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NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

*The Weekly Newsletter of the National Low Income Housing Coalition*

# NATIONAL HOUSING TRUST FUND

## NLIHC Launches United For Homes Campaign to Fund NHTF

NLIHC officially launched the campaign to fund the National Housing Trust Fund (NHTF) through a modernization of the mortgage interest deduction on March 18 at its 2013 Housing Policy conference in Washington, DC. The campaign, "United for Homes," supports Representative Keith Ellison's (D-MN) bill, H.R. 1213, the Common Sense Housing Investment Act. The bill would lower the cap on the size of a mortgage for which the interest can be deducted from $1 million plus $100,000 in home equity loans to $500,000. The measure would also convert the deduction to a 15% nonrefundable tax credit. These two modifications would save approximately $197 billion over ten years. The bill would direct the majority of these savings to the NHTF (see *Memo*, 3/15).

NLIHC Board Chair Mark Allison kicked off the launch event, quoting Dr. Martin Luther King, Jr., saying, "the arc of the moral universe is long but it bends towards justice," and adding that progress is made in "fits and starts." However, he noted, great leaps forward do happen, and have in recent years through the election of the first African-American president, the first female Speaker of the House of Representatives, and the appointment of the first Latina Supreme Court Justice. Mr. Allison said that the mortgage interest deduction is on the table today like never before, and that this change in public opinion can in part be viewed as a victory for NLIHC.

Mr. Allison announced that NLIHC's board has directed $1 million of its endowment to United for Homes to be spent in 2013 and 2014 to "seize on this moment" of momentum around tax reform and MID modernization and "get things done."

NLIHC President and CEO Sheila Crowley noted that funding the National Housing Trust Fund through MID modifications would not cost taxpayers any additional money, instead using the money already invested in housing in a "smarter way" to address the housing needs of the very poor. Ms. Crowley said while NLIHC will work as hard as it can to succeed in this campaign, the key to success is NLIHC's allies. Ms. Crowley said that the impact of the endorsement of the campaign by hundreds of organizations cannot be overstated, and urged endorsers to use social media to distribute the message.

Representing campaign partner the Right to the City Alliance (RTTC), President Rachel LaForest discussed her organization' support for the NHTF and their new alliance with NLIHC. Luis Salinas, a member of RTTC, spoke next about the importance of preserving housing that is affordable to households with the lowest incomes.

At the campaign launch, Representative Keith Ellison (D-MN) announced the introduction of his legislation, H.R. 1213. Mr. Ellison said "it ought to be the case that in the richest country in the world that there is no one homeless. If we are bold in our vision and committed in the vision it will be the case."

Mr. Ellison disused his conversation with Ms. Crowley over two years ago when he decided to spearhead the effort to fund the NHTF through a modernization of the MID. Mr. Ellison said that instead of giving up when the Federal Housing Finance Agency (FHFA) temporarily suspended payments from Fannie Mae and Freddie Mac to the NHTF, NLIHC turned to the MID as a source of revenue. "Some people won't take no for an answer." He recounted how he said to Ms. Crowley, "I am your humble servant; let's get this done together."

Mr. Ellison also said that "the lack of affordable rental housing is one of the greatest challenges of our time, and that affordable housing is about more than rent; it's about making sure there is a ladder up… people are saying 'just give me a chance to ascend to the middle class.'" Mr. Ellison then said he fears that sequestration will make this problem worse, particularly if the supply of rental housing affordable to extremely low income people is not expanded through the NHTF.

"Tax reform is coming. We can have a tax code that protects the status quo or we can have a tax code that benefits working families. Supporters of the status quo will be out in force. They will make their voices heard. Will you support a real solution to the rent burden crisis? Will you fight to enable families to live in safe, and affordable homes? Will you stand for affordable rental housing," asked Mr. Ellison.

"It is time for all of us to act and we all have to take personal responsibility for the success of this initiative," said Mr. Ellison, as he closed with a request for conference attendees to ask their Representatives in Congress to cosponsor H.R. 1213.

Conference attendees, spanning policy experts, assisted housing residents, affordable housing advocates and front-line social workers, participated in 24 workshops on March 18 and 19 that focused on the National Housing Trust: how to get it funded, research that shows the need for ELI rental housing, how it will help veterans, people who are homeless, and people with disabilities, models of ELI rental housing development, the NHTF regulations, the proposal for MID reform, public opinion, use of social media, organizing strategies, and more.

They were well-prepared to go to Capitol Hill on March 20 to educate the Senators and Representatives from 24 states whose offices they visited. They sought support for NLIHC's proposal to capitalize the National Housing Trust Fund with savings from mortgage interest deduction modification, as well as carrying the message that sequestration is endangering low income housing programs in their home states.

Members and supporters unable to attend the campaign launch and conference can take action by contacting their Members of Congress directly on these two priorities when they are at home for two-week Easter recess. Please set up home state and district meetings with your Senators and Representatives and their staffs. NLIHC can provide materials for these upcoming meetings. Please contact the Outreach Team for assistance at outreach@nlihc.org.

To learn more about the United for Homes Campaign, go to http://bit.ly/RycmfL.

To endorse the NLIHC's proposal to find the National Housing Trust Fund through reform of the mortgage interest deduction, go to http://bit.ly/R4CZWo.

