NATIONAL LOW INCOME HOUSING COALITION

Memo TO Members

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Federal Budget

Congress Back from Recess to Deal with FY16 Appropriations

When Congress returns from recess on September 8, there will be just ten legislative days before the start of the 2016 fiscal year on October 1. The Transportation, Housing, and Urban Development, and Related Agencies (THUD) Subcommittees' FY16 bills, passed by the full House (see *Memo*, 6/15) and the Senate Committee on Appropriations (see *Memo*, 6/29), are expected to remain stalled until either the sequester spending caps are lifted or one or more continuing resolutions (CRs) take their place. The White House has made clear that President Barack Obama will not sign FY16 spending bills that do not lift sequester spending caps.

In the short term, Congress is likely to pass a CR lasting anywhere from four weeks to three months. A CR allows discretionary programs to continue, but at FY15 funding levels. Before a short-term CR expires, Congress must decide whether to lift the sequester spending caps for FY16 or vote for a longer, possibly year-long CR. With the White House insisting that FY16 spending bills maintaining sequester spending caps will not be signed by the President, if Congress cannot reach agreement on whether and how to lift the caps and opts instead to pass a year-long CR, the White House and Congress will be in yet another stand-off. However, Republican leaders have stated they want to avoid another government shutdown.

HUD's largest programs can weather a CR through December. HUD's major rental assistance programs - Public Housing, Project-Based Section Rental Assistance (PBRA), and Housing Choice Vouchers - are funded on a calendar year basis. They have sufficient resources to last until the end of the year from FY15 appropriations. However, renewal costs for vouchers and PBRA contracts require increases next year simply to serve the same number of households currently served and receipts from the Federal Housing Administration (FHA) are down compared to FY15. Level funding into 2016 would result in a shortfall of about $3 billion for HUD programs in FY16. A year-long CR that funds federal programs would be below sequester cap levels and result in funding levels for housing and community development programs in FY16 of as much as 4% below FY15 levels.

The negative impact of the sequester cap levels is evident in both the House and Senate THUD FY16 bills. The House bill raids 100% of National Housing Trust Fund resources in 2016 and directs them to the HOME Investment Partnerships Program (HOME), which the House bill cuts from $900 million in FY15 to $767 million. (Funding for the HOME program has already been reduced dramatically since FY10, when it received $1.8 billion.) The House bill does not fully fund the renewal of either current vouchers or PBRA contracts. The House bill would cut public housing capital funds from $1.875 billion in FY15 to $1.681 billion in FY16 and would reduce funding for HUD's Office of Healthy Homes and Lead Hazard Control from $110 million to $75 million in FY16.

The Senate Committee on Appropriations' THUD funding bill would effectively eliminate the HOME program, bringing funding from $900 million in FY15 to $66 million in FY16. By eliminating this critical housing program, the Senate bill is able to provide sufficient resources to renew existing PBRA contracts. But the bill also makes deep cuts to public housing capital subsidies and fails to renew about 50,000 Housing Choice Vouchers currently in use.

The Senate bill also includes a large expansion of the Moving to Work (MTW) demonstration, increasing the number of public housing agencies (PHAs) in the demonstration by 300 from the current 39. The Senate expansion comes with minor reforms, includes no requirements for evaluation of the demonstration, and enacts no protections for current or future residents. NLIHC's position is that any expansion of MTW must includes rigorous evaluations and additional resident protections.

If Congress does raise sequestration spending caps, as many observers anticipate, it cannot be at the expense of other programs that assist low income households, such as Medicaid or Supplemental Nutrition Assistance Program (SNAP, formerly food stamps). Also, any acceptable sequester relief must have parity, meaning any spending caps imposed on nondefense discretionary programs, like housing, must be on par with those sustained by defense programs.

National Call-In Days to Demand that Congress Raise Harmful Spending Caps, September 15-16

On September 15 and 16, between 9am-5pm ET, people from across the country will call the members of their Congressional delegation to deliver a simple, unified message: raise the federal sequester spending caps and fully fund affordable housing programs. The call-in days are being coordinated by Caps Hurt Communities (http://www.capshurtcommunities.org), an advocacy campaign of individuals and organizations committed to bringing an end to federal sequester spending caps. NLIHC urges our members to join this effort to support critical housing programs by calling the members of your Congressional delegation on these days.

