



Memo TO Members

Volume 21, Issue 9
March 7, 2016

In This Issue:

NLIHC 2016 HOUSING POLICY FORUM

- HUD Secretary Julián Castro to Address NLIHC Housing Policy Forum

FEDERAL BUDGET

- First THUD Appropriations Hearing Held, Second Hearing Scheduled
- More than 2,000 Organizations Urge Increased Funding for THUD Programs
- Members of Congress Circulate “Dear Colleague” Letters to Support HUD, USDA, and HHS Funding
- House Budget Resolution Woes Continue, Progressive Caucus Releases Peoples’ Budget

CONGRESS

- Bill Would Allow Homeowners in Foreclosure to Remain in Their Homes as Renters

HUD

- HUD Posts Streamlined Regulations for Public Housing, Voucher, and Other Multifamily Programs
- “Mayors Challenge to End Veteran’s Homelessness” Call, March 15
- More Dates Added for CHDO Staff Training
- “Building HOME” Webinar Series

Treasury

- IRS Issues Regulations Regarding LIHTC Physical Inspections and Income Certifications

HOUSING AND ELECTIONS

- Webinar on Educating Voters and Candidates on Housing Issues, April 18

RESEARCH

- Study Finds Affordable Housing Reduces Health Care Costs
- Millions of Families on Voucher and Public Housing Waiting Lists

FACT OF THE WEEK

- Average Monthly Medicaid Health Care Expenditures Before and After Housing Support

FROM THE FIELD

- Maryland Affordable Housing Coalition Hosts Housing Advocacy Day

EVENTS

- Los Angeles NeighborWorks Training Institute, May 2-6
- Consortium for Housing and Asset Management Annual Conference, June 27-29

NLIHC NEWS

- NLIHC Accepting Applications for Summer Internships

NLIHC 2016 Housing Policy Forum

HUD Secretary Julián Castro to Address NLIHC Housing Policy Forum

HUD Secretary Julián Castro will speak about HUD priorities for 2016 and beyond, and respond to questions from participants at NLIHC's Housing Policy Forum that will take place April 3-5 in Washington, DC. This year's forum will also feature U.S. Senator Tim Kaine (D-VA), former U.S. Representative Barney Frank, researcher and author Kathryn Edin, *Washington Post* writer Emily Badger, and many others. The Forum will also be an opportunity to celebrate the leadership of long-time NLIHC President and CEO Sheila Crowley, who is retiring in April, and to welcome the Coalition's incoming President and CEO Diane Yentel.

Featured sessions at this year's Policy Forum include:

- HUD Priorities for 2016 and Beyond with HUD Secretary Julián Castro;
- Housing and Criminal Justice Reform with U.S. Senator Tim Kaine (VA-D);
- Reflections on *\$2 a Day: Living on Almost Nothing in America*, with the book's author, Kathryn Edin;
- Discussion on the findings from *The Family Options Study: Short-Term Impacts of Housing and Services Interventions for Homeless Families*, with the report's lead researcher, Marybeth Shinn;
- Housing in the Media with *Washington Post* writer, Emily Badger;
- Affordable Housing Past, Present and Future with NLIHC President and CEO Sheila Crowley and Incoming NLIHC President and CEO Diane Yentel;
- Housing in the 2016 Elections;
- Affirmatively Furthering Fair Housing;
- National Housing Trust Fund Implementation;
- A Dinner Celebration of Retiring NLIHC President and CEO Sheila Crowley with former U.S. Representative Barney Frank;
- Resident Session on Section 3, RAD, and the preservation-mobility balance under AFFH;
- And more.

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/>

Federal Budget

First THUD Appropriations Hearing Held, Second Hearing Scheduled

On March 1, HUD Secretary Julián Castro testified on the agency's FY17 budget request before the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies (THUD).

Subcommittee Chair Mario Diaz-Balart (R-FL) questioned the 3.5% increase HUD is seeking for FY17 and the agency's decision to request funds on the mandatory side of the federal budget. "HUD is requesting a total of \$49 billion in new budgetary resources in Fiscal Year 2017. Now this is not a dramatic increase. Unfortunately, however, there are so many accounting gimmicks in the budget as a whole, that it makes it difficult to frankly take any of it very seriously," Mr. Diaz-Balart said in his opening statement. "HUD proposes billions of dollars in extra spending by classifying new programs as mandatory. Look, spending is spending, regardless of how it is categorized. Just because you call it mandatory doesn't mean that it won't increase our national debt." The President's budget request includes \$11 billion in mandatory spending over the next ten years to end family homelessness, 80% of which would be for new housing vouchers and 20% for rapid rehousing assistance.

Mr. Diaz-Balart also voiced concerned with the number and seriousness of Inspector General (IG) reports he received that showed "poor financial controls, possible Anti-Deficiency Act violations, lacks in program oversight, major risk to IT systems, [and] major gaps in the cyber security." Mr. Diaz-Balart noted that the IG and Government Accountability Office (GAO) have repeatedly found that HUD does not have performance measures to evaluate the effectiveness of the Moving to Work (MTW) program, and that some PHAs participating in the program have used funds for purposes other than serving people in need. Secretary Castro said that with the MTW program expanding from 39 to 100 agencies, HUD has the opportunity to include more performance metrics in the contracts of the new participating agencies. He said that an advisory committee was established to oversee the MTW expansion and would be making recommendations in the next few months. The expansion would be phased-in over several years.

Subcommittee Ranking Member David Price (D-NC) said that while last year's budget agreement partially corrected distortions created by sequestration, the deal's cost constraints likely would force the subcommittee to write a bill that will not sufficiently address known housing needs. "The resources available to this subcommittee make it virtually certain that we can only address the most pressing needs, rather than thinking boldly about the future of housing in this country," Mr. Price stated.

Secretary Castro said that the president's FY17 budget calls for increased HUD funding to ensure low income families are not rent burdened, so that they can spend more money on groceries, education, and retirement. He also said that the request would reinforce "HUD's commitment to empower more Americans through housing mobility," while also reflecting the agency's "duty to revitalize underserved communities." However, Secretary Castro noted that more than three quarters of the budget request is dedicated towards maintaining current tenants in housing—a "challenging task."

