Memo to Members
NATIONAL LOW INCOME HOUSING COALITION

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NLIHC 2016 Housing Policy Forum

Affirmatively Furthering Fair Housing at Housing Policy Forum, April 3-5

NLIHC's 2016 Housing Policy Forum will include a plenary panel discussion about the new Affirmatively Furthering Fair Housing rule and its implications for states, jurisdictions and public housing authorities. Confirmed panelists are Luke Tate, Senior Policy Advisor, White House Domestic Policy Council and NLIHC Senior Advisor Ed Gramlich. A senior staff member from HUD's Office of Fair Housing and Equal Opportunity also is expected to participate.

The 2016 Housing Policy Forum, which will take place in Washington, DC on April 3-5, 2016, will convene housing and homeless advocates and policy experts from around the country to discuss housing and services for the homeless and those in extreme poverty, housing in the elections and in the media, preparations for implementing the National Housing Trust Fund, and more. This year's Forum will also be an opportunity to recognize Sheila Crowley's 17-year tenure as President and CEO of NLIHC as she transitions to retirement. The NLIHC Board of Directors expects to be able to introduce the new NLIHC President at the Forum.

In addition to **Mr. Tate** and **Mr. Gramlich,** confirmed Forum speakers include:

- **Barney Frank**, former U.S. Congressman, Chairman of the House Financial Services Committee, and author of *Frank. A Life in Politics from the Great Society to Same-Sex Marriage;*
- **Kathryn Edin,** Author of *$2 a Day: Living on Almost Nothing in America* http://bit.ly/1PYhjrH;
- **Mary Beth Shinn**, lead researcher on the *Family Options Study: Short-Term Impacts of Housing and Services Interventions for Homeless Families* https://www.huduser.gov/portal/family_options_study.html;
- **Emily Badger**, *Washington Post* writer on housing and urban issues;
- **Barbara Sard**, Vice President for Housing Policy, the Center for Budget and Policy Priorities;
- **Nancy Rase**, retired CEO, Homes for America;
- **Greg Payne**, Development Officer, Avesta Housing, and Director, Maine Affordable Housing Coalition;
- **Brian Hudson**, Director, Pennsylvania Housing Authority;
- **Katherine M. O'Regan**, Assistant Secretary for Policy Development and Research, HUD;
- **Marion Mollegen McFadden,** Deputy Assistant Secretary for Grant Programs, Office of Community Planning and Development, HUD;
- **Sharon McDonald,** Director of Families and Youth, National Alliance to End Homelessness;
- **Keith Swiney**, President and CEO of Motivation, Inc.;
- **Pamela Patenaude,** President of the J. Ronald Terwilliger Foundation for Housing America's Families;
- **Lindsey Hodel,** National Field Director at Nonprofit Vote;
- **LeeAnn Byrne,** Policy Coordinator, Rhode Island Coalition for the Homeless;
- **Joy Johnson**, Board Chair, Charlottesville Public Housing Association of Residents;
- **Delorise Calhoun**, President Jurisdiction-Wide Resident Advisory Board, Cincinnati Housing Authority;
- **Michael Steele**, President, Rutgers Houses Resident Association;
- **Debby Goldberg,** Special Project Director, National Fair Housing Alliance; and
- **Thomas Davis,** Director, Office of Recapitalization, HUD.

Invited speakers include:

- **HUD Secretary Julián Castro** and
- **Senator Tim Kaine** (D-VA).

Special Session for Low Income Residents: This year's Forum will feature a special three-hour session for low-income residents that will cover Section 3, RAD, and Affirmatively Furthering Fair Housing and the balance between mobility and preservation on Sunday, April 3 from 9 am to 12 noon. If you are a low-income resident who is attending the Forum, please plan on arriving no later than 9am on Sunday, April 3 to take advantage of this session.

2016 NLIHC Leadership Reception: On the evening of Tuesday, April 5, NLIHC will host its annual Leadership Reception. This year's honorees will be:

- **Representative Barbara Lee** (D-CA), who will receive the 2016 Edward W. Brooke Housing Leadership Award, and
- **Nancy Bernstine**, retired Executive Director of the National AIDS Housing Coalition and former NLIHC Board Member, who will receive the 2016 Cushing N. Dolbeare Lifetime Service Award.

For more information about the Forum and Leadership Reception, go to: http://nlihcforum.org/

Registration for the Forum and Leadership Reception is available at: http://www.nlihcforum.org/ - !register/mainPage

National Housing Trust Fund

NHTF in President Obama's Budget Request

The FY17 budget proposed by President Barack Obama cites $182 million as the amount that Fannie Mae and Freddie Mac will provide for the National Housing Trust Fund (NHTF) in 2016. This is substantially more than the $120 million that was estimated in the FY16 budget, but less than the unofficial estimate of $196 million that NLIHC received in mid-2015 from Treasury officials.

The precise amount that will be available for the NHTF in calendar year 2016 will be determined when Fannie Mae and Freddie transfer to the Treasury the required assessment for the NHTF and the Capital Magnet Fund (CMF) no later than February 29, 2016. The President's budget projects that the amount available for the CMF in 2016 will be $98 million.

Under any circumstances, the amount for the NHTF will be sufficient to distribute to the states, DC, and the territories using the formula derived from the factors prescribed by statute. The statute also sets a "small state" minimum of $3 million. If the total amount had fallen below what is needed to honor the small state minimum, HUD had indicated that it would have to propose a different distribution formula.

The NHTF interim rule requires HUD to publish the state allocations in the *Federal Register* within 60 days after the funds are transferred from Fannie Mae and Freddie Mac. NLIHC will estimate and publish the state allocations immediately after the precise amount is known. NLIHC's estimated allocation based on a total of $250 million can be found at http://nlihc.org/sites/default/files/StateAllocations_2015.pdf.