The sequestration spending caps in the Budget Control Act of 2011 led to devastating cuts to critical affordable housing programs. Additional sequester caps for FY16 would bring more deep cuts for HUD and Rural Housing Services programs. To learn more about the impact of the sequester caps on housing programs, visit: http://nlihc.org/issues/budget

Please set aside time on September 15 or 16 to call your Senators and Representative. Just dial the Congressional switchboard at 877-210-5351 and ask to speak with your legislators. Tell the people taking calls in your legislators' offices how important affordable housing is to your community. Leave this simple message: "It is time to pass a housing budget that works for our communities. Please raise the sequester caps and fully fund affordable housing programs."

MORE CAPITOL HILL

Prospects for Congress to Address Other Unfinished Business

In addition to dealing with the FY16 budget when it returns from recess, Congress has just a few months remaining in the calendar year to deal with an array of other legislative issues. Pending are broad low income housing reform, GSE reform, tax reform and the Low Income Housing Tax Credit program, and protections for runaway and homeless youth.

A rumor persists that House Committee on Financial Services Chair Jeb Hensarling (R-TX) will introduce some kind of low income housing reform legislation in September. In February, Chair Hensarling made clear his intention for the Committee to "take an extensive review and thorough examination of the successes and failures of HUD," during HUD's 50th anniversary year. The anticipated legislation is expected to be the result.

While the content of such legislation is unknown, Mr. Hensarling has hinted that he could seek to change HUD's largest rental assistance programs. "HUD's golden anniversary is a proper time for this Committee to examine whether HUD has succeeded in its mission and has adapted to the challenges that Americans face today," Chair Hensarling said in his opening statement at a June 11 hearing.

On housing finance reform, no advance on legislation is expected for the remainder of 2015. Lawmakers have indicated there is no political will to move reforms forward at this time. While there have been a few bills introduced specifically to reform the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, there have been no hearings held in either chamber to discuss these measures. When asked about the future of the GSEs during a congressional hearing, Treasury Secretary Jacob Lew responded, "I'd have to say [housing finance] reform is [an] area we haven't addressed. And it would be a good thing if we would. I'm not sitting here today optimistic that that's going to happen legislatively."

Senate Banking Chair Richard Shelby (R-AL) introduced a broad regulatory reform bill (S. 1484) that would maintain the GSEs, but would include several reforms, including lowering taxpayer risk while continuing to provide private-market access to a common securitization platform. The bill was voted out of the Committee by a party-line vote and later attached to the Senate FY16 Financial Services and General Government Appropriations spending bill. Due to the uncertainty around the stalled federal budget process, it remains unclear whether Chair Shelby's bill will move forward.

There have also been several measures introduced that would end the Treasury's sweep of Fannie and Freddie's profits and allow them to recapitalize. The Administration has signaled its opposition to allowing the GSEs to recapitalize, and these bills stand little chance of being enacted.

The prospect of Congress moving forward on comprehensive tax reform in the coming months also is unlikely. While the Senate Finance Committee established working groups early in the year to examine ways of overhauling the tax code, the resulting reports were far below the scope and detail originally expected. The reports were silent on reforming the mortgage interest deduction and the Low Income Housing Tax Credit (LIHTC) program. Senate Finance Committee Chair Orrin Hatch (R-UT) acknowledged the unlikelihood of accomplishing comprehensive tax reform this year, stating, "We don't have any illusions. We doubt seriously that we can get comprehensive tax reform through." Senate Majority Leader Mitch McConnell also commented, "We're certainly not going to be able to be doing big comprehensive tax reform with this president."

While Congressional action on comprehensive tax reform appears unlikely, LIHTC advocates are hoping for at least an extension of the minimum 9% credit floor that expired on December 31, 2014. Bills with numerous cosponsors have been introduced in the House and Senate to achieve this goal, as well as to create a new minimum 4% LIHTC credit floor. The Senate Finance Committee approved a tax extenders package that includes an extension of the minimum tax credit at a fixed 9% rate for new construction and substantial rehabilitation through 2017. It would also establish a minimum fixed 4% tax credit rate during that period for new acquisitions.

However, it is unclear when the bill will advance to the Senate floor given the chamber's busy schedule in the coming months. Senator Hatch has stated that he hopes to move the extenders package as a stand-alone measure by the end of the year. There had been some discussion earlier in the session about attaching the extenders package to the highway spending bill, which is considered must-pass legislation.

