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Point of View: Trump's Massive Cuts to Housing Must be Stopped

By Diane Yentel, NLIHC President and CEO

President Trump is expected to release his full FY2018 budget proposal tomorrow. We got a detailed preview through [a leaked document](#) on Friday, May 19. If the leaked budget is accurate, the proposed cuts would land a devastating blow to millions of low income people throughout the country, in a transparent effort to pay for tax cuts for the wealthy and increase defense spending. The Trump budget would slash HUD federal investments in affordable homes and community development by an astounding \$7.7 billion.

[HUD Secretary Ben Carson spoke at NLIHC's Policy Forum](#) last month and assured attendees that “nobody’s going to be thrown out on the street” as a result of the president’s budget. “That doesn’t make any sense,” he said, “and it’s certainly not going to happen while I’m around.” Given what we knew at that time - that the administration would propose at least a 14% cut to HUD’s budget - I pushed Secretary Carson on this assurance. In front of the forum attendees, many of whom depend on HUD assistance to remain housed, and a CSPAN audience, I asked him to explain how he could assure people they wouldn’t lose their homes given the significant cuts proposed. He said, “I have been assured by the president and everyone else that if we come up with the most efficient ways to use dollars, there will not be anybody who will lack. I am absolutely determined to make sure that we do this in an effective and efficient manner.”

But the leaked HUD budget proposes cuts from a butcher’s axe rather than a surgeon’s knife. The budget belies Dr. Carson’s promises by proposing cuts that would directly harm millions of low income seniors, people with disabilities, families with children, veterans, and other vulnerable people who struggle to keep a roof over their heads.

If enacted, the budget would result in the most severe cuts to HUD since President Reagan dramatically slashed its funding in the early 1980s. Reagan’s deep spending cuts ushered in the modern phenomenon of homelessness with a dramatic increase in the number of people sleeping on the streets, in cars, and in shelters. Years after those shortsighted and devastating cuts, a major infusion of resources were needed for homeless shelters and services.

That level of cuts were unprecedented at the time, and they’ve remained so since – until now. President Trump, it seems, is eager to follow in Mr. Reagan's footsteps of slashing affordable housing programs and increasing homelessness. He would do so during one of the worst affordable housing crises this country has ever experienced.

During his confirmation hearing before the Senate Banking Committee, Dr. Carson called the Section 8 voucher program “essential,” and said that removing assistance from families in need would be “unconscionable” and “cruel and unusual” without having alternative assistance available for those households. Yet the proposed budget would put more than 250,000 households at risk of losing their housing vouchers, dramatically increasing their risk of evictions and homelessness. This at a time when voucher waiting lists are already years, even decades, long due to a lack of resources. Today just one in four families who are eligible for and in need of federal rental assistance receives any help at all.

The Trump budget would eliminate the national Housing Trust Fund (HTF), the first new housing resource in a generation and one that is exclusively targeted to help build and preserve housing affordable to people with the lowest incomes, including those experiencing homelessness.

President Trump would gut the public housing program, a crucial source of affordable housing for millions of Americans, at a time when the public housing stock already faces upwards of \$40 billion of backlogged capital needs. He would starve states and communities, including Native American communities that suffer from the worst housing conditions in America, of the flexible, locally-driven resources they use to address their most

pressing housing and community development needs. He cuts funding needed to keep low-income seniors, people with disabilities, people living with AIDS, and other vulnerable individuals in safe, affordable homes; reduces funding to address serious health risks posed by lead-based paint; and cuts resources to address homelessness.

And the list goes on. He would eliminate the U.S. Interagency Council on Homelessness, the Legal Services Corporation - often the only resource available to help low income people avoid unwarranted evictions – and support programs that provide services to homeless and at-risk veterans and their families. He would even eliminate the Low Income Home Energy Assistance Program that literally keeps the heat on throughout cold winters in the homes of seniors and families with young kids.

The Trump Administration would also impose punitive measures to households receiving housing assistance that would jeopardize family stability by increasing the financial burdens they face through higher rents and ending support to help cover the cost of basic utilities, like water and heat.

