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NATIONAL LOW INCOME HOUSING COALITION

MEMO TO MEMBERS

The Weekly Newsletter of the National Low Income Housing Coalition

Register NOW for NLIHC's 2013 Annual Housing Policy Conference; Early Registration Closes January 24

Take a few minutes to register now for United for Action: NLIHC 2013 Annual Housing Policy Conference and Lobby Day. This year's event will take place Sunday, March 17 through Wednesday, March 20 at the Omni Shoreham Hotel in Washington, D.C. Early registration closes on Thursday, January 24 so be sure to take advantage of these reduced rates!

To register, go to www.nlihc.org/conference. The site includes detailed information that can help you plan your participation. Or, to download a registration form, go to http://bit.ly/WrHPhK (PDF). NLIHC members receive additional discounts on conference registration.

Join us for a special screening of *The Pruitt-Igoe Myth* on Sunday, March 17 and our opening plenary session the following morning with author, professor and MSNBC host Melissa Harris-Perry. You'll also have the chance to share and learn how our policy agenda—which includes our proposal to fund National Housing Trust Fund campaign through mortgage tax reform—can make a positive and lasting difference in your communities and end the nation's homelessness crisis. We'll be announcing our workshop topics in just a few days, so watch your email for our updates on workshops, speakers and exciting events.

NATIONAL HOUSING TRUST FUND

New Reports Question Efficacy of Mortgage Interest Deduction

Two new reports underscore the need to make tax benefits for homeownership better targeted and to achieve better balance between federal subsidies for homeownership and rental housing. The National Low Income Housing Coalition is proposing modifications to the mortgage interest deduction (MID) that will achieve both these objectives, while producing savings to fund the National Housing Trust Fund.

The Government Accountability Office released its report, *Tax Expenditures: Background and Evaluation Criteria and Questions*, the week of January 7. The report provides criteria for assessing federal tax expenditures, which cause the federal government to forgo a significant amount of revenue. "If the Department of Treasury estimates are summed, an estimated $1 trillion in revenue was forgone from the 173 tax expenditures reported for fiscal year 2011," the report says. "Since 1994, we have recommended greater scrutiny of tax expenditures, as periodic reviews could help determine how well specific tax expenditures work to achieve their goals and how their benefits and costs compare to those of other programs with similar goals," the GAO authors write.

The report suggests five questions, each with sub-questions, meant to gauge a tax expenditure's value:

1. What is the tax expenditure's purpose and is it being achieved?

2. Even if its purpose is achieved, is the tax expenditure good policy?

3. How does the tax expenditure relate to other federal programs?

4. What are the consequences for the federal budget of the tax expenditure?

5. How should evaluation of the tax expenditure be managed?

The report uses MID as an example. "[O]ne rationale for the MID is that it encourages home ownership. To the extent that the deduction is effective, it increases housing demand, which may raise the price of housing. Depending on how much the deduction increases housing demand, some of the benefits of the tax expenditure will flow in the form of higher prices and incomes to other parties [beyond homeowners] such as home builders, mortgage lenders, and real estate agents," the report says.

Another study released by Smart Growth America finds that the federal government spends $450 billion dollars on real estate each year, but little of this investment is directed towards low income households most in need of housing assistance. The study surveys federal budgets between FY07 and FY11, focusing on 50 federal programs funding real estate. The inventory covers programs providing loans, loan guarantees, tax breaks and direct grants to real estate projects or individual homeowners across the country.

Direct loans and guarantees make up the bulk of real estate-related spending. Between FY07 and FY11, the federal government spent $1.4 trillion on loans to support single-family, multifamily, rural housing and commercial development. However, the report notes that most loan and guarantee programs favor the development of single-family properties. Support for the development of multifamily rental units comprise just 16% of total federal housing and real estate outlays, even though renters make up 35% of the U.S. population. Over the five-year study period, federal loan guarantees for single-family homes totaled $1.1 trillion, compared to just $112 billion for multifamily.