Finally, effort continues in the Senate to pass the Runaway and Homeless Youth and Trafficking Prevention Act (S. 262) that would reauthorize the Runaway and Homeless Youth Act (RHYA) and add provisions. Authorization for RHYA expired on September 30, 2013. S. 262 authors Senators Patrick Leahy (D-VT) and Susan Collins (R-ME) recently offered S.262 as an amendment to a broader human trafficking bill, but the amendment failed to pass by four votes. It is possible that a similar amendment might be offered when the Senate considers the Juvenile Justice and Delinquency Prevention Reauthorization Act (S. 1169), possibly in September.

USDA

USDA Urged to Stop Advising Property Owners that They Can Increase Rents

The National Housing Law Project sent letters on August 19 and September 3 to USDA's Rural Housing Services Administrator Tony Hernandez urging the Rural Development (RD) office to "immediately (1) cease to advise owners who have exhausted their Rental Assistance contract funding that they can raise their rents to offset the loss of Rental Assistance; and, (2) publish an unnumbered letter to state [RD] offices and owners advising them that rents cannot be raised to offset loss of Rental Assistance. . . ."

According to NHLP, about 50 Section 515 Rental and Section 514/516 Farm Labor housing developments will exhaust their Rental Assistance funding prior to October 1, and another 780 such developments will exhaust their Rental Assistance funding in the first quarter of FY16, impacting at least 20,000 residents. RD has advised owners who exhaust their RA funding prior to the end of their 12-month funding contracts that they can raise rents on residents to make up for the shortfall.

In the August 19 letter, NHLP cites statutory text expressly prohibiting increases to Rental Assistance rents by more than 10% in any 12-month period. "Moreover," the letter states, "no rent increases are authorized under RD regulations to residents assisted by the Rental Assistance program during the term of any lease unless the resident's lease explicitly authorizes such a rent increase when the funding of a Rental Assistance contract is exhausted." In the September 3 follow-up letter, NHLP describes cases in Tennessee, Iowa, and Texas in which owners have increased rents for residents upon exhaustion of Rental Assistance funds. "Their actions, which are in clear violation of the law, are causing resident displacement," Gideon Anders, senior attorney for NHLP, said in the September 3 letter.

Read the NHLP letters at http://nlihc.org/sites/default/files/NHLP_LETTER_1.pdf and http://nlihc.org/sites/default/files/NHLP_Letter_2.pdf

FROM THE FIELD

Virginia Advocates Release Report on Permanent Supportive Housing, Gather for Conference

The Virginia Coalition to End Homelessness (VCEH), a NLIHC State Coalition Partner, recently convened its statewide conference in conjunction with the release of a new report entitled, *The State of Permanent Supportive Housing in Virginia 2015*. The conference focused on solutions to ending chronic and veteran homelessness.

VCEH first published its report on the state of permanent affordable housing in Virginia in 2010. The 2015 report updates the progress made toward increasing the supply of permanent supportive housing and ending chronic and veteran homelessness in the state. The report correlates an increase in supportive housing units from 2010-2014 with a corresponding decrease in the number of chronically homeless individuals and families in the same time period. VCEH attributes this progress to recent increases in federal resources for veterans experiencing homelessness.

While the report highlights the significant progress made in ending chronic and veteran homelessness, it estimates that the state will need approximately 2,500 new permanent supportive housing units to address the needs of individuals, families, and youth still experiencing homelessness in Virginia. The report also emphasizes the current lack of resources required to accomplish this goal. One of several policy recommendations in the report is to set aside 25% of National Housing Trust Fund (NHTF) dollars allocated to Virginia for permanent supportive housing to assist individuals and families experiencing homelessness. The report also advocates for additional State resources for supportive services in permanent supportive housing.

More than 250 homeless and housing advocates from around the state met on August 26-27 for VCEH's conference entitled *Housing Virginia's Most Vulnerable.* The conference focused on advocacy and best-practice solutions for ending homelessness. Dr. Sam Tsemberis, CEO of Pathways to Housing, served as the keynote speaker for the event.

One of the key topics of the conference was housing trust fund advocacy. Ed Gramlich from NLIHC, Bob Adams from HD Advisors, Kathy McHugh from the City of Charlottesville, and moderator Chris Thompson from the Virginia Department of Housing and Community Development (DHCD) discussed advocates' roles related to the National Housing Trust Fund, the Virginia Housing Trust Fund, and the Charlottesville Affordable Housing Fund.