These proposed cuts are simply unconscionable and must be rejected by Congress.

You'll hear time and again that Mr. Trump's budget is a non-starter, which is very likely to be true given its extreme overreach. But remember: this budget proposal has moved the goal posts so far that it purposefully creates an environment where cuts only half as deep, or saving some programs slated for elimination while others receive deep cuts, seem like reasonable compromises. That is unacceptable.

And so are promises to replace funding for these programs through an infrastructure bill that may never be enacted. At NLIHC's policy forum, Secretary Carson said, "I know a lot of people are very concerned about the budget and the numbers that are out there, they think it's terrible and a crisis, and it's not. But the part that people are not hearing, even though I've said it several times, is that this administration considers housing a significant part of infrastructure in our country. And, as such, the infrastructure bill that's being worked on has a significant inclusion of housing in it."

While we certainly agree that [housing is infrastructure](#) and that investments in affordable homes must be part of an infrastructure package, replacing annual funding for key programs with a one-time spending boost in a remotely possible spending package is wholly unacceptable. Instead, we must fully fund HUD and USDA programs through spending bills, and *increase* investments in the national HTF, public housing capital repairs, and other critical housing needs through an infrastructure bill.

The work of both defeating these draconian cuts and increasing investments in affordable homes won't be easy. There will be drama, showdowns – maybe even shutdowns. Throughout it all, we will be steady, constant, and loud in our advocacy to end homelessness and housing poverty.

The [Campaign for Housing and Community Development Funding](#) (CHCDF) is more necessary and more impactful than ever. Together, leaders from over 70 national housing and community development organizations work to ensure the highest possible funding levels for all HUD and USDA programs. We will work with allies in Congress and with residents, partners, stakeholders, and advocates across the country to ensure not only that this budget proposal is dead on arrival, but that Congress lifts the low spending caps required by the Budget Control Act of 2011 equally for defense and domestic programs and expands funding for critical affordable housing investments. Last month we [sent to Congress a letter signed by more than 3,500 organizations](#) urging that HUD programs be fully funded. Thanks to all of your efforts and actions, this is a powerful statement of support.

And we're just getting started.

CHCDF, together with NLIHC's state partners, members, mayors associations, and other concerned organizations and citizens are planning a **Housing Day of Action** this summer, with multiple coinciding actions throughout the country calling for critical housing and community development programs to be retained and expanded to meet the growing need. Stay tuned for more information soon on ways to get involved.

We have our work cut out for us. The threats to critical affordable housing programs that serve the lowest income households are immediate and severe. With the housing crisis having reached historic heights and with the lowest income people being hit hardest and suffering most, we will redouble our efforts - not only to protect, preserve, and defend critical housing programs, but to expand them.

Thank you for your partnership, for your commitment and for your advocacy, now and in the months to come. It's never been more important.

Take Action

Trump Administration Calls for Defunding the National Housing Trust Fund, Advocates Urged to Fight Back

NLIHC urges all organizations concerned about homelessness and the lack of affordable homes in the U.S. to sign onto a [letter](#) calling on Congress to protect and expand the national Housing Trust Fund (HTF). The HTF is under immediate threat of defunding by the Trump administration.

A copy of President Trump's [FY18 budget](#) for HUD, leaked on May 19, not only would slash funding for critical HUD affordable housing programs (see related article in this *Memo to Members*), it would also defund the HTF, the first new housing resource in a generation and one that is exclusively targeted to help build and preserve housing affordable to people with the lowest incomes, including those experiencing homelessness.

The first new federal affordable housing resource in a generation, the HTF is administered as a block grant, giving each state the flexibility to decide how best to use HTF resources to address its most pressing housing needs. The first \$174 million in HTF dollars were allocated to the states in 2016, which was an important start, but Congress must protect the HTF from the administration's attack and instead significantly increase its funding to address the critical affordable housing needs of the lowest income renters in every community in the U.S.

