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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

House Hearing on Real Estate Tax Reform; Representative Ellison Issues New Dear Colleague Letter

The House Committee on Ways and Means held a hearing entitled "Tax Reform and Residential Real Estate" on April 25. The focus of the hearing was to "consider how certain Federal tax provisions affect the housing sector and homeownership – and the benefits of such investment. It will explore how tax policy affects the relative level of investment between residential real estate and other parts of the economy (such as business investment).

Committee Chair Dave Camp (R-MI) opened the hearing by saying, "my position on the tax code is well known… complexity plagues the entire code and underscores one simple fact: the tax code is a mess." Under his leadership, the Ways and Means Committee is engaged in a major examination of the tax code with the intention of producing a proposal for comprehensive tax reform. A primary objective of such tax reform would be to lower both corporate and individual tax rates, offset by the elimination or reform of many federal tax expenditures, popularly known as tax breaks.

While the written testimony covered the full range of real estate related tax provisions, the oral testimony and questions centered on the mortgage interest tax deduction (MID) and the low income housing tax credit.

Witnesses who testified in favor of the reform of the MID were: Eric Toder, Co-Director of the Urban-Brookings Tax Policy Center; Mark Calabria, Director of Financial Regulation Studies of the Cato Institute; and Phillip Swagel, Professor of International Economic Policy at the University of Maryland School of Public Policy. Witnesses who opposed changes to the MID were Gary Thomas, President of the National Association of Realtors, and Robert Dietz, Assistant Vice President for Tax and Policy Issues of the National Association of Home Builders.

Mr. Toder argued that the MID favors homeownership over rental housing, higher income people who would be homeowners anyway, and investment in housing over other businesses. He argued that if the purpose of the MID is to promote homeownership, it should be restructured to benefit low and middle income taxpayers. He strongly recommends converting the deduction to a credit and lowering the cap on amount of debt eligible for the subsidy.

Mr. Calabria recommends eliminating the MID and the deduction for local property taxes entirely over a period of seven years. He would also not tax rental income so as to make tax policy tenure neutral. He presented the full range of economic and policy arguments for why the MID is a poorly structured provision of the tax code.

Mr. Swagel states that the MID incentivizes bigger houses and more debt. "By providing a subsidy to use debt through the deductibility of mortgage interest payments, the tax code gives an incentive for the overuse of leverage in the form of mortgage borrowing. The tax benefit from the home mortgage interest deduction rises with the amount of debt financed: the more debt, the greater the tax benefit." He recommends converting the deduction to a credit, so that everyone gets the same percentage tax break, and lowering the amount of mortgage debt for which one can get a tax break.

Mr. Thomas and Mr. Dietz defended the status quo and argued against any changes to the MID. Much of their defense centers around who benefits from the MID. While pro- and anti-MID reform advocates often cite the same figures, they differ on what income categories mean. The housing industry tends to focus on all homeowners with incomes under $200,000, which includes most homeowners, while others divide homeowners into more discrete subgroups for analysis.

Much of the debate and questioning centered on the possibility of eliminating the MID and members on both sides of the aisle expressed considerable concern. Representative Lynn Jenkins (R-KS) asked specific questions about proposals to reform, but not eliminate, the MID and said that the general consensus among economists is that it would be better to replace the current deduction with a credit. Representative Tim Griffin (R-AR) asked Mr. Thomas his opinion on converting the MID to a credit. Mr. Griffin responded that the proposed 15% credit was so low that for households in tax brackets above 15%, the conversion from a deduction to a credit would result in increased taxes for some households.

Chair Camp asked Robert Moss of Boston Capital whether LIHTC resources should instead go to individuals instead of developers of affordable housing. Mr. Moss said that many LIHTC projects are deeply targeted and serving people at 40 or 30% of area median income (AMI), though he did not elaborate how these goals are being met. Later, in response to a question from Mr. McDermott about what the most effective housing program for Congress to fund is, Mr. Moss added that LIHTC is a "very, very flexible program" and can be used to build housing for people with disabilities, veterans, and other special populations. Mr. McDermott remarked that Mr. Moss had not mentioned Section 8. Mr. Moss responded that LIHTC is a better option because it is a public private-partnership, to which

Mr. McDermott noted that the private sector is also a key player with Section 8. Representative Pat Tiberi (R-OH) spoke highly of the LIHTC program, saying, "if you wanted to build housing for low income people in my district, if you looked at HUD, Section 8, and LIHTC, there is no comparison of what is the best housing for low income individuals."

Representative Danny Davis (D-IL) raised the National Housing Trust Fund during the first panel in the hearing, drawing attention to the fact that the hearing was largely focused on the needs of homeowners and not the shortage of housing affordable and available to extremely low income households. Mr. Davis said that the Committee should consider proposals such as the NHTF and a renter tax credit, in addition to the other topics of discussion at the hearing.

The Committee concluded the hearing without announcing concrete next steps, although Chair Camp and retiring Senate Committee on Finance Chair Max Baucus (D-MT) continue to publicly state their intention to move forward on comprehensive tax reform during the 113th Congress.