Appropriations Committee Chair Hal Rogers (R-KY) asked the secretary about the IG report concerning over-income families living in public housing. Secretary Castro responded that HUD had begun taking action by sending out guidance to PHAs to adopt policies encouraging highly over income families to transition out of public housing and by issuing notice of advanced rule making on the issue. Secretary Castro cautioned that a change in policy must be nuanced so as not to be a disincentive to families to increase their incomes out of fear of immediately losing their assistance once they became over-income.

Representative David Joyce (R-OH) said that he had "great concern" with HUD's Affirmatively Furthering Fair Housing (AFFH) rule, saying that HUD was using its "authority like a hammer, and [was] robbing..."

communities of their rightful say in local zoning laws.” Secretary Castro assured him that the rule was about “giving... communities the data that they need to make prudent decisions about how they invest... federal taxpayer dollars and how they also live up to Fair Housing Act requirements.” He added, “We can’t tell a local jurisdiction, ‘You have to adopt this zoning law, or planning law, or land use restriction.’”

Appropriations Committee Ranking Member Nita Lowey (D-NY) spoke of the current lead contamination scandal in Flint, MI, and lamented the lack of funding for the Lead Hazard and Healthy Homes programs, which have made large strides in eliminating lead poisoning nationwide. Secretary Castro responded that HUD was only able to fund half of the eligible applicants in the program and that the need outstripped the resources HUD received. He did note that Community Development Block Grant (CDBG) funds could be used to address lead issues.

Representative Henry Cuellar (D-TX) asked Secretary Castro about a proposal to increase funds for the Colonias communities that border Mexico. HUD is requesting an amendment to the Community Development Block Grant (CDBG) statute to increase from 10% to 15% the set-aside for Colonias in the CDBG funds received by Arizona, California, New Mexico, and Texas.

The Senate Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies will hold its hearing on HUD’s FY17 budget request on March 10. HUD Secretary Julián Castro again will be the only witness. The hearing will be at 2:30pm ET in room 192 of the Dirksen Senate office building.

Watched the archived hearing here: <http://appropriations.house.gov/calendar/eventsingle.aspx?EventID=394406>

Read Secretary Castro’s testimony here: <http://docs.house.gov/meetings/AP/AP20/20160301/104533/HHRG-114-AP20-Wstate-CastroJ-20160301.pdf>

Read Mr. Diaz-Balart’s testimony here: <http://docs.house.gov/meetings/AP/AP20/20160301/104533/HHRG-114-AP20-MState-D000600-20160301.pdf>

Read Ranking Member Price’s testimony here: <http://democrats.appropriations.house.gov/news/press-releases/price-statement-at-hearing-on-department-of-housing-and-urban-development-2017>

More than 2,000 Organizations Urge Increased Funding for THUD Programs

On March 7, the Campaign for Housing and Community Development Funding (CHCDF) will send a letter signed by more than 2,000 national, state and local organizations to Senate and House Appropriations Committee Chairs and Ranking Members urging them to increase the 302b funding allocation for the Transportation, Housing and Urban Development, and Related Agencies (THUD) Subcommittee for FY17.

The letter states: “State and local governments, and the communities they serve, rely on the resources provided to [the Department of Transportation (DoT)] and HUD by the THUD bill to meet the most basic infrastructure needs of their communities. These infrastructure needs, including for transportation, community development, and affordable housing, exist in every community across the country. The provision of additional federal resources through tested, effective DoT and HUD programs will allow America’s neighborhoods to thrive and for the needs of more of our most vulnerable residents to be met. We urge you to make a strong THUD 302b allocation a top priority.”

The total amount that the two Appropriations Committees are permitted to spend each year is called the 302a allocation. The committees then decide how to divide the total among the 12 subcommittees. The amount for each subcommittee is called its 302b allocation.

CHCDF is a coalition of 70 national organizations working together toward the highest possible funding for housing, homeless, and community development programs.

Read the letter here: http://nlihc.org/sites/default/files/2017_302b_Letter.pdf

Members of Congress Circulate “Dear Colleague” Letters to Support HUD, USDA, and HHS Funding

Members of Congress are circulating “Dear Colleague” sign-on letters in support of HUD, USDA Rural Housing, and HHS funding to the Chairs and Ranking Members of the Appropriations Subcommittees. These letters express support for many important housing and community development programs and often request specific funding levels for FY17 appropriations.

Tenant-Based Rental Assistance

Representative Jerrold Nadler (D-NY) is circulating a letter asking the House Appropriations Transportation, Housing and Urban Development, and Related Agencies (THUD) Subcommittee to provide \$20.9 billion in FY17 to fund the tenant-based rental assistance (TBRA) program. This request includes \$18.4 billion to renew all vouchers currently in use, as well as \$88 million to provide 10,000 new vouchers targeted for homeless families with children. The letter states, “Research consistently demonstrates that the TBRA program is effective in reducing poverty, housing instability and homelessness, and in helping families - particularly minority families - to live in communities that are safer and healthier.” The deadline to sign is March 7. Members can contact Melissa Connolly at melissa.connolly@mail.house.gov to sign the letter.

Homeless Assistance

Representative Gwen Moore (D-WI) is circulating a letter in support the President’s request of \$2.664 billion for Homeless Assistance Grants in FY17. This is a \$414 million increase over the FY16 enacted amount. “With homeless systems already strained and persistent economic difficulties leading to high numbers of people continuing to need help, providing \$2.664 billion for homeless assistance programs must be a priority so that we can ensure all individuals and families who are facing homelessness will soon have a place to call home,” wrote Ms. Moore. The deadline to sign is March 11. Members can contact Sean Gard at sean.gard@mail.house.gov to sign the letter.

Senators Jeff Merkley (D-OR) and Kirsten Gillibrand (D-NY) are circulating a letter in the Senate also in strong support of funding for Homeless Assistance Grants and the TBRA program in FY17. “Communities around the country have made significant progress toward ending homelessness among veterans and chronic homelessness, largely due to funding that Congress has made available through McKinney-Vento Homeless Assistance Grants for chronic homelessness and Section 8 Housing Choice Vouchers for veterans. However, there is still much work to be done,” wrote Senators Merkley and Gillibrand. The deadline to sign is March 14. Senators can contact Elizabeth Eickelberg at elizabeth_eickelberg@merkley.senate.gov to sign the letter.