With more resources, the HTF can play a critical role in ensuring the nation's 11.4 million extremely low income households have access to decent, affordable homes.

In addition to protecting the HTF from this new threat in Congressional deliberations on FY18 spending, Congress is considering reforms to the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, in 2017. Because the HTF is funded through a small assessment on Fannie Mae and Freddie Mac's new business each year, reforms to the GSEs would have a direct impact on the HTF. Previous bipartisan legislation reforming the GSEs included a significant increase in resources to the HTF. Congressional leaders considering reforms during this session of Congress must protect and expand the HTF to assist the 7.4 million extremely low income households who lack access to affordable homes. There may also be opportunities to expand the HTF in a comprehensive infrastructure package and in comprehensive tax reform efforts.

Sign the [letter](#) by **May 31** urging Congress to protect and expand the HTF and share it with your networks.

Contact your Congressional delegation directly at: <http://bit.ly/2IBR7eM>

Oppose Harmful Policy Riders and Budget Cuts in FY18 Spending Bills

Sign your organization onto a [letter from the Clean Budget Coalition \(CBC\)](#)—a group of more than 100 organizations—telling Congress to reject harmful poison-pill policy riders in the FY18 spending bills and a separate [letter from the Coalition on Human Needs \(CHN\)](#) urging Congress to pass a clean budget that promotes opportunity for all, improves basic living standards, and protects the environment. NLIHC has signed onto both.

The CBC letter states, “Ideological riders are measures that the public opposes and would be unpopular to move as standalone legislation. The American people support policies to restrain Wall Street abuses and ensure safe and healthy food and products, to protect our air, land, water and wildlife, to ensure safe and fair workplaces, to prevent consumer rip-offs and corporate wrongdoing, to create fair rules of the road for our campaign finance system, to provide access to justice and fair housing, and to ensure continued access to vital health care services including reproductive health care. Contentious poison pill riders are intended to advance the priorities of special interest donors and supporters and should not be included in funding bills.”

The CHN letter states, “Rather than budget cuts, we urge you to support a budget that is an engine for economic progress. It must provide enough funding for jobs and infrastructure programs, with targeted help for low-income communities and struggling individuals, including immigrants seeking a better life. All Americans deserve the security of being able to sustain basic living standards. Our national security depends on adequate funding to reduce the threats of hunger or homelessness and to increase access to health care. Our security also depends on making sure that seniors can afford to retire without fear of inadequate food, health care, or heat for their homes. We are more secure when all our people can contribute to and benefit from our economy, including people with disabilities, and no matter our race, ethnicity, gender, or immigrant status.”

Sign onto the Clean Budget Coalition letter at: tinyurl.com/CleanBudgetFY18Letter

Read the letter at: <http://bit.ly/2pCJ6bx>

Read and sign onto the Coalition for Human Needs letter at: <http://bit.ly/2qAPTHQ>

NLIHC News

NLIHC to Unveil the “Housing Wage” for Every Jurisdiction in the U.S. on June 8

NLIHC will release on June 8 the 2017 edition of its annual report, *Out of Reach*, which provides the “Housing Wage” a full-time worker must earn to afford a modest rental home in every state and jurisdiction in the country. The preface of this year’s *Out of Reach* will be written by Representative Keith Ellison (D-MN). A special webinar for NLIHC members about the report’s findings will be held on June 9 at 2 pm ET. Register for the webinar at: <http://bit.ly/2q9z3wr>

The *Out of Reach* report documents the gap between renters’ wages and the cost of rental housing throughout the U.S. The Housing Wage is the hourly wage a full-time worker must earn to afford a modest rental home without spending more than 30% of his or her income on housing costs based on HUD’s Fair Market Rent (FMR), an estimate of what a family moving today can expect to pay for a modest rental home in the area. The report compares the Housing Wage to prevailing renter wages and incomes. The report also shows how many hours an individual must work each week for 52 weeks a year at the prevailing minimum wage to afford a modest one- and two-bedroom apartment. A new feature this year, *Out of Reach 2017* will provide Housing Wages and prevailing renter wages not just nationally and by state, county and jurisdiction, but also at the ZIP-code (Small-Area Fair Market Rent) level.

