NATIONAL LOW INCOME HOUSING COALITION

Memo TO Members

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Federal Budget

Congress Pushes Deadline for Completing FY16 Spending Bill to December 16

Congress passed a Continuing Resolution (CR) that President Barack Obama signed on December 11 to keep the federal government operating until December 16. This is the second CR since the 2016 fiscal year began on October 1, funding federal agencies at FY15 levels. Appropriations leadership hopes to release an omnibus spending bill, including HUD and USDA spending levels, on Monday, December 14.

None of the twelve federal appropriations bills have been enacted for FY16 as Congress has grappled with how to resolve funding and policy differences. Policy riders on Syrian refugees, repeal of some Dodd-Frank provisions, lifting of the ban on gun violence research, and other controversial issues have delayed agreement on a final bill.

Reportedly, an amendment to prevent the U.S. government from selling its stock in Fannie Mae and Freddie Mac for two years also is under consideration. If passed, this measure would effectively keep Fannie and Freddie in conservatorship for at least two more years.

Congress hopes to adjourn for the year by December 18 with little appetite for staying in Washington the week of Christmas.

As soon as an omnibus spending bill is released, NLIHC will provide details to our members.

Negotiations Over Tax Extenders Continues

On December 7, House Ways and Means Committee Chairman Kevin Brady (R-TX) released a proposal to temporarily extend a package of tax provisions that expired at the end of 2014, including a provision that would set minimum tax credit rates for housing projects that receive Low Income Housing Tax Credits (LIHTCs) prior to 2017. The proposal is a fallback plan in case House and Senate negotiators fail to agree to a larger tax extenders bill that would make certain tax provisions permanent and is estimated to cost $750 billion over ten years. The Joint Committee on Taxation estimates that the Brady proposal for two year extensions will cost $108 billion over ten years.

Chairman Brady's proposal would extend the minimum tax credit rate at a fixed 9% for new construction and substantial rehabilitation projects. The proposal does not, however, establish a minimum fixed 4% tax credit rate for acquisition projects. The two-year extension would be applied retroactively to January 1, 2015 and run through the end of 2016. Without the extension, LIHTC projects would continue to receive a floating tax credit rate based on a formula that uses the federal cost of borrowing. As federal borrowing rates have reached historically low levels, so too have housing tax credit rates. For example, the credit rate for new construction or significant rehabilitation is 7.49% in December. When credit rates drop, LIHTC developers receive less equity to fund their projects.

The Brady proposal also includes a two-year extension of the New Markets Tax Credit and a two-year extension of a provision allowing recipients of the military basic allowance for housing to exclude that allowance from their income for the purpose of determining eligibility for LIHTC-assisted housing.

Lawmakers continue to negotiate the broader tax deal, which some want to combine with the omnibus spending bill. Democrats want a permanent extension of the expanded Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC). These programs were expanded under the 2009 "American Recovery and Reinvestment Act," but the expansions are set to expire at the end of 2017. Republicans want new "program integrity" checks in the EITC and CTC programs to prevent fraud.

Minority Leader Nancy Pelosi (D-CA) has demanded that the CTC be indexed for inflation so that it does not lose value over time. Republicans object to the indexing. This impasse may force lawmakers to take up Chairman Brady's backup proposal, which does not extend the EITC or the CTC. Leader Pelosi has criticized the larger tax deal as benefiting mostly corporations and has stated that the deal enjoys "very little" support among House Democrats.

Ms. Pelosi also opposes combining the tax measure with the omnibus spending bill. The legislative text of the tax deal may be released with the omnibus spending bill on Monday, December 14.

