October 19, 2012 | Volume 17, Issue No. 41

NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

NLIHC 2013 CONFERENCE NEWS

The Pruitt-Igoe Myth to Be Featured at NLIHC's 2013 Annual Policy Conference

NLIHC is pleased to announce that United for Action: NLIHC 2013 Housing Policy Conference & Lobby Day will feature a special Washington, D.C. screening of the widely acclaimed documentary, *The Pruitt-Igoe Myth*. The screening will take place Sunday evening, March 17, 2013. Chad Freidrichs, the film's award-winning producer, will participate in an audience Q&A and discussion after the viewing.

The Pruitt-Igoe Myth tells the story of the transformation of the American city in the decades after World War II, through the lens of the infamous Pruitt-Igoe housing development and the St. Louis residents who called it home. At the film's historical center is an analysis of the impact of the 1950s and 1960s urban renewal program, which prompted mass suburbanization and emptied American cities of their residents, businesses and industries. Those left behind faced a destitute, rapidly de-industrializing city; their gripping stories of survival, adaptation and success are at the heart of the film. Despite this complex history, Pruitt-Igoe itself has often been stereotyped. The world-famous image of its implosion helped to perpetuate a myth of failure, which has been used to critique Modernist architecture, attack public assistance programs and stigmatize public housing residents. The film sets the historical record straight by examining the interests involved in Pruitt-Igoe's creation, re-evaluating the rumors and stigma and imploding the myth.

Variety calls *The Pruitt-Igoe Myth* "superb" and an "uncommonly artful example of cinematic journalism." *The New York Times* calls it a "shattering documentary." It received the International Documentary Association's 2011 ABCNEWS VideoSource award for archival footage usage and the American Historical Association's prestigious 2012 O'Conner Film Award for outstanding interpretation of history.

Copies of *The Pruitt-Igoe Myth* will be available for purchase following the screening and discussion.

Learn more about the conference and reserve your hotel room early at http://bit.ly/wvGV1N.

For more on *The Pruitt-Igoe Myth,* visit www.pruitt-igoe.com.

NATIONAL HOUSING TRUST FUND

NLIHC Mortgage Tax Reform Proposal: What It Would Do

The National Housing Trust Fund Campaign continues to build support for NLIHC's proposal to modify the mortgage interest deduction and use the savings from reform to fund the National Housing Trust Fund. As of Friday, October 19, 45 national organizations and 307 state and local organizations have endorsed the proposal. For many organizations, taking a position on tax policy is new and endorsing the proposal required approval by their board of directors. Many other organizations have consideration of the proposal on upcoming agendas. NLIHC is happy to assist any organizations with their presentations.

The mortgage interest tax deduction is a part of the tax code that allows some homeowners to deduct a portion of the interest they pay on their mortgage from their taxable income. Under current law, homeowners who itemize on their tax returns can deduct the interest paid on mortgages on first and second homes up to a total of $1 million, and the interest on up to an additional $100,000 in home equity loans. NLIHC proposes to modify the current mortgage interest tax break by reducing the size of a mortgage eligible for a tax break to $500,000, and by converting the deduction to a non-refundable tax credit.

Depending on the percentage of the tax credit, this proposal to modify the mortgage interest deduction into a tax credit will save the federal government between $20 billion and $40 billion a year while making this tax benefit more available to the middle and lower income families who need it. Homeowners would receive a non-refundable tax credit for interest on mortgages up to $500,000. Interest on second homes and home equity loans would be eligible for credit under the $500,000 cap.

These changes would mean that all homeowners with mortgages would get a tax break, not just those who have enough income to file itemized tax returns. With a 20% tax credit, the number of homeowners with mortgages who would get a tax break would increase from 43 million to 60 million, with 92% of the increase being households with incomes less than $100,000 a year. It would also provide over $20 billion a year in savings that can be used to build and rehabilitate affordable rental housing by capitalizing the National Housing Trust Fund.

To learn more about the proposal, view a list of organizational endorsers and use a calculator to determine how the proposal would affect your tax bill, visit www.housingtaxreform.org.