NLIHC submitted comments for the hearing record making the case for the MID to be modernized to raise revenue to fund the National Housing Trust Fund. The recommended changes to the MID are: lower the cap on the amount of mortgage interest for which a household can get a tax break from $1 million plus $100,000 in home equity loans to $500,000, and convert the deduction to a 15% non-refundable credit.

These two changes, phased in over five years, would raise $197 billion in ten years. These changes to the MID are included in the United for Homes proposal, as well as in H.R. 1213, the Common Sense Housing Investment Act, which was introduced by Representative Keith Ellison (D-MN) in March.

NLIHC President and CEO Sheila Crowley said in the comments, "Congress has a unique opportunity to modify the mortgage interest deduction through comprehensive tax reform to ensure that more homeowners receive a benefit for interest paid on their mortgages and to distribute federal investments in housing to more accurately reach where resources are needed."

Following the hearing, Mr. Ellison circulated a "Dear Colleague" letter urging members to cosponsor H.R. 1213, and cited the testimony of Mr. Calabria, Mr. Swagel, and Mr. Toder, which made the case for a modernization of the mortgage interest deduction.

Read the Dear Colleague letter at http://bit.ly/10Obp9S.

View all witness testimony at http://1.usa.gov/14BXkOc.

View an archived webcast of the hearing at http://bit.ly/15PlXqq.

Read NLIHC's comments at http://bit.ly/17oXPZE.

Dane County, WI Supports United for Homes Proposal

On April 18, the Dane County Board of Supervisors in Wisconsin became the first local legislative body to pass a resolution in support of the United for Homes campaign to modify the mortgage interest deduction and direct raised revenue to the National Housing Trust Fund. The resolution passed by voice vote with no opposition after being unanimously approved by two of the Board's committees. Dane County will now send letters with the resolution to Senators Tammy Baldwin (D-WI) and Ron Johnson (R-WI), and Representative Mark Pocan (D-WI).

"Dane County is one of the most expensive housing markets in the Midwest, and expanding affordable housing options is a necessary part of our community's future," said Supervisor Matt Veldran, a lead supporter of the resolution. "The National Housing Trust Fund will be an essential resource for local efforts to fight homelessness."

United for Homes seeks to add more local elected officials and legislative bodies to follow Dane County in joining the campaign's growing list of endorsers. Housing advocates who work closely with local leaders should request the introduction of similar resolutions. A model resolution can be found on the United for Homes website, and more local information can be included as needed.

Learn more about United for Homes at www.unitedforhomes.org.

View the model resolution at http://bit.ly/15HKVWP.

View the Dane County resolution at http://bit.ly/ZOa3st.

Register for Tutorial: Using Twitter as an Advocacy Tool for United for Homes Campaign

The United for Homes Campaign continues its series of webinars with, "Making Twitter an Effective Tool for Spreading the United for Homes Message."

This tutorial will provide campaign endorsers with a basic review of how to effectively use Twitter, as well as more strategic ways the social media tool can strengthen the United for Homes campaign.

The webinar will take place on Friday, May 3rd at 3 pm EST. NLIHC Communications Director Sarah Brundage and Washington Low Income Housing Alliance Communications Specialist Joaquin Uy will be presenting.

Register for the webinar at http://bit.ly/ZVrPWA.

FEDERAL BUDGET

House Hearing on Rural Housing, Questions Loss of Rental Assistance

The House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies held a hearing on April 24 on the President's FY14 budget request for Rural Development. The USDA's Rural Housing Service programs were a topic of some importance for both witnesses and subcommittee members.

Chair Robert Aderholt (R-AL) opened the hearing expressing disappointment in the Administration's FY14 budget request to Congress. The Chair asked whether the request, including a new proposal for the Rural Development office, serves the needs of people with the lowest incomes.

Ranking Member Sam Farr (D-CA) said the nation has a "problem that's about infrastructure" that must be approached as such. "Why is rural America still dirt poor decade after decade?," asked Mr. Farr. Doug O'Brien of USDA provided an overview of the Administration's budget request for Rural Development, saying that the request targets resources to citizens with the greatest needs, including the funding for the Rural Housing Service guarantee and direct loan programs. Mr. O'Brien also said that the budget request will "take care of the most vulnerable" citizens by increasing funds in the rental assistance program.

Mr. O'Brien connected the budget request to the issue of sequestration saying that, "growth of [Rural Development] programs is exciting but the reduction of staff is daunting." Administrative cut backs will reduce services from the department and USDA will have to cut back on services, said Mr. O'Brien.

Echoing the testimony of Secretary Tom Vilsack before the Subcommittee on April 16 (see *Memo*, 4/19), Mr. O'Brien said that USDA will not be able to provide rental assistance to 15,000 residents due to sequestration. These residents are "mostly [people] who are disabled, elderly" said Mr. O'Brien.

Chair Aderholt questioned Mr. O'Brien about the assertion 5,000 households will lose rental assistance due to sequestration and asked why the Administration did not share this information until after sequestration took effect. Further, he wanted to know how the USDA plans to manage the reduction in funding for the rental assistance program.