The current funding for the NHTF and the Capital Magnet Fund is based on an annual assessment of 4.2 basis points on the annual volume of business of Fannie Mae and Freddie Mac. In 2014, bipartisan legislation, S. 1217, passed the Senate Banking Committee that would wind down Fannie and Freddie and replace them with a Federal Mortgage Insurance Corporation (see *Memo*, 5/16/2014). That bill imposes a 10 basis point fee on all transactions to support affordable housing, which was estimated to generate $5 billion a year. Three-quarters or $3.75 billion a year would have gone to the NHTF. In its FY17 budget, the Obama Administration indicates that it continues to support the approach to housing finance report as found in that bipartisan agreement.

Mortgage Interest Deduction Projections Down

The annual budget prepared by the Office of Management and Budget includes a report on the estimated cost of tax expenditures for the immediate past year and ten years going forward. Federal law defines tax expenditures as "revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability." The FY17 budget identifies 169 tax expenditures that will cost $1.283 trillion in 2016 and are projected to cost $17 trillion over the next ten years.

Among these are four large tax expenditures that subsidize home ownership: the mortgage interest deduction (MID), the state and local property tax deduction, the capital gains exclusion, and the exclusion of net imputed rental income. The FY17 budget lowers the value of the MID for 2015 from what was projected in FY16 from $69.48 billion to $58.85 billion. The ten-year projection has been lowered from $1.068 trillion to $948 billion.

These four tax expenditures reduce federal revenue from individual taxpayers.

The United for Homes (UFH) campaign calls for funding the NHTF with revenue raised by reforming the MID. The UFH proposal would lower the amount of mortgage debt from $1 million to $500,000 for which interest can be deducted and convert the deduction to a 15% non-refundable tax credit. The Tax Policy Center projected in 2015 that these two changes phased-in over five years would generate $213 billion over ten years.

The new estimates for the other three major homeownership tax expenditures do not show similar declines. The ten-year projection for the deduction for state and local property taxes decreases to $453 billion in the FY17 budget from $454 billion in the FY16 budget, while the capital gains exclusion ten-year projection increased from $513 billion in FY16 to $564 billion in FY17.

The change in the ten-year estimate for the cost of the exclusion for net imputed rental income is the most dramatic, going from $956 billion in FY16 to $1.178 trillion in the FY17 budget. Net imputed rental income is not a tax expenditure that appears on any tax form, but many tax policy experts contend it is a substantial subsidy for homeowners. Net imputed rent income accrues to homeowners because they do not pay taxes on income they derive from not paying rent, even though they do get tax breaks for some of the cost of being homeowners, i.e., mortgage interest and state and local property taxes deductions.

The Low Income Housing Tax Credit (LIHTC) is primarily a tax benefit for corporations, which receive 95% of the credit. The total ten-year projected cost of the LIHTC is $87.6 billion in the FY17 budget compared to $88 billion in the FY16 budget.

To see the FY17 OMB tax expenditure report. go to https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/ap_14_expenditures.pdf.

To learn more about the United for Homes campaign, go to www.unitedforhomes.org.

Federal Budget

President Sends FY17 Request to Congress

President Barack Obama delivered his FY17 budget request to Congress on February 9. The request is the first formal action toward completing FY17 appropriations bills before the October 1 start of the next fiscal year. The President's proposed budget is within the spending caps set by the "Bipartisan Budget Act" (BBA) of 2015 (see *Memo,* 11/09/2015), but incudes several "off-budget" initiatives that would require approval by Congressional authorizing committees. For HUD, the FY17 proposal includes a massive ten-year investment in rent assistance dedicated to ending family homelessness in the United States by 2020. This proposal would have to be taken up by the Senate Committee on Banking, Housing, and Urban Affairs and the House Financial Services Committee.

HUD's FY17 Request

The proposed FY17 HUD budget dedicates 85% of its request to the renewal of existing rent assistance and proposes helpful policy changes.

Homeless Assistance for Families

The request seeks $11 billion in mandatory spending over the next ten years, 80% of which would be for new housing vouchers and 20% for rapid rehousing assistance. Altogether, the funds would help 550,000 families. The Administration is expected to send draft legislation to the Hill to authorize the $11 billion in funding, which would be spread over the ten-year period and would not be subject to annual appropriations. The funds would be distributed through the Continuum of Care framework in partnership with local public housing agencies. This proposal is in addition to the discretionary programs on homelessness within the voucher and regular homeless assistance accounts.

Housing Choice Vouchers

According to HUD, the request includes sufficient funds to renew the 2.2 million housing vouchers in use in 2016. As part of the voucher account, the White House also seeks $15 million for a new Mobility Counseling Demonstration program to help families with housing vouchers move to and stay in areas of opportunity. In addition to the vouchers requested to be funded through the proposed Homeless Assistance for Families initiative, the FY17 request seeks $88 million for 10,000 new vouchers for homeless families with children. For the HUD-Veterans Affairs Supportive Housing (VASH) vouchers, the Administration is requesting $7 million for a Tribal HUD-VASH program to serve Native American veterans living in and around designated tribal areas who are homeless or at risk of homelessness. The Administration also seeks a significant increase for voucher administrative fees, from FY16's $1.650 billion to $2.077 billion in FY17. HUD intends to "fully fund" administrative fees under a new fee formula that HUD plans to implement for calendar year 2017.

Project-Based Rental Assistance

The request includes $10.816 billion for the project-based rental assistance account, fully funding 12-month contract renewals for the 1.2 million units with project-based assistance. Of the requested funds, $235 million are for Performance-Based Contract Administrators.

The request would continue HUD's commitment to several preservation tools, including requiring action against owners who receive rental subsidies and do not maintain safe properties, and requiring the HUD Secretary to follow certain protocols when preserving project-based housing through a foreclosure and when transferring project-based assistance from one property to another.

Of the requested funds, HUD is seeking to set-aside up to $4 million for preservation-related tenant advocacy and capacity building technical assistance for tenant organizations. These funds would be used through HUD's current agreement with Americorps VISTA as well as through a notice of funding availability, with funds being available for tenant groups, nonprofit groups, and public entities to support preservation efforts and improve tenant services.