Read the Brady proposal here: http://waysandmeans.house.gov/wp-content/uploads/2015/12/BILLS-114hr34eas-AMNT1.pdf

Read the section-by-section summary of the Brady proposal here: http://waysandmeans.house.gov/wp-content/uploads/2015/12/WM-extenders-2015-2016-summary-12-7-2015-FINAL.pdf

Congress

Committee Approves "Housing Opportunity through Modernization Act" Despite Opposition

A broad housing reform bill, the "Housing Opportunity through Modernization Act of 2015" (H.R. 3700), was passed by the House Committee on Financial Services on December 10. Committee Ranking Member Maxine Waters (D-CA) was joined by nine Democrats in opposing the bill due to the bill's treatment of income deductions for child care, medical, and disability assistance expenses.

H.R. 3700 was introduced on October 7 by House Housing and Insurance Subcommittee Chair Blaine Luetkemeyer (R-MO). The mark-up was held on December 9 and 10.The bill would also streamline inspections, make a number of improvements to the project-basing of Section 8 vouchers, and expand flexibility between public housing operating and capital funds.

Current law allows public and assisted housing residents to deduct certain child care expenses from their incomes before their rents are calculated. H.R. 3700 would limit such expenses to those exceeding 5% of a tenant's income. The bill would also increase the standard annual income deduction for dependents from the current $480 to $525 and index the value of this deduction to inflation.

Current law also allows heads of households who are elderly or who have a disability to deduct medical expenses and certain disability assistance expenses above 3% of their income from their total income for purposes of determining rent. Each household with a head of household who is elderly or has a disability also currently receives a standard annual income deduction of $400. The bill would increase the threshold over which such households can deduct medical and care expenses from 3% to 10%, increase the standard deduction for such households from $400 to $525, and index the value of the standard deduction to inflation.

At the bill's mark-up, Representive Member Waters commended Chairman Luetkemeyer for his good intentions to improve HUD programs with his bill. However, she said she could not support the bill because of concerns over how its changes to deductions for child care and medical expense deductions would impact the lowest income households. Representative Waters said that she had just received a preliminary scoring of the bill from the Congressional Budget Office (CBO). The score, which has not been made public, shows that the deduction changes will result in increased rents for households with child care and medical expenses. An amendment by Ms. Waters to remove the bill's section on deductions failed on a party-line vote.

Chairman Luetkemeyer offered an amendment to augment the bill's hardship provisions for households negatively affected by the changes to deductions in the bill. The amendment requires the HUD Secretary to develop hardship polices for households that demonstrate are unable to pay their rent due the changes in deductions. The original bill had allowed, but did not require, the HUD Secretary to develop such hardship policies. Mr. Luetkemeyer's amendment passed by a vote of 43 to 10, with opposition from Ms. Waters and other Democratic members of the Committee.

H.R. 3700 passed out of Committee on a vote of 44 to 10. Joining Ms. Waters in opposing the bill were Democratic Representatives Stephen Lynch (MA), David Scott (GA), Al Green (TX), Keith Ellison (MN), Dan Kildee (MI), Patrick Murphy (FL), John Delaney (MD), and Juan Vargas (CA).

From The Field

Virginia Advocates Launch Multifamily Energy Efficiency Coalition

The Virginia Housing Coalition (VHC), a NLIHC State Coalition Partner, announced the formation of the Virginia Multifamily Energy Efficiency Coalition (MFEEC) on December 1. VHC will merge with the Virginia Coalition to End Homelessness (VCEH), another NLIHC State Coalition Partner, in January to become the Virginia Housing Alliance (VHA), and the newly formed VHA will lead the MFEEC. The MFEEC strives to achieve dramatic energy savings in Virginia's affordable multifamily housing stock in the next ten years.

The formation of MFEEC began in summer 2015 when VHC convened energy efficiency advocates, weatherization providers, affordable housing developers, and environmental organizations to discuss strategies for improving the energy efficiency of Virginia's multifamily housing stock. These discussions led to an agreement to form an ongoing group that would specifically focus on the mission of "advancing policies and programs that provide comprehensive energy efficiency services to Virginia's multifamily affordable housing stock."