To read H.R. 1213, the Common Sense Housing Investment Act of 2013, go to http://nlihc.org/sites/default/files/HR1213.pdf.

## Conference Plenary Speakers Tie Inequality, Homelessness to Need for Funded NHTF

Plenary speakers at NLIHC's 2013 Housing Policy Conference offered attendees rich and substantive content that was inspiring, sobering, and motivating.

Melissa Harris-Perry got everyone's attention during her provocative, rousing keynote address that opened the conference. Dr. Harris-Perry, a professor of political science at Tulane University and host of MSNBC's "Melissa Harris-Perry Show," spoke about inequality, the politicization of race and gender, and the nation's current and future struggles. Dr. Harris-Perry told the crowd that, while unemployment is high and times are tough, life in America is harder for some than for others. "I come from a community where 10% unemployment would be time for a block party," Dr. Harris-Perry said. Regarding wealth in America, she made clear that black women are rearing their children without the financial safety net necessary to prevent one bad life event from causing disastrous consequences. Dr. Harris-Perry supplied data that shows that poor whites have more in common with poor blacks and Latinos than with wealthy whites, creating potential for interracial coalitions around closing America's wealth gap.

Dr. Harris-Perry also said we must ask ourselves where we will go in our next struggle, and that we must be clear about stating both our problems, and the solutions we seek. She recalled the great number of times on her MSNBC show when only problems were discussed. "To have someone who can name the solution was extraordinary," Dr. Harris-Perry said, referring to NLIHC President and CEO Sheila Crowley's appearance on the show in December. Dr. Crowley, responding to a question about homelessness, said there is a solution to homelessness and it is the National Housing Trust Fund. "The affordable housing trust fund is a real solution," Dr. Harris-Perry told the conference crowd.

United States Interagency Council on Homelessness (USICH) Director Barbara Poppe delivered the Tuesday lunchtime plenary address, which was sponsored by the Home Depot Foundation.

She opened on a personal note, acknowledging her husband, honorary NLIHC board member and former board chair Bill Faith, saying, "the quest for funding the NHTF is part of our family tradition for too many years to count, and I would like to get this over with and get the NHTF funded so we can move on to other things."

Ms. Poppe delivered greetings from HUD Secretary Shaun Donovan and Department of Veterans Affairs (VA) Secretary Eric Shinseki, who is also the Chair of USICH for the year. Ms. Poppe discussed USICH's efforts, in conjunction with other federal agencies, to meet the Administration's goal of ending homelessness among veterans by 2015. Ms. Poppe said that thanks to investments on the part of Congress in the HUD-VASH program, homelessness among veterans has declined by 18% since 2010.

Ms. Poppe also said that changes made through the Affordable Care Act (ACA) have made unprecedented improvements to federal policies and programs that are part of the effort to end homelessness. Ms. Poppe said the ACA provided a new set of innovations for health care delivery and housing.

"So I ask you today—isn't it time that we had an NHTF?" said Ms. Poppe. Ms. Poppe said the NHTF could be the game changer for housing policy today. "We had a game changer with the ACA, now we need one with the NHTF," said Ms. Poppe. "We need to talk about what we know about how affordable housing improves health while lowering health care costs, how affordable housing increases public safety and reduces crime and recidivism, how affordable housing creates jobs and improves neighborhoods and property values, how it stabilizes and strengthens families and improves children's educational outcomes."

Ms. Poppe also urged the advocates to recognize current federal budget challenges when making the case for getting the NHTF funded. Ms. Poppe said the case for the NHTF must be made in terms of budget and cost-savings, not just in terms of morality and common sense. She also suggested "triple aim" messaging for funding the NHTF, with the three objectives of the program being to improve lives, build neighborhoods, and create jobs.

Ms. Poppe emphasized the importance of stakeholder collaboration in getting the NHTF funded through "collective impact," a term used to "describe the success that is possible when key actors from different sectors set a common goal to solve a complex problem, and work in a structured process to pursue mutually reinforcing actions towards that goal, and routinely measure progress against that goal using data, and adjust their efforts," said Ms. Poppe. "The good news is that across the country, communities are beginning to better organize themselves to create collective impact on homelessness—to be united for homes."

Ms. Poppe ended with a call to action to capitalize the NHTF, "We need Housing Now! Together we can solve homelessness. We are 'United for Homes.'"

Demystifying the federal budget, understanding sequestration and continuing resolutions, and opportunities for new money for affordable housing were covered by the members of a plenary panel on the federal budget held on the second morning of the conference. Panel members were NLIHC President and CEO Sheila Crowley; Nan Roman, President and CEO of the National Alliance to End Homelessness; Debbie Weinstein, Executive Director of the Coalition on Human Needs; and Melissa Quirk, Senior Policy Analyst at NLIHC.

Ms. Crowley presented an overview of the federal budget, explaining mandatory funding, discretionary funding, revenue, and tax expenditures. She cited the mortgage interest deduction in comparison to the HUD budget.

Ms. Weinstein reviewed the background and current information on sequestration. She discussed the across-the-board cuts the Administration began implementing on March 1, as well as the funding restrictions of sequestration that will continue in FY14 and the eight fiscal years beyond. Ms. Weinstein described the major impact that these cuts will have on a range of programs that serve the poor, including housing. She urged audience members to advocate to end sequestration by collecting and raising up the stories of those low income families who will be impacted by the across-the-board cuts in FY13.