Public Housing

To subsidize the operation and capital needs of the nation's 1.1 million units of public housing, the request would increase funding for public housing operating subsidies from FY16's $4.5 billion to $4.569 billion in FY17 and would decrease capital funds from FY16's $1.9 billion to $1.865 billion in FY17. Of the total that public housing agencies would need to operate their public housing units, the request seeks only 87%, referred to as a "87% proration."

Homeless Assistance Grants

For FY17, HUD seeks a $414 million increase for its Homeless Assistance Grants, from $2.250 billion in FY16 to $2.664 billion in FY17. The increase would create 25,500 beds of permanent supportive housing for individuals experiencing chronic homelessness, fund rapid re-housing interventions for 8,000 households with children, and provide $25 million for projects targeted to youth experiencing homelessness.

Housing for People with Disabilities and Elderly People

While the request would increase funding for the Section 811 Housing for Persons with Disabilities programs, it would not be enough for any new units. For FY17, HUD's request of $154 million would pay for the housing assistance renewals of more than 27,000 units in 2,350 housing properties. The request also seeks to continue the policy through which HUD can transfer Section 811 subsidies to properties that comply with Olmstead requirements that prohibit the unlawful segregation of persons with disabilities.

HUD also seeks an increase for the Section 202 Housing for the Elderly program, but these amounts would only be enough to renew existing contracts and would not provide funding for new units. For FY17, HUD is seeking $505 million, up from FY16's $433 million, to renew contracts for nearly 400,000 Section 202 units. This amount includes $75 million to renew approximately 75,000 service coordinator grants.

HOME

The request would level fund HOME at FY16's funding of $950 million, but also make the traditionally $10 million stand-alone Self-Help Homeownership Opportunity Program a set-aside within the HOME program.

HUD also wants to eliminate the set-aside for Community Housing Development Organizations (CHDOs), which are private nonprofit, community-based organizations that have staff with the capacity to develop affordable housing. In order to qualify for designation as a CHDO, the organization must meet certain requirements relating to their legal status, organizational structure, and capacity and experience. The HOME statute requires that not less than 15% of each participating jurisdiction's grant be reserved for projects owned, developed, or sponsored by CHDOs. In its budget documents, HUD says that it "is extremely difficult for participating jurisdictions receiving smaller and smaller allocations, to administer this 15% set-aside."

Also within the HOME program, HUD is seeking authority to not allocate HOME funds to participating jurisdictions that received less than $500,000 in HOME funds for any three of the prior five consecutive fiscal years.

CDBG

The request would decrease funding for Community Development Block Grants from FY16's $3 billion to $2.8 billion in FY17. The Administration again is seeking to increase the set-aside for colonias in states along the US-Mexico border (California, Arizona, New Mexico, and Texas) from 10% to 15% of the states' allocations.

HUD also requests that CDBG and HOME be two of the four programs in its proposed Upward Mobility Project. The other two programs are the Social Services Block Grant and Community Services Block Grant, administered by the Department of Health and Human Services. The Upward Mobility Project would allow states, localities, or consortia of the two to blend funding from the four programs to promote opportunity and reduce poverty.

HOPWA

The request seeks level funding for the Housing Opportunities for Persons with AIDS program at $335 million.

Other HUD Programs

The President would level fund HUD's Office of Healthy Homes and Lead Hazard Control at $110 million. For housing counseling assistance, the request seeks level funding for FY17 at $47 million.

The request would increase resources to Native American Housing Block Grants from FY16's $650 million to $700 million in FY17. This program has not been funded at $700 million since FY10. According to HUD budget documents, the $50 million requested increase is because of "the overwhelming need for adequate, decent housing in Indian Country, and to support the President's Native Youth priorities."

The President's request seeks an increase for HUD's Fair Housing Initiatives Program (FHIP), from FY16's $40 million to $46 million in FY17. The FHIP program provides funding to state and local governments and to public and private nonprofit organizations that administer programs to prevent or eliminate discriminatory housing practices through enforcement, education, and outreach.

Programmatic Changes

While the request seeks a sizable increase for the Choice Neighborhoods Initiative (CNI) program, which provides resources for the redevelopment of neighborhoods, it does not seek to set-aside the majority of CNI funds for public housing agencies, as the request has in previous years. For FY17, HUD seeks $200 million for CNI, up from FY16's $125 million.

The request seeks several changes to the Rental Assistance Demonstration (RAD) program, which currently allows PHAs and some project-based owners to change their subsidy platforms to either project-based rental assistance or project-based vouchers but does not provide any additional public funds. The request seeks to make Section 202 Project Rental Assistance Contract (PRAC) owners eligible to convert their subsidy stream under RAD. The request also seeks new RAD statutory language to ensure residents' right to continue their tenancy, by imposing the demonstration's prohibition on rescreening or termination of residents during redevelopment efforts on Rent Supplement, Rental Assistance Payment, and Mod Rehab properties that convert under RAD. The President seeks $50 million in funding for RAD, to be targeted to PHAs and Section 202 PRAC owners to cover the incremental subsidy necessary for properties to feasibly convert.

For the voucher, project-based rental assistance, and public housing programs, the request seeks to increase from 3% to 10% the threshold over which tenants can deduct medical expenses from their incomes before rents are calculated. Unlike a similar proposal Congress is considering as part of H.R. 3700, the "Housing Opportunity Through Modernization Act," the request would not raise the income threshold for medical expense deductions and increase the standard deduction for elderly households and households that include a person with a disability.

The request also seeks policy changes related to the compensation of PHA employees, allowing PHAs to establish replacement reserves, giving PHAs more flexibility to shift funds between their capital and operating accounts, changing CDBG grantee and accountability guidelines, updating the HOPWA distribution formula, and establishing a utilities conservation pilot to reduce PHA energy and water consumption.

