



# Memo TO Members

**Volume 22, Issue 3**  
**January 23, 2017**

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## POINT OF VIEW

### Marching Forward – By Diane Yentel, NLIHC President and CEO

What a remarkable week. From rumors on Capitol Hill that the president plans to propose a draconian budget that would essentially eliminate nearly all non-defense discretionary and most mandatory federal spending, to his inaugural address pledging an end to “this American carnage” with an isolationist America First policy, to one of the largest collective protest marches in U.S. history.

Early last week, rumors began circulating that a team in the incoming White House was drafting its first budget request – without any input from federal agencies - based off of a Heritage Foundation blueprint and Republican Study Committee (RSC) plan to eliminate \$10.5 trillion in federal spending over the next 10 years. Although the RSC budget was soundly defeated with a vote of 292-135 in the House in 2015, one of its biggest supporters was Congressman Mick Mulvaney (R-SC). Mr. Mulvaney was recently nominated to lead President Trump's Office of Management and Budget (OMB), the department that produces the President's budget request to Congress.

In his inaugural address on Friday, President Donald Trump fully embraced the dark, dystopian version of America that he previewed throughout his campaign, while pledging to focus all his efforts on helping the “forgotten” middle class. Yet, within hours of being sworn in, President Trump rolled back a final action of the Obama Administration which would have lowered Federal Housing Agency (FHA) premium insurance for millions of middle class homeowners. He also signed an executive order advancing the repeal of healthcare benefits for millions of middle and low income people.

The next day, women led millions of protesters throughout the country and around the world. Filling the streets of big cities and small towns, Women's March participants pledged to resist the harmful policies that President Trump has committed to implement. Together, these were among the largest protests in the history of the U.S.

From all the events of last week, a few things are clear:

- **A team in President Trump's White House hopes to achieve severe cuts to federal spending, even without any input from its own cabinet.** This tells us both that the threats of devastating cuts to key affordable housing and other anti-poverty programs are very real, and that the “planned chaos” of President Trump's team is also beginning to play out. Because of the multiple power centers Mr. Trump has created, it is difficult to discern who is making the decisions that matter and what, if anything, about the process for decision making will change when a cabinet is in place. Representative Mick Mulvaney's confirmation hearings for his nomination to direct OMB are tomorrow. If confirmed, we can expect more details on the proposed cuts to federal spending by the end of February, when the Administration is expected to produce a spending ‘blueprint’ in lieu of a full budget proposal.
- **We should expect a relentless stream of Executive Orders (EOs), proposed legislation, and other policies to roll back progress on immigration, civil rights, and health care and to fundamentally undermine safety net programs.** More EOs are expected this week related to immigration policy, potentially including new “extreme vetting” of immigrants and reduced federal funding for sanctuary cities. There will be multiple EOs in the coming days and weeks rolling back environmental regulations and there may be some related to federal housing programs.
- **A powerful and vocal movement of change and resistance exists and is growing.** Millions of people took to the streets throughout the U.S. and around the world on Saturday to reject racism, bigotry, misogyny and homophobia and to embrace equity, inclusion and diversity. The number of people that turned out for the Women's March stunned even its organizers. If the March can be converted into an

ongoing movement of civic engagement, it promises a tremendous opportunity for stopping harmful actions and policies from being implemented. We must all work to ensure that the energy and action of the marchers, and millions more, are sustained and harnessed through action in the coming days, months and years.

The [first post-march action](#) of the Women's March is to send a postcard to your members of Congress on issues that matter to you. I've already written mine – **I encourage all NLIHC members and partners to participate, urging members of Congress to invest in expanding affordable housing solutions like the national Housing Trust Fund and rental assistance to ensure that the lowest income people have decent, safe, accessible homes.**

Then, if you're not already a member of NLIHC, please consider joining at: <http://nlihc.org/membership>. **Our members are our strength.** Now, more than ever, we rely on your support to continue progress towards ending homelessness and housing poverty, once and for all.

We have our work cut out for us, but the possibilities in this moment for unity and progress are exhilarating. We must not shrink from the challenge, we can't become overwhelmed or look away. Instead we must work together to protect our democracy and the programs and policies our country needs to sustain and advance equity and justice. We are the ones we've been waiting for - and we're just getting started.

## TAKE ACTION

### Urge Congress to Lift Spending Caps, Adequately Fund Affordable Housing and Transportation Programs

Groups concerned about transportation, housing, community development, and homelessness are working together to circulate a letter urging Congress to lift the austere caps on federal spending and to ensure affordable housing, community development, and transportation programs receive the highest allocation of discretionary funds possible for FY18.

#### Background

When the "Budget Control Act of 2011" was signed into law, it set in motion very low spending caps, limiting federal funding for discretionary programs. Since then, Congress and the White House have reached short-term agreements to provide limited budgetary relief equally for defense and nondefense programs.

Congress reached an agreement last year to increase the spending caps for FY17. But very low spending caps will return for the FY18 budget, which could lead to devastating cuts to key affordable housing, homelessness, and transportation programs.

#### Why this is important

With more families struggling to make ends meet and our nation's affordable housing and transportation infrastructure deteriorating, federal investments are more critical than ever to sustain our communities and ensure families thrive. While we must work to reduce our nation's deficit over the long-term, balancing our budget should not be done on the backs of our nation's low income families.

Federal funding provided to the Department of Transportation and HUD provides essential capital and program funding that enables public and private partners to help more than 5 million seniors, people with disabilities, and other families afford stable and safe housing, promote lasting community and family economic success, build critical transportation infrastructure, and spur economic development in communities. Through these

investments, Congress reduces homelessness and housing instability, supports small-business job creation, expands our nation's infrastructure capacity, and encourages economic recovery and growth.

## How you can take action

Members of Congress need to hear from you! Join housing, community development, and transportation advocates around the country by signing a letter urging Congress to lift the harmful spending caps and to ensure affordable housing, community development, and transportation programs receive the highest allocation of discretionary funds possible for FY18.