HOME Investment Partnerships Program

Senators Chris Coons (D-DE) and Patrick Leahy (D-VT) are circulating a letter calling for of \$1.2 billion in funding for the HOME Investment Partnerships program (HOME) in FY17. This is above the FY16 enacted level and President’s FY17 request of \$950 million. “Over the last several years, HOME funding has been cut nearly in half, from \$1.8 billion in 2010 to \$950 million in 2016. These reductions have real and serious consequences for families,” wrote the Senators. “As communities have struggled to continue their affordable housing programs, they have been forced to discontinue critical projects for low- and moderate-income persons.” The deadline for senators to sign the letter is March 15. Senators can contact Eric Wall at eric_wall@coons.senate.gov or Erica Chabot at erica_chabot@leahy.senate.gov to sign.

Representative Marcia Fudge (D-OH) is also circulating a letter supporting \$1.2 billion for HOME in FY17. “Since 1990, HOME has helped to create over 1.2 million housing units and provided tenant-based rental assistance to over 307,000 families,” wrote Ms. Fudge. “HOME funding is a vital resource for communities working to meet the needs of low-income families and individuals in need of supportive housing, including veterans, persons with disabilities, seniors and persons experiencing homelessness.” The deadline for Members of the House to sign the letter is March 11. Members can contact Félix Muñoz at felix.muniz@mail.house.gov to sign.

Community Development Block Grant Program

Senator Leahy also is circulating a letter in the Senate in support of \$3.3 billion for the Community Development Block Grant (CDBG) program in FY17. CDBG was funded at \$3.06 billion in FY16. The President requested \$2.88 billion for CDBG in FY17. “When adjusted for inflation, last year’s funding level of \$3 billion was only 20 percent of funding received during the program’s first year in 1975, when it served less than half as many grantees,” wrote Senator Leahy. “Due to these adjustments in the formula allocation, essential programs and projects also were cut back, reducing the amount of funding given to communities in need.” The deadline for senators to sign the letter is March 15. Senators can contact Erica Chabot at erica_chabot@leahy.senate.gov to sign.

Housing for Seniors and Persons with Disabilities

Senator Robert Menendez (D-NJ) is circulating a letter in support of HUD’s Section 202 and 811 programs for the development of new housing and the continuation of rental assistance for very low-income seniors and persons with disabilities. The letter requests \$505 million for the Section 202 Housing for the Elderly program, equal to HUD’s request for FY17, and \$179 million for the Section 811 Housing for Persons with Disabilities program, which is \$25 million more than HUD’s FY17 request. The additional \$25 million for Section 811 would allow for the creation of 765 new permanent supportive housing units for non-elderly adults with significant disabilities. Senators can contact Rebecca Shatz at Rebecca_Schatz@menendez.senate.gov to sign.

Housing Opportunities for Persons with AIDS

Senators Richard Durbin (D-IL) and Kirsten Gillibrand (D-NY) are requesting \$375 million for the Housing Opportunities for Persons with AIDS (HOPWA) program in FY17. The Senators’ request is \$40 million more than the Administration’s request and the FY16 appropriation for the program. “Research has proven the connection between stable housing and individual health outcomes for those living with HIV/AIDS,” the Senators wrote. “Some 94 percent of HOPWA recipients were able to achieve housing stability thanks to these funds. Housing assistance has been demonstrated to reduce the chance of transmission by 96 percent due to access and adherence to medical treatment, and the reliance on expensive crisis services like emergency rooms and nursing home care is greatly reduced. . . .” The deadline for signing on is March 11. Senators can contact Julian Miller at julian_miller@durbin.senate.gov or Denzel Singletary at denzel_singletary@gillibrand.senate.gov to sign the letter.

Representatives Jerrod Nadler (D-NY), Joseph Crowley (D-NY), and Jim McDermott (D-WA) also are circulating a letter in support of \$375 million for HOPWA in FY17. “Despite its efficiency and effectiveness, HOPWA remains chronically underfunded,” wrote the Representatives. “Last year, with your support, we restored HOPWA funding to \$335 million, its highest funding level since FY 2010. Yet, despite this additional funding, HUD’s latest report indicates that only 49,000 people are being served, which is 3,000 individuals less than their previous reports.” The deadline to sign is March 7. Members can contact Melissa Connolly at Melissa.connolly@mail.house.gov or Todd Sloves at todd.sloves@mail.house.gov to sign the letter.

Rural Housing

Representatives Maxine Waters (D-CA) and Emanuel Cleaver (D-MO) are circulating a letter with several funding and programmatic requests related to the Rural Housing Service of the USDA. They are requesting that the Rural Development Voucher Program (RDVP) be expanded to Section 515 properties with maturing mortgages and to Section 514 properties. They also request at least \$25.6 million for the RDVP and \$50 million for the Section 515 Rural Rental Housing Program. Additionally, the letter includes a request to give the USDA the authority to adjust the value of RD vouchers based on changes in income and household size; currently the value is fixed on factors at the time of issuance. “This will allow the Secretary to base the voucher amount on the fair market rents and 30 percent of tenant income, in accordance with the relevant statute, and remove the barrier to making adjustments for tenants based on changes in income and household size.” The deadline for Members of the House to sign the letter is March 11. Members can contact Esther Kahng at esther.kahng@mail.house.gov to sign.

Community Economic Development Grant Program

Senator Tammy Baldwin (D-WI) is circulating a letter requesting \$29.883 million for the Community Economic Development (CED) grant program administered by the Department of Health and Human Services. The CED program provides grants directly to local non-profit community development corporations serving low-income urban and rural communities. “Every \$1 in CED grant funds leverages \$3-5 in additional private and public funds. Therefore, a CED appropriation of \$30 million has the potential to leverage up to \$150 million in outside investment,” wrote Senator Baldwin. “Furthermore, the program promotes economic self-sufficiency by requiring that low income individuals fill 75 percent of the jobs that are created using CED grants.” The deadline for signing on is March 14. Senators can contact Erica Augustine at erica_augustine@baldwin.senate.gov to sign the letter.

Representative Ron Kind (D-WI) is also circulating a letter requesting \$29.883 million in funding for the CED grant program. Mr. Kind highlights the ability of the program to create “thousands of jobs for low income individuals and over \$100 million of investment in rural and urban communities across America.” The deadline for signing on is March 21. Members can contact Elizabeth Stower at elizabeth.stower@mail.house.gov to sign the letter.

