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National Housing Trust Fund

Mortgages Over \$500,000 Uncommon in U.S.

A study released today by NLIHC, *A Rare Occurrence: The Geography and Race of Mortgages Over \$500,000*, finds that only 5% of new mortgages obtained in the past three years were larger than \$500,000. Mortgages of this size are rare in most areas of the country, with most of them concentrated in high cost housing markets. In 40 states, fewer than 3% of new mortgages were larger than \$500,000, and in 19 states such mortgages were less than 1% of those obtained in the state. Nationally, only 1.8% of black borrowers and 2.4% of Hispanic borrowers obtained mortgages larger than \$500,000 in the past three years, compared to 4.4% for white borrowers.

Current law allows taxpayers with mortgages to deduct the interest on mortgages of up to \$1,000,000, plus an additional \$100,000 in home equity loans. The United for Homes Campaign, led by NLIHC, has called for lowering the cap to the first \$500,000 of a mortgage, converting the deduction to a 15 percent non-refundable tax credit, and directing the savings from these changes to fund the National Housing Trust Fund (NHTF). A preliminary analysis conducted for NLIHC by the Tax Policy Center shows that the two changes phased in over five years would generate \$213 billion over ten years. Lowering the cap alone would produce \$95 billion in new revenue over ten years.

NLIHC examined Home Mortgage Disclosure Act (HMDA) data from 2012, 2013, and 2014 to learn where mortgages over \$500,000 are obtained and who obtains them. Only 48 counties had more than 10% of their mortgages larger than \$500,000. Thirty-nine of these were metropolitan counties in high cost housing markets, including in Northern and Southern California, the New York City metropolitan area, the Washington, DC metropolitan area, Hawaii, two counties in the Boston metropolitan area, and one in the Seattle metropolitan area. The other nine were non-metropolitan counties home to well-known vacation destinations. These forty-eight counties, or just 1.5% of the 3,143 counties in the U.S., accounted for 67.4% of all mortgages over \$500,000.

Nationally, while just 4.4% of all white borrowers obtained mortgages over \$500,000, they were 2.5 times more likely than black borrowers to obtain such a mortgage and twice as likely as Hispanic borrowers. In states with a high proportion of black borrowers, white borrowers were from 1.6 (New York) to 6.7 (South Carolina) times more likely than black borrowers to obtain a mortgage over \$500,000. In states with a high proportion of Hispanic borrowers, white borrowers were from 1.2 (Florida) to 5.7 (Nevada) times more likely.

Opponents of mortgage interest deduction reform assert that changes to the tax treatment of home mortgages would lower home values. NLIHC's new report, however, shows that reducing the portion of a mortgage eligible for tax relief to \$500,000 would not have a significant impact, given the rarity of mortgages over that amount, especially if phased-in as the campaign proposes. The change would also have virtually no detrimental impact on black and Hispanic homeownership.

NLIHC included all HMDA-reported government-insured and conventional mortgages originated during 2012, 2013, and 2014 for home purchase or refinancing. The analysis was restricted to owner-occupied properties secured with a first lien.

A Rare Occurrence: The Geography and Race of Mortgages Over \$500,000 is available at:
<http://nlihc.org/research/rare-occurrence>

Federal Budget

Congress Constructing Path to FY16 Omnibus

Senate Majority Leader Mitch McConnell (R-KY) is considering a new path to completing the FY16 appropriations process. He may attempt to bring a version of the Transportation, Housing and Urban Development, and Related Agencies (THUD) funding bill to the floor for full Senate consideration during the week of November 16. It is unclear if Democrats will block a motion to proceed on the bill, as they did with other spending bills before the sequester spending caps were lifted in early November, or if they will allow the bill to move forward. Meanwhile, House and Senate subcommittees are conferencing together to negotiate a 12-bill spending omnibus by December 11.