Staff from the Corporation for Supportive Housing (CSH) presented on best practices for promoting quality permanent supportive housing. Staff from Housing Innovations presented on "critical time intervention" (CTI), an evidence-based model for supporting homeless clients in accessing and sustaining housing. And staff from VCEH hosted other discussions on strategies for ending veteran homelessness and using emergency shelter systems that employ Housing First principles.

VCEH presented ForKids, a non-profit organization based in Norfolk, VA, with the Sue Capers Advocacy Award for their advocacy work in Hampton Roads and for their successful campaign to establish a housing trust fund in Norfolk. (Sue Capers found VCEH in the mid-1980s.) VCEH presented the 2015 Housing First Awards to the City of Charlottesville and New Hope Housing of Alexandria for their exemplary work utilizing the Housing First model.

Interim Executive Director of VCEH Alice Tousignant stated, "We hope that attendees will take what they learned and make progress on ending homelessness and increasing the supply of permanent supportive housing in Virginia."

The State of Permanent Supportive Housing in Virginia 2015 is at http://www.vceh.org/images/VCEH/PDF/psh_report15.pdf.

For more information contact Alice Tousignant, Interim Executive Director of VCEH, at alice@vceh.org.

RESEARCH

Child Poverty Rises in Rural America

According to a report by the U.S. Department of Agriculture, *Understanding the Geography of Growth in Rural Child Poverty*, more than one in four rural children are living in poverty, an increase from one in five in 1999. Counties with a manufacturing-based economy saw the largest increases in child poverty. Counties with a combination of low educational attainment and a high percentage of children in single parent families were much more likely to experience severe employment losses, also contributing to increased child poverty.

The 2013 American Community Survey (ACS) indicates that 2.6 million rural children under the age of 18 live in poverty. The rural child poverty rate increased from 19% in 1999 to 26% in 2013, and is significantly higher than the metropolitan rate of 21%. One in five rural counties in the U.S. has a child poverty rate higher than 33%, but another one in five has a rate lower than 16%.

The average child poverty rate in manufacturing-based counties increased from 18.3% to 26.7% between 1999 and 2013. Counties with a farm-based or mining-based economy had more favorable economic conditions and saw much smaller increases in child poverty. Still, the average child poverty rate in farm-based counties increased from 21.0% to 22.3%, and in mining-based counties increased from 21.8% to 23.0%.

An increase in the percentage of children in single-parent families contributed to the rise in rural child poverty rates. The overall percentage of rural children with a single parent increased from 26% to 34% during the study period and the number of rural counties with over 37% of their children living in single parent families increased from 192 to 492. This shift in family structure raised the average child poverty rate in rural counties by four percentage points. Child poverty rates increased by less than one percentage point in counties where the percentage of children living in single parent families held constant.

Counties with low high school attainment and a high percentage of children in single-parent families were more vulnerable to economic decline and greater poverty. Counties with more than 37% of their children in single parent families and more than 17% of young adults without a high school diploma have an average child poverty rate of 38.1%.

Counties in the top quarter of counties with the highest proportion of young adults without a high school diploma and of children in single parent families in 2000 were more likely to experience heavy employment losses between 1999 and 2013. Forty-seven percent of these counties had employment declines of at least 11%, contributing to the child poverty rate. Only 16% of counties in the lowest quarter of these two factors experienced such severe employment losses.