View the House TBRA letter at: <http://bit.ly/1oW4E2E>

View the House Homeless Assistance letter at: <http://bit.ly/24Gyzg6>

View the Senate Homeless Assistance/TBRA letter at: <http://bit.ly/21KTwHy>

View the Senate HOME letter at: <http://bit.ly/1Tf8qB8>

View the House HOME letter at: <http://bit.ly/1QYcd5I>

View the Senate CDBG letter at: <http://bit.ly/1oVZweM>

View the Senate HOPWA letter at: <http://bit.ly/1LYRzL1>

View the House HOPWA letter at: <http://bit.ly/1SoCh9d>

View the House Rural Housing letter at: <http://bit.ly/21KYaFD>

View the Senate CED letter at: <http://bit.ly/1TVbkLp>

View the House CED letter at: <http://bit.ly/1LYONWg>

House Budget Resolution Woes Continue, Progressive Caucus Releases Peoples' Budget

The U.S. House of Representatives left town for a one week recess without agreeing to a budget resolution to govern FY17 budget year. Speaker of the House Paul Ryan (R-WI) and Budget Committee Chair Tom Price (R-GA) presented a budget plan to the House Republican Conference on March 3 and urged them to support it when Congress returns. Their budget resolution would respect the higher spending level for FY17 agreed to in the "Bipartisan Budget Act of 2015 (BBA)" that raised spending caps above sequester levels.

The House Freedom Caucus has balked at the \$30 billion increase in discretionary spending that the BBA allowed and demanded offsets elsewhere. To entice ultra conservative House Members to support their budget resolutions, Republican leaders are proposing a separate bill to cut mandatory spending, including cuts to Medicaid, by \$30 billion over two years. They are also promising a series of policy riders that would appeal to the objectors.

It remains to be seen if the deal will garner enough votes to pass. Without a budget resolution, it is unclear how the House will proceed on completing its FY17 appropriations bill in a timely manner.

In other budget news, the Congressional Progressive Caucus (CPC) released its FY17 "Peoples' Budget" on March 3. The CPC calls for increased spending in a wide range of domestic priorities, including a \$1 trillion infrastructure investment and \$11 billion to end family homelessness. To read the proposed budget, go to <http://cpc-grijalva.house.gov/the-peoples-budget-prosperity-not-austerity-invest-in-america/>

Congress

Bill Would Allow Homeowners in Foreclosure to Remain in Their Homes as Renters

On February 25, Representative Raul Grijalva (D-AZ) introduced the "Right to Rent Act of 2016" (H.R. 4623) that would allow homeowners in foreclosure to remain in their homes as renters. The bill would provide people with mortgages in foreclosure on one-to-four unit buildings and on condominium and cooperative units the option of remaining in their homes for five years as tenants. Mr. Grijalva introduced a similar bill in 2013.

The former owner who transitions to renting would be charged a fair market rent as determined by an independent appraiser. The rent would be adjusted each year to reflect changes in the Consumer Price Index. The transition to a lease would not hinder foreclosure proceedings or the right of the tenant to pursue a reinstatement of the mortgage.

To be eligible, a property must have been purchased at less than the current median purchase price for residences located in the same metropolitan statistical area (or the same state if the home is outside a metropolitan area) and with a loan originated before December 31, 2008. The new owner of the property would be able to terminate the tenancy for material breach but would not be permitted to do so if the former owner pays his or her rent on time and uses the property as a principal residence during the period of the lease. The landlord-tenant relationship would be governed by local landlord-tenant laws.

Implementation and compliance with the bill's provisions would be overseen by the Office the Inspector General at HUD and its provisions would sunset after five years after enactment.

The bill was referred to the House Committee on Financial Services and currently has eight cosponsors.

Read the text of the bill here: <https://www.congress.gov/bill/114th-congress/house-bill/4623>

HUD

HUD Posts Streamlined Regulations for Public Housing, Voucher, and Other Multifamily Programs

HUD has posted an advance review copy of a new set of regulations intended to streamline many requirements for the Public Housing and Housing Choice Voucher programs, as well as for most programs administered by HUD's Office of Multifamily Housing Programs. It will be published in the Federal Register on March 8.

The FY14 Appropriations Act made several changes to the Housing Act of 1937, five of which were implemented through a *Federal Register* notice on June 25, 2014 (see *Memo*, [6/27/14](#)). On January 6, 2015 HUD issued a proposed rule codifying these changes and proposing additional changes to streamline existing regulatory requirements (see *Memo*, [1/12/15](#)). Some of the many changes that will be in the final rule are summarized here.

Definition of Annual Income. Current regulations define “annual income” to be income projected for the upcoming 12 months. The proposed rule allowed public housing agencies (PHAs) and private multifamily property owners to define annual income as either actual past income or projected income, requiring them to apply the option they chose to all families. Based on comments received, HUD has decided not to adopt the use of actual past income because it would provide little or no streamlining benefit.

Reexamination of Income for Fixed Incomes. HUD had proposed allowing PHAs and owners of private multifamily housing the option of conducting streamlined annual reexaminations of income for households when 100% of a household's income consists of fixed sources, such as Social Security. The final rule will be substantially revised, allowing PHAs the option of conducting a streamlined income determination for any family member who has a fixed source of income, even if that person or family also has a non-fixed source of income. Upon admission to a program, a third-party verification of all income amounts will be required for all family members. A full income reexamination and redetermination must be performed every three years. In the intervening years, a streamlined income determination must be conducted by applying a verified cost of living adjustment (COLA) or current rate of interest to the previously verified or adjusted income amount.

Earned Income Disregard (EID). Current regulations provide for an earned income disregard (EID) that permits certain tenants of public housing and persons with disabilities participating in the voucher program to accept a job without having their rent increased immediately due to their increased income. The EID is available for a total of 24 months, but those months may be spread across 48 months to account for intermittent job losses. PHAs are required to fully exclude income for the first 12 months of an EID, and to exclude at least 50% for the last 12 months.

HUD had proposed eliminating the 48-month timeframe, requiring families to maintain continuous employment in order to obtain an EID limited to a straight 24-month period. For the second 12 months HUD had proposed allowing PHAs the discretion of phasing in a rent increase, excluding at least 50% of income.