USDA's FY17 Request

USDA is seeking to increase funding for the Section 521 Rental Assistance program by $15 million, from FY16's $1.390 million to $1.405 billion in FY17, and the Section 515 Rental Housing direct loan program, from FY16's $28 million to $33 million in FY17. USDA budget documents note that direct loans for approximately 11,500 properties will mature by 2024. The total USDA multifamily inventory consists of about 14,556 properties.

The request also seeks a $3 million increase to $18 million for FY17 for the multi-family housing voucher program and seeks to expand eligibility for these vouchers to tenants of Section 515 properties with maturing mortgages. Currently, only tenants of Section 515 properties with mortgages that are prepaid receive such vouchers.

Treasury's FY17 Request

In the FY17 budget proposal for the Department of Treasury, the Administration is seeking policy changes to the Low Income Housing Tax Credit (LIHTC) similar to those proposed for FY16. These changes include allowing LIHTC projects to elect an "average income" criterion where at least 40% of the units in a LIHTC project would have to be occupied by tenants with annual incomes that average no more than 60% of the area median income (AMI).

Under the proposal, no rent-restricted unit could be occupied by a tenant with an income over 80% AMI. Tenants making less than 20% of AMI would be treated as earning that much for income averaging purposes. NLIHC's policy agenda includes a similar proposal, but would require projects that use the income averaging criterion to provide at least 30% of a project's units to households with incomes below 30% AMI.

Another proposed policy change would allow states to convert some of their private activity bond (PAB) volume cap received for a particular calendar year into tax credits applicable to the same year. The conversion ratio would change each calendar year to respond to shifting interest rates, and there would be a maximum amount of the PAB volume cap that could be converted.

The Administration proposes adding a fourth required allocation preference to clarify states' obligations to allocate tax credits in a way that affirmatively furthers fair housing. The proposal would also add preservation of federally assisted affordable housing to the Internal Revenue Service's selection criteria that each state must include in its Qualified Allocation Plan.

Additionally, the proposal would remove the qualified census tract (QCT) population cap. HUD could designate as a QCT any census tract that meets the current statutory criterion of having a poverty rate of at least 25% or having at least 50% of its households earning incomes less than 60% AMI.

Finally, the Administration proposes requirements to implement the Violence Against Women Reauthorization Act (VAWA) of 2013, which extended protections for survivors of domestic violence to the LIHTC program. The legislation that was signed into law failed to include changes to the Internal Revenue Code or enforcement provisions that Treasury believes are necessary to impose VAWA protections in LIHTC buildings. To remedy this problem, the FY17 proposal would require all long term use agreements to include housing protections, which would apply to both low income and market rate units in the LIHTC development.

Resources:

HUD budget request appendix,
https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/hud.pdf

USDA budget request appendix,
https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/agr.pdf

For Treasury's budget proposal, go to: https://www.treasury.gov/resource-center/tax-policy/Documents/General-Explanations-FY2017.pdf

Webinar: *The Administration's 2017 Budget: What Does it Mean for Rural Housing?* The Housing Assistance Council will host a February 17 webinar on what the Administration's FY17 proposed budget means for rural housing programs. The webinar will include a brief presentation and a Q & A session. Register for the February 17, 2pm ET webinar, http://www.cvent.com/events/the-administration-s-2017-budget/event-summary-d58e0cfea99d4673bfded96c8bed2477.aspx

Take Action:

NLIHC is working with dozens of other national organizations to ensure strong funding for the Senate and House Appropriations Subcommittees on Transportation, Housing and Urban Development. Without strong subcommittee funding, the increases sought by the President will not be possible. View and sign onto the letter by February 19, http://nlihc.org/issues/budget/302b

View NLIHC's budget chart, http://nlihc.org/sites/default/files/FY16HUD-USDA_Budget-Chart.pdf

House Conservatives Call Spending Caps Too High

Despite promises and pleas for "regular order" in the annual budget process by Speaker of the House Paul Ryan (R-WI), House Republicans' most conservative wing, the House Freedom Caucus, is complaining that the spending caps agreed to in late fall 2015 are too generous and need to be trimmed. They are calling for an FY17 budget resolution that sets maximum spending at a lower level than that set in the "Bipartisan Budget Act (BBA) of 2015" (see *Memo*, 11/09/2015). Under the BBA, the topline spending limits for nondefense discretionary spending for FY17 are equal to the caps for FY16.

The budget resolution itself is not must-pass legislation, but the BBA's spending limits do need to be passed in the House in a budget resolution or other vehicle to provide enforceable spending limits for appropriations legislation. Any hiccups in the process could delay the already fragile appropriations cycle.

House Appropriations Committee Chair Hal Rogers (R-KY) has indicated that his committee will proceed with developing its 12 appropriations bills based on the BBA caps if there is no House budget resolution.

Senate Budget Committee Chair Mike Enzi (R-WY) has said he expects his committee to pass a budget resolution that respects the BBA caps. It remains to be seen if Senate Majority Leader Mitch McConnell (R-KY) will allow an FY17 budget resolution to come to the full Senate for a vote.

Advocates Call for Increased Funding for HOME Program

The HOME Coalition, an advocacy group of 25 affordable housing organizations including NLIHC, is circulating a sign-on letter to appropriators in the House and Senate urging them to restore funding for the HOME Investment Partnerships (HOME) program to at least $1.2 billion in FY17. HOME funding was cut in half from more than $1.8 billion in FY10 to $900 million in FY15. For FY16, HOME saw a modest boost in funding to $950 million, but that level of funding is insufficient to address the critical nationwide shortage of affordable housing.

The letter states, "HOME helps communities address the whole spectrum of housing needs, from homeownership to rental to rehabilitation and from urban to suburban and rural communities. Moreover, HOME plays a key role in ensuring the success of other housing programs, such as the Low Income Housing Tax Credit and U.S. Department of Agriculture Rural Housing programs, because it often provides essential soft funding to fill financing gaps and make affordable housing developments financially feasible. No other federal program provides this flexible a financing source for addressing the housing needs of low-income families."