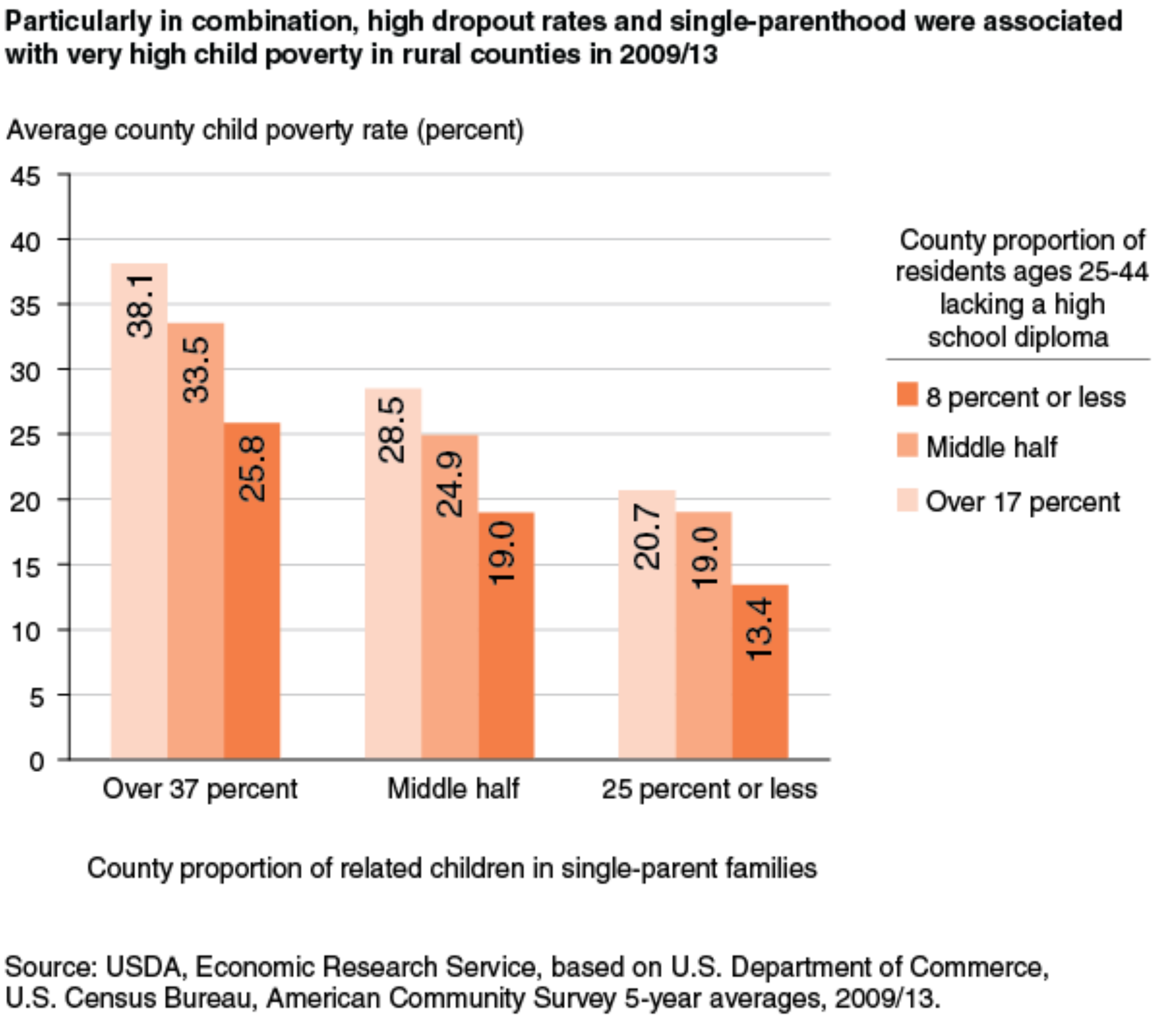
The authors pose questions for future research. Do limited employment opportunities influence family formation and the rise in single parent families? What is the role of migration in county-level child poverty? The authors state that counties with large employment declines did not necessarily experience high rates of population loss, suggesting that rural families did not move in search of jobs.

The report draws data from the five-year 2009-2013 U.S. Census American Community Survey (ACS), comparing these data to figures from the 2000 Census.

Understanding the Geography of Growth in Rural Child Poverty is available at http://1.usa.gov/1K5pZ0W.

FACT OF THE WEEK

Factors Associated with High Rates of Child Poverty in Rural Counties



From *Understanding the Geography of Growth in Rural Child Poverty* is available at http://1.usa.gov/1K5pZ0W.

VOTERIZATION

National Voter Registration Day, September 22

National Voter Registration Day (NVRD) will be held on Tuesday, September 22. NVRD, coordinated by Nonprofit Vote, is a day of coordinated action to help millions of Americans register to vote. More than 1,200 nonprofit organizations across the country have already joined the effort.

NVRD provides the perfect opportunity for NLIHC members to get as many individuals as possible registered to vote in anticipation of the upcoming primaries and elections. NLIHC encourages all organizations and agencies in our network that have direct contact with low income people to hold voter registration events on NVRD.

For more information about NVRD and to become a partner organization for NVRD go to www.NationalVoterRegistrationDay.org.