The final rule eliminates the 48-month timeframe, limiting an EID to a 24-month period. However, the final rule will also eliminate the continuous employment requirement. Residents will be able to start and stop employment and still retain the EID, but the EID will only be available for up to 24 consecutive months from the date of the initial increase in annual income. For example, if someone becomes eligible for an EID, the 24-month period will not stop if employment ends or income declines. However, if employment is subsequently regained or income increases, the EID would again be available during the remainder of the 24-month period. After the 24-month period ends, an individual will no longer be eligible for an EID in the future.

Utility Reimbursements. The proposed rule offered PHAs the option of providing utility reimbursements on a quarterly basis to residents of public housing and residents with vouchers if the amounts owed were \$20 or less.

PHAs could continue to provide utility reimbursements monthly if they chose to. The final rule will retain the quarterly option, but raise the amount to \$45 or less per quarter. If a PHA opts to make payments on a quarterly basis, the PHA must establish a hardship policy if less frequent reimbursements will create a financial hardship for tenants.

Community Service Requirement. Currently, PHAs are required to review and determine annually whether public housing residents comply with the community service requirements. The proposed rule allowed a tenant to self-certify compliance with the requirement. The final rule retains the self-certification option and adds a requirement that PHAs review a sample of self-certifications and validate their accuracy with third-party verification procedures currently in place.

Public Housing Grievance Procedures. In the preamble to the proposed rule, HUD had claimed that many portions of the tenant grievance process are repetitive or overly prescriptive for PHAs. Therefore, HUD had proposed streamlining procedures relating to informal settlements, grievance procedures for failure to request a hearing and requiring escrow deposits, and matters relating to transcripts, copies, and the conduct of a hearing.

The preamble to the final rule notes that commenters expressed concern that the proposed rule would eliminate the requirement for PHAs to consult with residents regarding the appointment of hearing officers. HUD responded that consultation with residents is a burden for PHAs, and the final rule does not require resident consultation about hearing officer appointments. The final rule does state that, because tenant input into the hearing officer selection process can be valuable, PHAs are required to include their policies for selecting hearing officers in resident leases.

Commenters urged HUD to continue to require PHAs to provide summaries of informal settlements, and that requirement is included in the final rule. Commenters also urged HUD to continue to require PHAs to allow residents to record a meeting and have transcripts made at their own expense, and the final rule includes that requirement.

Biennial Inspections and Use of Alternative Inspection Methods. The FY14 Appropriations Act authorized PHAs to inspect voucher units every other year, rather than annually, and to use inspections conducted for other programs such as the Low Income Housing Tax Credit (LIHTC) program. This option was maintained in the proposed rule and is in the final rule. The final rule also requires alternative inspection methods that are not conducted under LIHTC or HOME program protocols to submit the protocol to HUD's Real Estate Assessment Center (REAC) and to demonstrate that the protocol meets Housing Quality Standards. The final rule adds that if an alternative method uses sampling, voucher units must be included in the population of units forming the sample.

Exception Payment Standards. Voucher regulations currently require a PHA to request a waiver from the HUD Field Office for a voucher exception payment standard above 110% of the fair market rent (FMR). HUD had proposed to allow PHAs to approve a payment standard of no more than 120% of the FMR without HUD approval if it is required as a reasonable accommodation for a family that includes a person with a disability. The final rule includes this provision.

Utility Payment Schedule. Current voucher regulations require PHAs to establish utility allowances based on unit size (number of bedrooms) or family size, whichever results in a lesser allowance, and on the type of unit (apartment, row house, town house, single-family, detached, manufactured home). HUD had proposed that utility allowances continue to be based on unit size or family size, but also on a newly defined "unit type," which would be a HUD-determined "attached" or "detached" unit value. Many commenters objected to the proposed change that limited the definition of "unit types" to "attached" and "detached," and the final rule removes that change.

The advance review copy of the final rule is at <http://portal.hud.gov/hudportal/documents/huddoc?id=5743F03StreamFRul.pdf>

“Mayors Challenge to End Veteran’s Homelessness” Call, March 15

HUD Secretary Julián Castro and Los Angeles Mayor Eric Garcetti will host a call to discuss the “Mayors Challenge to End Veteran Homelessness” initiative and how mayors and other stakeholders can keep the momentum going in their communities. All mayors, city staff, stakeholders, community leaders and other partners are invited to attend. The call will be held on Tuesday, March 15, 2016 at 2:15-3:30pm EST. Call-in: 800-230-1059.

If you have questions about the call or the Mayors Challenge, email: MayorsChallenge@hud.gov.

More Dates Added for CHDO Staff Training

As previously announced (see *Memo*, [2/29](#)), HUD will hold 11 two-day courses about the HOME Investment Partnerships (HOME) program’s Community Housing Development Organization (CHDO) regulatory requirements. The courses are targeted to representatives of prospective CHDOs and new staff of existing CHDOs. Three more dates have been announced: Omaha, NE, April 5-6; Minneapolis, MN, April 12-13; and Phoenix, AZ, April 12-13. Last week *Memo* reported the first sessions will be in Richmond, VA, March 16-17 and Buffalo, NY, March 29-30. The Little Rock, AR, March 8-9 session has been cancelled.

The statute creating the HOME program sets aside 15% of a Participating Jurisdiction’s (PJ’s) HOME allocation exclusively for CHDOs. CHDOs are nonprofits that have boards of directors with significant low-income community resident representation to whom they are accountable.

Each course will cover:

- The relationship between CHDOs and PJs;
- The criteria an organization must meet to be designated a CHDO;
- Regulatory requirements regarding the development of rental and for-sale housing;
- The definition of a CHDO as a housing owner, sponsor, or developer; and
- The incentives a PJ may provide to a CHDO, such as operating assistance (up to 5% of a PJ’s allocation), pre-development cost assistance, and use of CHDO proceeds.

Register for the courses at: <http://bit.ly/1LFvbeU>.

Additional courses will be held in Albuquerque, Salt Lake City, Jackson, MS, Seattle, and Newark, NJ. The dates for these cities will be announced in the future on the HUD Exchange Trainings and Events website: <http://bit.ly/24sVEmf>.

For more information contact Beth Lindow at blindow@tdainc.org.