Please share the letter and encourage organizations in your network to sign. National, state, and local organizations, as well as state, local, and tribal governments, are welcomed to sign on. The deadline to sign the letter is **March 3**.

View the letter at: <http://bit.ly/2ioVsDU>

Sign onto the letter at: <http://bit.ly/2jnY5Ee>

## Ask Your Representative to Sign Rep. Ellison's Dear Colleague Letter to Reinvest in Affordable Rental Housing

Representative Keith Ellison (D-MN) circulated a Dear Colleague letter last week urging the House Ways and Means Committee to use tax reform as an opportunity to end homelessness and housing poverty by keeping housing-related tax savings within housing.

Mr. Ellison's Legislative Director Carol Wayman announced the Dear Colleague letter at the relaunch of the NLIHC-led United for Homes campaign, which calls for making modest reforms to the mortgage interest deduction (MID) to provide a tax break to millions of additional low and moderate income homeowners and to reinvest the significant savings into affordable rental housing programs that serve households with the greatest needs.

NLIHC and the United for Homes campaign, which is endorsed by more than 2,300 national, state, and local organizations and local government officials, supports the Dear Colleague letter. We urge all Representatives to sign on by the **January 27** deadline.

The letter does not ask the Committee to make changes to housing benefits in the tax code, but rather calls on the Committee to reinvest any housing-related tax savings back into key affordable housing programs if they move forward with such changes. NLIHC has heard from a number of Congressional offices that the Committee is seriously considering modifying housing tax benefits like the MID. If they do, any savings must be reinvested in affordable rental housing programs that address homelessness and housing poverty.

Mr. Ellison's letter states in part: "Comprehensive tax reform provides one of the best opportunities to end homelessness and housing poverty once and for all. As your Committee drafts comprehensive tax reform legislation, we urge you to seize this opportunity by redirecting any savings derived from changes to tax benefits for housing be dedicated to providing affordable rental housing to low income families. This would include tax benefits that benefit some homeowners, such as the mortgage interest deduction, property tax deduction, capital gains exclusion, etc. —whether through direct changes or by increasing the standard tax deduction. Revenue derived from these sources should be dedicated to expanding highly effective affordable rental housing programs that serve families with the greatest needs, like the national Housing Trust Fund, the Low Income Housing Tax Credit with changes to ensure deeper income targeting and other rental assistance and housing production programs."

A copy of the Ellison Dear Colleague Letter is at: <http://bit.ly/2j2j8MM>

A copy of NLIHC's Call to Action is at: <http://bit.ly/2jozn6N>

NLIHC President and CEO Diane Yentel's statement supporting Rep. Ellison's effort is at: <http://nlihc.org/press/releases/7413>

Join the United for Homes campaign at: <http://nlihc.org/unitedforhomes/support>

### **Submit Your Nomination for the 2017 NLIHC Organizing Award by February 1**

Nominations for the 2017 NLIHC Annual Organizing Award are due **5 pm ET, Wednesday, February 1!** The Organizing Award recognizes outstanding achievement during 2016 in state, local and/or resident organizing activity that furthers NLIHC's mission of achieving socially just public policy to ensure people with the lowest incomes in the U.S. have affordable and decent homes. Special consideration will be given to nominations that incorporate tenant- or resident-centered organizing. The award will be presented at the NLIHC 2017 Housing Policy Forum, held April 2-4, 2017 at the Washington Court Hotel in Washington, DC.

An Organizing Award Committee composed of NLIHC board members and previous award winners will determine this year's honoree. Two representatives of the honored organization will receive complimentary Forum registrations, hotel accommodations, and transportation to Washington, DC to accept the award.

To be eligible, nominated organizations must be current NLIHC members. Organizations may self-nominate. NLIHC board members and Award Committee members may not nominate an organization with which they are employed or affiliated.

Nominations should contain the following information:

- Name and contact information of the organization being nominated;
- Name and contact information of the individual or organization submitting the nomination (if different from above);
- Description of the organization's achievement in the area of state, local and/or resident organizing in 2016, and how that achievement has contributed to furthering NLIHC's mission (800-word maximum); and
- Supporting materials that describe the activity or impact, such as press clips or campaign materials (optional).

Please submit your nomination online using the form at <http://www.nlihcforum.org/awards> or send your nomination by email to [jsaucedo@nlihc.org](mailto:jsaucedo@nlihc.org).

Contact James Saucedo at [jsaucedo@nlihc.org](mailto:jsaucedo@nlihc.org) with questions.

## **NLIHC NEWS**

### **NLIHC 2017 Housing Policy Forum, April 2-4, to Address Rebalancing Federal Housing Investments through Tax Reform**

NLIHC's 2017 Housing Policy Forum: Advancing Solutions in a Changing Landscape will feature of panel of experts who will discuss "Rebalancing Federal Housing Policy: The Case for MID Reform." The Forum will take place in Washington, DC, April 2-4. Space at the Forum is limited, so register today at:

<http://bit.ly/2dnJpnS>

The Forum will provide thought-leaders, policy experts, researchers, affordable housing advocates and practitioners, and low income residents the opportunity discuss the expected priorities of the 115<sup>th</sup> Congress with Capitol Hill insiders; lessons learned from the first year of implementation of the national Housing Trust Fund; building an expansive housing movement with health, education, criminal justice, and other sectors; ideas for addressing the needs in public housing; and considerations related to housing assistance programs and the potential for a new renters' tax credit. The third day of the Forum will provide an opportunity for participants to visit their congressional delegations on Capitol Hill.