Mr. O'Brien said that USDA has sent notices to each multi-family property owner, explain the situation of the Rural Development office. USDA is exploring ways to save funds in the program including requiring that owners utilize reserve funding and other administrative strategies. We are "trying to figure out how to minimize the impact of the rental assistance cuts on tenants," said Mr. O'Brien.

Representative David Valado (R-CA) asked why the Administration requested lower funding for the Self-Help Housing program. Mr. O'Brien responded that the President's budget focuses on rental assistance, and that even though USDA believes that the Self-Help program is worthwhile, the department was forced to make hard budget decisions.

In answer to a question from Chair Aderholt on her testimony about the single family loan guarantee program, Tammy Trevino, Administrator for Housing and Community Facilities Programs at USDA Rural Development, said that USDA balanced the multiple priorities of the Rural Housing Service in its budget request and pointed to the increase in requested funding for rental assistance. This is not a choice that USDA would make, given other budget constraints, said Ms. Trevino.

Mr. Farr criticized the Administration for knowingly requesting insufficient funding to address the needs of rural households. "The problem is that they want to help rural America. When they go out, they find out you can't help rural America without water…. housing. And they are not doing anything about it, they are just talking about it," said Mr. Farr to Chair Aderholt.

Representative Alan Nunnelee (R-MS) asked about the status of HUD and USDA on merging similar housing programs. Mr. O'Brien responded that UDSA continues to work closely with the White House on these alignment efforts including participating in the Rental Housing Working Group and participating in bi-weekly calls with the Domestic Policy Council to ensure that agencies are not duplicating efforts.

Representative Jeff Fortenberry (R-NE) asked what USDA is doing to address the change in Census definition that would cause a number of communities that have been defined as rural to no longer be in that category, which would prevent them from receiving federal rural development funding. Mr. O'Brien mentioned that the final FY14 budget extended the current definition through the end of the year for rural housing programs and that the Administration would like to work with Congress on a long-term plan to address this concern. (See related article below under new bills.)

Read witness testimony at http://1.usa.gov/10jDMp3.

1,600 Organizations Sign Letter to Increase FY14 Housing Funding; More Support Needed

Over 1,600 organizations have already signed onto a letter to House and Senate appropriators that calls for an increase to the FY14 Transportation, Housing and Urban Development, and Related Agencies (THUD) 302(b) subcommittee allocation (see *Memo*, 4/19). Additional signers are needed before the letter closes on April 30.

Congressional appropriations work begins with the House and Senate Committees on Appropriations dividing the total spending amount provided for the fiscal year among the 12 appropriations subcommittees. The House and Senate are expected to set their 302(b) allocations as early as the first full week of May. The letter calls for an increase to the THUD allocation, noting the importance of affordable housing, community development and transportation funding to low income households and underserved communities.

"In these tight times, the THUD bill's investments yield high rates of social and economic return, and an adequate THUD allocation should be a high priority. Yet these investments have been cut sharply in recent years. Even before sequestration, the FY 2013 302(b) allocation ($51.8 billion in budget authority) was 24 percent less than the FY 2010 enacted level ($67.9 billion)," the letter says.

NLIHC urges national, state and local organizations and elected officials to sign onto the letter in order to demonstrate strong support for increasing funding for the THUD subcommittee and to better HUD's FY14 funding prospects.

View the letter at http://bit.ly/11hK10d.

Sign onto the letter to increase THUD funding at http://bit.ly/11oSX3Q.

House and Senate Conclude FY14 Funding Request Period

The House and Senate Committees on Appropriations closed their Member request period for the Transportation, Housing and Urban Development and Agriculture, and Related Agencies (THUD) and Rural Development, Food and Drug Administration, and Related Agencies subcommittees the week of April 22 with a flurry of activity.

Representative Ruben Hinojosa (D-TX) sent a letter signed by 63 Members of the House to the House Agriculture subcommittee in support of funding for Rural Housing Service programs. This request included $26 million for the Section 514 program, $64.5 million for the Section 515 program, $9 million for the Section 516 program, and $907 million for the Section 521 Rental Assistance program.

Numerous Representatives sent letters to the House THUD subcommittee. Representative Jerrod Nadler (D-NY) wrote a letter in support of "proper" funding for Tenant-Based Rental Assistance, Project-Based Rental Assistance, and the Public Housing Operating and Capital Funds that was signed by 63 Representatives.

Eighty-six Members signed a letter by Representative Marsha Fudge (D-OH) that supported $1.6 billion for the HOME Investment Partnerships program.

Representatives Nadler, Joseph Crowley (D-NY), and Jim McDermott (D-WA) sent a letter signed by 83 members of the House in support of funding the Housing Opportunities for Persons with AIDS (HOPWA) program at $335 million.

A letter by Representative Gwen Moore (D-WI) calling for "robustly funding" Homeless Assistance Grants was supported by 82 Representatives.