A THUD bill brought to the Senate floor during the week of November 16 would be a substitute amendment to the THUD bill passed out of the Senate Committee on Appropriations on June 25 (see *Memo*, [7/29/2015](#)). The substitute amendment would reflect some level of increased spending allowed by the Bipartisan Budget Act of 2015 (BBA), which raised sequester level spending caps. While the rationale for this move is unclear, it will provide Majority Leader McConnell an opportunity to demonstrate to his Republican colleagues that he is able to move appropriations bills on the Senate floor.

Since the BBA was enacted in early November, the Senate and House THUD appropriations subcommittees have been negotiating differences between their respective THUD bills. A Senate bill brought to the floor the week of November 16 would not reflect these negotiations, but would show a Senate approach on how to increase program funding levels given the additional resources provided by the BBA.

Regardless of whether the Senate considers a THUD bill the week of November 16, Congress's goal is to include a THUD bill negotiated between the House and Senate in an omnibus appropriations bill. Congress has until December 11, when the current continuing resolution (CR) expires, to enact an omnibus spending bill or pass another CR. If neither occurs by December 11, there will be another shut down of the federal government.

On November 10, the Senate unanimously passed its first FY16 appropriations bill, the Military Construction, Veterans Affairs, and Related Agencies (MilCon-VA) bill. The BBA provided an additional \$2.1 billion above pre-BBA funding for MilCon-VA. Prior to the passage of the MilCon-VA bill, Senate Democrats had been united in opposing FY16 bills that were written under the austere sequester level spending caps.

“The budget deal allowed Congress to provide an additional \$2 billion for veterans’ health care, so promises made to our veterans are promises kept. I look forward to continuing to work across the aisle and across the dome to pass a bipartisan, 12-bill appropriations omnibus by December 11 so there is no Christmas crisis,” Senate Appropriations Committee Vice Chair Barbara Mikulski (D-MD) said upon the MilCon-VA bill’s passage.

Read Vice Chair Mikulski’s statement at: <http://www.appropriations.senate.gov/news/minority/vice-chairwoman-mikulski-statement-on-senate-passage-of-fy16-veterans-affairs-and-military-construction-appropriations-bill>

NLIHC’s budget chart is at: http://nlihc.org/sites/default/files/FY16HUD-USDA_Budget-Chart.pdf

Congress

Bill Introduced to Help Homeless and Foster Youth Access Higher Education

On November 10, Senator Patty Murray (D-WA) introduced S. 1754, the “Higher Education Access and Success for Homeless and Foster Youth Act.” The bill makes changes to the Higher Education Act to address ongoing barriers to higher education for homeless and foster youth.

Among other things, the bill would:

- Clarify that youth under age 24 who are unaccompanied and homeless are considered independent students so they can receive the financial aid needed to attend college;
- Remove the unnecessary and burdensome requirement that homeless and foster youth have their status recertified every year for financial aid purposes;
- Require that higher education institutions create a plan to help homeless and foster students access housing resources during and between school terms; and
- Require that higher education institutions collaborate with child welfare agencies, homeless service providers, and school district homeless liaisons to identify, reach out to, and recruit homeless and foster youth.

“For many students, higher education can be a ticket to the middle class, so it is vitally important that students from all walks of life have the chance to go to college, further their education, and succeed,” said Senator Murray. “This legislation would remove some of the incredible barriers that homeless and foster students face in accessing higher education, and it will help ensure they have the support they need to pursue their degree.”

The bill has been referred to the Committee on Health, Education, Labor, and Pensions, for which Senator Murray serves as the ranking member. Senators Tammy Baldwin (D-WI), Al Franken (D-MN), Mazie Hirono (D-HI), Tim Kaine (D-VA), Bob Casey (D-PA), and Cory Booker (D-NJ) have cosponsored the bill.

NLIHC has endorsed the bill along with more than forty national organizations, including the National Association for the Education of Homeless Children and Youth, the National Alliance to End Homelessness, the National Law Center on Homelessness and Poverty, and the National Disability Rights Network.

