHS rental assistance is $9,648 a year. RHS projects that the loss of rental assistance will result in vacancies that will cause 411 properties to become delinquent, which could lead to default, foreclosure, and ultimately the long-term loss of affordable units. Without rental assistance to combine with USDA's new construction programs, the agency estimates that approximately 45 new units will not be created.

A variety of efforts are underway to advocate for a balanced alternative to sequestration. The White House is seeking stories of how Americans are impacted by sequestration, including those about people losing access to housing or shelter.

The Campaign for Housing and Community Development Funding (CHCDF), a group of 75 national advocates facilitated by NLIHC, updated resources on sequestration for advocates including sequestration talking points, deficit reduction guidelines, social media tips and templates, and a sample letter to the editor.

NLIHC signed a letter to Members of Congress urging them to repeal sequestration. In the letter organized by the Center for Effective Government (formerly OMB Watch), organizations write, "There is a simple solution to make this problem go away: repeal the sequester provision of the Budget Control Act of 2011. It is that simple. Congress created sequestration and Congress can repeal it." NLIHC urges national, state and local organizations to sign onto the letter by March 12.

The continuing resolution (CR), which provides federal agencies with FY13 funding in lieu of appropriations bills and expires on March 27, was thought to be the next negotiation opportunity for Congress to replace the sequester (see next article in Memo.) Now it appears that Congress may decide to move forward with appropriations bills without addressing sequestration. If this is the case, the next major pieces of legislation expected to advance pertain to the FY14 budget. After that, Congress may not be faced with another must-pass bill until the nation once again reaches the debt limit in August.

View HUD's sequestration webpage at http://1.usa.gov/XRFWfz.

Submit stories about sequestration impacts to the White House at http://1.usa.gov/X4Dgkr.

View the CHCDF sequestration resources at http://nlihc.org/partners/chcdf/sequestration.

Sign onto the sequestration repeal letter at http://bit.ly/X4DQyA.

Congress Acts on FY13 Appropriations, FY14 Budget Work

With sequestration going into effect on March 1, Congress pivoted to work on FY13 funding. On March 6, the House passed a continuing resolution that would provide funding for federal agencies for the remainder of FY13. The bill, H.R. 933, would provide FY12 funding levels for most departments including HUD and USDA.

The legislation included two appropriations bills that have already been completed, one for the Department of Defense (DOD) and the other for Military, Construction, Veterans Affairs and Related Agencies (MilCon VA). These bills will be funded at the FY13 levels that the House approved before the CR. Reportedly, House appropriators decided there would be too many anomalies desired for these two bills to simply continue FY12 funding. An "anomaly," in the context of a CR, is any special provision included to address the particular needs of a program.

The CR was seen as a possible opportunity for Congress to replace sequestration, but the House bill includes language that affirms sequestration will be applied to the funds provided by H.R. 933.

The Office of Management and Budget (OMB) issued a Statement of Administration Policy (SAP) on H.R. 933 on March 5. In the SAP, OMB expresses concern that providing FY12 funding for 10 of the 12 appropriations bills "will impede their ability to provide services to Americans and efficiently allocate funding to key programs." The Administration also says that it "will continue to press the Congress to eliminate the automatic and arbitrary cuts to current funding levels imposed by the Joint Committee [on Deficit Reduction's] sequestration, which will harm middle class and working Americans."

The Senate is expected to take up H.R. 933 the week of March 11 and replace it with a CR that includes the DOD and MilCon VA bills, and three additional appropriations bills for Agriculture, Rural Development, Food and Drug Administration and Related Agencies; Commerce, Justice, Science and Related Agencies; and, Homeland Security. Adding these bills would essentially turn the FY13 funding legislation into an omnibus appropriations bill. House leadership has objected to including this many appropriations bills in the CR. Senate Committee on Appropriations Chair Barbara Mikulski (D-MD) and House Committee on Appropriations Chair Hal Rogers (R-KY) are reportedly in discussions about a compromise appropriations package.

While the HUD FY13 appropriations bill is currently not part of the expected omnibus, it would be preferable to HUD being funded at FY12 levels, even with anomalies. The Senate FY13 Transportation, Housing and Urban Development, and Related Agencies (THUD) bill would provide a higher level of funding than would a CR with FY12 funding. The Center on Budget and Policy Priorities (CBPP) reports that a THUD appropriations bill that compromised between the House and Senate proposed FY13 funding levels "would reduce the impact of sequestration considerably- indeed, some [improvements] are of a magnitude that they would more than offset the cuts due under sequestration."