A Frequently Asked Questions (FAQ) document that goes into detail on the mortgage interest deduction and NLIHC's proposal, as well as the results of public opinion research on mortgage interest tax reform and other resources, can be found at http://bit.ly/OQZhxF.

To sign on to endorse the proposal, visit http://bit.ly/R4CZWo.

FEDERAL BUDGET

Sequestration Conversations Broaden to Include Non-Defense Discretionary Cuts

Advocates, lawmakers and local officials are speaking out against the impending sequestration cuts that would affect a range of non-defense discretionary programs in 2013. The Budget Control Act of 2011 (BCA) requires the administration to sequester FY13 discretionary funds, which means making across-the-board cuts to achieve a $1.2 trillion reduction in the deficit over a 10-year period beginning January 2, 2013 (see Memo, 10/12). Until recently, there has been less attention paid by lawmakers to the cuts that would be made to non-defense discretionary programs than to the cuts that would be made to defense programs.

During the weeks of October 8 and 15, Members of the House and Senate expressed concern about potential funding cuts to the Low Income Home Energy Assistance (LIHEAP) program and urged the administration to distribute funds quickly to ensure heating assistance is available for eligible participants throughout winter of 2013. Mayors from across the country have started to speak out about how the cuts would affect their cities, citing programs serving low income households as well as basic infrastructure programs. Recent press coverage of sequestration notes the concerns of environmental advocates, who warn against closures of national parks, among other impacts, should sequestration take effect.

Meanwhile, Members of the Senate continue to craft deficit reduction plans as an alternative to sequestration. Senator Chris Coons (D-DE) is working on a sequestration replacement plan that would require a down payment of $75 billion in cuts and a six-month delay for further cuts. The group of Senators known as the "Gang of Eight" has not revealed the plan they are crafting (see Memo, 10/12), but news reports say it will be more of a framework than a detailed plan. These plans are not expected to be shared publicly or considered until after the November elections.

On October 18, NLIHC and the National Housing Trust, in cooperation with the Campaign for Housing and Community Development Funding (CHCDF), hosted briefings for House and Senate staff on the impact of sequestration on housing and community development programs. The briefings were attended by over 100 Hill staff, as well as by HUD staff and local advocates. Briefing panelists presented state-by-state impacts of sequestration and took audience questions. Hilary Saunders, a tenant advocate representing New York State Tenants and Neighbors Information Service, commented during the question and answer period that many assisted residents fear losing their homes due to sequestration. He urged Members and their staff to think not of numbers on a page, but of individual residents, as they consider sequestration.

Slides from the October 18 briefings are available at http://nlihc.org/sites/default/files/CHCDF-NHT_Sequestration_Briefing.pdf.

HUD

HUD Releases 2011 American Housing Survey Data

On October 16, HUD released data from the 2011 American Housing Survey (AHS). The AHS is conducted by the U.S. Census Bureau and contains data on the characteristics of housing units across the country. The survey has been conducted on a biennial basis since 1973 and in 2011 it covered about 55,000 housing units. The survey sample includes both occupied and vacant units.

The survey contains a number of changes from previous years. The 2011 AHS contains new data on health issues, safety hazards and home modifications that accommodated residents with disabilities as part of its healthy homes and home modification modules. New questions in the healthy homes module cover the presence of mold, second hand smoke and asthma. The home modification module includes questions on the presence of ramps, handrails and extra-wide doorways in the home. The home modification module also asks if the household member had difficulty using common household appliances, like stoves, due to a lack of modifications. Another change to the 2011 survey is the addition of foreclosure as a reason for moving. Other new survey questions focused on mortgage types and interest rates. Some questions concerning neighborhood conditions and commuting were dropped from the survey in 2011, but some of the neighborhood questions will return in 2013. Lastly, the 2011 data includes an oversample of federally assisted housing units.

HUD made available preliminary tables highlighting some of the data findings from the AHS. For example, 3% of renters reported severe physical problems with their housing unit, and 7% reported moderate physical problems. About 5% of renter households reported mold in their unit, and about 23% of renter households with children between 6 and 17 years old reported that their child suffered from asthma.