“Building HOME” Webinar Series

HUD will conduct three additional virtual deliveries of its Building HOME training. [This course](#) is a prerequisite for all other HOME topical courses. The virtual delivery of Building HOME provides an overview of HOME, including the latest requirements codified in the July 24, 2013 HOME Final Rule.

Each training series will include:

- Four weekly, two-hour sessions held on Wednesdays from 1:00-3:00pm ET.
- One-hour office call-in sessions on Thursdays from 1:00-2:00pm ET to review homework and answer questions related to that week’s materials.

The four-part course provides an introduction to the HOME program inclusive of all new regulatory changes in a format designed for virtual delivery. Participants will become familiar with all program activities, including homeowner and homebuyer, rental housing, tenant-based rental assistance, and Community Housing Development Organization (CHDO) activities.

The course is relevant to CHDOs, HOME sub-recipients, and Participating Jurisdiction (PJ) staff. Each training is limited to 300 participants and registration will close 24 hours before each webinar begins.

Series I will be conducted online on March 16, 23, 30, and April 6. Register at <http://bit.ly/1OVqqZn>.

Series II will be conducted online on May 4, 11, 18, and 25. Register at <http://bit.ly/1Qwy4ig>.

Series III will be conducted online on September 7, 14, 21, and 28. Registration is not yet open.

For more information contact Catianne Ngante, 703-225-2390, Catianne.Ngante@icfi.com.

Treasury

IRS Issues Regulations Regarding LIHTC Physical Inspections and Income Certifications

On February 25, the Internal Revenue Service (IRS) published final and temporary regulations regarding compliance monitoring duties of state and local agencies administering the Low Income Housing Tax Credit (LIHTC) program. The regulations revise and clarify the requirement that housing finance agencies (HFAs) must conduct physical inspections and review certifications that LIHTC-assisted tenants are income eligible. The rule also comments on a variety of issues and is open for comment, hence, the “temporary” nature of the “final” rule.

The LIHTC regulations are at 26 CFR part 1, section 42. LIHTC units must be suitable for occupancy by low income households. The regulations determine suitability for occupancy by taking into account local health, safety, and building codes. If any assisted housing units in a LIHTC project is not suitable for occupancy, the project may become ineligible for continued tax credits, the amount of the tax credit could be reduced, or previously allowed tax credits could be recaptured. A LIHTC-assisted project must have either 20% of the units rent-restricted and occupied by a household with income at or below 50% of the area median income (AMI), or 40% of the units rent-restricted and occupied by a household with income at or below 60% of AMI.

Current regulations require HFAs to:

- Conduct on-site inspections of all LIHTC buildings by the end of the second year following the year the last building in the project is placed into service (the “all-buildings” requirement).

- Inspect at least 20% of a project’s LIHTC-assisted units (the “20% rule”) and review whether LIHTC-assisted residents are income-eligible in these same units (the “same units rule”).
- Conduct on-site inspections and income certifications at least once every three years after the initial inspections.
- Randomly select which LIHTC-assisted units and tenant records to inspect and review (the “random selection rule”).
- Choose units and tenants in a manner that does not give owners advance notice that a unit and tenant records for a particular year will or will not be inspected (the “no notice rule”). However, an HFA may give an owner reasonable notice (30 days) that an inspection or tenant record review will take place so that the owner may notify tenants.

The amended LIHTC regulations require physical inspections of the lesser of 20% of the LIHTC units in a project or the number of LIHTC units set forth in the LIHTC Minimum Unit Sample Size Reference Chart in Revenue Procedure 2016-15, which was issued concurrently with the amended regulations. Both vacant and occupied LIHTC units must be included when using the 20% rule. Revenue Procedure 2016-15 applies the same rule to determine the minimum number of LIHTC units that must undergo the income eligibility review.

The IRS is concerned that the 20% rule might not be appropriate for projects with relatively few LIHTC units because 20% might not produce an accurate estimate of the remaining units’ overall compliance. Consequently, IRS intends to consider eliminating the 20% rule for smaller projects.

The regulations no longer require an HFA to conduct a physical inspection and income eligibility review of the same units. Also, an HFA may choose to conduct physical inspections and income eligibility reviews at different times.

If a LIHTC project has a HUD Real Estate Assessment Center (REAC) physical inspection protocol, Revenue Procedure 2016-15 now allows HFAs to use the HUD REAC protocol to satisfy the required LIHTC physical inspection requirement. HFAs using the REAC protocol will not have to apply the “all buildings” rule. However, using the REAC protocol does not excuse an HFA from reviewing the income eligibility compliance requirements.

The regulations published in the *Federal Register* on February 25 became effective on that date and will expire on February 22, 2019; however, the text is also treated as a proposed rule open for comment until May 25, 2016.

The final and temporary regulations are at <https://www.gpo.gov/fdsys/pkg/FR-2016-02-25/pdf/2016-04005.pdf>

The notice of proposed rulemaking is at <https://www.gpo.gov/fdsys/pkg/FR-2016-02-25/pdf/2016-04004.pdf>

Revenue Procedure 2016-15 is at <https://www.irs.gov/pub/irs-drop/rp-16-15.pdf>

Housing and the Elections

Webinar on Educating Voters and Candidates on Housing Issues, April 18

The second webinar in NLIHC’s 2016 Voterization series, “Educating Voters and Candidates on Housing Issues,” will be held on Monday, April 18 at 2:00pm ET. The webinar will provide detailed information on creating voter guides, participating in candidate forums, and getting candidates to take positions on issues through candidate questionnaires. If you missed the first webinar in our series covering voter registration and voter suppression, you can find a recording of the presentation and a copy of the slides at <http://nlihc.org/library/voterization>.

Throughout 2016 election season, NLIHC will offer webinars and resources to train advocates and service providers on how to carry out non-partisan voter engagement efforts with low income residents and their allies.

Strong low income resident participation in the 2016 elections is essential to get candidates to address the issue of affordable rental housing in their campaigns. Learn how to make that happen. RSVP at: <https://attendeegotowebinar.com/register/1720412813737134082>

For questions, contact the field team at outreach@nlihc.org.