For Rural Housing, however, a CR that continued FY12 funding could be more beneficial for several affordable rental programs that the House or Senate proposed cutting below the FY12 funding level in their FY13 funding bills. The House and Senate Agriculture bills both cut funding for the Section 515 Rental Housing Direct program by more than 50% below FY12 levels. The House bill would also cut funding for the Section 521 Rental Assistance program below the FY12 funding level.

Meanwhile, the statutory deadline for the President to submit his FY14 budget request to Congress is now five weeks past. The anticipated date for the President's budget to be made public has now slipped to the second week of April.

Both the House and Senate moved independently of the Administration to meet the April 15 statutory deadline for passing concurrent budget resolutions for FY14. The House Committee on the Budget is expected to mark up its FY14 budget resolution the week of March 11. The resolution is expected to include $4 trillion in additional deficit reduction measures, more than agreed to in the Budget Control Act of 2011. The resolution would replace sequestration but with reductions in discretionary spending that would result in far deeper cuts to HUD and USDA rural housing programs.

The Senate Committee on the Budget may also unveil its FY14 budget framework in the next week. The Senate plan may include only $1.5 trillion in deficit reduction, enough to achieve the remainder of the bipartisan deficit reduction goals set by the Joint Select Committee on Deficit Reduction in 2011. At least 50% of the $1.5 trillion could reportedly come from revenues. The spending cuts could result in lesser cuts to HUD and USDA rural housing programs.

The House Committee on Appropriations' subcommittees are also scheduled to begin FY14 work during the week of March 11. The House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies is scheduled to hold a hearing, "Management Issues at DOT and HUD," on March 14 at 10am in room 2358-A of the Rayburn House office building. The Inspectors General from HUD and DOT as well as staff from the Government Accountability Office will testify.

View the SAP at http://1.usa.gov/15CwQZL.

MORE CONGRESS

House Panel Holds Hearing on GSEs

The House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises held a hearing, "Fannie Mae and Freddie Mac: How Government Housing Policy Failed Homeowners and Taxpayers and Led to the Financial Crisis," on March 6.

The hearing was the first held by the subcommittee this Congress on the topic of housing finance reform. The stated purpose of the hearing was to investigate the causes of the 2008 financial crisis, and the evaluate activities of the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac during that period.

Several subcommittee members noted that taxpayer support for the GSEs throughout the financial crisis has totaled approximately $187 billion, although the GSEs have also paid the Treasury approximately $50 billion in dividends. Subcommittee Chair Robert Hurt (R-VA) said, "It's our responsibility to end the bailouts of Fannie Mae and Freddie Mac, and as the committee begins work on housing finance reform, it is important we understand what caused these losses."

However, some witnesses noted that not all housing finance reform proposals are focused on the repayment of taxpayer funds. Joshua Rosner of Graham Fisher & Co. said, "While there are proposals to replace the GSEs with alternatives, many of those seem to transfer many of the subsidies the GSEs received to other private institutions. Besides the other problems embedded in many of the proposals, it is the reality that such an approach does not seek, as a key purpose, the repayment of over $140 billion of funds owed to the U.S. Treasury."

The panelists and subcommittee members did not discuss specific GSE reform proposals. In the last Congress, the subcommittee approved a number of bills to dismantle the GSEs, including one that would abolish the National Housing Trust Fund (NHTF) (see *Memo*, 7/15/11). Advocates are interested in monitoring GSE reform efforts because the NHTF was originally to be funded through contributions by the GSEs. While the NHTF can also be funded by any other sources determined by Congress, the NHTF remains embedded in the GSE statute. The NHTF Campaign holds the position that now that the GSEs are once again making profits, they should commence their contributions to the NHTF.

While several Republican subcommittee members focused on a perceived significant role of the GSEs in causing the 2008 mortgage crisis, the full committee did not consider what Financial Services Committee Ranking Member Maxine Waters said are "several bipartisan reform proposals, none of which have had a hearing in the committee."

Chair Hurt said the underwriting policies of the GSEs contributed to the crisis, and said that if the GSEs had behaved differently in entering the subprime mortgage market, Congress could have avoided and prevented the crisis in 2008. Ms. Waters countered that it is "over simplistic and untrue to suggest Fannie Mae and Freddie Mac caused the financial crisis."

Witness Susan Wachter of the Wharton School at the University of Pennsylvania said, "It would be the Great Depression 2.0 if we simply withdrew Fannie, Freddie, FHA without an alternative."

While no consensus emerged in the hearing, many seemed to agree that a government role is needed in any future system. Lawrence J. White of the Leonard N. Stern School of Business at New York University said, "Large systemic financial institutions, in this case, involved with residential housing finance, must be subject to rigorous prudential regulation, with high capital requirements at the center of this regulation."