The tables also include an overview of renter households that moved over the past year. Among recent movers, housing costs increased for 46% of households and decreased for 30%. Renter households also reported their reasons for moving. Most households moved for financial or employment-related reasons (30%) or for housing-specific reasons (44%). Housing-related reasons included establishing an independent household (12%), moving to a larger home (11%) and wanting lower rent (9%). Employment reasons included new jobs (11%) and moving to be closer to work (15%).

The median rent reported by renter households was $845. The housing costs of renter households composed about 31% of income. About 55% of renter households reported paying at least 30% of their income towards rent, and 30% reported paying more than 50% of their income. These estimates include 12% of households reporting that their rent equaled or exceeded their income.

Data from the 2011 survey is currently available for use in SAS and ASCII at http://bit.ly/OR01D2. Additional preliminary tables highlighting data findings have also been made available on the same website.

HUD will host a webinar on Tuesday, October 23 at 1 pm EDT to discuss the newly released AHS data. Register online at http://bit.ly/OR03L4.

FROM THE FIELD

Connecticut Governor Appoints Advocates to Guide Implementation of New Department of Housing

Connecticut Governor Dan Malloy (D) has announced that representatives of the Connecticut Housing Coalition (CHC), Publicly Assisted Housing Resident Network (PHRN) and Partnership for Strong Communities will advise on the planning and implementation of the state's new Department of Housing. Connecticut's legislature passed a bill in June 2012 creating the department in response to the governor's plan to consolidate state housing programs into one organization. CHC is an NLIHC state coalition partner; PHRN and the Partnership are NLIHC members. Daisy Franklin, the Executive Director of PHRN, is a member of the NLIHC Board of Directors.

The Department of Housing was folded into the state's Department of Economic Development in the 1990s. Since consolidation, affordable housing delivery has grown increasingly complex, and programs eventually were scattered across multiple public, private and nonprofit organizations. Because each entity had unique program and regulatory requirements, many affordable housing consumers found it difficult to navigate services. Now a standalone entity, the department will have cabinet-level status and be better able to address housing delivery in all its complexity.

This step comes on the heels of significant new funding for affordable housing approved as part of the 2011-2012 state budget, including $300 million to revitalize the state's assisted housing portfolio. The new department will consolidate many of the public and affordable housing and homeless programs. It also will establish and provide statewide regulatory requirements for housing programs and service delivery by creating consumer-oriented and easier-to-use systems. Further, it will seek to enhance productivity by providing an effective structure to advance the state's comprehensive housing policy agenda.

The 13-member Interagency Council on Affordable Housing includes affordable housing and homeless advocates, tenants and housing department officials. It began meeting in July to assess the housing needs of low income individuals and families. Key to its work are reviewing and analyzing the effectiveness of existing state programs in meeting those needs, identifying barriers to an effective delivery system and recommending strategies to enhance the availability of safe and affordable housing in communities across the state.

Betsy Crum, CHC's executive director and a council appointee, shared with her fellow members the barriers that housing delivery systems face in meeting the needs of low income people. She recommended that the department be aligned with Connecticut's housing policy priorities and focused on developing outcome-based solutions that meet communities' housing needs. Other members suggested consolidating all available housing resources to facilitate greater transparency and predictability of delivery, and positioning the agency to partner with other agencies with community interests. A representative of the Partnership for Strong Communities discussed the housing needs of low income people, which underscored the growing demand for and lack of affordable housing in the state.

Demonstrating the need to incorporate resident perspectives in the council's work, Governor Malloy required that two seats be reserved for current housing residents and one seat for someone on an affordable housing wait list. "We are heartened by the governor's commitment to include residents in discussions about affordable housing," said Daisy Franklin, who is a council appointee. "Governor Malloy has given residents a place at the table and now we need to step up and make sure our voices are heard."

The council must submit a report to the governor by January 2013, recommending programs that should be transferred to the department and a timeline for implementation. The report also must suggest changes to the state's housing delivery systems, prioritization of housing resources and enhanced coordination among and across housing systems. To inform its work, the council welcomes suggestions from states with successful housing departments.