NLIHC has invited HUD Secretary Nominee **Dr. Ben Carson** to share his thoughts about America's affordable housing challenges, HUD's role in addressing them and his priorities for the future, and to hear directly from low income residents, advocates and practitioners on their questions and concerns

Confirmed speakers and panelists include:

- **Susan Popkin**, senior fellow and director of the Neighborhoods and Youth Development Initiative, Metropolitan Housing and Communities Policy Center, Urban Institute and author of the book *No Simple Solutions: Transforming Public Housing in Chicago*
- **Mark Calabria**, director of financial regulation studies, Cato Institute
- **Marybeth Shinn**, professor of human and organizational development, Vanderbilt University
- **Nan Roman**, president and CEO, National Alliance to End Homelessness
- **Dushaw Hockett**, executive director, Safe Places for the Advancement of Community and Equity
- **Shauna Sorrells**, director of legislative and public affairs, Housing Opportunities Commission of Montgomery County, MD
- **Virginia Sardone**, director, Office of Affordable Housing Programs, HUD
- **Ali Solis**, CEO, Make Room
- **Aaron Gornstein**, president and CEO, Preservation of Affordable Housing
- **Shola Oyatoye**, chair and CEO, New York City Housing Authority
- **Jim Yates**, senior associate, Technical Assistance Collaborative
- **Michael Anderson**, housing trust fund project director, Center for Community Change
- **Martha Weatherspoon**, president, Lincoln Home Resident Council
- **Daisy Franklin**, vice president, Connecticut *Publicly-Assisted Housing Resident Network*
- **Barbara Sard**, vice president for housing policy, Center on Budget and Policy Priorities
- **Greg Payne**, director, Maine Affordable Housing Coalition
- **Tiffany Manuel**, vice president for knowledge, impact and strategy, Enterprise Community Partners

A special session for low income residents will be held on Sunday, April 2 from 9 am – 1 pm. Residents attending this session should plan on arriving on Saturday evening.

The 2017 Housing Leadership Award recipients will be honored on the evening of April 4. **J. Ronald Terwilliger**, chairman emeritus and former CEO of the Trammel Crow Residential Company, will receive the 2017 Edward W. Brooke Housing Leadership Award for his outstanding contributions to the cause of rebalancing federal affordable housing policy. The Brooke Award is named for the late Senator Edward W. Brooke (R-MA), who championed low income and fair housing while in Congress and later served as the chair of NLIHC's Board of Directors. The award is presented to individuals who advocate for affordable housing on the national level. Retired Preservation of Affordable Housing President and Founder **Amy Anthony** will be the recipient of the 2017 Cushing N. Dolbeare Lifetime Service Award. The Dolbeare Award is named after NLIHC's founder, considered the godmother of the affordable housing movement. NLIHC presents the Dolbeare Award to individuals for their lifetime of service to affordable housing.

The NLIHC 2017 Housing Policy Forum and Leadership Reception will take place at the Washington Court Hotel in Washington, DC. Up to three individuals from the same NLIHC member organization may attend the Forum. Register at: <http://bit.ly/2dnJpnS>

A limited number of shared-lodging hotel scholarships will be awarded on a first-come-first-served basis to low income residents who are current NLIHC members and who pay their own Forum registration fee (“self-pay participants”). To ensure a broad geographic distribution, no more than two scholarships will be awarded to participants from any one state (with the exception of New York, where a donor has provided funding for six). The scholarships provide residents attending the Forum up to three nights of shared hotel lodging on April 1, 2, and 3. Scholarship recipients must commit to attending all Forum sessions, including a special resident session on Sunday, April 2 and Lobby Day on Tuesday, April 4. To apply for a scholarship, contact James Saucedo at [jsaucedo@nlihc.org](mailto:jsaucedo@nlihc.org). Questions? Call 202-662-1530 or email [jsaucedo@nlihc.org](mailto:jsaucedo@nlihc.org).

## **UNITED FOR HOMES**

### **United for Homes Campaign Media Strategies Webinar, February 8**

The next endorser webinar for the United for Homes (UFH) campaign is scheduled for February 8, 2 pm ET. This webinar on media strategies for promoting the UFH campaign is part of a series of monthly webinars scheduled to build, engage, and support our more than 2,300 UFH endorsers as we advocate for modest reforms to the mortgage interest deduction (MID) that would benefit millions of lower income homeowners and generate billions in savings to reinvest in rental housing solutions to end homelessness and housing poverty.

UFH endorsers are ambassadors to the campaign, helping to share key messages through the best channels. This webinar will equip our endorsers with media tools and best practices they need to communicate the UFH proposals broadly and garner additional support. The webinar will share sample talking points, tweets, posts, and op-eds that endorsers can use to promote the campaign.

On January 11, NLIHC relaunched the UFH campaign with a webinar that introduced our integrated approach to the campaign, previewed the new UFH website that will go live in February, and shared a host of new advocacy tools to help UFH endorsers spread the message about reinvesting savings from tax reform into affordable housing programs that serve families with the greatest need.

The relaunch webinar was joined by Carol Wayman of Representative Keith Ellison’s (D-MN) office, who announced Mr. Ellison’s [Dear Colleague letter](#) urging his House colleagues to join him in calling for any savings from changes to the housing-related tax reforms be redirected to housing solutions for the lowest income people.

We urge UFH endorsers to register for the February 8 webinar on UFH media tools and strategies at: <http://bit.ly/2irHS2E>

View the presentation from the January 11 webinar on the relaunch of the campaign at: <http://nlihc.org/unitedforhomes>

If you are not already a UFH endorser, please join the campaign at: <http://nlihc.org/unitedforhomes/support>

If you are not sure if you are a UFH endorser, check the list of current endorsers at: <http://bit.ly/2hXD7O1>



## **ADMINISTRATION**

### **Donald Trump Becomes 45<sup>th</sup> President of United States**

Donald J. Trump was sworn in as the 45<sup>th</sup> President of the United States on Friday, January 20. Hundreds of thousands of people attended the inauguration and protests over the weekend. Nearly 70 Democratic House representatives chose not to attend the inauguration, due in part to Mr. Trump's recent comments about Representative John Lewis (D-GA) and to what they regard as offensive statements he made while campaigning for office.