Read Senator Murray’s press release here: <http://www.help.senate.gov/ranking/newsroom/press/murray-introduces-legislation-to-remove-barriers-provide-support-for-homeless-and-foster-students-in-higher-education->

Read the bill text here: <http://1.usa.gov/20WWGoI>

HUD

HUD Posts Four AFFH Fact Sheets

HUD has posted four short fact sheets on the HUD Exchange homepage related to the Affirmatively Furthering Fair Housing (AFFH) final rule. Two of the AFFH fact sheets address the requirement of public participation in the development of an Assessment of Fair Housing (AFH). A third describes how local governments and public housing agencies (PHAs) can collaborate to prepare joint or regional AFHs. The fourth explains that when the first AFH is due to HUD depends on when a new 5-Year Consolidated Plan (ConPlan) or a new 5-Year PHA Plan is due. An infographic shows when the first round of jurisdictions receiving CDBG funds will be required to submit their AFHs.

Under the old AFFH system, a jurisdiction certified that it had conducted an Analysis of Impediments (AI) to fair housing choice, but there was no requirement that the public have an opportunity to provide input during the drafting of the AI. The final AFFH rule replaces the AI with the AFH and requires public participation. The public participation provisions simply modify the existing ConPlan regulations (24 CFR part 91) by adding the term AFH. The fact sheet for jurisdictions submitting ConPlans makes clear that there must be at least one public hearing during the creation of the AFH and that the public must have at least 30 days to submit comments. The public participation fact sheet for PHAs is very similar, but cites the relevant resident participation provisions that PHAs must follow at 24 CFR part 903.

The fact sheets and infographic are at: <https://www.hudexchange.info/programs/affh> and <https://www.hudexchange.info/resources/documents/CPD-AFFH-Timeline-Infographic.PDF>

NLIHC has posted a preliminary overview of the final AFFH rule at: http://nlihc.org/sites/default/files/Preliminary-Overview_Final-AFFH-Rule.pdf

NLIHC will post a more detailed outline about the final AFFH rule soon.

Proposed Rule Would Require Smoke-Free Public Housing

Under a proposed rule issued on November 12, HUD would require all public housing agencies (PHAs) and public housing properties to be smoke-free within 18 months of a final smoke-free rule. The proposed rule would require that PHAs prohibit lit tobacco products in all living units, indoor common areas, and in PHA administrative office buildings.

"We have a responsibility to protect public housing residents from the harmful effects of secondhand smoke, especially the elderly and children who suffer from asthma and other respiratory diseases," HUD Secretary Julián Castro said.

The proposed smoke-free rule would apply to all public housing, including scattered site public housing, but not to dwelling units in mixed-finance buildings. PHAs must prohibit all indoor smoking and may choose to restrict smoking to outdoor dedicated smoking areas or to make their grounds entirely smoke-free.

In a conference call to explain the details of the proposed rule, Secretary Castro said that enforcement of the smoke-free rule would be through leases that would include the no-smoking policy. Asked about potential evictions of residents who continue to smoke, Secretary Castro said that HUD wants to avoid punitive measures such as evictions at all costs and that evictions should be a last resort.

Secretary Castro said that since HUD began encouraging PHAs to go smoke-free in 2009 (see *Memo, 7/24/2009*), 600 have done so in ways that incorporate best practices on smoking cessation. HUD has encouraged owners to adopt smoke-free policies since 2010 through notices to HUD multifamily assisted property owners.

There is a 60-day public comment period on the proposed rule.

Read the smoke-free public housing proposed rule at: <http://portal.hud.gov/hudportal/documents/huddoc?id=smoke-freepublichousing.pdf>

Read Secretary Castro's statement at: http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2015/HUDNo_15-144

Housing And The Elections

GOP Presidential Candidates On Housing

On Tuesday, November 10, Republican presidential candidates met in Milwaukee, WI for the fourth GOP debate. Housing was mentioned on three occasions during a portion of the debate focused on the candidates' proposals for tax reform.