Subcommittee Ranking Member Carolyn Maloney asked the witness panel if the GSEs' multifamily and single-family business should be treated the same way in a reformed or new system. Dr. Wachter responded that the multifamily business of the GSEs is doing well, and noted that the Bipartisan Policy Center Bipartisan Housing Commission is in favor of a continuation of the multifamily functions of the GSEs (see Memo, 3/1). Dr. Wachter also said that the need for clear standards and monitoring, as well as efforts to address issues of affordability are extremely important for "both multifamily and single family as rents continue to rise across America."

Representative Gary Peters (D-MI) noted that as the committee considers GSE reform there are other housing market conditions that must not be ignored. "Rental demand is increasing, but the number of renters spending more than they can afford is high and growing. Our economy cannot afford to have an outdated housing system," said Mr. Peters. "I believe our committee has a real window of opportunity to meaningfully engage in housing finance reform," said Mr. Peters.

An archived hearing webcast and all witness testimony are available at http://1.usa.gov/15Czf6z.

Bill Authorizing Choice Neighborhoods Initiative Introduced in Senate

On March 4, Senator Robert Menendez (D-NJ) introduced S. 437 to authorize the Choice Neighborhoods Initiative (CNI) program, with a $350 million annual appropriation. The bill is a reintroduction of legislation from the 111th and 112th Congresses. HUD proposed the CNI program in its FY10 budget request to Congress. While the program has been funded, it has yet to be authorized. Senator Menendez is the Chair of the Senate Banking, Housing and Urban Affairs Subcommittee on Housing, Transportation and Community Development.

CNI is the successor to the HOPE VI Severely Distressed Public Housing Revitalization program. While HOPE VI focused on grants to revitalize severely distressed public housing, the CNI focuses its resources on transforming entire neighborhoods.

"If we are going to truly transform our most distressed neighborhoods, we must take a comprehensive approach which recognizes the need to connect affordable housing with good schools, good jobs and good transportation," Senator Menendez said in a press release upon the bill's introduction. "That's exactly what this initiative does by providing the tools our local communities need to leverage private investment, build on their strengths, and revitalize their neighborhoods."

The CNI program awards planning and implementation grants to public housing agencies, assisted housing owners, nonprofit entities, community development corporations, and local governments to address the needs of eligible neighborhoods. The bill would define eligible neighborhoods as those with a concentration of severe poverty, severely distressed housing, and "a potential for long-term viability, once key problems are addressed, including neighborhoods with characteristics such as proximity to educational institutions, medical centers, central business districts, major employers, effective transportation alternatives (including public transit, walking, and bicycling) and being close to low-poverty neighborhoods."

A potential grantee would have to submit a "transformation plan" as part of its application for CNI funds, detailing how funds would be used. Transformation plans, under S. 437, would include a long list of required components, including revitalization of housing, promotion of self-sufficiency of residents, preservation of affordable housing in the neighborhood, involvement of residents and neighborhood members in the transformation plan, and links to local education efforts.

Under the terms of the bill, any revitalized federally subsidized homes would have to be preserved on a one-for-one basis, except for a broad, up-to-20% exception for neighborhoods meeting certain requirements. Here, grantees could use tenant-based vouchers to meet their one-for-one replacement requirement if: 1) a minimum of 80% of vouchers issued over the preceding 24 months to comparable families were successfully leased within 120 days of issuance or, if a sufficient number of comparable families have not received vouchers, the Secretary will design an alternative measure; 2) existing voucher holders are widely dispersed geographically, as determined by the Secretary, among the available private rental housing stock, including in areas of low poverty; and, 3) the grantee provides a market analysis demonstrating that there is a relatively high vacancy rate, as determined by the Secretary, within the market area with rent and utility costs not exceeding the applicable voucher payment standard.

View Senator Menendez's press release at http://1.usa.gov/15CuoCw.

More New Bills

Ensuring Proper Community Investments Act, H.R. 971

Representatives Erik Paulsen (R-MN) and Patrick McHenry (R-NC) introduced legislation on March 5 to prohibit the sale or trade of Community Development Block Grants (CDBGs) from one community to another.

The Ensuring Proper Community Investments Act, H.R. 971, would prohibit any jurisdiction that receives CDBG funds directly from HUD or through a state's allocation from selling, trading or otherwise transferring all or any portion of its CDBG funds to, or for, any other metropolitan city, urban county, unit of general local government, Indian tribe or insular area.