In one of his first acts as President, Mr. Trump rescinded a final act of the Obama presidency to lower Federal Housing Administration (FHA) loan mortgage rates for middle class homeowners. The policy, announced by Secretary Castro on January 9, was set to take effect on January 27 and would have saved millions of new homeowners around \$500 per year. President Trump's order indefinitely suspends the .25 percentage point premium rate cut for FHA-backed loans.

This week, Mr. Trump is expected to sign several additional executive orders imposing restrictions on immigration, directing the construction of a wall along the U.S.-Mexican border, rescinding President Barack Obama's order to allow more than 700,000 people brought to America as children by undocumented immigrants to stay in the country on a two-year authorization to work and attend college, and halting Administration efforts to curb emissions to combat climate change, among others.

## **TREASURY**

### **Treasury Secretary Nominee Mnuchin Faces Tough Questions in Confirmation Hearing**

President Trump's nominee to lead the U.S. Department of the Treasury, Steven Mnuchin, faced heated questions in his confirmation hearing before the Senate Finance Committee. Ranking Member Senator Ron Wyden (D-OH) and other Democratic members of the Committee accused Mnuchin of foreclosing on the homes of thousands of families as CEO of OneWest Bank and helping hedge fund clients move money to offshore tax shelters.

Senator Wyden said Mr. Mnuchin "churned out foreclosures like Chinese factories churned out Trump suits and ties." In response, Senator Pat Roberts (R-KS) told Mr. Wyden, "I've got a Valium pill you may want to take before the second round." The back-and-forth underscored the deep partisan divide over Mr. Mnuchin's nomination. Despite the rancor, Mr. Mnuchin is expected to be confirmed.

As Treasury Secretary, Mr. Mnuchin would play a critical role on several key issues, including the economy, trade, taxes, entitlements, housing, and financial regulations. "Our number one priority from my standpoint is economic growth," Mr. Mnuchin said. "I believe tax reform will be the first and most important part of that."

Comprehensive tax reform represents an opportunity and a threat to affordable housing. NLIHC's United for Homes campaign—endorsed by more than 2,300 national, state, and local organizations and government officials—calls for modest reforms to the mortgage interest deduction to allow an additional 15 million lower income homeowners receive a tax break and to reinvest the significant savings—\$241 billion over 10 years—into affordable rental housing programs for those with the greatest needs.

On the other hand, reducing corporate rates could directly and indirectly harm the Low Income Housing Tax Credit program. Many Republicans have voiced support for reducing corporate tax rates from 35% to as low as

15%. To do so, Congress would need to eliminate or severely cut back on tax credits, putting the Housing Credit at risk. Moreover, dramatically reducing corporate tax rates could curtail demand for the Housing Credit, dampening the amount of equity housing developers are able to attract from investors.

To learn more about the United for Homes campaign, see: <http://nlihc.org/unitedforhomes>

## **USDA**

### **Sonny Perdue Picked to Lead USDA and its Rural Housing Programs**

President Trump last week selected Sonny Perdue, governor of Georgia from 2003 to 2011, to lead the U.S. Department of Agriculture (USDA), which oversees several Rural Housing programs. Although Mr. Perdue has extensive experience in agriculture, his position on rural development and affordable housing is largely unknown.

Before becoming governor, Mr. Perdue served as a state senator for eleven years, ran a grain and fertilizer business, earned his Doctor of Veterinary Medicine (DVM) from the University of Georgia College of Veterinary Medicine, and worked as a veterinarian. He has served as a board member for the National Grain and Feed Association, president of the Georgia Feed and Grain Association, and president of the Southeastern Feed and Grain Association.

Mr. Perdue currently serves on the Bipartisan Policy Center's Governor's Council. He is the cousin of U.S. Senator David Perdue (R-GA).

## **HUD**

### **HUD Posts Interim AFFH Guidance for States**

HUD posted interim guidance for states and insular areas regarding their statutory obligation to affirmatively further fair housing (AFFH). Interim guidance is needed because the AFFH Assessment Tool for states and insular areas has not completed the Paperwork Reduction Act (PRA) review. Assessment Tools are meant to assist program participants (states and insular areas, as well as local governments and public housing agencies) undertake planning processes to meet their AFFH planning obligations. The insular areas are American Samoa, Guam, Northern Mariana Islands, and the U.S. Virgin Islands.

A proposed Assessment Tool for states and insular areas was published for an initial 60-day comment period in March, 2016 (see *Memo*, [3/14/16](#) and [5/16/16](#)). The PRA requires a subsequent 30-day comment period, which began on September 28, 2016. However, a final Assessment Tool has not cleared the Office of Management and Budget. The interim guidance indicates that HUD is continuing to develop the Assessment Tool and will publish another version for a second 30-day PRA comment period. The interim guidance should be used until a final Assessment Tool is provided or on January 1, 2019, whichever is earlier. Final Assessment Tools for local governments and public housing agencies were published on January 13 (see *Memo*, [1/17](#)).

The July 2015 AFFH rule requires program participants to conduct an Assessment of Fair Housing (AFH). However, the rule does not require compliance until there is an Assessment Tool. Therefore, states and insular areas are instructed to continue to meet their "Fair Housing Act of 1968" obligations by certifying that they are affirmatively furthering fair housing. As they have in the past, states and Insular Areas must conduct an Analysis of Impediments to Fair Housing Choice (AI), take appropriate actions to overcome the effects of impediments, and maintain records reflecting the analysis and actions.

While HUD's 1996 *Fair Housing Planning Guide* remains the official guidance for completing an AI, HUD encourages states and insular areas to take advantage of the framework in the July 2015 final AFFH rule and the draft Assessment Tool. HUD also suggests referring to its 2016 *AFFH Rule Guidebook*.