View the 2016 *Out of Reach* report and interactive website at: <http://nlihc.org/oor>

Sessions from NLIHC Housing Policy Forum Now Available Online

For those who were unable to attend the NLIHC 2017 Housing Policy Forum: Advancing Solutions in a Changing Landscape in Washington, DC on April 3-5, video recordings of all the plenary sessions are now available online at: <http://www.nlihcforum.org/forum-videos>

The following video-recorded sessions now available for viewing (with either transcripts or open-captioning for the hearing-impaired):

- **“Best Practices for Advocacy and Organizing in Campaigns for Expanded Resources”** (with transcript), featuring Michael Anderson from the Center for Community Change, Phyllis Chamberlain of Housing Alliance Pennsylvania, Fredricka Robinson of East Bay Housing Organizations, Greg Payne of the Maine Affordable Housing Coalition, and Joey Lindstrom from NLIHC.
- **“Getting the Message Across: Effective Communications”** (with transcript), featuring Ali Solis from Make Room, Amy Clark from the National Housing Conference, Tiffany Manuel from Enterprise Community Partners, and Renee Willis from NLIHC.
- **“Keynote by Julie Fernandez, Open Society Foundation Advocacy Director for Voting Rights and Democracy”** (with transcript).
- **“Affordable Housing Needs and Solutions”** (with open-captioning), featuring NLIHC President and CEO Diane Yentel.
- **“Rebalancing Federal Housing Policy”** (with transcript), featuring Carol Wayman, legislative director for Representative Keith Ellison (D-MN), David Newville from CFED, Agatha So from the National Council of La Raza, Sharon Cornu from the Nonprofit Housing Association of Northern California, and Sarah Mickelson from NLIHC.
- **“Public Housing in a Changing Landscape”** (with transcript), featuring Susan Popkin from the Urban Institute; David Pristin from the New York City Housing Authority; Shauna Sorrells from the Housing Opportunities Commission of Montgomery County, MD; Martha Weatherspoon from the Lincoln Home Resident Council in Clarksville, TN; and Paul Kealey from NLIHC.
- **“Presentation of NLIHC Organizer Awards”** (with transcript), featuring Dora Gallo from A Community of Friends, Avni Desai from Community Housing Partnership, Sharon Cornu from the Non-Profit Housing Association of California, and Adlemy Garcia and Fredricka Robinson from East Bay Housing Organizations.
- **“Keynote by HUD Secretary Dr. Ben Carson”** (with open-captioning).
- **“Long-Term Rental Housing Assistance: Opportunities and Challenges”** (with transcript), featuring Dr. Marybeth Shinn from Vanderbilt University, Daisy Franklin from the Connecticut Publicly-Assisted Housing Residents Network, Barbara Sard from the Center on Budget and Policy Priorities, Aaron Gornstein from Preservation of Affordable Housing, and Andrew Aurand from NLIHC.
- **“National Housing Trust Fund Implementation Best Practices”** (with transcript) featuring Virginia Sardone from HUD, Ayana Gonzalez from the Massachusetts Department of Housing and Community Development, Chip Halbach from the Minnesota Housing Partnership, Jim Yates from the Technical Assistance Collaborative, and Ed Gramlich from NLIHC
- **“Hill Insider Panel: What’s Ahead in the 115th Congress”** (with transcript), featuring Artie Mandel, senior policy advisor with Senator Maria Cantwell (D-WA); Jason Woolwine, professional staff with Chairwoman Susan Collins (R-ME) on the Appropriations Committee; Beth Cooper from the Senate Committee on Banking, Housing, and Urban Affairs; Clinton Jones III and Theresa Dumais from the House Committee on Financial Services; and Sarah Mickelson from NLIHC.
- **“Building an Expansive Housing Movement”** (with transcript), featuring Peggy Bailey from the Center on Budget and Policy Policies, Harry Lawson, Jr. from the National Education Association, Richard Hooks Wayman from Children’s Defense Fund, Nan Roman from the National Alliance to End Homelessness, Margaret diZerega from the Vera Institute of Justice, and Diane Yentel from NLIHC.