Senator Tom Coburn (R-OK)'s report issued in October 2012, Wastebook 2012, includes a description of two California towns that sold unwanted and unused CDBG funds to other towns for around 70 cents per dollar of CDBG funds. Wastebook 2012 reported that towns are "making money off a program intended for the poor and getting around federal requirements to fund projects for low income residents by selling federal antipoverty grants to other communities."

Senator Coburn's assertions about the sale of CDBG funds were strongly refuted in a letter to Senator Coburn from the Community Development Block Grant Coalition sent in December 2012 letter.

In a statement upon introduction of H.R. 971, Mr. Paulsen said the bill is meant to ensure CDBG funds are used for their intended purpose of improving the lives of low and moderate income residents, following a theme from Wastebook 2012. "These funds are specifically intended to help the homeless and less fortunate, and this legislation ensures that municipalities follow the rules so these grants help those who are truly in need," Mr. Paulsen said in a March 5 press release.

"Community Development Block Grants should be used to help the low and moderate income folks they're meant for, not to prop up affluent communities who don't need them," Mr. McHenry said in the same press release. "This bill will cut waste and abuse while ensuring that assistance goes to those most in need."

The bill was referred to the House Committee on Financial Services.

View Wastebook 2012 at http://1.usa.gov/15CvTAC.

View the letter from the CDBG Coalition at http://bit.ly/YcUYPq.

View the press release from Mr. Paulsen and Mr. McHenry at http://1.usa.gov/15CvY7d.

Family Self-Sufficiency Act, S. 454

Senators Jack Reed (D-RI) and Roy Blunt (R-MO) introduced S. 454, the Family Self-Sufficiency Act, to improve and expand HUD's Family Self-Sufficiency (FSS) program on March 5. The FSS program helps public housing and voucher-assisted households build assets and make progress toward self-sufficiency goals. The legislation would expand eligibility for the FSS program to project-based Section 8 tenants. Owners of privately-owned, project-based Section 8 properties could voluntarily make a local FSS program available to tenants by entering into a cooperative agreement with a local public housing agency that administers an FSS program.

"Every American wants the opportunity to succeed. The FSS program helps families receiving federal housing assistance to set and achieve their financial goals so they can become independent," said Senator Reed in a press statement. "Our bill will streamline the program and make it more effective so it can reach more residents and give more folks an opportunity to build a better life."

"I'm glad to support this bipartisan bill, which will help empower people to get back on their feet and become economically independent at a time when hardworking families in Missouri and nationwide are struggling to make ends meet," Senator Blunt said in the same press statement.

In addition to allowing the expansion of the FSS program to project-based tenants, the bill would also streamline the public housing and voucher FSS programs, which are now separate, into one program. In addition, the bill would expand the kind of supportive services that may be undertaken by enrolled families.

The bill was referred to the Senate Committee on Banking, Housing and Urban Affairs.

View the press release from the bill's introduction at http://1.usa.gov/X489oY.

Title X Amendments Act, S. 290; Healthy Housing Council Act, S. 291

Senator Jack Reed (D-RI) introduced two bills related to healthy housing issues on February 13.

S. 290, the Title X Amendments Act, would make changes to Title X of the Housing and Community Development Act. Among other provisions, the measure expands the Title X statute to include healthy housing activities; the statute is currently specific to lead hazards. Healthy housing activities include efforts to mitigate the effects of a housing-related health hazard, which is defined under the bill as "residential real property that poses a risk of biological, physical, radiological, or chemical exposure that can adversely affect human health."

S. 290 amends the Title X statute to allow for HUD to conduct healthy housing activities and address lead hazards in zero-bedroom housing units. The bill also expands the types of entities eligible to receive HUD grant funding for healthy housing activities to include nonprofit organizations. Currently, only state and local governments are eligible to receive healthy housing grants. The bill authorizes $250 million in annual appropriations to carry out the bill's provisions for fiscal years 2014 through 2018.

S. 291, the Healthy Housing Council Act, would establish an interagency council that would review the efficiency of and find ways to improve the existing federal programs that provide healthy housing, health, energy or environmental services to families and individuals. The measure was introduced as H.R. 1617 in the 112th Congress and was also introduced in the 111th Congress (see *Memo*, 9/30/11).

The full text of S. 290 is available at http://1.usa.gov/15CxnuC.

The full text of S. 291 is available at http://1.usa.gov/15WIFLr.