Representatives Robert Brady (D-PA), Peter King (R-NY), Lou Barletta (R-PA), Chris Gibson (R-NY), Jim McGovern (D-MA), and Emanuel Cleaver (D-MO) circulated a bipartisan letter in support of funding the Community Development Block Grant (CDBG) at $3.3 billion. The letter was signed by 144 Members of the House.

Representatives Al Green (D-TX), Michael Grimm (R-NY), and Mike Michaud (D-ME) circulated a letter in support of $75 million in funding for new Veterans Affairs Supportive Housing (VASH) vouchers in FY14. Eighty-four Representatives signed the letter.

Mr. Green also sent a letter supporting $44.1 million in FY14 funding for the Fair Housing Initiatives Program (FHIP) that was signed by 63 Members of the House.

Representative Maxine Waters also circulated a letter in support of $19.9 billion for Tenant-Based Rental Assistance, $11.5 billion for Project-Based Rental Assistance, $4.6 billion for the Public Housing Operating Fund, $2 billion the for Public Housing Capital Fund, and $3.3 billion for the Community Development Block Grant (CDBG). The letter was signed by 67 Members of the House.

A number of Senators submitted "dear colleague" funding requests to the Senate THUD subcommittee as well. Senators Patrick Leahy (D-VT) and Chris Coons (D-DE) requested $1.2 billion in FY14 funding for the HOME program. The letter was signed by 30 Members of the Senate.

Senator Leahy also sent a letter supporting CDBG of $3.3 billion in FY14 with 39 signers.

In other "dear colleague" letters:

• Senator Bill Nelson (D-FL) sent a letter requesting that the Section 202 Housing for the Elderly program be funded at $400 million and that Section 811 Housing for People with Disabilities program cut proposed by the President be restored.

• Senator Richard Durbin (D-IL) requested $335 million in FY14 HOPWA funding.

• Senator Jack Reed (D-RI) requested that the subcommittee "strongly support" the Homeless Assistance Grants and provide "robust funding" for new Veterans Affairs Supportive Housing (VASH) vouchers in FY14.

• Senators Jeff Merkley (D-OR) and Robert Menendez's (D-NJ) supported $10.7 billion in funding for the Project-Based Rental Assistance program.

• Senator Chuck Schumer (D-NY)'s letter to the Senate Agriculture subcommittee requesting strong FY14 funding for the USDA's Rural Housing Service programs.

The House and Senate THUD and Agriculture subcommittees will now review the requests included in these letters and the letters submitted by Senators personally. These requests will be considered as appropriations staff begins crafting their subcommittee bills over the coming weeks.

MORE CONGRESS

Bill to Address Needs of Homeless Veterans Advances

The House Veterans' Affairs Subcommittee on Economic Opportunity approved nine bills by voice vote on April 25, including H.R. 1305, which would address the needs of some veterans experiencing homelessness. The measures now await consideration by the full House Committee on Veterans Affairs.

Introduced by Representative Brad Wenstrup (R-OH), H.R. 1305 would make veterans who receive housing and services through the Veterans Affairs Supportive Housing (VASH) program, and veterans who are transitioning from being incarcerated eligible for the Homeless Veterans Reintegration Program (HVRP). The HVRP program is administered by the Department of Labor, and provides services to veterans to help them develop skills and gain employment through a client-centered case management model.

The full text of H.R. 1305 is available at http://1.usa.gov/ZU7li7.

Access more information on the markup at http://1.usa.gov/HdppPe.

New Bills

Bill Requires Section 3 Plan for Some PHAs, Others

H.R. 1670, introduced by Rep. Nydia Velázquez (D-NY) on April 23, would require a public housing agency (PHA) with a combination of more than 550 public housing units and vouchers to have a Section 3 Action Plan included in its PHA Plan. In addition, other entities applying for more than $200,000 of HUD housing and community development assistance would also have to have a Section 3 Action Plan.

The Section 3 Action Plan would describe the PHA's or other entity's planned activities to provide employment, training, and contracting opportunities for public housing residents and other low income residents of the metropolitan area in connection with HUD-assisted housing and community development projects. The Section 3 Action Plan would specify outreach efforts, training programs, employment opportunities, and implementation timelines.

HUD would be authorized under the bill to impose penalties, such as withholding assistance, on PHAs and other entities that do not comply with their Section 3 Action Plans.

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."

View the full text of H.R. 1670 at http://bit.ly/12PEZJZ.

Bill Would Eliminate Most Federal Surveys

On April 18, Representative Jeffrey Duncan (R-SC) introduced H.R. 1638, the Census Reform Act of 2013. This legislation would repeal the authority of the U.S. government to conduct certain censuses and surveys, including the American Community Survey (ACS). The only data collection still allowed under H.R. 1638 would be the decennial census.

This is not the first attempt by Congress to eliminate the ACS. Last year, the House passed an amendment to eliminate funding for the ACS with the FY13 Commerce, Justice and Science appropriations bill (see *Memo*, 5/11/2012). Legislation was also introduced in March in both the House and the Senate to make participation in the ACS voluntary (see *Memo*, 3/15). Those who wish to eliminate or weaken the ACS feel that the Census Bureau is overstepping constitutional bounds by requiring people to answer questions on the ACS. They also believe that the questions are intrusive and that the government does not have the right to ask such personal questions of its citizens.