Ms. Quirk reported on the FY13 continuing resolution (CR) and the FY14 budget process (see article elsewhere in *Memo*). She described an outlook for FY14 where affordable housing funds continue to be restricted on the discretionary side of the budget. This makes seeking funding for the NHTF on the mandatory side of the budget a critical advocacy strategy in FY14. She discussed the key stages in Congress's development of the FY14 budget during which advocates should weigh in with their Members of Congress.

Ms. Roman described the development of the Bipartisan Policy Center's Housing Commission report and the Commission's dialogue on rental housing needs (see *Memo*, 3/1). She emphasized that unprecedented bipartisan agreement was reached on the necessity to assure housing assistance for every extremely low income household and to pay for it with reform of the mortgage interest deduction. Ms. Crowley credited Ms. Roman as the commissioner responsible for the report's focus on rental housing for the poorest households.

## Hearings in Congress Highlight GSEs as Dedicated Revenue Source for NHTF

Two hearings on March 19 included important discussion about the continuing responsibility of Fannie Mae and Freddie Mac, as well as their potential successor entities, to fund the National Housing Trust Fund.

The Housing and Economic Recovery Act (HERA), enacted in July 2008, created the National Housing Trust Fund and designated contributions from Fannie and Freddie as a dedicated source of revenue. No contributions have ever been made. Their regulator, the Federal Housing Finance Agency, suspended the obligation when the Fannie and Freddie were taken into conservatorship in the fall of 2008.

The House Committee on Financial Services held a hearing, "Sustainable Housing Finance: An Update from the Federal Housing Finance Agency on the GSE Conservatorships," on March 19. Federal Housing Finance Agency (FHFA) Acing Director Edward DeMarco was the sole witness.

Committee Chair Jeb Hensarling (R-TX) opened the hearing by saying that he hopes that this will be the last time that Mr. DeMarco or his successor testifies before the committee without the committee having approved legislation to abolish the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac.

Committee Ranking Member Maxine Waters (D-CA) said she is concerned about some of Mr. DeMarco's decisions as Acting Director, particularly his refusal to allow for principal reductions, even when doing so would benefit taxpayers. Ms. Waters added that she does agree with some of Mr. DeMarco's decisions, but has concerns about the lack of accountability for decisions made at FHFA and said that Congress must enact GSE reform to allow for such accountability.

While much of the hearing focused on principal reduction and the future of the GSEs, committee members asked questions about the funding the NHTF now that the GSEs are profitable again.

Representative Al Green (D-TX) asked Mr. DeMarco if he thinks the NHTF should exist. Mr. DeMarco responded that "this is outside of the bailiwick of my responsibility as regulator and conservator and is more of a policy decision for the Congress." Mr. DeMarco added, "I didn't come here prepared for a discussion of the Trust Fund."

Representative Keith Ellison (D-MN) also inquired about the NHTF, asking, "When do you see the GSEs complying with the law to fund the NHTF?" Mr. DeMarco responded that FHFA has been complying with the law, as the regulator is allowed to suspend contributions.

Mr. Ellison then asked, "Do you see that changing in the future given the profitability of the GSEs?" Mr. DeMarco responded, "I want to make sure the profitability is sustainable, and make sure the money owed to Treasury is paid, and that if these funds are not going to the Trust Fund they are going back to the taxpayer. I have not thought about this recently so I'd like to give your question more careful consideration." Mr. Ellison responded that "proceeds can go in different directions, some to the taxpayer and some to the NHTF." He thanked Mr. DeMarco for giving his question thought.

Some questions were also asked about FHFA's goal of a 10% reduction of its multifamily business. Ms. Waters asked what the impact of this reduction would be on rental housing prices. Representative Carolyn Maloney (D-NY) also asked about this planned reduction. Ms. Maloney asked if any studies have been conducted to see if the private sector will pick up and help provide affordable rental housing. Mr. DeMarco responded that he did not anticipate that this reduction would have an impact on the affordability of rental housing.

Representative Mel Watt (D-NC), whose is being considered as a possible nominee for Director of FHFA, attended the hearing but declined to ask a question in light of the recent news reports.

Shortly after Mr. DeMarco began to give his testimony, members of the Right to the City Alliance protested his actions as FHFA Acting Director, and called for FHFA to allow for principal reductions for homeowners with underwater mortgages, for an expansion of affordable housing, and for funding for the National Housing Trust Fund. The protestors were escorted out of the hearing for breaching House decorum and failing to respond to warnings from Mr. Hensarling. They were subsequently arrested and released. As the protestors were escorted out, Mr. DeMarco said, "I do understand the pain this housing crisis has caused so many families across the country."

An archived hearing webcast and witness testimony are available at http://1.usa.gov/Z7nxy7.

Also on March 19, the Senate Committee on Banking, Housing, and Urban Affairs held a hearing, "Bipartisan Solutions for Housing Finance Reform?"

The hearing focused on the recommendations made in the Bipartisan Policy Center Housing Commission's report, *Housing America's Future: New Directions for National Policy* (see *Memo*, 3/1). The commission focused both on housing finance reform and rental housing needs in its report and, among other recommendations, said that the National Housing Trust Fund should remain in any future housing finance system. The commission also suggested that the mortgage interest deduction could be reformed to create savings that could subsequently be used to expand the supply of affordable housing.