National, state, and local groups, as well as government officials, are encouraged to sign the letter. The deadline for signing is March 1. NLIHC has signed the letter.

Sign onto the HOME Coalition letter here:
http://salsa3.salsalabs.com/o/50954/p/dia/action3/common/public/?action_KEY=18113

Learn more about the HOME Coalition here: https://www.ncsha.org/resource/home-coalition-advocacy-materials

Congress

Bill Would Provide Tax Relief to Renters

On February 8, Representative Alan Grayson (D-FL) introduced the "Renters Fairness and Equality Act," H.R. 4494, to allow tax filers to deduct from their incomes the rent they paid or accrued on their principal residence during the taxable year.

Currently, the federal tax code provides no housing-related tax breaks for taxpayers who are renters. In contrast, there are multiple tax breaks that benefit homeowners, including the mortgage interest deduction and the deduction for state and local property taxes.

The bill limits who may benefit from the deduction. Renters would be unable to claim the deduction if their principal residence had an assessed or appraised value of over $1 million for the taxable year or $500,000 in the case of a married individual filing a separate return. Additionally, the bill would prohibit tax filers from being able to deduct rent they paid on their principal residence if they could also claim the mortgage interest deduction or the state and local property tax deduction on the same property.

If enacted, H.R. 4494 would permit tax filers to deduct rent they paid beginning in 2015.

The bill currently has no cosponsors and has been referred to the House Committee on Ways and Means.

Read the text of the bill here: https://www.congress.gov/114/bills/hr4494/BILLS-114hr4494ih.pdf

Bill Would Terminate Tenancy of "Over-Income" Public Housing Residents

On February 4, Representative Phil Roe (R-TN) introduced the "Fairness in Public Housing Act of 2016," H.R. 4485, to "ensure that public housing dwelling units are occupied by low income families."

The bill would mandate that public housing agencies terminate the tenancy of public housing residents whose incomes are determined to surpass 125% of the area median income at the annual income review, unless there are no families on the waiting list or applying for such housing. The tenancy termination would take place 90 days after the income determination.

The income threshold under H.R. 4485 is similar to that included in H.R. 3700, the "Housing Opportunity Through Modernization Act," which addresses the tenancy of those whose incomes exceed 120% of the area median income. H.R. 3700, however, would allow tenancy of such households to continue for two consecutive years, at which point residents could pay either the fair market rent or the combined amount of public housing operating and capital costs for the unit, whichever is greater. H.R. 3700 has passed the House and been referred to the Senate Committee on Banking, Housing, and Urban Affairs.

HUD currently is seeking comments in advance of proposed rulemaking on the "over-income" issue (see Memo, 2/8/2016). The issue surfaced last year with a report by HUD's Office of the Inspector General (OIG) that found that 25,226 households living in public housing had income greater than the maximum allowed to qualify for initial admission to public housing. Representative Poe had requested the OIG report (see Memo, 8/3/2015).

H.R. 4485 currently has no cosponsors and has been referred to the House Committee on Financial Services.

Read the text of H.R. 4485 the bill at: http://1.usa.gov/1V764Sa

House Panel Examines Health of Federal Housing Administration

On February 11, Edward Golding, Principal Deputy Assistant Secretary for the HUD Office of Housing, testified before the House Financial Services Subcommittee on Housing and Insurance on the financial health and status of the Federal Housing Administration (FHA), particularly in regard to its Mutual Mortgage Insurance Fund (MMIF).

In 2015, HUD reported to Congress that the FHA MMIF capital reserve ratio met its statutorily required 2% threshold for the first time since 2008. However, Republican members of the Subcommittee voiced concern for the overall health of the fund, saying that without a spike in the value of FHA's "volatile" reverse mortgage program, the fund would not have met the 2% threshold. Republican members also accused FHA of growing its market share beyond its historical target population of first time and low and moderate income homebuyers, and thus crowding out the private market.

In his opening remarks Subcommittee Chair Blaine Luetkemeyer (R-MO) stated, "FHA has suffered a case of mission creep, and the unfortunate truth is that the lack of sound underwriting and risk management puts both homebuyers and U.S. taxpayers at risk. While the most recent independent actuarial report showed signs of a modestly healthier agency, the bottom line is that FHA is still in a precarious state."

Mr. Golding defended the health of the MMIF, testifying, "FHA's Mutual Mortgage Insurance Fund bore the strain of the Great Recession, falling below its required capital reserve and eventually taking a mandatory appropriation in 2013. However, FHA's focus on risk management, increasing revenue, and program improvements resulted in the ratio returning to 2% in 2015. This achievement was the result of FHA's prudent policy changes, and an ability to work with Congress to pass stabilizing legislation and quickly implement program changes over the course of several years."

Mr. Golding did concede, however, that an economic downturn would jeopardize the health of the fund, saying "If a Great Recession were to start tomorrow, I don't believe that we would be able to sustain a positive capital reserve ratio."

During the hearing, Representative Keith Ellison (D-MN) asked Mr. Golding what FHA was doing to help address the nationwide rental housing crisis faced by low income families. "Current estimates are that nearly 12 million low income people pay more than half their income for rent and according to the Harvard Joint Center for Housing Studies report, one in two households spend more than 30% of their gross income on rent and utilities. One in four households pays more than 50% of their gross income for rent and utilities," Mr. Ellison stated. "And in my district, 10,000 low income families are on the waiting list for assisted housing."

Mr. Golding responded that FHA was specifically addressing the crisis through its multifamily program. He said, "We support construction of new properties. We reduced the insurance premiums (for affordable housing) in order to attract more capital into that sector so that we get more construction, more units and more proceeds for rehab. So that it's not just the construction, but it's the substantial rehab. And our multifamily program is continuing to focus on that area. As you know, our rental assistance demonstration program is also putting more capital, nearing $2 billion, and about 35,000 units preserved in terms of affordable housing. But with those numbers [that you presented], we clearly are only chipping away at what is a huge problem."