- **“Keynote with U.S. Representative Maxine Waters (D-CA)”** (with open-captioning).

The video-recorded sessions and transcripts are at: <http://www.nlihcforum.org/forum-videos>

United for Homes

House Committee Holds Hearing on Tax Reform and Economic Growth

The House Committee on Ways and Means held a hearing on May 18 on “How Tax Reform Will Grow Our Economy and Create Jobs.” Focusing almost entirely on corporate taxes, Chairman Kevin Brady (R-TX) and Ranking Member Richard Neal (D-MA) missed an opportunity to discuss the need to reform the mortgage interest deduction (MID) and rebalance federal housing policy. NLIHC submitted a statement for the record on how the United for Homes campaign proposal to reform the MID – a \$70 tax write-off that primarily benefits higher income households – would provide 25 million low and moderate income homeowners with a greater tax break and generate \$241 billion in savings to be reinvested in rental homes for people with the greatest needs.

The representatives’ arguments largely split along party lines: Chairman Brady and other Republicans focused on their goal of lowering corporate tax rates, while Ranking Member Neal and Democrats criticized any tax reform proposal that would reduce taxes for corporations and millionaires.

Mr. Neal said that tax reform should focus on “helping families with day-to-day costs, like housing costs” and “helping working families to buy their first home.” He failed to note, however, that the current tax code’s treatment of the MID does not promote homeownership and primarily benefits higher income households who can live in stable homes without federal assistance. About 70% of households do not benefit from the MID, including half of all homeowners who do not itemize their tax deductions. The MID is our nation’s largest federal housing subsidy.

The UFH proposal reduces the amount of a mortgage eligible for tax relief from \$1 million to \$500,000 and converts the MID into a tax credit that would give tax relief to millions of lower income homeowners who do not benefit from the MID and would generate billions in saving to invest in affordable housing solutions to help families, communities, and the economy thrive.

NLIHC’s statement is at: <http://bit.ly/2qw5ZkM>

Chairman Brady’s opening statement is at: <http://bit.ly/2qxHKTG>

Ranking Member Neal’s opening statement is at: <http://bit.ly/2rvOkIp>

Join the United for Homes campaign at: www.unitedforhomes.org

UFH Campaign Provides “Taxpayer Profiles”

The “Resources” page on the United for Homes (UFH) [website](#) includes images for Twitter and Facebook, data, fact sheets, and other tools to assist advocates in spreading the message about the simple UFH solutions to homelessness and housing poverty in America: reinvesting savings from modest reforms to the mortgage interest deduction (MID) into affordable housing. The website provides Taxpayer Profiles that show how the UFH reforms would affect different kinds of households with different incomes and tax circumstances.

Under “Get Taxpayer Profiles,” users can quickly download or print 1-page factsheets that show how reforming the MID would affect four different households - a married couple under 65 with no children, a married couple under 65 with 2 children, a head of household with two children, and a single tax payer with no children – each at three different income levels and mortgage interest payments.

The factsheets compare how each family fares under current law – wherein homeowners who itemize can deduct the interest paid on mortgages on first and second homes up to a total of \$1 million– to how each would fare under the proposed UHF reforms – wherein homeowners would receive a 15% non-refundable credit for interest on up to \$500,000 of a mortgage. By converting the MID to a 15% tax credit on up to \$500,000 of a mortgage, 25 million low and moderate income homeowners with mortgages would get an additional tax break, and \$241 billion would be saved over ten years to be reinvested in affordable housing for families with the greatest needs.