Witnesses were former Senator and HUD Secretary Mel Martinez, who is one of four chairs of the Bipartisan Housing Commission; Janneke Ratcliffe, Senior Fellow, Center for American Progress; and Peter Wallison, the Arthur F. Burns Fellow in Financial Policy Studies, American Enterprise Institute

Senator Jack Reed (D-RI) raised the NHTF, saying, "As author of the National Housing Trust Fund and the Capital Magnet Fund, I was very pleased to see that your housing commission paid attention to these entities in a reformed system. Can you talk about the basis of your recommendation and why we need these two entities?" Senator Martinez said that the commission recognizes that these programs are in their infancy, but are an important way to create affordability and accessibility to housing for those who might not otherwise have it, and said that the consensus of the panel was that the programs should be maintained in their current form.

Senator Reed then told Ms. Ratcliffe that he was pleased that affordable rental housing was discussed in her testimony, and asked her to elaborate on her recommendations. Ms. Ratcliffe responded that there has been a drop in the construction of multifamily rental housing, and that long-term effective capital for rental housing results in long-term stable rental rates. Ms. Ratcliffe emphasized the importance of the NHTF and Capital Magnet fund.

Senator Mark Warner (D-VA) noted that the economic recovery will likely lead to "enormous profits flowing into Fannie and Freddie" and expressed concerns that this renewed profitability will result in Congress failing to take action on GSE reform. Senator Elizabeth Warren (D-MA) also expressed concerns about the cost of inaction on GSE reform.

Mr. Warner then asked about the rental housing portion of the report, to which Mr. Martinez responded that "affordable rental housing is a big issue, but I am not as prepared to talk about this than the finance side of the report." Mr. Martinez then said that there needs to be a mechanism for affordable housing, and said that the "mortgage interest deduction is a subsidy of sorts, and there was a lot of debate over whether it should be a function that supports not only homeowners but affordable rental housing."

Senator Bob Corker (R-TN) commented that in his view, Federal Housing Finance Agency Acting Director Edward DeMarco "as a technocrat has been pretty good on technical issues" related to the GSEs. Mr. Corker said that the Administration has floated the name of a possible successor to Mr. DeMarco (see article elsewhere in *Memo*) and reiterated that in his view it would be preferable to have a director with technical expertise over someone with a political background. One of the primary reasons that President Barack Obama has not been able to replace Mr. DeMarco with a permanent director for FHFA is the difficulty any nominee that President Obama would name would have in being confirmed by the Senate.

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

## Tax Policy Center Report on MID Reform Posted

The Tax Policy Center (TPC), a joint project of the Urban Institute and the Brookings Institution, recently completed a new analysis for NLIHC to determine the impact of proposed changes to the mortgage interest deduction. TPC posted its analysis on its website on March 18.

Entitled *Options to Reform the Deduction for Home Mortgage Interest*, the paper shows the results of lowering the cap on the size of a mortgage for which interest can be deducted to $500,000 and converting the deduction to a 15% tax credit and a 20% tax credit. Ten-year revenue projections are provided for both the 15% and 20% credit, assuming immediate implementation and a five-year phase-in.

This year's analysis shows smaller revenue projections with these changes than did the similar analyses TPC did for NLIHC in 2011 and 2012. The reduced projections is due to the changes in the tax code in the American Taxpayer Relief Act of 2012 (ATRA) and continued low interest rates, among other reasons. These findings are similar to that of the Joint Committee on Taxation in its February 1, 2013 report on tax expenditures (see *Memo*, 2/01/13).

The new analysis shows that a 20% tax credit would actually cost more than the mortgage interest deduction under current law. The 15% tax credit, if fully implemented in 2014, would raise $213 billion in ten years. If phased in over five years as NLIHC proposes, the 15% tax credit would raise $197 billion over ten years. This analysis served to inform Representative Keith Ellison in the drafting of H.R. 1213, the Common Sense Housing Investment Act of 2013.

To read the full report, go to http://bit.ly/11DsYFm (PDF).

# FEDERAL BUDGET

## Congress Finally Completes FY13 Appropriations, Moves Forward with FY14

On March 21, nearly six months into FY13, Congress passed a continuing resolution (CR) to fund the federal government through the remainder of the fiscal year. The bill containing the CR, H.R. 933, was passed first by the House on March 6, amended by the Senate on March 20, and approved again by the House on March 21 (see *Memo*, 3/8). President Barack Obama is expected to sign the measure before the March 27 expiration of the current CR.

The Senate began debating its amendments to H.R. 933 the week of March 11, completing its bill nine days later. The House-passed H.R. 933 would continue to fund most discretionary programs at FY12 level. The Senate's final bill added three bills to H.R. 933, including the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies FY13 appropriation bill. The final bill also includes several anomalies for HUD programs. An "anomaly," in the context of a CR, is a special provision included to address a particular program need. These anomalies were passed by the Senate and then by the House.

H.R. 933 would provide $132 million in additional funding, over FY12 levels, for Homeless Assistance Grants, bringing FY13 funding to $2.033 billion, an amount higher than the House-passed FY13 figure of $2.005 billion and less than the Senate committee-passed FY13 amount of $2.146 billion.