Read Edward Golding's testimony here: http://financialservices.house.gov/uploadedfiles/hhrg-114-ba04-wstate-egolding-20160211.pdf

Watch the archived webcast of the hearing here:
http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=400266

Congressional Black Caucus Anti-Poverty Plan Gains Traction

The Congressional Black Caucus (CBC) has proposed an anti-poverty plan, referred to as the "10-20-30" plan, that would use 10% of program funding in counties where poverty rates have persistently been more than 20% over 30 years. The proposal was adopted for rural development programs under the "Housing and Economic Recovery Act of 2008" (HERA) and led to $1.7 billion for 4,655 economic development projects in counties with persistent poverty.

USDA Secretary Thomas Vilsack was the primary witness at the February 11 hearing on the USDA's FY17 budget before the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. During the hearing, Representative Sanford Bishop, Jr. (D-GA) asked Secretary Vilsack about the CBC's proposal to address persistent poverty in the United States. Mr. Bishop is a member of the CBC.

Secretary Vilsack reported that USDA funds currently exceed the 10-20-30 commitment, with more than 20% of its funds going to counties with persistent poverty rates of more than 20%.

The 10-20-30 proposal is gaining attention as many in Congress, Republicans and Democrats alike, seek common ground on tackling poverty. In 2014, Representative James Clyburn (D-SC), also a CBC member, testified before the House Committee on the Budget, then chaired by Representative Paul Ryan (R-WI), in support of expanding implementation of the 10-20-30 proposal beyond HERA. At the time, Mr. Clyburn reported that there are 488 counties with persistent poverty in America.

Reportedly, Mr. Ryan, now Speaker of the House, is taking a "serious look" at the CBC's 10-20-30 proposal. He met with members of the CBC during the week of February 7 and has told the members he supports shifting more federal funding to parts of the country with persistent poverty.

To view a webcast of the February 11 hearing, visit
http://appropriations.house.gov/calendar/eventsingle.aspx?EventID=394359

House Democrats Ask IRS to Encourage Housing Investments to Improve Community Health

On February 10, Representatives Keith Ellison (D-MN) and Joe Crowley (D-NY), along with 12 other House Democrats, sent a letter to the Internal Revenue Service (IRS) requesting that the agency modify the tax form used by non-profit hospitals to encourage investments in evidence-based housing interventions that promote community health. Currently, the tax form does not include housing improvements and other upstream activities as “community benefits,” and as a result, hospitals are discouraged from participating in housing-related activities.

The letter states, “According to recent public health reports, the physical environment in which an individual lives— in addition to socio-economic factors—may be responsible for up to 50 percent of an individual or community’s health outcomes. Moreover, public health experts believe that interventions targeting these determinants of health can be even more effective in improving the health of individuals and communities than clinical care alone. There is widespread consensus that affordable, healthy and safe housing in particular is essential for positive health outcomes. The reverse is also true: homelessness or unsafe and unhealthy housing can cause illness, aggravate chronic conditions and lead to lifelong health issues. The longer a child experiences homelessness or unsafe housing and the younger they are, the greater the cumulative toll of negative health outcomes on the child, family and community.”

Additional signers on the letter are Representatives Gwen Moore (D-WI), John Garamendi (D-CA), Alcee Hastings (D-FL), Charles Rangel (D-NY), Yvette Clarke (D-NY), Louise Slaughter (D-NY), Chris Van Hollen (D-MD), Ron Kind (D-WI), Bill Pascrell (D-NJ), Joyce Beatty (D-OH), John Delaney (D-MD), Robert Brady (D-PA), John Larson (D-CT), Betty McCollum (D-MN), Barbara Lee (D-CA).

Read the letter here: http://ellison.house.gov/sites/ellison.house.gov/files/2.11.16-IRSLetter.pdf

Housing and the Elections

Still Time to Sign Up for NLIHC Voterization Webinar, February 17

The first webinar in NLIHC's 2016 Voterization series, "Understanding and Overcoming the Challenges of Voter Registration," will be presented on Wednesday, February 17 at 2:00pm ET. Throughout 2016, NLIHC will offer webinars to train advocates and service providers on how to carry out non-partisan voter engagement efforts with low income residents. A strong voter turnout by low income renters in the high-stakes 2016 elections is essential to making affordable housing a high priority.

The presentation will provide background information on the importance of tenant voting and discuss the rules governing voter registration efforts of 501(c)(3) organizations. The webinar will review the NLIHC Voterization plan and provide tips and best practices for voter registration drives. The session will also explore efforts to suppress voter turnout and the various resources available to local voter registration campaigns.

RSVP at: https://attendee.gotowebinar.com/register/4025136519191807745

For Questions, contact: outreach@nlihc.org

Research

Raising Minimum Wage Would Reduce Public Assistance Spending

A report by David Cooper of the Economic Policy Institute, titled *Balancing Paychecks and Public Assistance: How Higher Wages Would Strengthen What Government Can Do*, finds that raising the federal minimum wage to $12 per hour by 2020 would reduce public assistance expenditures by $17 billion annually. The author suggests these savings could be used to strengthen the existing safety net of housing and other assistance programs.

The author examined worker participation by industry and wage level in eight federal and state means-tested assistance programs: the Earned Income Tax Credit (EITC); the refundable portion of the Child Tax Credit (CTC); Supplemental Nutrition Assistance Program (SNAP); the Low Income Home Energy Assistance Program (LIHEAP); the Supplemental Nutrition Program for Women, Infants, and Children (WIC); the Housing Choice Voucher (HCV) program; Medicaid; and Temporary Assistance for Needy Families (TANF).