One fact sheet, for example, shows that the UFH reforms to the MID would affect a married couple under 65 with no children as follows:

- Lower Income – Household with an income of \$45,000 and a mortgage interest payment of \$4,000. Under current law this family would owe \$2,904 in taxes. Under the UFH proposal the family would owe \$2,304 in taxes, a \$600 tax reduction.
- Middle Income – Household with an income of \$80,000 and a mortgage interest payment of \$8,000. Under current law this family would owe \$8,194 in taxes. Under the UFH proposal the family would owe \$6,994 in taxes, a \$1,200 reduction.
- Higher Income - Household with an income of \$200,000 and a mortgage interest payment of \$20,000. Under current law this family would owe \$35,155 in taxes. Under the UFH proposal the family would owe \$35,291 in taxes, a \$136 tax increase.

The Taxpayer Profiles can be used in meetings with members of Congress, on social media, in interviews with reporters, or in op-eds.

Visit the new UFH campaign website at: <http://www.unitedforhomes.org/>

Budget

Trump FY18 Budget Calls for Massive Cuts to Affordable Housing Programs

A copy of President Trump’s [2018 budget](#) for HUD was leaked on May 19. The leaked budget would slash funding for affordable housing programs that millions of low income seniors, people with disabilities, families with children, veterans, and low wage workers depend on. In a press statement, NLIHC President and CEO Diane Yentel called the budget proposal “unconscionable and unacceptable.”

NLIHC is not sure about the finality of the leaked budget, as the official budget is scheduled to be released tomorrow, May 23, but the budget aligns with Mr. Trump’s “skinny budget” released in March. Office of Management of Budget (OMB) Director Mick Mulvaney will testify on the White House’s budget request before the House Budget Committee on May 24 at 9:30 am ET and before the Senate Budget Committee on May 25 at 9:45 am ET.

Mr. Trump’s budget would harm thousands of the lowest income families by taking away their housing assistance – leading to higher levels of homelessness and housing poverty – to pay for tax cuts for the wealthy and billions of dollars in increased defense spending. The proposed budget contradicts HUD Secretary Ben Carson’s assurances that “nobody’s going to be thrown out on the street,” as he defended the proposal.

The administration would slash federal investments in affordable housing at HUD by nearly 17%, or \$7.7 billion, compared to FY17. The proposed cuts could mean more than 250,000 people could lose their housing vouchers. It would also impose punitive measures that would jeopardize family stability – increasing the financial burdens they face through higher rents and ending support to help cover the cost of basic utilities, like water and heat.

Mr. Trump's budget calls for eliminating the national Housing Trust Fund, the first new housing resource in a generation and one that is exclusively targeted to help build and preserve housing affordable to people with the lowest incomes, including those experiencing homelessness. The budget devastates resources needed to operate and maintain public housing that provides homes to millions of families and represents billions of dollars in critical local assets. It would starve states and communities – including Native American communities that suffer from the worst housing conditions in America – of the flexible, locally-driven resources used to address their most pressing housing and community development needs. It cuts funding needed to keep low-income seniors, people with disabilities, people living with AIDS, and vulnerable individuals in safe, affordable homes, reduces funding to address serious health risks posed by lead-based paint, and even cuts resources used to address homelessness.

The proposed budget would also:

- Eliminate the Community Development Block Grants, HOME Investment Partnerships, Choice Neighborhoods, Section 4 Capacity Building, and Self-help Homeownership Opportunity Programs at HUD.
- Eliminate funding for the U.S. Interagency Council on Homelessness, the Neighborhood Reinvestment Corporation (NeighborWorks America), and the Legal Services Corporation (Legal Aid), which is often the only resource available to help deeply low income people avoid unwarranted evictions.

Based on Mr. Trump's previously released skinny budget, the U.S. Department of Agriculture (USDA), which includes Rural Development and the Rural Housing Services, would see its funding cut by 21% compared to FY16 levels.

In addition, Mr. Trump's budget would:

- Eliminate water and waste loans and grants and cut staffing for Rural Development at the U.S. Department of Agriculture (USDA).
- Eliminate funding to the Treasury Department for Community Development Financial Institutions (CDFI) Fund grants.
- Eliminate the Low Income Home Energy Assistance Program (LIHEAP) and Community Services Block Grants (CSBG) at the Department of Health and Human Services.
- Eliminate the Weatherization Assistance Program (WAP) at the Department of Energy.