The Interim Guidance is at: <http://bit.ly/2jVb1SD>

HUD's 2016 AFFH Rule Guidebook is at: <http://bit.ly/2iJNgQp>

HUD's 1996 *Fair Housing Planning Guide* is at: <http://bit.ly/2jVagZN>

More information about AFFH is on page 7-4 of NLIHC's 2016 *Advocates' Guide* at: <http://bit.ly/1WiozGd> and at: <http://nlihc.org/issues/affh>

More information about the AI is on page 7-14 of NLIHC's 2016 *Advocates' Guide* at: <http://bit.ly/1NeyeGj>

## **HUD Issues HOTMA Implementation Provisions for Voucher Programs**

HUD published an extensive notice in the *Federal Register* on January 18 that implements many provisions of the "Housing Opportunity Through Modernization Act of 2016" (HOTMA) that pertain to the Housing Choice Voucher (HCV) tenant-based and project-based voucher (PBV) programs. HOTMA made changes to the inspection requirements affecting both HCV tenant-based and PBV assistance and to the PBV program in general. The notice also provides guidance regarding changes to HCV housing assistance payment (HAP) calculations for owners of manufactured homes who rent the space on which their home sits.

### **Inspections**

Unchanged is the requirement that a public housing agency (PHA) must inspect a unit to determine that it meets HUD's Housing Quality Standards (HQS) before the PHA may make a housing assistance payment. However, HOTMA provides an exception to this requirement that allows a PHA to approve a voucher-assisted tenancy and begin making housing assistance payments on a unit that fails an initial HQS inspection if the deficiencies are not life-threatening.

If a PHA makes payments under this exception, the PHA must withhold assistance payments if the non-life-threatening deficiencies are not corrected within 30 days of the PHA notifying the owner of a unit's failure to comply with the HQS. A PHA may establish a maximum amount of time that it will withhold payments before terminating a HAP contract, but a HAP contract may not continue more than 180 days. Once a unit is in compliance, a PHA may reimburse the owner for the period during which payments were withheld.

The notice defines ten life-threatening conditions, including various gas leaks and electrical hazards, inoperable or missing smoke detectors or carbon monoxide detectors, lack of alternative means of exit in case of a fire, and deteriorated paint in a unit built before 1978 that is to be occupied by a family with a child under six years of age. If a PHA chooses to implement the inspection exception allowed by HOTMA, its administrative plan must list the specific life-threatening conditions to be considered during HQS inspections. The PHA must also use those specific life-threatening conditions when conducting ongoing HQS inspections, not just initial inspections.

If an initial inspection identifies non-life-threatening deficiencies, a PHA must provide a list of the deficiencies to the household and offer the household an opportunity to decline a lease without jeopardizing its voucher. If the owner fails to correct the non-life-threatening deficiencies within the time period specified by the PHA, the PHA must notify the household that the PHA will terminate the HAP contract and the family will have to move to another unit.

HOTMA also allows a unit to be occupied prior to completion of an inspection if the unit passed an alternative inspection method within the previous 24 months. A PHA must still inspect the unit within 15 days of receiving a Request for Tenancy Approval. Once the unit passes an HQS, a PHA may make retroactive assistance payments. A PHA may rely on inspections of housing assisted under the HOME Investment Partnerships (HOME) program or Low Income Housing Tax Credits (LIHTC) program, as well as another HUD-approved method proposed by the PHA.

## **Provisions Specific to Project-Based Vouchers (PBVs)**

There are a number of HOTMA provisions that pertain to the PBV program.

### ***Limit to Project Basing of Vouchers***

Prior to HOTMA, a PHA could choose to use up to 20% of its HCV funding to project-base vouchers. HOTMA changed the limit to 20% of a PHA's authorized number of vouchers. The statute also allows PHAs to project-base an additional 10% of its authorized number of vouchers (above the 20% base limit) if these PBVs are tied to units that serve households who are homeless or include a veteran, provide supportive housing for persons who have a disability or who are elderly, or are in a census tract with a poverty rate of 20% or less.

HOTMA does not count toward the 20% limit PBVs attached to units that were previously subject to rent restrictions or that received another type of long-term HUD housing subsidy. Examples of such exceptions include public housing, Section 8 project-based rental assistance, Section 202 elderly housing, Section 811 housing for persons with disabilities, Section 236, Section 221(d)(3) Below Market Interest Rate, Rental Assistance Demonstration (RAD), and HUD-VASH PBV Set-aside vouchers, among others.

### ***Income Mixing Requirement***

Prior to HOTMA, no more than 25% of the units in a project could be assisted with PBVs. Exceptions to this cap included units occupied by someone who was elderly, disabled, or receiving a qualifying supportive service.

HOTMA changes the cap to the greater of 25 units or 25% of the units in a project. The statute also amended the exception criteria by:

- Eliminating the separate provision for people with disabilities.
- Modifying the supportive services provision by eliminating the requirement that someone in the household actually receives supportive services, and requiring instead that supportive services be available to all assisted households without an obligation by a household to accept services. Households eligible for supportive services could include someone with a disability.
- Adding as a new exception projects in a census tract with a poverty rate of 20% or less.

The cap does not apply to PBVs attached to units that were previously subject to rent restrictions or that received another type of long-term HUD housing subsidy.

The notice makes clear that supportive services need not be provided by the owner on-site but must be reasonably available. Also, a PHA may not require participation in supportive services as a condition of living in an excepted unit.

### ***PBV Contract Terms***

HOTMA extended the initial HAP contract for PBV units from 15 to 20 years. In addition, a PHA may agree to extend a HAP contract for an additional 20 years, for a maximum of 40 years.

HAP contracts must specify that upon termination or expiration, a household is entitled to receive a tenant-based voucher (the voucher that was previously tied to the property). In addition, the household must have the option to remain in their home with the tenant-based voucher, and the owner may not terminate the household's tenancy.