A large percentage of low wage workers receive public assistance directly or through a family member, including 59.8% of workers with hourly wages of less than $7.42 (lowest 10% of wages), 52.6% of workers earning between $7.42 and $9.91 per hour, 43.8% of workers earning between $9.92 and $ 12.16 per hour, and 36.5% of workers earning between $12.17 and $14.72 per hour. The report highlights that certain industries have a high percentage of workers who receive public assistance either directly or through a family member, including 49.8% of workers in the agriculture, forestry, hunting, and fishing industries; 44.6% of workers in the arts, entertainment, recreation, accommodation, and food service industries; and 36.4% of workers in retail.

The author estimated that a $1 wage increase for workers earning less than $12.16 per hour would reduce the percentage of workers receiving public assistance in this wage group by 3.1 percentage points, or by more than 845,000 workers. The author also estimated that the average worker in this income group would see a wage increase of $3.16 per hour, if the federal minimum wage was increased to $12, reducing the number of these workers receiving public assistance by 2.7 million people.

Balancing Paychecks and Public Assistance: How Higher Wages Would Strengthen What Government Can Do is available at http://bit.ly/20qBABs.

Barriers to Employment for Section 3 Residents with Criminal Records

Revived and Discouraged: Evaluating Employment Barriers for Section 3 Residents With Criminal Records by Rebecca J. Walter, Michael Caudy, and James V. Ray explores the challenges Section 3-eligible residents with criminal records face when seeking employment. The researchers at the University of Texas at San Antonio focused on federal, state, and local barriers to employment in the city of San Antonio, Texas. Their findings indicate extensive barriers from state and local policies and actors, but not from HUD policies.

The Section 3 rule states that recipients of HUD housing and community development funding must provide "to the greatest extent feasible" job training, employment, and contracting opportunities for low and very low income residents. (See NLIHC's *Advocates' Guide*, http://bit.ly/1QZzXTz)

While Section 3 provisions place no restrictions or limits on economic opportunities for residents with criminal records, state and local employment guidelines often do. State laws can bar ex-offenders from obtaining certain types of jobs, getting licenses for certain occupations, and participating in training programs. Several states have laws prohibiting individuals with some types of felony convictions from employment in certain health service and security occupations. State licensing laws can even ban felons from plumbing, catering, and hair cutting jobs.

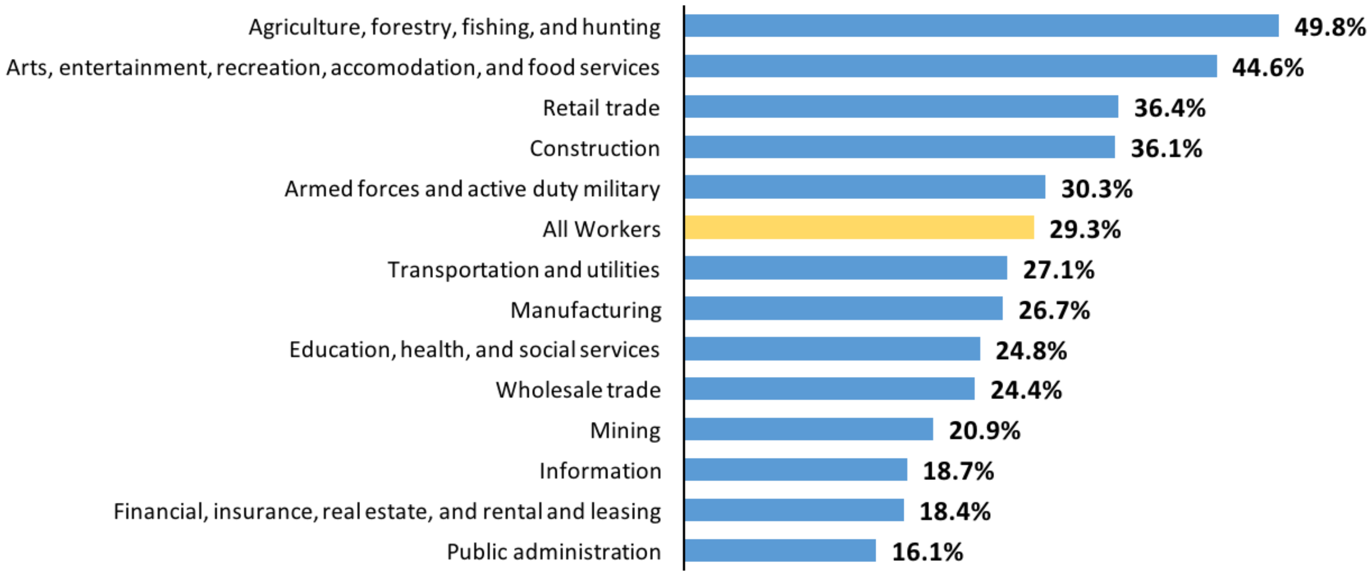
Local employers and policies posed barriers as well. For example, while the San Antonio Housing Authority (SAHA) does not require background checks of residents registering for Section 3, SAHA requires their contractors to perform background checks for new hires. This practice creates a barrier to employment of ex-offenders by SAHA contractors. Additionally, local employers were found to hold negative perceptions about individuals with criminal backgrounds. Local employers also worried about their legal liabilities under negligent hiring regulations if they hired someone with a criminal background. The study finds that HUD has been silent on Section 3 guidance to Public Housing Authorities (PHAs) and other agencies regarding participation by residents with a criminal background, despite these challenges and barriers to employment.

The authors recommend that HUD provide specific guidelines regarding ex-offenders in contractual and procurement policies of PHAs and other agencies. They also recommend HUD provide greater oversight of Section 3 activities. At the state level, they recommend changing current policies that bar ex-offenders from training programs in fields unrelated to their crime. They also recommend state incentives to employers for hiring ex-offenders, building on federal tax incentives that are currently provided. At the local level, they recommend education of employers regarding risk for recidivism and redemption, PHA and agency review of their own policies to identify barriers to employment, and better communication between Section 3 compliance officers and residents regarding the barriers they face in finding employment. The authors also recommend local partnerships to help individuals navigate the process of expunging or sealing their criminal records.