Tax expenditures compose the second largest group of federal real estate-related outlays. The largest tax expenditure is the MID, costing the government $400 billion dollars over the five-year study period. In comparison, total HUD spending over the study period was $184 billion. Because MID is claimed by homeowners who itemize their mortgages, the deduction favors higher income households.

Most federal spending on housing programs between FY07 and FY11 benefited high income households. The average housing subsidy in FY08 benefiting households earning over $200,000 totaled $6,253, while the average subsidy benefiting low income households earning below $10,000 totaled just $833.

The report makes several suggestions to guide future federal real estate investments. First, the researchers support balanced housing spending, with more consideration for funding multifamily housing choices in order to reflect current demand for rental and multifamily units. Second, the authors say reinvestment in existing communities is more cost-effective, and should be favored over the development of new neighborhoods and infrastructure at the fringe of regions. Lastly, the report calls for the federal government to devote greater resources towards supporting a housing safety net for low income families.

GAO-13-167SP, is available at http://1.usa.gov/ZTToVy.

F*ederal Involvement in Real Estate: A Call for Examination*, can be downloaded from Smart Growth America's website at http://bit.ly/UH9Odx.

To read more about the proposal to fund the NHTF with savings from modifications to the MID, go to http://bit.ly/RycmfL.

To endorse the proposal to fund the NHTF with savings from modifications to the MID, go to http://bit.ly/R4CZWo.

FEDERAL BUDGET

Congress Has Short Time to Address Major Fiscal Concerns

Congress was on recess for the week of January 7, after the official convening of the 113th Congress on January 3. The House resumes its session the week of January 14 and the Senate comes back the week of January 21. As reported in *Memo* last week (see *Memo*, 1/4), lawmakers have just a few short weeks to act on the next series of financial crises: reaching the debt ceiling in February, the implementation of sequestration on March 1, and the expiration of the FY13 appropriations continuing resolution (CR) on March 27.

The raising of the debt ceiling, something that Congress has done routinely, is now being used by House Republicans to try to force spending cuts. This tactic caused the debt ceiling crisis in the summer of 2011 that led to a downgrade of the country's credit rating and the sequester.

Republicans again are threatening to vote against raising the debt ceiling unless Congress cuts spending dollar for dollar to the amount the debt ceiling is raised. Several prominent Republicans have stated they are willing to allow the ceiling to be breached and risk the consequences to the economy. President Barack Obama says he will not negotiate on raising the debt ceiling and has called on lawmakers to assure that the federal government is able to pay its debts that have already been incurred through Congressional action. Some analysts think the Administration can raise the debt ceiling without Congressional approval if it has to in order to meet the country's obligations. Several Democratic leaders are encouraging the President to do so.

H.R. 8, the bill passed by Congress in the waning hours of the 112th Congress, postponed the across-the-board cuts to discretionary funds, scheduled for January 1, until March 1. Unless Congress acts, the sequester will take effect, resulting in cuts needed to achieve a $1.2 trillion reduction in the deficit over a 10-year period. The Office of Management and Budget estimates that a full-year sequestration would result in 8.2% cuts to most non-defense discretionary accounts. One scenario under discussion is to simply keep postponing the sequester until the political environment improves and less drastic cuts can be negotiated.

Finally, Congress must settle funding levels for the current fiscal year, FY13, which started October 1, 2012. The federal government is currently funded at FY12 levels by a CR that expires on March 27. H.R. 8 set new spending caps for FY13. Appropriators now report a readiness to move forward with finalizing FY13 funding levels.

H.R. 8 also set new caps for the FY14 federal budget, which has not yet been made public. Although the President is required by statute to deliver his proposed FY14 budget request to Congress by the first Monday in February, it will be delayed due to lack of a FY13 budget and the uncertainty surrounding the sequester or a replacement deficit reduction measure.