Restore Our Neighborhood Act, H.R 656

Representatives David Joyce (R-OH), Marcia Fudge (D-OH) and Marcy Kaptur (D-OH) introduced H.R 656, on February 13, to authorize $4 billion in federal demolition bonds. Once authorized, funds would be allocated to states, and states would allocate the funds to qualified issuers, defined as state-authorized land banks. The bill, the Restore Our Neighborhood Act, would provide funds to undertake significant residential and commercial structure demolition projects in urban areas to assist blighted neighborhoods. Of the $4 billion, $2 billion is to be allocated to qualified states based on their proportion of non-seasonal vacant properties. To be qualified, at least 49% of the state's total housing units must have been built before 1980, and must meet three of the following four requirements:

1. Rank in the top 20 among states in percentage change of non-

seasonal vacancies between 2000 and 2010.

2. Rank in the top 25 among states in unemployment rate in the most recent January through November period.

3. Rank in the top 25 among states in percentage of mortgages in foreclosure for the third quarter in 2012.

4. Rank in the top 20 among states in the lowest percentage change in population growth between 2000 and 2010.

Although there is no current list of qualified states, it is expected that several states will meet the qualified state criteria, including Ohio and Michigan. The states that are targeted under the qualification criteria are states that have numerous vacant properties in severe disrepair. These properties contribute to crime, have negative impacts on neighborhoods, and are too costly to logically rehabilitate. Funds to demolish these properties will help alleviate these problems. The remaining $2 billion is to be allocated equally among all states.

The bill authorizes bonding authority, which the Department of the Treasury would allocate to states. Locally, the bonds would be issued by land banks, or by states when the state does not have a land bank.

"This common-sense bill will increase home values, decrease crime, and protect responsible homeowners from the enormous economic drag of vacant or abandoned homes in their neighborhoods. For too long, responsible Ohioans paying their mortgage every month and meticulously taking care of their homes have been punished. This legislation will protect Ohio homeowners who are doing exactly what they should be doing and I look forward to bipartisan support," Mr. Joyce said at a press event upon the bill's introduction.

"This legislation provides a strong, sensible and cost-effective tool to meet the immediate need of rebuilding our communities. The sheer volume of foreclosed and abandoned properties continues to lower property values in neighborhoods across the nation. These blighted structures invite crime and negatively impact the quality of life for residents who work hard to maintain their homes," said Ms. Fudge in a statement after the bill's introduction.

Ms. Fudge, Ms. Kaptur, Cleveland Mayor Frank Jackson, and Cleveland City Council Member Zack Reed joined Mr. Joyce at a March 5 press conference in support of the bill.

The bill would also allow states to use allocated Hardest Hit Fund amounts for demolition activities.

The bill is a reintroduction of H.R. 4210, which was introduced by Ms. Fudge and former Representative Steven LaTourette (R-OH), from the 112th Congress.

View Mr. Joyce's press release on the bill at http://1.usa.gov/X4n2I2.

View Ms. Fudge's press release on the bill at http://1.usa.gov/X4naHr.

Expanding the Definition of Homeless Veteran, H.R. 897

Representative Janice Hahn (D-CA) introduced H.R. 897, legislation to expand the definition of homeless veteran for purposes of benefits from Department of Veterans Affairs programs. Introduced on February 28, the bill expands the definition of homeless veterans to include veterans who are fleeing domestic violence. The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 updated the definition of homelessness to cover individuals fleeing domestic violence. However, the definition of "homeless veteran" was not updated to reflect this change.

The legislation has been referred to the House Committee on Veterans' Affairs and has one cosponsor as of this writing. Senator Mark Begich (D-AK) has introduced companion legislation in the Senate (see *Memo*, 3/1). Both bills were also introduced by Ms. Hahn and Senator Begich in the 112th Congress (see *Memo*, 5/18/12).

The full text of H.R. 897 is available at http://1.usa.gov/X4AkUP.

Rural Housing Preservation Act, H.R. 858

Legislation was introduced on February 27 to keep rural communities eligible for U.S. Department of Agriculture's Rural Development (RD) funding. The bill, H.R. 858, was introduced by Representative Jeff Fortenberry (R-NE) and five cosponsors, two Republicans and three Democrats.

Based on 2010 Census findings, 933 communities across the country will no longer be eligible for housing programs under the RD's "rural" definition after March 27, when a fix to this problem in the FY13 continuing resolution is set to expire.

"Adequate and affordable housing is often a challenge in our rural communities," Mr. Fortenberry said in a press release. "This legislation would help keep rural communities eligible to compete for assistance in important housing programs."

The Rural Housing Preservation Act preserves the definition of "rural" under current law until 2020 Census data is available. Mr. Fortenberry's press release makes clear that there are no costs to his bill. "The legislation has no impact on the federal deficit and it only continues eligibility for UDSA Rural Development programs, not funding. The communities must continue to apply for funding on a competitive basis," the release says.