Revived and Discouraged: Evaluating Employment Barriers for Section 3 Residents With Criminal Records is available at: http://bit.ly/1mviszu

Fact of the Week

Percent of Workers and Their Families Receiving Public Assistance Benefits by Industry



Note: Public assistance includes the EITC, CTC, SNAP, LIHEAP, WIC, Housing Choice Vouchers, TANF/cash assistance, and Medicaid.

Source: Cooper, David. (2016.) *Balancing Paychecks and Public Assistance: How Higher Wages Would Strengthen What Government Can Do*. Washington, DC: Economic Policy Institute.

From the Field

Oregon Advocates Rally to Expand Tenant Protections and Lift Ban on Inclusionary Zoning

The Oregon State Legislature recently convened for a 35-day session, and affordable housing advocates are at work to expand tenant protections and lift the statewide ban on inclusionary zoning ordinances. On February 1, the first day of the new session, both the Senate Committee on Human Services and Early Childhood and the House Committee on Human Services and Housing held hearings on key housing bills. Numerous service providers, educators, elected officials, developers, landlords, and low income renters spoke to the importance of expanding affordable housing options and protecting tenants. In addition to speakers, 90 people submitted written testimony in support of tenant protections. Efforts to demonstrate support for key housing legislation were largely coordinated by NLIHC State Coalitions Oregon Opportunity Network (Oregon ON) and Oregon Housing Alliance, a coalition convened by Neighborhood Partnerships and consisting of more than 70 advocacy groups, service providers, and local governments.

Several hours of testimony were offered in support of House Bill 4143, which would protect tenants by requiring a 90-day notice for rent increases or no-cause evictions and would prevent rent increases during the first year of tenancy. The rapid escalation of rents in communities throughout Oregon often leaves renters with little time to either make adjustments to their household budgets or move from their homes. The new legislation will provide tenants with a more reasonable period in which to conduct increasingly difficult housing searches or find ways to increase their incomes. Landlords rallied against the bill, claiming that flexibility is important to their profitability and threatening that further tenant protections will lead to landlords selling single-family homes, removing supply from the overall rental market. The Community Alliance of Tenants (CAT) provided examples and personal stories of the disruption for households caused by abrupt displacement.

The Oregon Inclusionary Zoning Coalition coordinated testimony on the opening day of session in support of Senate Bill 1533, which would allow local communities to enact inclusionary zoning ordinances. Inclusionary zoning requires all new developments to contain a certain percentage of affordable units or to provide "in-lieu" fees for affordable housing that is not being built. Inclusionary zoning is a common tool used to create more affordable housing options in more than 400 cities and counties. Only Oregon, Arizona, and Texas have banned municipalities from adopting the practice.

Portland leaders and advocates have wanted to adopt inclusionary zoning since it was banned by statute in 1999, but interest in inclusionary zoning ordinance extends well beyond Oregon's major population centers. Census data show that Oregon has had the lowest rental vacancy rate in the country for three out of the past five years. The United National Movers Study reveals that Oregon has led the nation for three consecutive years in rates of in-state migration, with 69% of moves to and from the state being inbound in 2015. These factors have contributed to a strong partnership from small and rural communities in support of both bills.

State Treasurer Ted Wheeler (D) testified on the fiscal impact of failing to invest in housing, describing how healthcare, criminal justice, and education costs increase with high rates of homelessness and housing instability. Others offering testimony included local leaders and elected officials who spoke to the diversity of approaches to inclusionary zoning, emphasizing that their communities wanted the opportunity to decide for themselves if it was the best option to address their unique housing problems. Low income renters gave compelling first-hand accounts of living in cars and shelters when affordable housing options are unavailable. Homelessness is increasingly common in Oregon, with Portland one of three cities to recently declare a homeless state of emergency (see *Memo*, 10/5/2015). In 2015, a bill to lift the ban on inclusionary zoning passed in the House, but was never considered in the Senate.

"Momentum is building to pass these crucial housing bills, and that is due to the incredible organizing of our partners," said Janet Byrd, Executive Director at Neighborhood Partnerships. "We need legislators to use this brief session to make a real difference for Oregon renters now."

For more information about efforts in Oregon to repeal the ban on to expand tenant protections and lift the ban on inclusionary zoning, contact Jenny Lee, Housing Policy Director at Neighborhood Partnerships at jlee@neighborhoodpartnerships.org.

Events

Forum on Housing, Transportation, and Social Mobility, February 23

The Metropolitan Policy Program at Brookings Institution will host a forum titled "Pathways to Opportunity: Housing, Transportation, and Social Mobility." The forum will include discussion of HUD's Affirmatively Furthering Fair Housing (AFFH) rule released in 2015.

Brookings Vice President and Director of the Metropolitan Policy Program Amy Liu will moderate a conversation between U.S. Housing and Urban Development Secretary Julián Castro and U.S. Department of Transportation Secretary Anthony Foxx. The conversation will be followed by responses from a panel of experts from metropolitan areas across the country who will discuss local impacts.

The event will take place on Tuesday, February 23 at 2 pm ET at Brookings' Falk Auditorium, 1775 Massachusetts Avenue NW, Washington, DC, and will also be available via live webcast.

Full details of the event are available at: http://www.brookings.edu/events/2016/02/23-pathways-to-opportunity

To attend the event in-person, register at: http://connect.brookings.edu/register-to-attend-pathways-opportunity

To sign up for the webcast, go to: http://connect.brookings.edu/register-to-watch-pathways-opportunity

NLIHC News

NLIHC Accepting Applications for Summer Internships

NLIHC is accepting resumes for summer 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 the *Memo to Members* newsletter, 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 June and run until August and are at least 20-30 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 applying and that you are interested in a summer 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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Josephine Clarke, Executive Assistant, x226

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