The American Community Survey (ACS) is a nationwide survey of approximately three million households conducted annually. It provides timely data on the social, economic, demographic and housing characteristics of the U.S. population. The ACS replaced the Census "long form" in 2010 and eliminated the long waiting period for new data between each decennial census. What distinguishes the ACS from other surveys is that it provides these data for even the smallest geographic areas. Data from the ACS help determine how more than $400 billion in federal and state funds are spent annually.

The legislation has been referred to the House Committees on Oversight and Government Reform, and on Agriculture and Appropriations. The bill has six cosponsors as of this writing.

Read the full text of H.R. 1638 at http://1.usa.gov/ZTVcd3.

Rural Definition Bill Introduced in Senate

Senator Tim Johnson (D-SD), Chair of the Senate Committee on Banking, Housing and Urban Affairs, introduced legislation to change census population requirements used to determine rural areas. Committee Ranking Member Michael Crapo (R-ID), and Senators Mike Johanns (R-NE), Jerry Moran (R- KS), Pat Roberts (R-KS), Jon Tester (D-MT) and Joe Manchin III (D-WV) have cosponsored the bill, S. 766.

The legislation is part of an ongoing, bi-partisan effort to amend the definition of rural areas and hold harmless existing communities to preserve their program eligibility for U.S. Department of Agriculture Rural Development funding if RD programs solely rely on 2010 Census data. Many once technically "rural communities" have grown since the 2000 Census and would otherwise lose program eligibility. Based on 2010 Census findings, 933 communities across the country will no longer be eligible for housing programs under the RD's "rural" definition after September 30, the last day of FY13.

Under current law, rural areas are to be classified based on 1990 or 2000 census population data until 2010 census data are received. S. 766 would update and expand the classification requirements. One change would allow rural areas to be classified based on 1990, 2000 or 2010 census data. Another change would allow an area to be classified as rural if it was deemed to be a rural area "any time during the period of beginning January 1, 2000, and ending December 31, 2010," and would require that these areas continue to be considered rural until the receipt of 2020 census data. Legislation to achieve similar goals was introduced in the House on February 27 by Representative Jeff Fortenberry (R-NE) (see *Memo*, 3/8).

S. 766 would also amend current requirements that allow areas with populations over 10,000, but under 25,000, to be considered to be rural, if they are "rural in character." The measure would increase the upper population from 25,000 to 35,000.

S. 766 was referred to the Senate Committee on Banking, Housing, and Urban Affairs.

View the bill text at http://bit.ly/11LgbBN.

Bills to Address Needs of Homeless Youth Introduced

Senator Patty Murray (D-WA) introduced two bills on April 25 to address the needs of families and youth experiencing homelessness: S. 833, the Educational Success for Children and Youth Without Homes Act, and S. 834, the Improving Access to Child Care for Homeless Families Act of 2013. Both bills have been referred to the Senate Committee on Health, Education, Labor, and Pensions and are cosponsored by Senator Al Franken (D-MN).

S. 833 would establish a statement of federal policy that "every state and local educational agency shall ensure that each homeless child has access to the same free appropriate public education, including a free public preschool education, as is provided to other children and youths." Among other provisions, the bill would authorize grants to states to improve identification of homeless children and youths, provide services to these students, and to establish an "Office of the Coordinator for Education of Homeless Children and Youths" in a state educational agency.

The bill also authorizes emergency disaster grants to be distributed to local educational agencies to address the educational needs of homeless children and youth after a presidentially declared disaster. The bill would require states to submit a plan to the Secretary of Education about how the state will provide education and services to all homeless children and youths. The bill would also increase existing authorized funding amounts to "help assist with the costs of transportation to the school of origin."

S. 834 would amend the Child Care and Development Block Grant (CCDBG) statute to require states to include in their child care plans how they intend to meet the needs of families experiencing homeless. The bill would require additional outreach to homeless parents providing them with information about child care options, and would ease some enrollment restrictions in child care for homeless children. The bill would create a pilot program that would award grants to up to five states, of no more than $5 million per grant, to implement "promising practices for increasing access to and continuity of child care for homeless children," and to identify best practices in the field.

View the full text of S. 833 at http://bit.ly/18eqMpB.

View the full text of S. 834 at http://bit.ly/12UpLDC.

HUD

HUD to Reorganize Office of Multifamily Housing Programs

On April 24, HUD announced that the reorganization of the Office of Multifamily Housing Programs field staff currently at 80 offices. The 17 Multifamily Housing hubs will be consolidated into five regions, each with one hub office and one satellite office. Multifamily Housing will continue to have at least one office in each state. Staff in 40 locations will have to relocate, accept a $25,000 buyout, or take early retirement.

In addition, 16 small offices will be closed. The 120 employees at the 16 sites to be closed also will have the choice of relocating, accepting a $25,000 buyout, or taking early retirement. The closures are expected to start this fall and be completed by 2014. Once fully implemented, closing the 16 small offices will save an estimated $11-15 million each year.