The bill, a reintroduction of H.R. 6416 from the 112th Congress, was referred to the House Committee on Financial Services.

View Mr. Fortenberry's press statement at http://1.usa.gov/X4zzLo.

Upcoming Hearings in House on FHFA, FHA

The full House Committee on Financial Services will hold a March 19 hearing on the Federal Housing Finance Agency, the independent regulator of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The hearing will be at 10am in room 2128 of the Rayburn House office building. Witnesses have not yet been announced.

The Subcommittee on Housing and Insurance of the House Financial Services Committee will hold a March 13 hearing on private vs. government approaches to mortgage insurance, specifically looking at comparative advantages of the FHA relative to private mortgage insurers. The hearing will be at 10am in room 2128 of the Rayburn House office building.

The hearing will likely cover the findings on a new Government Accountability Office (GAO) report issued March 7 that provides an overview of its work on the Federal Housing Administration's single family mortgage insurance fund. The report, requested by House Committee on Financial Services Chair Jeb Hensarling (R-TX) and Subcommittee on Housing and Insurance Chair Randy Neugebauer (R-TX), provides a broad summary of issues related to FHA's single-family mortgage insurance. The report includes summaries of FHA issues, including loan volume and market share; financial condition measures; underwriting and premium rates; oversight of lenders and appraisers; management of delinquent loans and foreclosed properties; risk assessment; workforce and information systems; and home equity conversion mortgages.

View the GAO report at http://1.usa.gov/X4twXb.

DISASTER HOUSING

Super Storm Sandy Recovery Briefing Scheduled at Furman Center

The Furman Center for Real Estate and Urban Policy at New York University (NYU) and the Moelis Institute for Affordable Housing Policy will hold a policy breakfast, "Rethinking Rehousing: The Experiences of New York City's Vulnerable Households After Sandy," on March 15. The breakfast will be held at 8:30am at NYU Law School's Lipton Hall, located at 108 West 3rd Street, New York, NY.

Scheduled panelists are Rosanne Haggerty of Community Solutions, Kevin Sullivan of the Catholic Charities of the Archdiocese of NY, and Robert Ezrapour of Artimus Construction. Ingrid Gould Ellen of the Furman Center for Real Estate and Urban Policy will moderate the session.

Panelists will discuss lessons learned from Super Storm Sandy and "what government, the civic sector, and the non-profit community can do to be better prepared to re-house low income families quickly and safely in future emergencies." A second breakfast panel to continue the discussion will be held on a to-be-determined date in the spring.

Readers should RSVP at http://bit.ly/X4A1Jy. If readers cannot attend and would like to send a designee, please email furmancenter@nyu.edu.

FROM THE FIELD

Arkansas Advocates Use Affordable Housing Report to Frame Priorities

The Arkansas Coalition of Housing and Neighborhood Growth for Empowerment (ACHANGE), an NLIHC state coalition partner, recently issued A Review of Affordable Housing in Arkansas: The Supply, the Need and the Role of Government. Advocates hope the report, which discusses the adequacy and affordability of housing in the state, will educate lawmakers and provide data to hone their own affordable housing initiatives.

The report addresses advocates' concerns about the extent to which housing data, specifically 2010 Census data, accurately describe Arkansas' affordable housing situation. Advocates believe discrepancies exist between what the data show and what practitioners observe when working with low income populations, specifically the suggestion that low income Arkansans have greater housing stability than is the case nationally. For instance, housing costs are considerably lower in the state, with a median housing cost of $600-$699 per month compared to the national average of $1,000. Meanwhile, the level of housing cost burden is slightly lower than the rest of the nation; 85% of Arkansas households with an annual income of less than $20,000 pay more than 50% of their income on rent, compared with 90% nationally. The data also show a generally adequate supply of housing in the state, with 165,215 vacant housing units out of a total of 1,316,299 units.

Advocates assert that limitations in Census data collection lead to large numbers of low income households, mainly minority and rural populations, not being captured in the affordable housing analysis. To supplement current data, they suggest detailed studies that include personal interviews and other primary data collection efforts. ACHANGE will explore options to accomplish this goal.

A mostly rural state, Arkansas receives a lower level of HUD funds on a per-capita basis than many other states with large urban populations. In 2010, it received $90.20 per capita in HUD expenditures; the national average was $118.04. In its report, ACHANGE raises concerns with this discrepancy, noting that it makes a significant impact in the state's ability to provide housing assistance to low income residents or invest in the preservation or production of affordable housing, especially in rural areas.