Research

Study Finds Affordable Housing Reduces Health Care Costs

A study conducted by the Center for Outcomes Research and Education (CORE) and sponsored by Enterprise Community Partners found affordable housing reduced overall health care expenditures by 12% for Medicaid recipients. Researchers attribute these savings to more cost-efficient use of health services, with an 18% decrease in costly emergency department (ED) visits and a 20% increase in less costly primary care services. The cost savings came without compromising access or quality of care to residents.

Researchers looked at 1,625 individuals across 145 properties in three types of affordable housing: general family housing (FAM), permanent supportive housing (PSH), and housing for seniors and people with disabilities (SPD). They compared individuals' Medicaid claims in the year prior to moving into affordable housing to their Medicaid claims in the year after moving in.

Individuals' Medicaid health care expenditures decreased on average by 12%, or \$48 dollars per month, after moving into affordable housing. The decline was most significant for individuals in PSH and SPD, who saw an average savings of \$84 per month. The study estimates that total annual savings to Medicare would be \$936,000 for these 1,625 individuals.

The savings in Medicare expenditures came from a reallocation of health care services that occurred after individuals moved into affordable housing. These individuals increased their use of primary care services by 20%, but decreased their visits to EDs by 18% in the year after moving into affordable housing. Individuals in PSH experienced the most significant changes, increasing their primary care visits by 23% but decreasing their ED visits by 37%.

A subsample of 275 individuals living in 12 properties completed a survey about access to and quality of care after moving into the affordable housing. Forty percent of those surveyed reported that their access to care had improved, 50% reported that it remained the same, and 4% percent reported a decrease. The most significant improvement was among individuals in PSH, 59% of whom reported an improvement in access to health care. The findings were similar for quality of care: 38% reported an increase in quality of care, 48% reported no change, and 7% reported a decrease. Again, the most significant improvements were for individuals in PSH and SPD, with 46% and 42% reporting better quality after moving into affordable housing.

The study also examined which types of onsite services – health, social, or wellness – most affected the frequency of ED visits and total Medicaid health care expenditures. Health services were broadly defined as medical, mental health, or dental services involving doctors, nurses, and other health professionals; social services were defined as assistance with psychosocial needs involving community health and social workers; and wellness services were defined as assistance with general wellness involving staff who assist with food access, fitness, and other residential activities. Health services had the greatest impact, reducing ED visits by an average of .43 visits per person per month and expenditures by an average of \$115 per person per month. Social services increased health expenditures by an average of \$69 per person per month but had no impact on ED

visits. The study's authors concluded that social services may increase awareness of and access to health care services. The scope of the study did not allow for the measurement of longer term health benefits.

Health in Housing: Exploring the Intersection Between Housing & Health Care is available at: <http://bit.ly/210g51W>

Millions of Families on Voucher and Public Housing Waiting Lists

A report by the Public and Affordable Housing Research Corporation (PAHRC) titled *Housing Agency Waiting Lists and the Demand for Housing Assistance* estimates there are approximately 1.6 million families on Public Housing waiting lists and more than 2.8 million families on Housing Choice Voucher (HCV) waiting lists.

PAHRC's report is based on a 2012 national survey of waiting lists. The survey found that 48.4% of HCV waiting lists and 6.5% of public housing waiting lists were closed to new applicants and that 65% of closed HCV and 39% of closed public housing waiting lists had been closed for more than a year. PAHRC estimates that if these lists had remained open, there would be three times as many families on HCV waiting lists and almost 6% more families on waiting lists for public housing. This translates to a potential 9.5 million families waiting for HCVs and 2 million families waiting for public housing units.

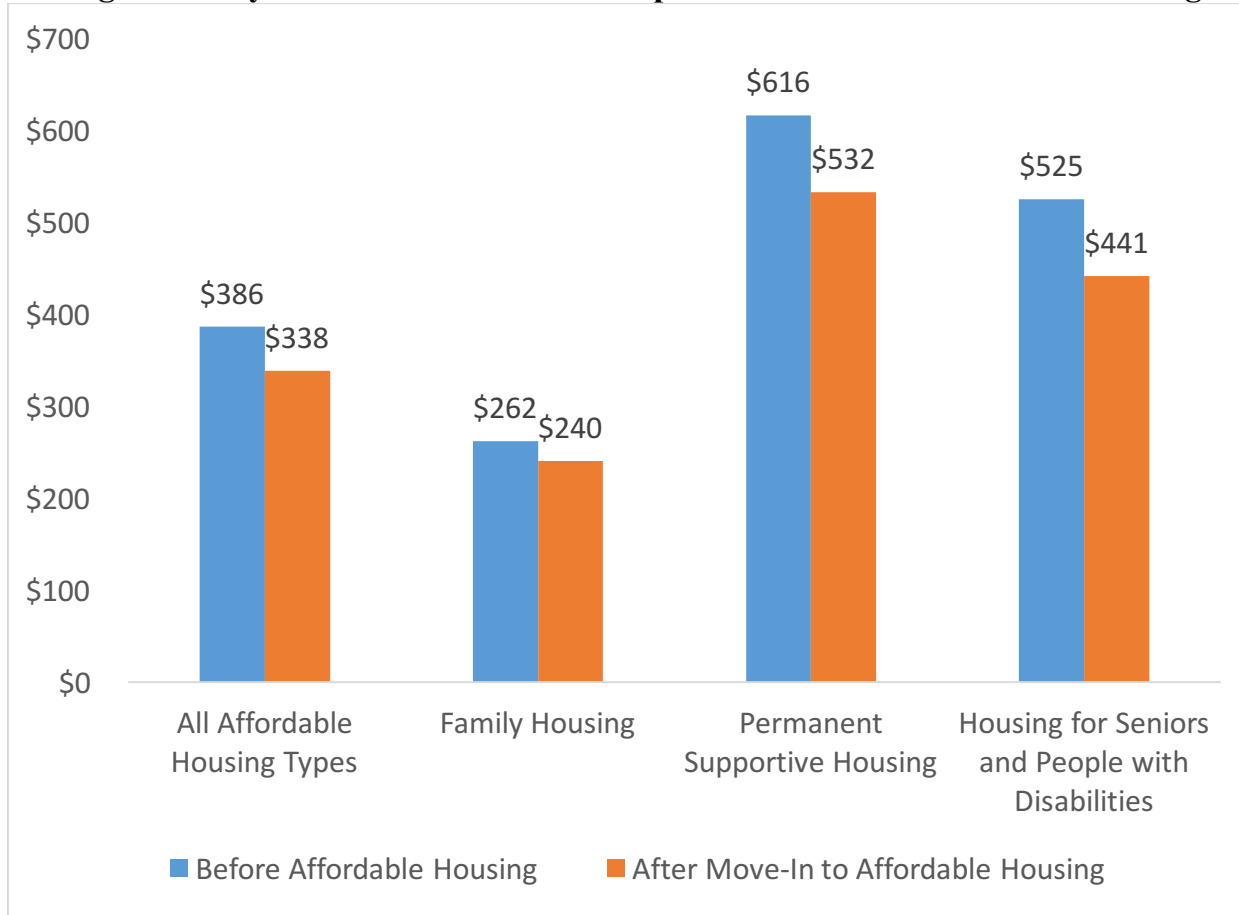
In 41% of HCV programs and 13% of public housing programs, families had housing assistance wait times of longer than two years. HUD recommends that wait times should not exceed two years. There was significant variation in waiting times across public housing agencies (PHAs). Agencies that had a higher percentage of three-bedroom housing units, served larger families, and served a greater percentage of extremely low income families tended to have longer wait times. Larger families and extremely low income renters may need more time to position themselves to afford housing on their own, resulting in slower turnover and longer wait times for other families in need of assistance. PHAs in metropolitan areas and higher cost housing markets also tended to have longer wait times.