The Center on Budget and Policy Priorities (CBPP) is holding a webinar on the various coinciding budget issues and what is at stake for low income housing and community development programs. The webinar will be at 3pm EST on January 29. To register for this webinar, go to http://bit.ly/UHb1l1.

CBPP has also issued a new report http://bit.ly/UH65fR and commentary http://bit.ly/UH69fH on the latest budget crisis.

HUD

Resident Associations Urged to Apply for FY13 ROSS Service Coordinators

HUD is urging resident associations to submit an application for Resident Opportunities and Self-Sufficiency (ROSS) service coordinators by the February 19 deadline. An FY13 Notice of Fund Availability (NOFA) has been announced.

The ROSS grant program helps to pay for service coordinators at public housing developments. In past years, 25% of the ROSS appropriation has been set aside for public housing resident associations to apply for ROSS service coordinator grants. Resident associations can include resident councils, site-based resident associations, jurisdiction-wide resident organizations, regional resident organizations, statewide resident organizations and resident management corporations.

Unfortunately, not enough resident associations are applying for ROSS grants. The unused portion of the resident association set-aside then goes to the other eligible ROSS applicants, which are public housing agencies, tribes and tribal housing authorities, and non-profits organizations.

Service coordinators assess resident needs and coordinate existing resources in the community to meet those needs. Service coordinators help develop local strategies to coordinate public and private supportive services and resident empowerment activities. For elderly and disabled residents, service coordinators help improve living conditions and enable residents to age in place. For other residents, services are supposed to help residents increase their earnings and make progress toward economic independence and housing self-sufficiency.

ROSS grants pay for service coordinator salaries, as well as for training and administrative purposes. They have a three-year term. There is a 25% match requirement, which can be in cash or in-kind, and which may also include supportive services provided to residents participating in the ROSS program.

Because Congress has not yet appropriated FY13 funds for HUD, the amount for the ROSS service coordinator program is not yet known. In FY12, $35 million was available for ROSS overall, meaning nearly $9 million (25%) might be available for the resident association set-aside. Also the deadline for applications may be postponed as final FY13 appropriations bills have not been enacted (see article elsewhere in *Memo*).

The FY13 NOFA is at http://1.usa.gov/UH89Ew. The ROSS webpage is at http://1.usa.gov/UH83gk.

Notice for Comment Issued for Section 202 Senior Preservation Rental Assistance Contracts

To prevent displacement of elderly residents and to preserve and maintain the affordability of certain Section 202 Supportive Housing for the Elderly projects, Congress passed the Section 202 Supportive Housing for the Elderly Act of 2010. The act authorized HUD to provide 20-year term Senior Preservation Rental Assistance Contracts (SPRACs). An advance notice in the January 8 *Federal Register* explains HUD's proposed method of allocating $16 million for SPRAC and provides a 60-day comment period. HUD anticipates that $16 million could fund up to 2,000 unassisted units.

HUD oversees a portfolio of 209 Section 202 properties financed before 1974 with original interest rates of 6% or less. The mortgages on these properties, originally for 40- or 50-year terms, are reaching maturity. When the mortgages mature, the income eligibility and rent affordability restrictions expire, putting current residents and long-term affordability of the units at risk.

In addition, many of these properties are in need of significant capital repair. Owners may wish to prepay the Section 202 Direct Loan in order to obtain new financing to address physical needs, leading to increased debt service costs. Because not all units in most pre-1974 Section 202 Direct Loan projects receive Section 8 Project-based Rental Assistance, unassisted elderly residents are likely to have to pay increased rent to cover the costs of the new loan. Rent increases could lead to displacement of some residents.