The report also includes a recommendation to capitalize the state housing trust fund. ACHANGE and Housing Arkansas, another NLIHC state coalition partner, will continue advocacy efforts to establish a source of revenue for the fund, which was established in 2009. The organizations are working with the Housing Trust Fund Project of the Center for Community Change, an NLIHC member, to develop a message campaign. Also begun are outreach efforts to share the message with advocates throughout the state.

The report raises concerns about Arkansas' lack of a state agency with primary responsibility to create and administer affordable housing policies. Advocates believe such an agency would help leverage federal funding more effectively and reach those with the greatest housing need.

"The report and subsequent conversations have provided ACHANGE with a blueprint to guide both short-term and long-term goals," said Debra Banks, ACHANGE program manager. "This will not be a quick progress, but we do hope to see positive change in the future for affordable housing in Arkansas. This is just the beginning."

For more information, contact Debra Banks at dbanks@achange.org.

RESOURCES

Housing Found to be Large Contributing Factor to Racial Wealth Gap

A new study from the Institute on Assets and Social Policy at Brandeis University finds that the gap in wealth between white and African-American households has tripled over the past 25 years. The study traced the wealth of 1,700 families between 1984 and 2009, and found that the wealth gap by race increased from $85,000 in 1984 to $236,500 in 2009.

The researchers used data from the Panel Study of Income Dynamics, a national longitudinal study that began in 1968. This research focuses on African-American and white households because the sample size of Asian-American and Latino households was too small.

According to findings, the number of years of homeownership accounts for the largest portion (27%) of the wealth gap between white and African-American families. Home equity tends to be much higher for white households, because residential segregation lowered the demand for homes in predominantly non-white neighborhoods and put an artificial ceiling on home equity for African-Americans who own in those neighborhoods. Other contributing factors include historic differences in access to credit by race, and higher interest rates and greater access to family financial assistance with down payments among white homeowners.

The growing wealth gap is largely attributed to the loss of wealth tied to housing during the housing market collapse and the foreclosure crisis. A higher percentage of wealth (53%) was tied to homeownership for black families, compared to white families (39%). As a result, the housing collapse had a greater impact on the wealth of black households. Overall, half the wealth of African-American families was lost during the Great Recession.

Other factors that contribute to the wealth gap include income and employment. Black workers tend to work in industries where they are less likely to have retirement plans, and unemployment impacts black households more significantly and for longer periods of time. Inheritances also play a role: whites are five times more likely to inherit money than African-Americans.

The researchers conclude that public policies can be implemented to reduce the racial wealth gap. First, they recommend that fair lending and fair housing policies are strengthened. They also recommend ending preferential tax treatment for large estates and inheritances. Furthermore, they suggest investing further in childcare and education, while also enforcing equal pay policies.

The research brief, entitled The Roots of the Widening Racial Wealth Gap: Explaining the Black White Economic Divide is available from the Brandeis Institute on Assets and Social Policy at http://bit.ly/X4bjJv.

HUD's Enforcement of Affirmatively Furthering Fair Housing Assessed

Affirmatively Furthering Fair Housing at HUD: A First Term Report Card Part II provides a review of HUD's enforcement of the affirmatively further fair housing (AFFH) obligation during the first term of the Obama Administration. The report notes that since 2009 there have been significant advances in AFFH enforcement and summarizes four types of HUD enforcement activities. The report was prepared by the Poverty & Race Research Action Council, the National Fair Housing Alliance, and the Lawyers' Committee for Civil Rights Under Law

One type of activity is federal court enforcement actions and settlements. The report provides overviews of four cases: Westchester County, New York (see *Memo*, 7/27/12), Thompson in Baltimore (see *Memo*, 11/30/12), and three post-Hurricane Katrina cases, St. Bernard Parish (see *Memo*, 2/3/12), Road Home Program in New Orleans (see *Memo*, 7/8/11), and the state of Mississippi (see *Memo*, 11/19/10).

Regarding the 2009 Westchester case, the report asserts that HUD has "never moved to hold the County in formal contempt for any of its violations of the court order," and criticizes HUD for accepting housing developments that do not affirmatively further fair housing as meeting the terms of the court settlement.

A second type of enforcement activity pertains to administrative complaints alleging AFFH violations. At least 14 privately initiated complaints were pending as of April 2011, and 16 were pending in February 2013. Two administrative complaints are summarized.

One is from the Texas Low income Housing Information Service and Texas Appleseed concerning the state of Texas's use of disaster-CDBG funding (see *Memo*, 5/20/11). The other is a complaint against Sussex County, Delaware filed by the Diamond State Community Land Trust (see *Memo*, 12/7/12).