NLIHC is currently conducting a new survey of PHA waiting lists to update what we know from the 2012 national survey. The NLIHC survey asks about the current size, wait times, and open/closed status of waiting lists. The survey also asks about the composition of waiting lists by household type (elderly, families with children, people with disabilities) and income. A report will be published later this year.

The full PAHRC report is available at <http://bit.ly/1L6aY1Y>.

Fact of the Week

Average Monthly Medicaid Health Care Expenditures Before and After Housing Support



Source: Amanda Saul, Cheryl Gladstone, Maggie Weller, Keri Vartanian, Bill Wright, Grace Li and Mari Matsumoto. (2016) *Health in Housing: Exploring the Intersection between Housing and Health Care*. Portland, OR: Center for Outcomes Research and Education and Enterprise Community Partners, InFrom the Field

From the Field

Maryland Affordable Housing Coalition Hosts Housing Advocacy Day

On February 18, advocates from across Maryland gathered in Annapolis for Housing Day, coordinated by the Maryland Affordable Housing Coalition (MAHC), an NLIHC state partner. More than 200 advocates met with over 40 legislators to build support for increased funding for affordable rental housing programs in the 2017 budget.

The event kicked off with words from MAHC Board President, Chickie Grayson, who welcomed the advocates and thanked them for their commitment to the preservation and expansion of affordable rental housing in the state. Grayson then introduced a group of legislators, including Speaker Pro Tem Adrienne Jones (D), Chair of the Capital Budget Subcommittee, and Delegate Maggie McIntosh (D), Chair of the Appropriations Committee. Following the legislators' greetings and remarks, Roy McGrath, the Governor's Deputy Chief of Staff, and Kenneth Holt, Secretary of the Maryland Department of Housing and Community Development (DHCD), addressed the advocates. Secretary Holt celebrated the rapid acceleration of housing production in Maryland and praised the contributions of MAHC in expanding affordable rental housing the state. The Housing Day

advocates then began to prepare for their own lobbying. Jessica Zuniga, Chair of the MAHC Legislative Committee, emphasized the legislative priorities of the day: continued funding for the Rental Housing Works (RHW) program and full funding for the other Department of Housing and Community Development rental housing programs. Advocates then fanned out to meet with their legislators.

Launched in 2012 after the strong advocacy of the MAHC and others, the RHW is a state loan program for the construction and rehabilitation of rental housing for low-income families, seniors, and persons with disabilities. RHW allows Maryland to tap into its unused bond authority to fund additional rental housing projects. (See [Memo 2/22/2013](#)). In addition to funding affordable housing production, the program stimulates job creation and economic growth in the local economy. So far 36 RHW properties have been completed or are nearing completion, totaling \$68 million of investment. Advocates urged their legislators to increase RHW funding from \$10 million to \$25 million in the FY17 budget.

“Every \$1 invested by the State in RHW leverages \$11 in private and other public funding, so a \$25 million investment would translate into nearly \$300 million in rental housing development in communities across Maryland – a real win for the State,” said Miranda Darden-Willems, MAHC Executive Director.

For more information about the Maryland Affordable Housing Coalition, visit www.mdahc.org or email Miranda Darden-Willems at mdarden@mdahc.org.

Events

Los Angeles NeighborWorks Training Institute, May 2-6

The next NeighborWorks Training Institute (NTI) takes place May 2-6 in Los Angeles, CA. The NTI will offer over 100 course offerings in affordable housing development and financing, housing asset management, community engagement, housing counseling, nonprofit management and leadership, and many other areas. The Wednesday symposium at the NTI is titled “Race, Culture and Opportunity” and will involve a day-long examination of how affordable housing and community development nonprofits can address racial, housing and economic disparities in their communities.

More information about the NTI and symposium are at: <http://bit.ly/1TdZMCQ>

Register for the NTI at: <https://trainingevents.nw.org/OnlineReg/Login/Login.aspx>

The Consortium for Housing and Asset Management Annual Conference, June 27-29

How to keep affordable housing sustainable is the challenge thought-leaders from across the affordable housing movement will be exploring at the Consortium for Housing and Asset Management (CHAM) annual conference in Columbus, Ohio, June 27-29. Presenters and participants will discuss emerging topics and trends within the asset management discipline, focusing on creative and effective strategies to “mind the gap” between income and expenses to ensure long-term sustainability of affordable housing. The keynote speaker will be David Smith, Chairman of Recap Advisors. The event is hosted by NeighborWorks America, Enterprise Community Partners, and the Local Initiatives Support Corporation, and co-sponsored by Ohio Capital Corporation for Housing.

Information about how to register will be coming soon. If you have questions about the event, contact David A Fromm at: dfromm@nw.org.

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 are 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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Sarah Jemison, Housing Advocacy Organizer, x244
Paul Kealey, Chief Operating Officer, x232

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Kate Rodrigues, Research Intern x229
James Saucedo, Housing Advocacy Organizer, 233
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