SPRAC will provide rental assistance for some of the 18,600 previously unassisted units. Over the next decade, HUD estimates that an average of 2,000 units per year risk losing affordability due to maturing Section 202 Direct Loans. SPRAC may be provided to Section 202 Direct Loan properties with original interest rates of 6% or less if the property is refinanced to make capital repairs and the owner does not anticipate debt service savings. At the end of an initial 20-year term SPRAC contract, HUD may renew it for an additional 20 years. Priority consideration will be given to applicants that commit to using SPRAC for existing low income (80% of area median income [AMI]) and very low income (50% of AMI) residents, and for new very low income residents when units turn over. If there are not enough such applications, HUD will then consider those merely meeting the 80% AMI income eligibility cap.

The *Federal Register* notice is at http://1.usa.gov/UH8Wpc.

For more about the Section 202 program, see page 154 of NLIHC's 2012 Advocates' Guide at http://bit.ly/IVjlN7.

FROM THE FIELD

North Carolina Advocates Work to Support Transitions to Community Living

In November 2012, the North Carolina Housing Coalition (NCHC), an NLIHC state coalition partner, recommended that affordable housing programs be strengthened and supported to create integrated housing opportunities for adults with mental health disabilities. These recommendations, presented to a state-appointed Blue Ribbon Commission on Transitions to Community Living, come as North Carolina develops a new tenant-based rental assistance program (TBRA) to provide housing for individuals unnecessarily segregated in, or at risk of entry into, adult care facilities.

Disability Rights North Carolina filed a complaint against the state in 2010, claiming it unnecessarily institutionalized people with mental health disabilities who otherwise could have lived successfully in a community setting. The U.S. Department of Justice determined that North Carolina violated Title II of the Americans with Disabilities Act and the Olmstead Decision. A settlement agreement requires the state to provide community-based services and housing that enable individuals to live, work, and participate fully in community life (see *Memo*, 8/24/12).

By July 2020, the state must provide at least 3,000 housing slots—housing vouchers, rental subsidies, tenancy supports and transition support—so that people with mental illness can transition to community-based supportive housing. It also must ensure that those at risk of entering adult care homes will be offered supportive housing in the community. The housing must be permanent, provide tenancy rights where residents have access to support services, and allow the opportunity for tenants to interact with people without disabilities. Further, the agreement requires wrap-around services that help individuals transition to and remain in a community setting, including assertive community treatment, community support teams, case management, peer support services and psychosocial rehabilitation services.

Following passage of North Carolina's 2012 budget, the commission, composed of state legislators and members of the public, began to consider ways to advance the requirements of the settlement agreement. NCHC and the North Carolina Coalition to End Homelessness, also an NLIHC state coalition partner, closely monitored the commission's housing subcommittee, which is responsible for recommendations related to the agreement's housing components.

NCHC requested and received permission to present its own recommendations to the housing subcommittee to ensure that advocates' voices were heard. It strongly encouraged the support and expansion of existing state housing resources, and asserted that the creation of TBRA must not result in the reduction or elimination of existing housing programs. NCHC supported making the state Housing Tax Credit program permanent by removing its sunset, providing robust funding for the state Housing Trust Fund, targeting funds through the state's Key Program to expand Department of Health and Human Services housing specialist staff, and strengthening a state housing search tool that connects potential residents with affordable and available units.

NCHC also suggested that the new TBRA include a strong referral and support service system, be attractive to private landlords, and include a clear and timely payment process and consistent point of contact with a housing specialist or service provider. Raising the visibility of DHHS' Office of Housing and Homelessness was underscored, as was ensuring that adequate funding is available to support proper staffing at all levels.

Advocates were pleased that commission included many of their recommendations in its final report, which it will submit to the state General Assembly. NCHC expects that the commission's final recommendations will be converted into legislation during the 2013 legislative session. Advocates will continue to work with DHHS on the implementation of TBRA.

"We are pleased to see the North Carolina General Assembly taking an active role in ensuring that individuals with mental illness are able to live more independently in community-based settings," said Carley Ruff, NCHC's policy and outreach coordinator. "We will continue to monitor the process and make sure that affordable housing advocates continue to have a prominent seat at the table."