A third type concerns HUD reviews of Analyses of Impediments to Fair Housing Choice (AIs). In FY10 HUD reviewed the AIs of more than 300 jurisdictions, since then has reviewed another 293 AIs. Of the AIs reviewed, 128 were incomplete or inaccurate. In addition, HUD challenged 11 jurisdictions' certifications that they were affirmatively furthering fair housing. Here the report has an overview of a complaint brought by the Sargent Shriver National Center on Poverty Law against Danville, Illinois, which led to conciliation.

The fourth type of enforcement activity is HUD compliance reviews. HUD has initiated 46 compliance reviews, with at least two resulting in significant Voluntary Compliance Agreements: Marin County, California (see *Memo*, 1/14/11) and Joliet, Illinois (see *Memo*, 8/19/11).

Part II concludes by giving HUD positive marks for its AFFH enforcement in the first term of the Obama Administration. However, the report criticizes HUD because, "after almost four years of planning and design, HUD still has not published an AFFH regulation to better define the AFFH monitoring and enforcement process. Moreover, it is not clear that the proposed rule under consideration will establish a complaint process that will give private parties the ability to participate in the enforcement process as they do now. The lack of a clear compliant process has been a major hindrance to AFFH enforcement and it needs to be addressed in any new regulation."

Affirmatively Furthering Fair Housing at HUD: A First Term Report Card Part II, HUD Enforcement of the Affirmatively Furthering Fair Housing Requirement is available at http://bit.ly/X4wZ8e.

The first part, Affirmatively Furthering Fair Housing at HUD: A First Term Report Card (see *Memo*, 2/1) is available at http://bit.ly/X4x7og.

NLIHC NEWS

NLIHC Announces Special Honor for Outstanding Partner in Affordable Housing Research

NLIHC recognizes the Public and Affordable Housing Research Corporation (PAHRC) with a Special Award for being an Outstanding Partner in Affordable Housing Research in 2012. PAHRC will receive their award at the NLIHC Annual Housing Policy conference on March 19 at the lunch plenary event.

PAHRC and NLIHC established a collaborative partnership to create the National Housing Preservation Database, a new tool that catalogs nearly all federally subsidized multifamily housing properties in the United States. PAHRC helped integrate multiple datasets and designed the user-friendly website that allows site visitors to search for subsidized properties by geography, type of funding, and other characteristics. Since its launch on November 29, 2012, the website, www.preservationdatabase.org, has gained over 770 registered users.

As the first inventory of its kind, the National Housing Preservation Database compiles multiple datasets from nine funding streams in an accessible, central location where users and researchers can view the current stock of public and affordable housing in a community. The database aims to improve preservation efforts of public and affordable housing by providing relevant information about these properties.

PAHRC was incorporated in March 2011 and is already establishing itself as a leading nonprofit organization engaged in independent and collaborative research to support the efforts of the public and affordable housing industry and its stakeholders and to inform current knowledge about important public and affordable housing questions. As a young organization, PAHRC's work on the National Housing Preservation Database strengthened the organization's commitment to serve as a research hub in data analysis and database compilation.

Congratulations to the Public and Affordable Housing Research Corporation for their outstanding commitment to collaboration and research!

NLIHC Welcomes New Members

Welcome to these new members who joined in February 2013:

Broward Housing Council, Fort Lauderdale, FL
Menova Castle, Buffalo, NY
Marilyn Clemmons, Buffalo, NY
Anthony Ealy, Buffalo, NY
Rosalind Gilliam, Washington, D.C.
Chris Goolsby, Clearwater, FL
Alisha Jackson, Long Beach, CA |
Peter Lema, Miami, FL
National Community Land Trust Network, Portland, OR
Remember Respond Rebuild, Gwynn Oak, MD
Keith Richardson, Knoxville, TN
Right To the City National Alliance, New York, NY
Marcel Waker, Buffalo, NY
Western Center on Law & Poverty, Los Angeles, CA

NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

March 8, 2013
Volume 18, Issue No. 11

FACT OF THE WEEK

Wealth Gap Between White and Black Households Nearly Triples from 1984 to 2009

Median Net Worth by Race, 1984-2009

	1984	2009
White households	$90,851	$265,000
Black households	$5,781	$28,500
Difference by race	$85,070	$236,500

Source: Shapiro, T., Meschede, T., & S. Osoro. (2013). The roots of the widening racial wealth gap: Explaining the black-white economic divide. Institute on Assets and Social Policy. http://iasp.brandeis.edu/pdfs/Author/shapiro-thomas-m/racialwealthgapbrief.pdf

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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.

SPREAD THE WORD!

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 nlihc.wordpress.com!