NLIHC's 2015 Voterization Guide is at http://nlihc.org/sites/default/files/Sec2.14_Voterization_2015.pdf

NLIHC NEWS

Crowley to be Inducted into *Affordable Housing* Hall of Fame

Affordable Housing Finance announced on August 31, 2015, that NLIHC President and CEO Sheila Crowley will be inducted into the Affordable Housing Hall of Fame. Sheila will be featured on the cover of the October 2015 issue of *Affordable Housing Finance* magazine twelve years after NLIHC's founder and first CEO, Cushing Dolbeare, was likewise honored. Other inductees in 2015 will be James Chandler, Director of LIHTC Programs at the Virginia Housing Development Authority; Willie Jones, Vice President, Regions, The Community Builders; and Bob Moss, Principal and National Director of Government Affairs, CohnReznick.

In their announcement of Sheila's induction, *Affordable Housing Finance* stated: "Crowley has worked to continue the organization's mission of ensuring affordable and decent homes for the nation's lowest-income households. She has grown the NLIHC's staff, expanded the organization's signature *Out of Reach* housing costs report to cover every county in the nation, and has been at the forefront of getting the National Housing Trust Fund enacted and funded."

In addition to being featured in the October issue of *Affordable Housing Finance*, Sheila and the other inductees will be recognized at the *AFH Live: The 2015 Affordable Housing Developers Summit*, which will be held November 18-20 at the Fairmont Millennium Park in Chicago.

The *2014 NLIHC Annual Report* is Online

The National Low Income Housing Coalition (NLIHC) is proud to present its *2014 Annual Report*, now available online.

Highlights include:

- NLIHC celebrated its 40th anniversary in 2014. It was in 1974 that Cushing Dolbeare convened a meeting of social justice advocates to form what would become NLIHC.
- NLIHC published the 25th anniversary edition of *Out of Reach* in 2014, which continues to document the growing gap between renters' wages and the cost of rental housing nationwide – now in an interactive online format.
- NLIHC released the *Alignment Project: Aligning Federal Low Income Federal Housing Programs with Housing Need* last year, which provides an analysis of existing federal low income housing programs and the degree to which they serve extremely low income (ELI) households.
- In 2014, the United for Homes campaign to modifying the mortgage interest deduction achieved organizational and elected official endorsements in all 435 Congressional Districts.
- And in 2014, Federal Housing Finance Agency Director Mel Watt announced the lifting of the 6-year suspension on the requirement that Fannie Mae and Freddie Mac allocate funds to the National Housing Trust Fund.

To read the full *2014 NLIHC Annual Report*, visit http://nlihc.org/article/2014-annual-report

September is NLIHC Membership Month, Join the "I'm an NLIHC Member" Photo Gallery

In celebration of NLIHC Membership Month, we invite all of our members, both new and old, to send us a photo of yourself holding a placard with a brief message stating why you are a member of NLIHC.

For example, your message may read: "NLIHC Works for Housing Justice," "Home is Foundation. #JoinNLIHC" or "Housing is a Human Right. #JoinNLIHC." We will publish your photos on our social media platforms to encourage others to join NLIHC and post a membership photo collage at the end of the month,. Please send your photos to: msakbar@nlihc.org or tweet them using the hashtag #JoinNLIHC.

Here are a few additional ways you can help during Membership Month:

- **Become a Member**: If you're not a NLIHC member, please join. Click here to join.
- **Recruit Others**: Recommend NLIHC membership to your family, friends and colleagues. Please go to (and refer others to) the *Membership Month* web page at http://nlihc.org/membership/nmm. Be sure to ask new members to enter your name in the referral box on the form **so that we can thank you** for any new memberships you refer. Also on this page, you'll find sample tweets and Facebook posts you can use to encourage folks in your social network to join NLIHC.
- **Show Your Support via Social Media:** Change your Twitter and Facebook background to let everyone in your social media network know that you support NLIHC's work and that membership is important to you.
    - Click Here to Download a National Membership Month Cover Photo for Twitter
      To download, right-click and save to your desktop. (JPG file, 1263 pixels wide by 421 pixels high)
    - Click Here to Download a National Membership Month Cover Photo for Facebook
      To download, right-click and save to your desktop. (JPG file, 851 pixels wide by 315 pixels high)

Additional information about how you can join NLIHC, recruit new members, and download the graphics for your Twitter or Facebook pages is at www.nlihc.org/membership/nmm. Should you need additional assistance, please contact NLIHC's Field team at outreach@nlihc.org.

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