When asked how he would pay for his tax reform proposals, Senator Ted Cruz (R-TX) called attention to the savings generated by his newly released *Five for Freedom* spending plan. The plan includes abolishing five federal agencies, including HUD. Abolishing HUD - and other federal agencies - is a perennial proposal from Republican presidential candidates.

When discussing their respective positions on tax reform, both Dr. Ben Carson and Senator Rand Paul (R-KY) referenced the mortgage interest deduction (MID). Dr. Carson stated his support for eliminating the MID as part of his "flat tax" plan, while Senator Paul affirmed his support for preserving the deduction.

Senator Cruz's spending plan is at: <https://www.tedcruz.org/five-for-freedom/>

Ben Carson's tax plan is at: <https://www.bencarson.com/issues/tax-reform>

Senator Paul's tax plan is at: <https://www.randpaul.com/issue/taxes>

From The Field

New Mexico Summit on Hunger and Homelessness

The Otero County Hunger Coalition (OHC) of southern New Mexico hosted an inaugural *Summit on Hunger and Homelessness* on November 6. Advocates and service providers from across Otero County gathered in Alamogordo, NM to develop collaborative efforts to address hunger and homelessness more effectively.

"Prior to the summit we found a lot of organizations and individuals involved in many creative and helpful activities helping the hungry and the homeless, but often they were operating without the knowledge of what others were doing," says Dr. Bruce Martin, OHC board member and summit organizer.

Among the greatest challenges facing advocates in Otero County is the fact that "Otero is sparsely populated and Alamogordo is a small city with limited services," says summit keynote speaker Hank Hughes of the New Mexico Coalition to End Homelessness, an NLIHC state partner. Service providers are spread out across Otero, and many of the summit participants had not met one another prior to the gathering.

In addition to geographic dispersion, summit participants lamented the lack of resources for their efforts. Lynette Wedig of OHC described her organization's lack of a dedicated space for offering community services. When OHC hosts its free community meal each weekday, it relies on donated space from churches and community centers in the county and must rotate to a different venue each day. With limited financial resources, the organization can offer just five community meals per week, far short of the need. Martin hopes that new collaborations among service providers will lead to an expanded availability of free community meals.

According to Dr. Martin, one-third of Otero County children live in poverty, and many families "double-up" in homes, placing many on the brink of homelessness. For these most vulnerable families of extremely low income, Hughes says that stable "housing is, like everywhere else, out of reach."

According to Michelle McKinstry of the United Way of Otero County and a former OHC Board member, there is a dire shortage of permanent overnight shelters for homeless individuals in the county. The best that service providers can currently offer to those lacking shelter is to cover the cost of an overnight stay in a local motel, taxing the providers' budgets.

Hughes stated that service providers connected with one another at the summit and in some cases found collaborative solutions to address urgent shelter needs. "The Mesilla Valley Community of Hope from neighboring Las Cruces was at the summit and offered to work with the Otero Hunger Coalition on opening a branch office of their organization in Alamogordo to provide rapid rehousing," he cited as one example.

Alamogordo Mayor Susie Galea was present at the summit and supportive of the work being discussed. Participants commended her interest in addressing hunger and homelessness more effectively. Hughes says that several State Legislators from the county have also expressed interest in new solutions to addressing hunger and homelessness, giving advocates hope for future legislative support.

Dr. Martin said he hopes that the summit will become an annual event and that this year's summit will serve as just the beginning of continued collaboration and collective work among organizations across the county. McKinstry looks forward to advocates being able to "move their mission forward faster because of these new relationships."

For more information on the Otero Hunger Coalition, visit: <http://oterohunger.org>.

For more information on the New Mexico Coalition to End Homelessness, visit: <http://nmceh.org> or contact Hank Hughes at Hank-H@nmceh.org.