## **Manufactured Housing**

Prior HOTMA, voucher assistance payments on behalf of owners of manufactured housing could only be made to assist the manufactured home owner with the rent for the space on which the manufactured home is located. HOTMA expanded the definition of rent for manufactured home owners receiving voucher assistance to include monthly payments made by the household to amortize the cost of purchasing the manufactured home (including any required insurance and property taxes) and tenant-paid utilities.

The January 18 *Federal Register* notice is at <http://bit.ly/2k4VnmI>.

## **HUD Extends Criteria for Transferring Project-Based Rental Assistance**

HUD published a *Federal Register* notice extending the previously established terms and conditions by which HUD will approve a request for the transfer of project-based rental assistance, debt held or insured by HUD, and statutorily required income-based use restrictions from one multifamily housing project that is obsolete or not economically viable to another property or properties that are in better physical or financial condition.

Appropriations acts since 2006 have allowed such transfers. Section 212 of the "Appropriations Act of 2016" gives HUD the authority to approve transfer requests for FY16 and FY17. In FY16, HUD continued to use FY15 published criteria (see *Memo*, 4/13/15), which covered authority enacted for both FY15 and FY16. For FY17, HUD will continue to use, without revision, the published FY15 criteria.

Key criteria in Section 212 include:

- For occupied units at the transferring property, the number of low income units and the bedroom size of the units at the receiving project must not be less than at the transferring project. In addition, the net dollar amount of federal assistance must be the same. If there are unoccupied units at the transferring property, HUD may allow a reduction in the number of units at the receiving project in order to reconfigure bedroom sizes to meet market demand.
- The transferring project must be either physically obsolete or economically nonviable, as determined by HUD.
- The owner or mortgagor of the transferring project must notify and consult with the tenants residing in the transferring project.
- The tenants of the transferring project who remain eligible for assistance cannot be required to vacate their units in the transferring project or projects until new units in the receiving project are available for occupancy.
- The transfer must be in the best interest of the tenants.

The January 19 *Federal Register* notice is at: <http://bit.ly/2iFnZHb>

## HUD Seeks PHAs to Apply for New MTW Slots

HUD's Office of Public and Indian Housing issued a preview of Notice PIH 2017-1 requesting public housing agencies (PHAs) to apply for participation in the first group of the newly expanded Moving to Work (MTW) demonstration program. The first 30 MTW PHAs will evaluate the overall effects of MTW flexibility provided to PHAs, comparing how MTW affects the three statutory objectives of MTW: cost effectiveness, resident self-sufficiency, and housing choice.

The "Consolidated Appropriations Act of 2016" authorized HUD to expand the MTW demonstration program to an additional 100 high performing PHAs over a seven-year period (see *Memo*, [12/21/15](#)). PHAs will be added to the MTW demonstration in annual cohorts, each of which will be overseen by a research advisory committee to ensure the demonstrations are evaluated with rigorous research protocols, quantitative analysis, and comparisons to control groups. Each year's cohort of MTW sites will be directed by HUD to test one specific policy change.

Of the 100 new PHA MTW sites, the statute requires that no fewer than 50 PHAs must administer up to 1,000 combined public housing and voucher units, no fewer than 47 must administer between 1,001 and 6,000 combined units, and no more than three can administer between 6,001 and 27,000 combined units. Notice PIH-2017-1 adds that five must be PHAs with Rental Assistance Demonstration (RAD) portfolio awards (a RAD conversion made up of more than one public housing development).

The first cohort of 30 MTW agencies will evaluate the overall effects of MTW flexibility on a PHA and the residents it serves. MTW flexibility allows a PHA to combine its public housing capital and operating funds with its Housing Choice Voucher (HCV) funds and to use these funds interchangeably and for non-traditional uses. MTW also allows a PHA to seek HUD approval for relief from some regulatory requirements. HUD will compare outcomes related to the three MTW statutory objectives - cost effectiveness, self-sufficiency and housing choice - between PHA applicants that receive MTW designation and a control group of PHA applicants that do not receive MTW designation.

The underlying evaluation question for the first cohort is, "What is the impact of MTW flexibility?" The outcome measures will be aligned with the MTW statutory objectives of:

- Cost Effectiveness. For example, how does MTW impact the PHA's staffing, resources allocation, and leveraging of other funds?
- Self-Sufficiency. For example, how does MTW impact who is served, for how long, and what happens after they leave assistance?
- Housing Choice. For example, how does MTW impact housing quality, neighborhood safety, and access to community resources?

Future cohorts will evaluate:

- Different rent reform models that may or may not be income-based. Models could include flat rents, tiered rents, and stepped-up rents. It is also possible that the interaction of rent reforms with or without work requirements and/or time limits may be evaluated.
- Work requirements without additional rent reforms or time limits but with applicable support services provided by the PHA or a partner.
- Means to improve landlord participation in the HCV program through incentives such as participation payments, vacancy payments, and alternate inspection schedules.

The first cohort will consist of 30 PHAs with 1,000 or fewer aggregate public housing and HCV units. All PHA applicants HUD determines to be eligible will be separated into five geographic areas: Northeast (HUD Regions 1, 2, 3), Southeast (HUD Region 4), Midwest (HUD Region 5), Southwest (HUD Regions 6, 7), and West (HUD Regions 8, 9, 10). A lottery will then be conducted for each geographic area to randomly assign applicant PHAs to receive MTW designation or to be in the control group without MTW designation. The target number of MTW designations by region are: five in the Northeast, seven in the Southeast, five in the Midwest, ten in the Southwest, and three in the West. If a PHA is not selected for the first cohort, it may still apply to a future cohort.

PHAs are required to publish a public notice, available for at least 30 days, that a hearing will be held about an MTW application. In advance of the public hearing, PHAs must notify public housing and HCV residents of the intention to apply for MTW status and hold two separate meetings for residents. The PHA's Board of Directors may not approve an MTW application until 15 days after the public hearing.