HUD is also proposing to transform the way its field offices and headquarters offices operate over the next two and one-half years. In the field, "workload sharing" will be instituted, allowing offices, teams, and managers to distribute the workload across the country in response to demand. Workload sharing has been piloted at several hubs. In addition, production applications will be assigned according to complexity and risk, with more experienced underwriters processing the more difficult and riskier projects. Multifamily Housing will also switch to an asset management model, with current Project Managers working on non-troubled projects, while more senior staff take on the new role of Troubled Asset Specialist.

The Office of Multifamily Housing Programs headquarters will also be restructured into four main offices: Production, Asset Management and Portfolio Oversight, Recapitalization (currently known as the Office of Affordable Housing Preservation), and Field Operations.

The combination of office consolidation and operations transformation will affect approximately 900 of HUD's total 9,300 workforce, and will save $40-45 million annually once fully implemented in 2016.

View a *Federal Register* Notice regarding the closure of small offices at http://1.usa.gov/12thAgz.

View a new Transforming HUD for the 21st Century webpage with various descriptions of the changes at http://1.usa.gov/12z1Po6.

DOJ Threatens Westchester with Contempt, County Complies at Last Minute

The U.S. Department of Justice (DOJ) sent a letter on April 19 to the County Attorney of Westchester County, NY demanding that County Executive Rob Astorino take two definitive actions by April 25 regarding the Westchester affirmatively furthering fair housing consent decree (see *Memo*, 8/21/09). To avoid DOJ seeking Court intervention and perhaps a contempt ruling, the County Executive was directed to submit to the County Board of Legislators the source of income legislation he vetoed in 2010 and agree in writing to sign it should that legislation pass.

The 2009 consent decree required the County Executive to, among a number of other obligations, promote legislation prohibiting source of income discrimination. A district court ruled on May 3, 2012 that the county was in "unambiguous breach" of the consent decree as a result of the veto. On April 5, 2013, the Second Circuit court upheld the district court's order and ruled that "the County violated the terms of the consent decree" that called for the County Executive to request the legislature to reintroduce the prior legislation, provide information to assist in analyzing the impact of the legislation, and sign the legislation (see *Memo*, 4/12).

On April 23, 2013 the Chair of the County Board of Legislators, Ken Jenkins, urged Mr. Astorino to reintroduce the source of income legislation that day, "for the sake of all our residents and taxpayers… Any excuse to the contrary is not acceptable."

During the State of the County speech later on April 23, Mr. Astorino said "HUD thinks it can trample on Westchester because it has the misguided notion that zoning and discrimination are the same thing. They are not." He added, "Zoning exists to keep traffic from endangering kids on their way to school, to prevent factory noise and smoke from invading residential neighborhoods, and to stop raw sewage from polluting our drinking water. Zoning exists to protect quality of life… for everyone. Take away the zoning that protects Westchester's reservoirs and watershed and you put the drinking water of eight million New York City residents at risk." The County Executive continued, asserting that it was HUD's intention to have 10,786 units of affordable housing built in the county at a cost of up to $1billion, which would necessitate a 200% increase in property taxes.

According to a media release by the County Board of Legislators, the County Executive submitted source of income legislation on April 24 and agreed to sign it. The media release concluded, "All the Administration needs to do now is provide substantive assurances that there will be a plan to address any zoning issues."

Separately, HUD's March 25, 2013 letter to the county threatened to withdraw $7.4 million in FY11 funds if the county did not move on source of income legislation and devise a plan to address exclusionary zoning practices by municipalities in the county (see *Memo*, 3/29).

The Anti-Discrimination Center (ADC), which began the legal proceedings against Westchester in 2006, has stressed that the primary issue has been and remains the exclusionary zoning practices of municipalities in the county and the county's ongoing refusal to challenge those municipalities (see *Memo*, 7/27/12).

ADC also asserts that the county is not fully complying with other components of the consent decree. The county has yet to provide an acceptable Analysis of Impediments to Fair Housing choice. In addition, the county is failing its obligation to develop 630 affordable homes in areas with few racial or ethnic minorities between 2010 and 2016. According to ADC, more than 147 homes have been counted toward that obligation but do not meet the terms of the consent decree, such as a development in a Census block that is already 50% Latino. The consent decree has a benchmark goal of approximately 200 homes by the end of 2012.

The DOJ letter was covered in a *ProPublica* article by Nikole Hannah-Jones, winner of NLIHC's 2013 Media Award.

Read the *ProPublica* article by Hannah-Jones at http://bit.ly/XUCBQl.

Read the DOJ letter is at http://bit.ly/ZTRhgg.

View media statements from the Westchester County Board of Legislators at http://bit.ly/12yTFMw.

View press releases, letters, and other media documents from the Westchester County Executive office at http://bit.ly/12yTUqX.

Visit the Anti-Discrimination Center's webpage on Westchester at http://bit.ly/cqKXTC.