The CR also increases funding for the Public Housing Operating Fund to $4.2 billion, $300 million above the FY12 level. This increase still leaves a significant hole in the operating account. In FY12, HUD relied on public housing agencies to contribute approximately $750 million in reserve funding to supplement an intentionally low appropriation. For FY13, HUD requested that funds be restored to the operating fund. Even with the anomaly, the Senate draft CR would underfund the Public Housing Operating Fund by over $450 million.

The CR also includes a provision for the Tenant-Based Rental Assistance account, increasing administrative fees by $25 million. The CR would also allow funds to be set aside for unforeseen circumstances in the voucher program to be used for public housing agencies that "would otherwise be required to terminate participating families from the program due to insufficient funds." There is no additional funding provided for the increasing cost of maintaining current vouchers in FY13, however.

The CR reinstates the language from previous appropriations bills that allows the rescission of the Housing Certificate Fund to be directed to the Project-Based Rental Assistance account. The rescission could produce $50 million or more for the project-based program. Even with this contribution, the program could face an FY13 shortfall in excess of $800 million.

Moving on to FY14, the House and Senate also each passed their respective versions of an FY14 budget resolution the week of March 18. Budget resolutions set the overall guidelines for federal spending and revenue. They are nonbinding and are not signed by the President.

The House resolution, H. Con. Res. 25, would cut domestic discretionary spending deeper than the 2011 Budget Control Act, which included the FY13 sequester and nine additional years of deep discretionary spending cuts. It passed on March 21 by a 221 to 207 vote.

The Senate's resolution, S. Con. Res. 8, passed early the morning of March 23 by a 50 to 49 vote. The Senate's budget resolution provides Congress with the ability to fund the National Housing Trust Fund through a deficit-neutral allocation of funds from elsewhere within the resolution. A similar provision was included in the budget resolution for FY11.

Both the House and Senate resolutions would replace sequestration but still cut discretionary spending. The Senate resolution would cut non-defense discretionary spending by around $150 billion, far less than would the House budget resolution. The House-proposed cuts would result in far deeper cuts to non-defense discretionary programs than under sequestration.

Regular order would call for the two resolutions to be conferenced to come up with a joint budget resolution. But the differences between the House and Senate resolutions are so great that a joint resolution would be nearly impossible to achieve.

Now that their respective budget resolutions are complete, the House and Senate Committees on Appropriations are free to begin their FY14 budget work. The House Committee has already set its deadlines for members to submit programmatic funding requests (see *Memo*, 3/15). Appropriations work is expected to begin in earnest when Congress returns after the Easter and Passover recess.

President Obama is now expected to release his FY14 budget request to Congress on April 8, two months later than it normally would be sent to the Hill.

# MORE CONGRESS

## PHA Deregulation Bill Introduced

Senators Mike Johanns (R-NE) and Jon Tester (D-MT) reintroduced the Small Public Housing Agency Opportunity Act, S. 576, on March 14. The legislation would allow for greater flexibility from public housing and voucher program requirements and provide decreased oversight requirements for small public housing agencies (PHAs), defined by the bill as PHAs that administer a combined total of 550 or fewer public housing units and Housing Choice Vouchers.

NLIHC is concerned that the measure would weaken many key regulations protecting the rights and security of tenants. Problematic provisions include the bill's proposed rent reform demonstration that does not include sufficient protections for tenants or evaluation components; a provision allowing every small PHA to increase the percent of vouchers it may project-base from 20% to 50%; weakening Section 3 requirements for small PHAs; weakening key performance measures for both public housing and voucher program administration; authorization for small PHAs for comingle all of their public housing and voucher funding; a decrease in reporting requirements for small PHAs; and conversion of small PHAs' public housing subsidy to project-based contracts or project-based vouchers without any of the protections included in the 112th Congress's Rental Assistance Demonstration.

The bill, S. 576, was referred to the Senate Banking, Housing and Urban Affairs Committee.

## Bill Allows PHAs to Pay Landlord's Delinquent Taxes

Representative Patrick Meehan (R-PA) reintroduced legislation that would allow public housing agencies to divert voucher payments from landlords who are delinquent on local school or property taxes to the local municipality owed the taxes.

In the 112th Congress, the National Education Association endorsed the legislation, saying that before schools lay-off teachers, "we should first make sure landlords who receive federal housing assistance have paid their local property taxes."

H.R. 1193, introduced on March 14, was referred to the House Committee on Financial Services.

## Upcoming Hearings will Address HUD Oversight, FHA, Housing Finance

Hearing on Waste, Fraud at HUD

The House Financial Services Subcommittee on Oversight and Investigations will hold an April 5 hearing on reports of waste, fraud and abuse at HUD.

Hearing on Future of the FHA

The House Financial Services Subcommittee on Housing and Insurance will hold an April 10 hearing on the future of the Federal Housing Administration. This will be the year's fourth hearing on the FHA in the House Committee on Financial Services or one of its subcommittees.

Hearing on Private Capital in Housing Finance System

The House Committee on Financial Services will hold an April 17 hearing on "the obstacles to private capital in the housing finance system."

No witnesses have been announced for any of the hearings.

All three hearings will be at 10am in room 2128 of the Rayburn House office building.