"Our housing industry, including owners, developers, funders, property managers, service providers and residents, all must be ready to step up to embrace the challenges and opportunities before us, including a new and invigorated Department of Housing," Ms.

Crum said. "We need to forge new collaborations to create housing that has the greatest positive impact on families and communities. We need to grow our collective voices and skills, and be housing advocates and leaders. We need to be sure to make the most of this rare moment in time."

For more information, contact Betsy Crum at betsy@ct-housing.org

EVENTS

Congressional Briefing on ADA Scheduled

The Consortium for Citizens with Disabilities (CCD) Rights Taskforce will hold two congressional briefings on the Americans with Disabilities Act (ADA), one in the House of Representatives and one in the Senate. Both briefings will be held on October 24.

The Senate briefing, sponsored by Senator Tom Harkin (D-IA), will be held at 10 am in room 430 of the Dirksen Senate office building. The House briefing, sponsored by Representative Jim Langevin (D-RI), will be held at 2 pm in room 121 of the Cannon House office building.

RSVP to Kristina Majewski at kmajewski@aucd.org or (301) 588-8252.

National Manufactured Homeowner Annual Convention Scheduled

The National Manufactured Home Owners Association (NMHOA) (formerly MHOAA) is hosting its Annual Convention, "New Name, New Direction, New Opportunities," in Crystal City, VA, November 8-10.

Ed Gramlich, NLIHC Director of Regulatory Affairs, will speaking at the convention as will staff from the Center for Community Change, the National Consumer Law Center, AARP and CFED.

For more information, please contact NMHOA Executive Director Ishbel Dickens at Ishbel@mhoaa.us.

RESOURCES

New Report Investigates Impacts of Assisted Housing on Property Values in Delaware

A new study conducted on behalf of the Delaware Housing Coalition found that in Delaware, the location of assisted affordable housing is not associated with any change to the value of neighboring properties. The author notes that while there is correlation between lower property values and the presence of affordable housing, this is likely because affordable housing has historically been located in areas where the property values are declining or are already low. This finding contradicts the perception that assisted affordable rental housing lowers property values in surrounding neighborhoods.

The report includes an analysis of data on home sales in Delaware between 1970 and 2011 to determine the effect of the proximity to assisted rental properties on housing prices. The author did this by comparing the prices of homes within a quarter mile of an assisted rental property to those farther away. The report included all assisted properties in Delaware, such as LIHTC properties, Project-Based Section 8, public housing and USDA Rural Development properties. The report found that assisted properties were clustered in older, urban neighborhoods, which had lower overall property values. The highest property values were in newer, suburban neighborhoods, and the values declined again in more rural areas.

While home values were lower in neighborhoods with assisted rental properties, the report suggests that this is due to characteristics in the housing stock rather than the presence of assisted rental property. In neighborhoods with lower property values, the housing stock was older, had smaller yards and was less likely to be made up of detached, single family homes. These factors are intrinsic to the neighborhoods and are distinctly separate from the presence of assisted rental housing. A regression analysis that controlled for these characteristics found that proximity to assisted rental properties decreased property values by only 3%.

According to the report, nearby assisted rental properties had minimal impact on subsequent property values, but the spillover effects of individual properties varied widely through the state and were largely dependent on other factors, including the design of the property, the management or ownership and neighborhood context. Approximately one third of assisted properties had a negative effect on property values, one third had a neutral effect, and the final third had a positive effect. To illustrate the variations in impact, the author uses case studies of three properties with differing characteristics. An older property in a rural area that was incongruent with the surrounding housing stock was found to decrease surrounding property values, while a recently rehabilitated LIHTC-financed property in the Wilmington, DE suburbs increased the value of surrounding properties by approximately $6,000.

Above all, this report dispels misperceptions about the neighborhood effects of assisted affordable housing. Rather than assisted rental properties dragging down property values, the results show that assisted affordable rental properties are placed in areas where the property values are already low or declining. Once in place, the assisted properties do not lead to further decreases in property values. In two-thirds of cases in Delaware, the impact on property values was either nonexistent or positive.