DISASTER HOUSING

Representative Velazquez Introduces Bills to Address Sandy Housing Needs

Representative Nydia Velazquez (D-NY) introduced a package of three housing bills on April 23. Two bills, the Safely Sheltering Disaster Victims Act of 2013 (H.R. 1668), and the Public Housing Disaster Preparedness Act (H.R. 1669), directly aim to address housing needs related to Super Storm Sandy. A third bill, the Raising Employment in Affordable Communities and Homes Act (H.R. 1670) was introduced to improve the Section 3 program, particularly within the context of Super Storm Sandy (see elsewhere in *Memo*). NLIHC has endorsed all three bills, which are currently cosponsored by Representatives Hakeem Jeffries (D-NY), Charles Rangel (D-NY), and Jose Serrano (D-NY) (see *Memo*, 3/29).

"While Sandy was a dark time, we also saw numerous examples of New Yorkers pulling together to assist one another during a difficult period. If we maintain that spirit of togetherness, we can recover from this storm stronger and better prepared for future disasters. We cannot forget what happened during Sandy and the need for recovery assistance. I will not let that happen and these bills are an attempt to keep those efforts going forward," said Ms. Velazquez in a written statement.

H.R. 1668 would allow for $50 million of disaster Community Development Block Grant dollars appropriated in the Super Storm Sandy supplemental appropriations bill (see *Memo*, 2/1) to be used for tenant-based rental assistance vouchers for families displaced by the storm.

H.R. 1669 would require public housing agencies (PHAs) to develop and implement standardized disaster response and relief plans to assist tenants in the case of a natural disaster. The measure includes the requirement that PHAs inform residents of preparation and evacuation protocols and their rights and responsibilities in the case of a natural disaster. Under the bill, it would be required that this information be provided at move-in, annually, and prior to a disaster.

The bill would also require PHAs to have a backed-up list of all public housing households, in which a tenant would have the option to specify whether someone living in his or her household has special needs that may necessitate additional assistance following a disaster. Under the bill, PHAs would be required to include details on their protocols for renting vacant units to local victims of natural disasters who are not public housing residents. H.R. 1669 would also allow for rent abatements to impacted public housing residents immediately following a disaster, as provided under each PHA's rules, leases, or other Federal, State, or local law. Furthermore, PHAs would be disallowed from evicting residents as soon as an impending natural disaster is announced through the conclusion of PHA disaster and emergency relief efforts, unless an eviction was related to criminal charges, sex offenders, or drugs.

H.R. 1668 has been referred to the House Committees on Financial Services, on Appropriations, and on the Budget. H.R. 1669 has been referred to the House Committee on Financial Services. No further action has been taken on the measures as of this writing

View the full text of H.R. 1668 at http://bit.ly/10OeRkR.

View the full text of H.R. 1669 at http://bit.ly/11Qikw2.

View the full text of H.R. 1670 at http://bit.ly/12PEZJZ.

FROM THE FIELD

Arizona Advocates Use Low Income Housing Tax Credit Program and Housing First Model to Address Chronic Homelessness

The Arizona Housing Alliance (AZHA), an NLIHC State Coalition Partner, has joined with the Valley of the Sun United Way and Corporation for Supportive Housing (CSH) to reduce homelessness in the Phoenix metropolitan area. Advocates are utilizing the Low Income Housing Tax Credit Program (LIHTC) and Housing First model to build supportive housing units for the region's most vulnerable individuals experiencing homelessness. By the end of 2012, more than 690 units were in various stages of development, placing advocates ahead of their 2013 development goal by almost 100 units.

As the initiative's leaders, United Way and CSH drafted a plan to reduce chronic homelessness in the region by 75% by 2020 through the development of 1,000 units of permanent supportive housing. The 2009 plan calls, which calls for all units to be built by 2015, represents an effort to move Arizona from a shelter-based model to address the homelessness crisis to a Housing First model, which places homeless people directly into housing and includes support services. The organizations worked intensely to develop support through partnerships with local, state, and national leaders, advocates, service providers and lawmakers. A core group of stakeholders was established to help carry out the initiative.

United Way's Ending Homeless Advisory Council (EHAC), of which AZHA is a member, helped oversee the supporting housing plan's development and implementation. As the groups worked to gain support for the project, EHAC led a group of stakeholders to Utah, a state socially and politically similar to Arizona, to observe how a comparable initiative was implemented to reduce homelessness. Many stakeholders joined the initiative following their positive assessment of the plan.

Advocates then created the Supportive Housing Institute to help non-profit organizations and housing developers learn about the LIHTC award process and the creation of supportive housing units. In its first year, five non-profit agencies crafted supportive housing development proposals with the intent to apply for the LIHTC program. The institute rapidly grew in popularity; by 2010, more than 150 permanent supportive housing units were under development. Advocates report that the institute has helped to significantly increase development capacity in the region, which has helped to achieve the initiative's unit goals.

The Arizona Department of Housing added a permanent supportive housing set aside to the State Qualified Allocation Plan while local housing authorities have set aside project-based vouchers paired with Veterans Affairs Supportive Housing vouchers to house homeless veterans. The United Way has redirected grants to fund supportive services, as well.