# HUD

## HUD, Chicago Housing Authority Arrive At Section 3 Voluntary Compliance Agreement

HUD and the Chicago Housing Authority (CHA) finalized a voluntary compliance agreement (VCA) on March 1, 2013 in response to public housing residents' complaints regarding CHA's failure to comply with its Section 3 obligations. In June 2011, public housing residents and local businesses complained that from 2008 through 2010 CHA did not award any Section 3 covered contracts to "Section 3 business concerns." After conducting an investigation, HUD issued a Letter of Findings of Noncompliance on January 5, 2012.

The purpose of Section 3 of the Housing and Urban Development Act of 1968 is to ensure that when HUD assists housing and community development projects, some of the new jobs, training, and contracting opportunities that are created go to low income people and to the businesses that hire them, "to the greatest extent feasible." A Section 3 business is one that is primarily owned by, or that employs a significant number of, Section 3 residents, "to the greatest extent feasible." Section 3 residents, in general, are public housing residents and low and very low income people in the metro area or non-metro county.

The VCA covers a five-year period requiring CHA to:

• Establish a mechanism to ensure that within four years it will achieve full compliance with all Section 3 contracting and hiring obligations.

• Have a Section 3 administrator.

• Develop a HUD-approved Section 3 plan.

• Compile and maintain a registry of Section 3 businesses.

• Create new HUD-approved Section 3 training and outreach materials.

• Engage in outreach and education efforts, focusing on potential Section 3 businesses.

• Create and maintain a database of Section 3 residents and their job qualifications. The database must be searchable by residents seeking to register, as well as potential employers and contractors. Residents with vouchers and residents of other HUD-assisted housing must also have access to the database.

Most notable is a required phase-in of the standard obligation to have at least 10% of the total dollar amount of all Section 3-covered contracts for "building trades" work at public housing be awarded to Section 3 businesses. Building trades include but are not limited to carpenters, plumbers, and electricians. After one year at least 3% of the contracting requirement must be met, with at least 5% met after the second year and 8% met after the third year.

If a contractor demonstrates that it has no need to subcontract or to hire additional workers, or if a contractor demonstrates that it has attempted but failed to meet its hiring and subcontracting goals, then the contractor must provide other economic opportunities, such as:

• Contributing to a Section 3 fund the difference between 10% of the covered contract amount and the actual amount of contracts it provided to Section 3 businesses, up to a maximum of $500,000 per contract.

• Counting a percentage of contractor payments made to Section 3 businesses that are unrelated to a CHA contract (called "indirect participation").

• Providing mentorships or training that benefits Section 3 businesses or residents.

By the end of the first year of the VCA, contractors that have made new hires must meet the regulation's Section 3 resident hiring goals (30% of new hires). If the contractor demonstrates that it is not feasible to meet the new hire goals, then it must provide other economic opportunities, such as mentoring, indirect participation, or contributing to the Section 3 fund an amount equal to 5% of the total dollar amount of the contract for building trades work, up to $100,000 per contract.

The VCA is at http://1.usa.gov/14hoGbj (PDF).

HUD's Section 3 website is at http://1.usa.gov/YJPOIi.

# FROM THE FIELD

## NLIHC State Coalition Partners Hold Semi-Annual In-Person Meeting

Representatives of 24 of NLIHC state coalition partner organizations gathered in Washington, D.C. March 16 and 17 for their semi-annual meeting, held in conjunction with the 2013 Annual Policy Conference and Lobby Day. State partners, housing and homelessness advocacy organizations serving statewide or regional areas, are the organizations with which NLIHC works most closely to advance its policy agenda.

In addition to reports and discussion on the National Housing Trust Fund, the proposal to reform the mortgage interest deduction, and the HUD and RHS funding crisis, the meeting featured additional sessions on state level strategies.

A discussion of state-level advocacy efforts on behalf of the Low Income Housing Tax Credit Program (LIHTC) was led by Val Iverson, executive director of the Arizona Housing Alliance, who shared information about her state's efforts to use the LIHTC program to create Housing First models to end homelessness. Andy Fraizer, executive director of the Indiana Association for Community and Economic Development, spoke about advocates' efforts to defend the program in his state.

A second discussion, led by Delaware Housing Coalition Executive Director Ken Smith, had attendees share their state strategies to create additional affordable housing opportunities, without relying on HOME and the LIHTC.

The meeting also featured small group discussions on partnerships to bridge housing, transportation, education, health and other initiatives to build strong communities and on effective federal advocacy by statewide organizations.

For more on NLIHC's state coalition partners, visit http://nlihc.org/whatwedo/outreach/state, or contact Project Director La'Teashia Sykes at lateashia@nlihc.org.

# RESOURCES

## New Analysis Shows Rental Costs Most Likely to be “Out of Reach” for Minority Households

A new analysis of data in NLIHC’s *Out of Reach* from the Poverty & Race Research Action Council (PRRAC) shows that a total of 22.5 million families in the United States do not make enough annually to afford the national fair market rent (FMR) of $977. These households earn less than the $39,080 annually, as estimated in Out of Reach, needed to afford an average two-bedroom apartment. The PRRAC analysis uses 2007-2011 American Community Survey (ACS) data to analyze rental affordability by race. Overall, a higher percentage of Hispanic and black households do not earn sufficient income to afford the FMR.