Research

Families in 25 Largest Cities Face Shortage of Affordable Homes

An article in the November issue of *Governing* titled "As Affordable Housing Shrinks, Where Can Families Live?" reports on the availability of affordable homes for families in the twenty-five largest U.S. cities. In the ten most expensive cities, an average of 17% of homes on the market have three or more bedrooms and are affordable for ownership by a median income family. And more than half of renter households of all income levels in the twenty-five largest cities are cost burdened, spending more than 30% of their income on rent.

The affordability of homes for ownership was based on families spending no more than 30 percent of their income on monthly mortgage payments for a 30-year fixed-rate mortgage and on property taxes, utilities and property insurance, assuming a 20% down payment. The cities with the lowest share of homes on the market that have three or more bedrooms and that a median income family could afford to own were New York (0%), San Francisco (6%), Los Angeles (8%), San Diego (13%), Boston (17%), Seattle (18%) and San Jose (19%). Families earning less than 75% of the area median income face even greater challenges finding homes they could own. The cities with the lowest share of homes on the market that have three or more bedrooms and that these families could afford to own are New York (0%), San Francisco (2%), Los Angeles (3%), San Diego (5%), Seattle (5%), Boston (6%), and Austin (7%). It is almost certain that the true affordability rates are actually lower than these percentages since many families in these income categories would not have sufficient savings for the assumed 20% down payment.

Because owning a home is increasingly out of reach for families with median incomes and less, the demand for rental housing increases, but the development of new affordable rental units has not kept pace. An average of 52.4% of renter households of all income levels in the twenty-five largest cities are cost burdened, spending

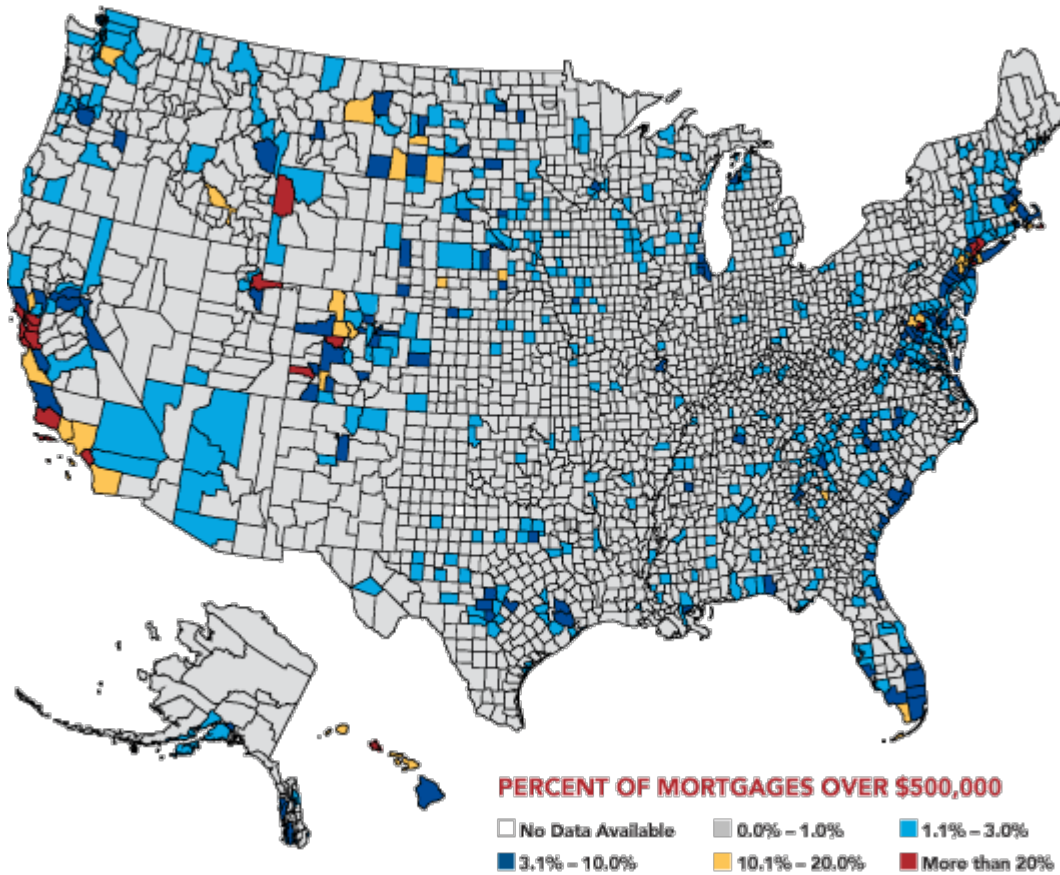
more than 30% of their income on rent. Detroit had the highest percentage of cost burdened renter households, at 65.3%. Other cities with extremely high percentages of cost burdened renter families include Nashville (52.7%), Chicago (53.2%), San Jose (53.8%), San Diego (54.7%), Indianapolis (54.9%), New York (55.1%), Philadelphia (57.5%), Jacksonville (59.2%), Memphis (59.6%), and Los Angeles (61.8%).