Affordable multifamily housing lags behind other sectors when it comes to energy efficiency. Energy inefficiency negatively impacts low and moderate income residents who struggle to afford their utilities. A recent analysis by the Elevate Energy through the Energy Efficiency for All (EEFA) campaign determined that, with sufficient investments, Virginia could cut electricity use in multifamily buildings by 28% and gas usage by 19% by the year 2030, while realizing $2.90 in benefits for every dollar invested. A joint study by Housing Virginia and the Virginia Tech Center for Housing Research recently found that the average household in an energy efficient affordable housing unit can save an average of $650 a year on utilities.

MFEEC has set a goal of "25 of 25 by 2025," achieving an average energy savings of 25% or more in 25% of Virginia's affordable multifamily housing stock by 2025. To reach the goal, MFEEC will work to improve Virginia's current utility-driven energy efficiency programs, advocate for the inclusion of multifamily housing in federally funded energy efficiency efforts, and push for the development of financial tools that allow building owners to conduct cost-effective energy efficiency improvements. The MFEEC effort is supported by the Energy Foundation, the Natural Resources Defense Council, The National Housing Trust, and the EEFA campaign.

Zack Miller, who will serve as policy director at VHA, stated: "I'm thrilled that the Alliance is in a position to act as the bridge between the energy and housing sectors, bringing organizations that have never worked together before to the same table around a common goal. This Coalition is working on a wide range of activities in the state that will improve affordability for those who need it most and will help Virginia meet its energy goals."

For more information contact Zack Miller, policy director at VHC, at zack@hdadvisors.net.

Research

Housing Cost Burdens Increase as Rental Market Tightens

A study by The Joint Center for Housing Studies of Harvard University, *America's Rental Housing: Expanding Options for Diverse and Growing Demand,* finds growing demand for and an inadequate supply of affordable rental housing in the United States. Forty-three million households live in rental housing as of 2015, an increase of 9 million households since 2005. Only 8.2 million new rental housing units were added to the rental housing stock during this period, resulting in a record number of 21.3 million renter households who spend more than 30% of their income on housing costs.

The number of renters aged 50 and older increased from 10 million to 14.6 million households over the past decade, accounting for more than half of the renter growth. The number of renters between the ages of 30 and 49 grew by 3.1 million, from 14.7 million to 17.8 million households. The number of renters under the age of 30 grew by only 1 million, from 10.3 million to 11.3 million households, as household formation by adults in their 20s slowed since the Great Recession of 2007-2009.

All income groups have seen a rise in renter households. The greatest absolute growth has been among the lowest income households, while the greatest rate of growth has been among the highest income households.

Household Income	# of Renter Households in 2005	# of Renter Households in 2015	Growth	Growth Rate
Lowest Quintile	11,594*	14,182	2,588	22.3%
Lower-Middle Quintile	9,264	11,101	1,837	19.8%
Middle Quintile	7,174	8,718	1,544	21.5%
Upper-Middle Quintile	4,532	6,181	1,649	36.4%
Highest Quintile	2,462	3,834	1,372	55.7%

**Numbers in millions*

The number of cost-burdened renter households spending more than 30% of their income on housing costs increased among all income groups between 2001 and 2014. The number of cost-burdened renter households rose by 2.2 million for those earning less than $15,000, by 2 million for households earning between $15,000 and $29,999, by 1.2 million for households earning between $30,000 and $44,999, by 0.9 million for households earning between $45,000 and $74,999, and 0.2 million for those earning $75,000 or more. The number of severely cost-burdened renters, those spending more than half of their incomes on housing costs, likewise increased for all income groups (see "Fact of the Week" in this *Memo to Members*).

The lowest income renters had by far the highest percentage of cost-burdened renters, but the share of cost-burdened renters increased for all income groups. From 2001 to 2014, the share of renters earning less than

$15,000 who were cost-burdened increased from 80% to 84%; from 69% to 77% for renter households earning between $15,000 and $29,999; from 37% to 48% for those earning between $30,000 and $49,999; and from 12% to 21% for those earning between $45,000 and $74,999. Among the lowest income renters, more than seven out of ten (72%) had severe cost burdens in 2014.