The PRRAC research shows that a disproportionate number of Hispanic (46%) and black households (48%) do not earn enough to afford fair market rents. In comparison, just 23% of non-Hispanic white households and 23% of Asian households nationwide earn less than income necessary to afford fair market rents nationwide. With larger numbers of black and Hispanic households earning incomes below $39,080, minority households are also more likely to face a housing cost burden, paying more than 30% of their income towards rent. Overall, PRRAC concludes that minority households remain most vulnerable to housing affordability challenges.

PRRAC’s analysis of data from *Out of Reach 2013* is available at http://bit.ly/Z7GAbG.

# NLIHC NEWS

## NLIHC Holds Board Elections

At its meeting on March 16, the Board of Directors of the National Low Income Housing Coalition elected new members, reelected continuing members, and thanked outgoing board members. The board also elected its 2013-2014 officers.

Elected to their first three-year terms were Deirdre Gilmore of the Public Housing Association of Residents of Charlottesville, VA and Bob Palmer of Housing Action Illinois. Elected for their second three-year terms were Delorise Calhoun of the Jurisdiction-Wide Resident Advisory Board of the Cincinnati Housing Authority and Paul Weech of the Housing Partnership Network of Washington, D.C.

Rotating off after reaching the limit of three three-year terms is Reymundo Ocañas of BBVA Compass Bank of Houston, TX. Rey was the Executive Director of the Texas Association of CDCs when he joined the board nine years ago.

Also departing the board is Mary Brooks, who runs the Housing Trust Fund Project of the Center for Community Change. Mary is leaving the board after one term to devote her service to NLIHC as a member of the Steering Committee of the United for Homes campaign.

Reelected to positions on the Executive Committee for another year are Mark Allison, Chair; Brenda Clement, First Vice Chair; Leonard Williams, Second Vice Chair; Moises Loza, Treasurer; and Lisa Hasegawa, Executive Committee at-large. Christine Allamanno was elected to her first term as Secretary and Greg Payne moved from the position of Secretary to Executive Committee at-large.

At the NLIHC Annual Meeting on March 18, Nominating Committee Chair Brenda Clement reported on the board’s actions to the NLIHC members assembled. Mark Allison thanked outgoing members Mary Brooks and Reymundo Ocañas for their service and presented them with gifts from the board.

## NLIHC Awards Four Honors to Leaders in Advocacy and Public Education

NLIHC presented four awards during its 2013 Housing Policy Conference.

**Nikole Hannah-Jones of ProPublica** received NLIHC’s 2013 Media Award for her award-winning series, “Living Apart: Fair Housing in America,” an in-depth look at housing segregation and efforts to end it. Christine Allamanno of Gulf Coast Legal Services and the NLIHC Board of Directors presented her with the award. Ms. Hannah-Jones expressed her gratitude for the recognition and spoke of the importance of investigative journalism in advocacy. She said, “the best way to get journalists to cover housing issues is to bring forth stories that will raise our sense of outrage and that come with a human face. The stories that set a fire under us have to be counterintuitive, or at least make us think differently about a subject – in this case, the shortage of affordable housing – that we already think we know.”

Find the entire investigation on ProPublica’s website at http://bit.ly/YEQfCM.

**The Public and Affordable Housing Research Corporation** (PAHRC) received a Special Award for Outstanding Partnership in Affordable Housing Research in 2012. PAHRC, incorporated as a nonprofit in 2011, is dedicated to providing independent research and relevant data to support the efforts of the public and affordable housing industry and its stakeholders.

In presenting the award, NLIHC President and CEO Sheila Crowley described the partnership between PAHRC and NLIHC effort to create the National Housing Preservation Database, a comprehensive catalog of nearly all federally subsidized multifamily housing properties in the country.

The agencies and departments that fund these programs have data on the individual programs that they manage, but there is no central location where all of these data are integrated. Ms. Crowley noted that creating this type of resource has been a goal of NLIHC for many years and that PAHRC's expertise and dedication made it possible to achieve this goal. The database was launched on November 29, 2012 at www.preservationdatabase.org and already has over 770 registered users.

Ms. Crowley said, "NLIHC thanks PAHRC for their dedication to this project and for their continuing efforts to improve this invaluable resource. We truly could not have done this without them." The award was accepted by Michelle Gramley Kauk, the Director of PAHRC.

NLIHC's 2013 State and Local Organizing and Resident Organizing Awards were presented on by NLIHC board member Daisy Franklin, and Michael Carbone, Executive Director of the North Dakota Coalition for Homeless People, an NLIHC state coalition partner, and last year's State and Local Organizing Award recipient. Both served on this year's selection committee.

The State and Local Organizing Award recognizes an NLIHC member organization for outstanding achievement for organizing activity at the state or local level that furthers the mission of NLIHC. The Resident Organizing Award recognizes the outstanding organizing, empowerment and advocacy achievements of an NLIHC member resident-led association that furthers the mission of NLIHC.

**The Maryland Affordable Housing Coalition** (MAHC) was awarded the fourth annual State and Local Organizing Award for its campaign to secure an increase of $17.5 million in state funding for rental housing through Maryland's new Rental Housing Works Initiative. The initiative had great success in its first year and Governor O'Malley recently included $25 million for the program in his FY14 budget, a $10 million increase over last year's budget request.

Accepting the award on MAHC's behalf were Trudy McFall, MAHC President; Kimberly Fry, legislative consultant for MAHC; and Jonette Hahn, MAHC Treasurer.