An application must discuss any major plans the PHA has for its housing stock as a result of its participation in the MTW demonstration. The PHA must also describe the types of activities it intends to implement with MTW flexibility and why these activities are appropriate. However, the Notice does not require the application to indicate discreet activities.

An application must discuss how the PHA engaged public housing and voucher residents, as well as the broader community and stakeholders, including racial and ethnic minorities, persons with limited English proficiency, persons with disabilities, and groups representing such persons. The application must include the dates, location, and attendance information about the two required public meetings and the public hearing. The PHA must discuss how it sought proactive engagement before and during the creation of the application and input on drafts and finished products. The PHA must also describe how suggestions and feedback resulting from these engagements were incorporated into the application.

An application must discuss how the PHA plans to continue to engage public housing and voucher residents, the broader community, and stakeholders, in the implementation and development of its MTW program. It must describe any planned affirmative outreach and engagement efforts with racial and ethnic minorities, persons with limited English proficiency, persons with disabilities, and groups representing such persons.

The structure of the MTW expansion is still under development by HUD. The Notice states that HUD is attempting to balance giving PHAs maximum flexibility with maintaining key protections for assisted households and to conduct robust evaluation of each demonstration. The MTW demonstration statute requires PHAs to:

- Ensure that at least 75% of the households assisted are very low income (income at or less than 50% of the area median income);
- Continue to assist substantially the same total number of low income households as would have been served without MTW status; and
- Maintain a comparable mix of households by household size as would have been served without MTW status.

HUD will describe a new program structure in an Operations Notice published at a later date. HUD solicited comments regarding an Operations Notice in the *Federal Register* on January 23. After considering public comments HUD will publish a final Operations Notice. That Notice will include a full list of available MTW waivers.

Notice PIH 2017-1 is scheduled to be formally issued on January 23. The preview version is at: <http://bit.ly/2j3qvWf>.



HUD's solicitation of comments regarding an MTW Expansion Operations Notice is at: <http://bit.ly/2j3meSJ>

## RESEARCH

### **Evictions Higher in Single Family Rentals with Large Corporate Owners and Institutional Investors**

A paper published by the Federal Reserve Bank of Atlanta titled "Corporate Landlords, Institutional Investors, and Displacement: Eviction Rates in Single-Family Rentals" finds that large corporate owners of single-family rental properties are more likely to file tenant evictions than small landlords. Certain firms backed by institutional investors had much higher eviction filing rates than other landlords.

The authors utilized data on eviction filings in Fulton County, GA (Atlanta) to examine the relationship between corporate ownership and eviction filings in the single-family rental market. Single-family homes with corporate owners are a larger share of the rental market than before the Great Recession. Eviction filings are a clear indicator of housing instability. The authors matched eviction court records to property-level (parcel) and neighborhood-level (census tract) data.

Twenty-two percent of Fulton County renters experienced eviction proceedings in 2015. Renters in multifamily properties faced eviction proceedings at a higher rate (25%) than renters in single-family homes (15%). Among single-family rental homes, eviction filings were influenced by the type of ownership of the home. An eviction filing was 8% more likely if the home was owned by a large corporate owner. A corporate owner was defined as an owner of more than 15 single-family properties. Some large corporate landlords with institutional investors were 18 to 19% more likely to file eviction notices than smaller landlords. In short, large corporate owners of single-family rental homes in Atlanta were more likely to file evictions and, as a result, more likely to induce housing instability than smaller owners.

The authors also observed that eviction filings were associated with certain neighborhood characteristics. Rental homes located in neighborhoods with a higher percentage of black residents were more likely to experience an eviction filing. The neighborhoods with the highest rate of eviction filings tended to be predominantly black neighborhoods, though some were racially integrated or Hispanic neighborhoods. Rental homes in neighborhoods with a higher percentage of residents without a bachelor's degree were also more likely to experience an eviction filing.

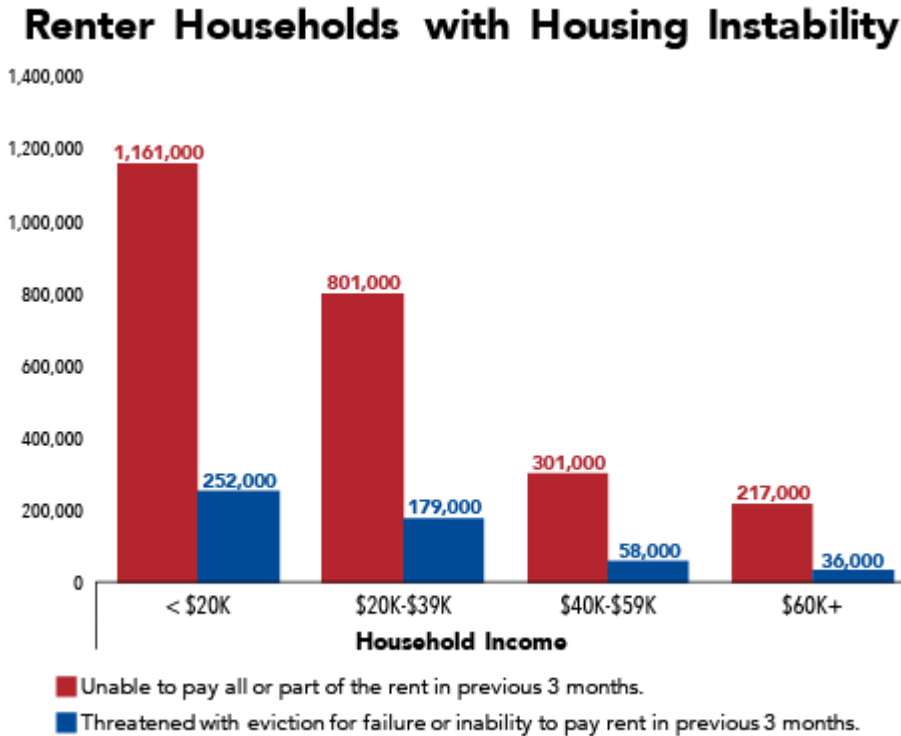
The authors found relatively small but statistically significant relationships between certain property characteristics and eviction filings. Older single-family homes and those with lower appraised land and structure values were somewhat more likely to experience eviction filings.