For more information, contact Carley Ruff at cruff@nchousing.org.

RESOURCES

Policy Issue Fact Sheets Updated for January

In addition to posting our 2013 – 2014 policy agenda, which the NLIHC Board of Directors approved in November 2012, NLIHC has also updated our policy fact sheets for January 2013. These fact sheets summarize issues like the National Housing Trust fund, vouchers, public and assisted housing preservation, budget and appropriations, protecting tenants at foreclosure, housing plus services, low income housing tax credits and other issues.

Access the Policy Issues page at http://bit.ly/UH7frU to view our policy agenda, and our updated policy fact sheets at http://bit.ly/NQZ2U3.

NLIHC NEWS

NLIHC Welcomes New Members

Welcome to these new members who joined in December 2012:

Marian Douglas-Ungaro, Washington, D.C.

Vicky Gee, Toledo, WA

Golden Agers Resident Council of Bayou Towers, Houma, LA

Peter Grace, Bethesda, MD

Russ Henry, Valdosta, GA

National Manufactured Home Owners Association of America, Salt Lake City, UT

New Park Heights Community Development Corporation, Baltimore, MD

Adrianna O'Neill, Truth or Consequences, NM

Janet Rapoza, New Bedford, MA

EJ Steele, Los Angeles, CA

Nominate Now for NLIHC's Annual Organizing Awards

Do not miss your opportunity to recognize state and local contributions to affordable housing advocacy. Nominate an organization today for NLIHC's fourth annual State and Local Organizing Award and second annual Resident Organizing Award. Both awards will be presented at United for Action: NLIHC 2013 Housing Policy Conference on March 17-20, 2013.

Nominations for both awards are due by 5pm Eastern Time on Friday, January 25.

State and Local Organizing Award

The State and Local Organizing Award recognizes outstanding achievement during 2012 in organizing activity at the state or local level that furthers NLIHC's mission: achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes.

To learn more about nomination criteria, go to http://bit.ly/WrJnZa.

Nominated organizations must be NLIHC members to be eligible. Organizations may self-nominate.

Resident Organizing Award

The Resident Organizing Award recognizes outstanding achievement during 2012 in resident organizing activity at the state or local level that furthers NLIHC's mission.

For more on nomination criteria, go to http://bit.ly/WrJsMt.

As with the State and Local Organizing Award, nominated organizations must be NLIHC members to be eligible; they may self-nominate. In addition, candidates for the Resident Organizing Award must be tenant-governed organizations, such as a resident council or tenant association.

A selection committee composed of NLIHC board members and previous awardees will determine the honorees. Two representatives of each honored organization will receive complimentary conference registration, hotel accommodations and transportation to Washington, D.C. to accept the awards.

Please email your nomination to outreach@nlihc.org. Please indicate the award for which you are nominating in the subject line.

The email should contain the following information:

• Name and contact information of the nominated organization.

• Name and contact information of the nominator (if different).

• Description of the organization's achievement in the area of state and local organizing or resident organizing in 2012, and ways that achievement has assisted in furthering NLIHC's mission (1,000 word maximum).

• Supporting materials that describe the activity or impact, such as press clips or campaign materials (optional).

NLIHC board members and award committee members may not nominate an organization with which they are employed or affiliated.

For more information, contact outreach@nlihc.org.

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FACT OF THE WEEK

Federal Expenditures on Housing and Real Estate, 2007 - 2011

Program	Spending (FY07 – FY11)
Federal Housing Administration Single Family Loan Programs	$1,100 billion
Federal Housing Administration Multifamily Loan Programs	$112 billion
Mortgage Interest Deduction	$396 billion
State and Local Property Tax Deduction	$106 billion
Department of Housing and Urban Development Programs	$184 billion

Source: Smart Growth America (2013). *Federal Involvement in Real Estate: A Call for Examination.* Retrieved from: http://www.smartgrowthamerica.org/federal-real-estate

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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!