**The Central Advisory Council** (CAC) of Chicago was awarded NLIHC's second Resident Organizing award for its longstanding commitment to affordable and available housing for Public Housing residents and Housing Choice Voucher recipients in Chicago. For more than a decade, the Central Advisory Council has played an active role ensuring that tenants' rights are fully protected, and has provided comments on Chicago Housing Authority's Annual Plan, Moving to Work Agreement, and Housing Choice Voucher Plan.

Last year, the CAC submitted its 2012 Strategies and Recommendations Report to the Chicago Housing Authority. The housing authority used many of the CAC's recommendations as it developed its new Plan Forward. The CAC also developed a 2013 tenant Resource Calendar and companion piece, the Tenant Resource Guide, and distributed them to more than 25,000 public housing and voucher households in Chicago.

Myra King, Chair of the CAC, and CAC Project Manager Willie Lewis accepted the award on the organization's behalf.

## NLIHC Leadership Awards Reception Honors Dr. Chester Hartman, Senator Olympia Snowe

The National Low Income Housing Coalition held its 31st Annual Leadership Awards Reception on March 19 in Washington, D.C. NLIHC honored housing scholar Chester Hartman, Ph.D. with the Cushing Niles Dolbeare Lifetime Service Award and recently retired Senator Olympia Snowe (R-ME) with the Edward W. Brooke III Housing Leadership Award.

The Cushing Niles Dolbeare Lifetime Service Award, named after NLIHC's late founder, goes to an individual who has demonstrated an unyielding commitment to achieving safe, decent and affordable homes for low income people over a long period of time. The 2013 honoree, Chester Hartman, Ph.D., an urban planner and author, is founder and Director of Research for the Poverty & Race Research Action Council (PRRAC). Dr. Hartman was an original member of the ad hoc coalition that predates NLIHC. There is no one who has studied urban or housing policy in the U.S. in the last 30 years who has not learned from Dr. Hartman's scholarship.

Dr. Hartman could not be present for health reasons, so he addressed the audience by video. On receiving the Cushing Niles Dolbeare Lifetime Service Award, Dr. Hartman said that he was "just delighted" and thanked all who attended the reception for "working for a right to decent, affordable housing, which we must have in this society." Philip Tegeler, Executive Director of PRRAC, introduced Hartman, and PRRAC board member and Georgetown Law Professor Sheryll Cashin accepted the award on Hartman's behalf. About the award, colleague and friend Gregory Squires, Professor of Sociology and Public Policy at George Washington University, said, "Chester Hartman's call for a right to housing may be the boldest policy statement of our generation. All advocates for social justice should follow the path that he has emblazoned."

The Edward W. Brooke III Housing Leadership Award is named for Senator Brooke (R-MA), who championed low income housing as a United States Senator and as Chairman of the NLIHC Board of Directors after he left the Senate. The Brooke award goes to an exemplary housing leader with a record of fighting for affordable housing on the national level. Another New England Republican who focused on building bipartisan consensus, Senator Snowe built a reputation as one of the Congress' leading centrists. Senator Snowe was the first Republican in the Senate to support NLIHC's signature legislation, the National Housing Trust Fund. She was the original Republican co-sponsor of NHTF legislation in 2001, 2003, 2005, and 2007, opening the door for bipartisan cooperation to advance the bill.

NLIHC board member and Coordinator of the Maine Affordable Housing Coalition Greg Payne spoke about her staunch support for protecting and expanding affordable housing nationally and in Maine. About the Senator, Mr. Payne said, "Senator Snowe knows that neither party has a monopoly on good ideas… she knows that homelessness and affordable housing are not Democratic or Republican issues, and she legislated that way. After 34 years of representing the people of Maine with grace and an open mind, Senator Snowe was chosen to receive the Edward W. Brooke III Housing Leadership Award because of the spirit of bipartisanship and collaboration that she brought to Capitol Hill, and in particular because of her conviction that we can and must end homelessness in America." Senator Snowe was unable to attend the event.

In addition to the awards, a traditional quilt handmade by Oglala Sioux Tribe members and delivered in person from Pine Ridge, South Dakota by NLIHC board member Emma "Pinky" Clifford, was given to each of the honorees.

NLIHC Board Chair Mark Allison thanked the members of the Host Committee and the many donors who made the event a successful fundraising event for NLIHC, first among them the evening's host, Bank of America. Bank of America Community Affairs Executive Angie Garcia Lathrop, a longtime supporter of the Coalition, lauded NLIHC for its strong advocacy on behalf of low income people.

The Leadership Awards Reception is NLIHC's only fundraising event. The National Low Income Housing Coalition expresses its deep gratitude to the following individual and organizational donors making this year's Leadership Awards Reception a success:

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NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

**March 22, 2013**
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# FACT OF THE WEEK

## Minority Households More Likely to Face Unaffordable Rents

Percentage of Households Unable to Afford Two-Bedroom Fair Market Rent (FMR), by Race

| Race | Percentage Unable to Afford |
|---|---|
| Hispanic | 46% |
| Black | 48% |
| Non-Hispanic white | 23% |
| Asian | 23% |

Source: Mathema, S. (2013, March). PRRAC's Analysis of NLIHC's *Out of Reach* Report. http://www.prrac.org/pdf/PRRAC_OutofReach.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.

## 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!

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