"The leadership of Valley of the Sun United Way—combined with the best practices of the Corporation for Supportive Housing—is changing lives of the chronically homeless while freeing resources to help those at risk of homelessness or experiencing first time homelessness," said Val Iverson, executive director of the Arizona Housing Alliance. "The collective impact of this initiative is ending homelessness in the region."

For more information, contact Val Iverson, val@azhousingalliance.org.

RESOURCES

Affordable Rental Housing in Rural America

A new research note from the Housing Assistance Council (HAC) highlights the need for affordable rental housing in rural America. According to the report, there is a shortage of rental options for people living in rural communities, and as demographic shifts occur, there is likely to be a growing demand for rental housing.

Rental housing makes up 28.4% of the rural and small town housing stock, housing approximately 7.1 million households across the country. Rural renters often have much lower incomes than rural homeowners, with nearly one-third of rural and small town renters living below the poverty level, compared to just 7% of rural homeowners. As is true in urban areas, racial and ethnic minorities are more likely to rent than white non-Hispanics in rural areas. Forty-four percent of rural minority households rent their homes, compared to 25% of rural white non-Hispanic households.

HAC found that 47% of rural renters experience unaffordable housing cost burden and nearly half of these households actually pay more than 50% of their monthly income on housing costs. According to the research, rural renters are also disproportionately represented among households with multiple housing problems. Renters make up over half of all rural and small town households with the combined problems of cost, quality and/or crowding.

The rural housing stock is also unique. Rural renters are much more likely to live in single-family homes or small multifamily structures than in large apartment complexes. Forty-three percent of rural renters live in one-unit single-family homes, compared to 26.2% of renters nationally. HAC also found that manufactured housing units are utilized in rural areas at more than twice the national rate.

The authors also spend time discussing the USDA's Section 515 loan program and the risks facing the properties in this portfolio. The Section 515 program provides more than 400,000 decent and affordable rental homes to low income households in rural America. Owners with projects that received loans prior to 1989 are able to request prepayment of the loan balances and convert the projects into market-rate housing. Over the past decade owners have chosen to prepay the loans on over 50,000 Section 515 rental units, removing the provisions that required the property to be affordable to low income residents. HAC found that 46% of properties with active Section 515 mortgages are eligible to prepay now and a total of 60% will be eligible to prepay in the near future.

Access the full research note at http://bit.ly/10x2CZN.

NLIHC NEWS

NLIHC Hiring Communications Associate

The National Low Income Housing Coalition in Washington, D.C. seeks a well-qualified and talented communications associate. Reporting to the communications director, the communications associate will be responsible for implementing NLIHC's communications activities in a manner that advances our mission of ending the nation's affordable housing crisis.

The communications associate's duties include assisting in the execution of NLIHC's public relations and media outreach strategies, distributing press releases, editing publications, and strengthening NLIHC's online and social networking presence. We seek candidates with excellent writing and editing abilities, strong computer and website management skills, and demonstrated experience with the use of social and other electronic media. Experience with Adobe Creative Suite a plus.

A Bachelor's degree is required for the position, which is based in Washington, D.C. A commitment to social justice is a core qualification for employment. Awareness of federal housing policy issues is strongly preferred. NLIHC is an equal opportunity, affirmative action employer.

Interested candidates should forward a cover letter, salary requirements, resume, and a writing sample to Bill Shields, Vice President of Operations, 727 15th Street, N.W., 6th Floor, Washington, DC 20005, or to bill@nlihc.org. No phone calls, please.

2013 *Advocates' Guide* Available for Purchase

The 2013 *Advocates' Guide to Housing and Community Development Policy*, the latest edition of this National Low Income Housing Coalition classic, is now available for purchase. It is a compendium of all federal housing, community development, and related programs and issues with both current and historical information. Whether you are a new employee at a housing agency, a student in an urban planning program, or a seasoned affordable housing advocate looking for a refresher on key programs, this book will give you the overview of housing programs and advocacy tools you need to be a leader in the affordable housing movement.

To order a copy of the 2013 *Advocates' Guide to Housing and Community Development Policy,* please contact Christina Sin at christina@nlihc.org or 202-662-1530 x224. NLIHC members receive a discounted rate, and special bulk rates are also available.

NLIHC's *Advocates' Guide* is made possible by the generosity of PNC.

NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

April 26, 2013
Volume 18, Issue No. 18

FACT OF THE WEEK

Rural Renters More Likely to Live in Single-Family and Mobile Homes

Renter Occupied Housing Units by Structure Type, 2010

	Rural & Small Town	**U.S.**
1, detached	42.7%	26.2%
1, attached	3.6	5.9
2 units	9.2	8.4
3 or 4 units	10.2	11.1
5 to 9 units	8.9	12.3
10 to 19 units	5.2	11.4
20-49 units	4.0	8.5
50 units or more	3.1	11.4
Mobile home	12.8	4.6

Source: Housing Assistance Council (2013). *Rental Housing in Rural America*. Retrieved from: www.ruralhome.org/information-and-publications/rural-rn/654-rrn-rural-rental-housing

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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!

Become a fan of NLIHC on Facebook!

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