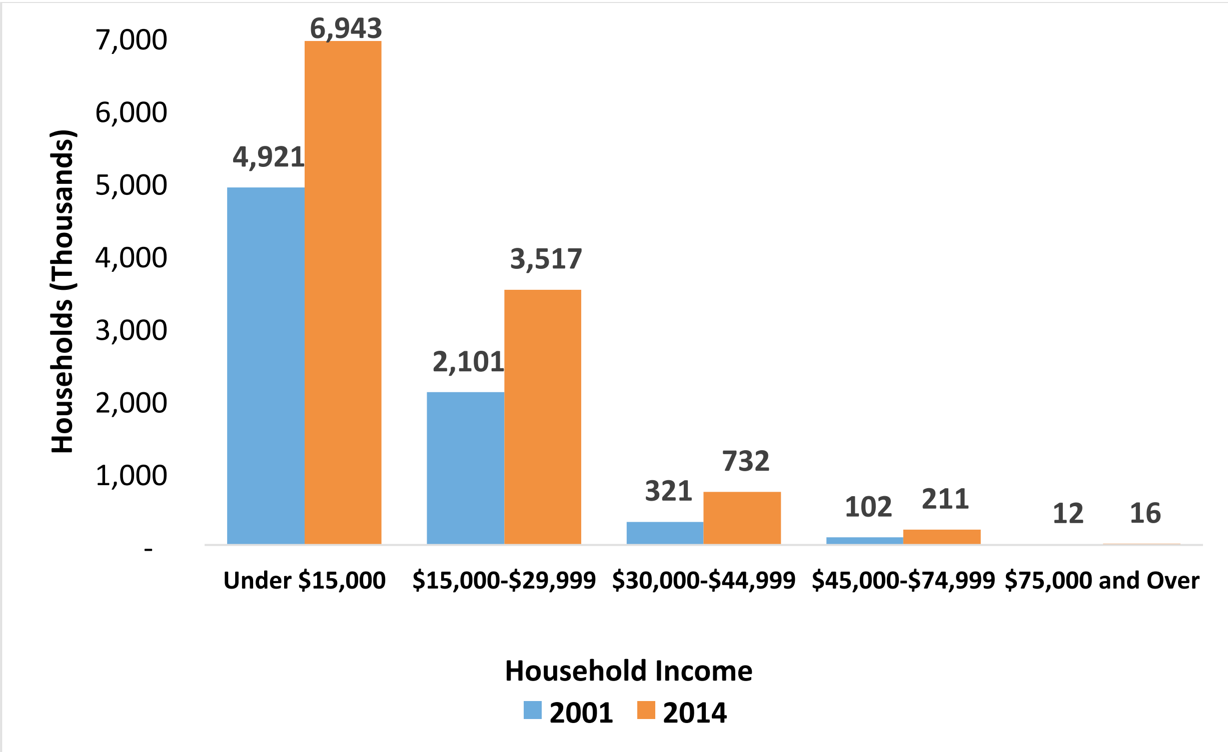
Large shares of low income renter households were cost-burdened in every part of the country, but moderate income renter households earning between $30,000 and $44,999 were much more likely to be cost-burdened in high-cost housing markets, such as the District of Columbia, San Francisco, Los Angeles, and New York than in lower cost markets, such as Detroit and Houston.

The study projects that the number of renters will continue to increase by at least 4.4 million additional households by 2025. The study attributes this growth to new household formation by the millennial generation, strong immigration, and baby-boomer homeowners aging and transitioning to rental units.

America's Rental Housing: Expanding Options for Diverse and Growing Demand is available at http://bit.ly/1NbLqhf.

Fact of The Week

Increase in Severely Cost-Burdened Renters from 2001 to 2014



Severely cost-burdened pay more than 50% of household income for housing.