Data for the article came from the 2014 American Community Survey, Trulia, and Axiometrics, a real estate data company.

The article “As Affordable Housing Shrinks, Where Can Families Live?” is available at <http://bit.ly/1iqYTGC>. Detailed data from the article is available at <http://bit.ly/1GLvItJ>.

Fact of The Week

New Mortgages over \$500,000 by County (2012–2014)



Source: *A Rare Occurrence: The Geography and Race of Mortgages Over \$500,000* available at: <http://nlihc.org/research/rare-occurrence>.

Events

Affordable Housing Innovation Competition Kickoff, November 19

The Home Funders, a collaborative of private investors which supports innovative rental projects that house extremely low-income families in Massachusetts, will kick-off its Innovation Competition on November 19. The competition aims to bring innovative solutions to increasing the supply of affordable housing for extremely low income households. The kick-off event will be at the Massachusetts State House, Grand Staircase, at 10 am on November 19 in Boston. For more information, and to register for the event, visit: www.homefunders.org

NLIHC News

NLIHC Sets December 11 as Deadline for Applications for President and CEO Position

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

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

Register Now for NLIHC's 2016 Housing Policy Forum

Register today for NLIHC's 2016 Policy Forum: *Overcoming Housing Poverty, Achieving Housing Justice*. The Forum will take place in Washington D.C. on April 3-5, 2016. This is NLIHC's annual policy event that brings together housing and homeless advocates and policy analysts from across the nation to discuss the challenges of ending housing poverty and homelessness.

Confirmed speakers for the Forum include:

- **Barney Frank**, Former U.S. Congressman, Chairman of the House Financial Services Committee, author of *Frank. A Life in Politics from the Great Society to Same-Sex Marriage*;
- **Kathryn Edin**, co-author of *\$2.00 a Day: Living on Almost Nothing in America*;
- **Marybeth Shinn**, lead researcher on the *Family Options Study: Short-Term Impacts of Housing and Service Interventions for Homeless Families*; and
- **Emily Badger**, Washington Post reporter in affordable housing and urban policy.

Take advantage of early bird rates to reserve your place at the Forum!

For more information, go to <http://nlihc.org/events/forum>

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

NLIHC is Looking for Interns

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

The available positions are:

Policy Intern. Tracks new legislation, attends and summarizes Congressional hearings for *Memo to Members*, participates in visits to Congressional offices, develops materials for use in lobbying the House and Senate to achieve NLIHC's policy agenda, and updates the NLIHC Congressional database.

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

Research Intern. Assists in ongoing quantitative and qualitative research projects, writes weekly articles on current research for *Memo to Members*, attends briefings, and responds to research inquiries.

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

Graphic Design Intern. Assists with sending out e-communications using MailChimp; revising collateral print material such as brochures, flyers, factsheets; updating content on the NLIHC website; and posting information on the Coalition's social media sites and blog. *Please provide 3-5 design samples and/or link to online portfolio for consideration.*

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

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

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

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