*Corporate Landlords, Institutional Investors, and Displacement: Eviction Rates in Single-Family Rentals* is at: <http://bit.ly/2ixP1Aa>



## FACT OF THE WEEK

### Large Numbers of Lowest Income Renters are Housing Unstable



Source: 2013 American Housing Survey.

## FROM THE FIELD

### Tennessee Advocates Provide Assistance Following Devastating Fires

In the wake of November 2016 crippling fires in Gatlinburg, TN, the Tennessee Valley Coalition to End Homelessness (TVCH), an NLIHC member, has been organizing local efforts to support and house hundreds of people affected by the fires. As they work to meet residents' immediate needs, TVCH is also working with local governments to provide additional affordable housing for the region's most vulnerable people, many of whom lost their homes, jobs, and possessions.

The fires, which burned 17,000 acres over seven days, left 2,000 households without adequate housing, exacerbating the area's existing affordable housing shortage. In Sevier County, home to Gatlinburg, 43% of renters were cost-burdened prior to the fires. The area's tourism industry draws many low-wage workers to Gatlinburg, while short-term vacation rentals drive up housing costs, leaving renters, particularly extremely low income (ELI) renters, with few affordable housing options. The shortage persists throughout the twelve-county area TVCH serves. TVCH works with homeless service providers across eastern Tennessee, empowering the work of individual organizations and uniting them around regional and statewide advocacy. TVCH provides services, education and leadership to develop lasting solutions to homelessness through affordable housing, transportation, case management, and referrals. TVCH also serves as the lead agency for the HUD-designated Continuum of Care for housing services and for the Homeless Management Information System.

In addition to destroying more than 2,000 homes, the November fires destroyed a number of businesses in Gatlinburg, leaving many in the community without jobs. Beyond damage to existing subsidized homes, the fire

also destroyed many naturally-occurring affordable homes, including long-term-stay motels that had housed ELI renters. Without available units or the funds to afford them, the fires left many ELI renters homeless and without clothing, food, furniture, and other necessities.

TVCH expanded their operations to meet the increased need following the crisis. TVCH, which served nearly 1,000 people across 12 East Tennessee counties before the fires, has partnered with local and state level organizations to streamline efforts to assist fire survivors. They have contacted hundreds of families in need, assisted with clothing and furniture drives, and helped to find permanent housing for the homeless. TVCH also has coordinated volunteer efforts and case management services, drawing on the outpouring of community support. TVCH is also working with the Sevier County government and other local communities to develop permanent affordable housing throughout the region. TVCH is participating in a special housing committee formed in response to the crisis to address the short- and long-term housing needs of the community through the rehabilitation of abandoned motels and the construction of new affordable housing. The committee is exploring federal, state and local sources of funding.

“Sometimes natural disasters bring us to our knees, but we must participate in the work of putting our communities back together,” said TVCH CEO Melanie Cordell. “It is devastating to see the thousands of homes destroyed and families displaced by the fires. But we are honored to be with our neighbors in helping the community to rebuild.”

For more information, contact Melanie Cordell at [mcordell@TVCHomeless.org](mailto:mcordell@TVCHomeless.org) or 877.488.8234 x230.

## RESOURCES

### NLHA Announces Scholarship Program for Residents of Assisted Housing

The National Leased Housing Association (NLHA) announced that it is seeking applications for a scholarship program for residents of federally assisted rental housing. The NLHA Education Fund was created by NLHA in 2007.

The Education Fund is made possible by donations from affordable housing providers, lenders, and brokers, with significant assistance provided by AIMCO through its AIMCO Cares charity. Last year 51 scholarships were awarded.

The Education Fund will provide Section 8 voucher recipients and individuals living in privately owned federally assisted housing four kinds of scholarships, three named in memory of long-time affordable housing advocates. Funds are provided directly to the college/school for tuition assistance on behalf of successful applicants. Applicants may only apply under one of the following categories:

- **The AIMCO Cares Scholarship** – Assists college freshmen or returning undergraduates.
- **The Bill Gandert Memorial Scholarship** – Assists graduating high school seniors interested in studying a specific trade (e.g., electrician, nurse, plumber, and medical assistant)
- **The Mary Lou Manzie Memorial Scholarship** – Assists non-traditional students (students who have been out of high school for at least three years) in pursuing an associates or undergraduate degree.
- **The Neil Churchill Memorial Scholarship** – Assists individuals seeking to complete graduate-level coursework.

Specific criteria have been developed for each scholarship category, and consideration will be afforded to all eligible candidates who apply. All applicants must apply electronically through NLHA’s website at:

[http://www.hudnlha.com/education\\_fund](http://www.hudnlha.com/education_fund) or at: <https://nlhascholars.communityforce.com>

Applications are due by **April 17, 2017**. Awards are expected to be announced in early June.

## NLIHC IN THE NEWS

The following are some news stories NLIHC contributed to in the last week:

- “10 Housing Policies to Watch Under President Trump,” *City Limits*, January 19 at: <http://bit.ly/2k8ETOz>
- “What Trump's Vision for an Employed America Lacks,” *KCET*, January 19 at: <http://bit.ly/2iTzEgE>
- “Unlearning the lessons of the housing crisis,” *Curbed*, January 19 at: <http://bit.ly/2jsMBzi>
- Letter to the Editor “Let’s Write Off Mortgage Interest Deduction,” *Wall Street Journal*, January 16 at: <http://bit.ly/2j6dDMk>
- “Public housing’s uncertain future under Ben Carson,” *CNN Money*, January 14 at: <http://bit.ly/2iDa8Mp>

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