These findings have a variety of implications with regard to policy and future research. The report suggests that location and community context matter when considering the impact of assisted affordable housing, and that one should not presume that the impact will be negative. Additionally, it suggests that community and neighborhood revitalization efforts can and should include the development and preservation of affordable housing, if other neighborhood indicators suggest a positive outcome.

Download the report at http://www.housingforall.org/.

Six Months After Mortgage Settlement, Less Than Half of States' $2.5 Billion Slated for Housing

According to a new report, less than half of the $2.5 billion distributed directly to 49 states plus the District of Columbia as part of the National Mortgage Settlement will be used as the settlement intended. The report, the second on the subject released by Enterprise Community Partners, shows that most of the balance is diverted to states' general funds. The purpose of the settlement, reached between numerous financial institutions and the federal government and states' attorneys general, is to help prevent foreclosures, stabilize communities and prosecute financial fraud.

Although 23 states will use all or substantially all of their settlement funds for housing-related activities, and another five have allocated more than 70% of their funds for housing, 14 are devoting less than half of their money toward housing and the rest are using all of their funds for non-housing purposes. Some states, notably Florida ($334 million) and Texas ($134.4 million), have yet to decide how to use settlement dollars.

Arizona, with the second highest foreclosure rate in the first half of this year, will divert 49% of its $98 million to the general fund. Utah will use only 17% of its settlement amount ($22 million) for housing, shifting the remainder to the general fund which is already in surplus. Georgia will not devote any of its $99 million to housing, allocating it instead to "economic development." The recipient of the most settlement money, California, will not spend any of its $411 million for housing-related activities.

On the bright side, Ohio plans to use 100% of its $29 million for housing activities; Tennessee has already begun spending its $41 million, 90% of which is for housing; and Connecticut has already allocated 91% of its $28 million for housing activities.

The report provides a brief, state-by-state description of the planned activities at http://bit.ly/OR0epV.

The National Mortgage Settlement website is at http://bit.ly/OR0ftO, and HUD's Mortgage Servicing Settlement website is at http://1.usa.gov/OR0lSh.

NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

October 19, 2012
Volume 17, Issue No. 41

FACT OF THE WEEK

Renter Household Moves Motivated by Work and Family

Reason for Moving	**All Renter Households (% Cited as a Reason)**
New Job	11%
To be closer to work	15%
Family reasons (marriage or divorce)	12%
Establishing own household	12%
Wanting better home	10%
Wanting lower rent	9%

Source: U.S. Census Bureau. (2012). *American Housing Survey for the United States:* 2011 (AHS). U.S. Government Printing Office: Washington, D.C. Retrieved from: http://www.huduser.org/portal/datasets/ahs.html

NLIHC STAFF

Isabella Blanchard, Outreach Intern, x229
Megan Bolton, Research Director, x245
Elina Bravve, Research Analyst, x244
Sarah Brundage, Communications Project Manager, x246
Amy Clark, Communications Director, x227
Linda Couch, Senior Vice President of Policy and Research, x228
Sheila Crowley, President, x224
Mary Donoghue, Research Intern, x249
Ed Gramlich, Director of Regulatory Affairs, x314
Michael Jones, Policy Intern, x252
Mary Kolar, Outreach Associate x233
Linda Leaks, Outreach Associate, x316
Sham Manglik, Policy Analyst, x243
Taylor Materio, Communications Consultant
Khara Norris, Director of Administration, x242
Melissa Quirk, Senior Policy Analyst, x230
Bill Shields, Vice President of Operations, x232
Christina Sin, Executive Assistant, x224
Shira Steinberg, Outreach Intern, x223
La'Teashia Sykes, State Coalition Project Director, x247
Kate Traynor, Development Coordinator, x234

ABOUT NLIHC

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

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

TELL YOUR FRIENDS!

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

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

Follow @NLIHC on Twitter!

Become a fan of NLIHC on Facebook!

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