Source: Joint Center for Housing Studies of Harvard University. (2015) *America's Rental Housing: Expanding Options for Diverse and Growing Demand*. Cambridge, MA.

NLIHC NEWS

Deadline for Applications for NLIHC President and CEO Position Extended to January 2

The Search Committee of the NLIHC Board of Directors has extended to January 2 the deadline for applications from candidates for the position of NLIHC President and Chief Executive Officer. Interested candidates should submit a cover letter, resume, and writing samples. The cover letter must address the candidate's experience and qualifications. Send materials to execsearch@nonprofithr.com or mail or fax to Nonprofit HR, Attn: NLIHC-CEO Search, 1400 I Street, NW, Suite 500, Washington, DC 20005, Fax: 202.785.2064. Electronic submissions are highly preferred. Application deadline is December 11, 2015. Interested individuals are encouraged to apply immediately.

Please visit http://nlihc.org/about/opportunities for more details.

Register Today for NLIHC's 2016 Housing Forum with Special Session for Low Income Residents

Register today for NLIHC's 2016 Policy Forum: *Overcoming Housing Poverty, Achieving Housing Justice.* The Forum will take place in Washington D.C. on **April 3-5, 2016**. This is NLIHC's annual policy event that brings together housing and homeless advocates and policy analysts from across the nation to discuss solutions for ending housing poverty and homelessness. This year's Forum will offer a special session for low income residents on Sunday, April 3. A limited number of hotel scholarships for low income residents are available.

Confirmed speakers for the Forum include:

- **Barney Frank**, Former U.S. Congressman, Chairman of the House Financial Services Committee, author of *Frank. A Life in Politics from the Great Society to Same-Sex Marriage;*

- **Kathryn Edin**, co-author of *$2.00 a Day: Living on Almost Nothing in America;*

- **Marybeth Shinn**, lead researcher on the *Family Options Study: Short-Term Impacts of Housing and Service Interventions for Homeless Families; and*

- **Emily Badger**, Washington Post reporter in affordable housing and urban policy.

Invited speakers include:

- **HUD Secretary Julián Castro**

- **Senator Cory Booker** (D-NJ)

Special Session for Low Income Residents: This year's Forum will feature a special 4-hour session for low income residents to address issues of greatest concern to residents of public and assisted housing on Sunday, April 3 from 9 am to 1 pm. If you are a low income resident planning to attend the Forum, please plan on arriving on Saturday night, April 2 to take advantage of this session!

Special Hotel Scholarships Available: A limited number of shared-lodging hotel scholarships (covering 3-4 nights at the Washington Court Hotel) are available for NLIHC low income members who are self-paying on a first-come, first serve basis. Contact Renee Willis 202-662-1530 x247 or rwillis@nlihc.org.

For more information about the Forum, go to http://nlihc.org/events/forum

Registration for the Forum is available at: http://nlihc.org/events/forum/registration

NLIHC is Looking for Interns

NLIHC is accepting resumes for winter/spring 2016 internship positions. Interns are highly valued and fully integrated into our staff work. We seek students passionate about social justice issues, with excellent writing and interpersonal skills.

The available positions are:

Organizing Intern. Assists with grassroots organizing efforts for the United for Homes campaign and other legislative efforts. Assists with membership recruitment/retention efforts and internal database upkeep.

Communications/Media Intern. Prepares and distributes press materials, assists with media research and outreach for publication releases, and works on social media projects. Maintains the media database and tracks press hits.

These positions begin in January and run until May and are at least 20-30 hours a week. Two semester placements are possible. NLIHC provides modest stipends.

A cover letter, resume, and writing sample are required for consideration. In your cover letter, please specify the position(s) for which you applying and that you are interested in a winter/spring 2016 internship.

Interested students should send their materials to: Paul Kealey, Chief Operating Officer, National Low Income Housing Coalition, 1000 Vermont Avenue, NW, Washington, DC 20005 via email to pkealey@nlihc.org.

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