If enacted, Mr. Trump's budget would exacerbate the growing affordable rental housing crisis in every state and community across the nation, and it would represent a clear departure from the belief that everyone deserves an affordable place to call home. In addition, NLIHC estimates that the proposed budget cuts to HUD alone would lead to 123,786 fewer jobs supported through HUD investments throughout the country.

The administration is also expected to propose \$800 billion in cuts to means-tested entitlement programs, including Medicaid, Temporary Assistance for Needy Families (TANF), and food stamps.

Mr. Trump's budget must be rejected by Congress. NLIHC will work with allies in Congress and with residents, partners, stakeholders, and advocates across the country to ensure not only that this budget proposal is dead on arrival, but that Congress lifts the low spending caps required by the Budget Control Act of 2011 equally for defense and domestic programs and expands funding for critical affordable housing investments.

Advocates are urged to [contact](#) your members of Congress today to oppose Mr. Trump's budget proposal.

See NLIHC's updated budget chart of HUD programs at: <http://bit.ly/1SowzjU>

See Diane Yentel's press statement about the administration's HUD budget at: <http://bit.ly/2rmJC2n>

Learn more about the House Budget Committee hearing at: <http://bit.ly/2q0Wkz7>

Learn more about the Senate Budget Committee hearing at: <http://bit.ly/2qWIIKg>

Democratic Lawmakers Urge Congress to Raise Spending Caps

Democratic lawmakers urged their colleagues to come to a bipartisan agreement to raise federal spending caps equally for defense and nondefense programs for FY18. Without an agreement, the cap on non-defense discretionary spending will fall to \$515 billion, \$3 billion below FY17 levels. This could lead to devastating cuts to key affordable housing and homelessness programs.

Senate Appropriations Ranking Member Patrick Leahy (D-VT) sent a letter to the Senate Budget Committee detailing how spending caps required by the Budget Control Act of 2011 (BCA) have impacted discretionary programs. The letter stated that Democrats would continue to fight for parity between defense and non-defense spending.

"To the extent that Congress provides relief from the post-sequestration funding levels for defense programs, we must provide the same relief for domestic and international assistance programs," Senator Leahy stated in his letter.

"The current 2018 spending caps are far too low and would leave our country unable to make investments critical to our families, our economy, and our security," House Budget Committee Ranking Member John Yarmuth (D-KY) said at a press conference. "Members of Congress of both parties have the responsibility – and the opportunity -- to invest in both non-defense and defense spending, boost economic development, and guarantee that every American family has the chance to build a better future. We've raised the caps in a bipartisan manner before, and we must do so again."

The press conference was organized in part by NDD United. NLIHC represents housing, homeless, and community development organizations on the NDD United steering committee.

In the past, Congress and the White House have reached short-term agreements to provide limited budgetary relief equally for defense and nondefense programs. In 2015, Congress reached an agreement to increase the spending caps for FY16 and FY17. Many lawmakers on both sides of the aisle have stated that the current spending caps are unworkable and could set up the FY18 appropriations process for failure.

Appropriators have also expressed concerns that the late start to the budget and appropriations process will make it impossible to meet the September 30 deadline of enacting new spending bills for FY18.

"I'm very concerned. This will be the latest start since I've been here," said Representative Hal Rogers (R-KY), who was first elected in 1980. "We haven't received the president's budget yet and the Budget Committee is just now beginning to explore things, so there is no timetable."

The House budget resolution will be released sometime in June and will include a topline funding level for discretionary spending.

National Housing Trust Fund

Treasury Secretary Mnuchin Testifies Before Senate Banking Committee

Treasury Secretary Steve Mnuchin testified before the Senate Banking Committee on May 18 that the Trump administration would take up housing finance reform in the second half of the year. He said that at that time, the administration will put forward a clear outline of its recommendations, and that they plan to reach out to different stakeholder groups, including consumers, mortgage bankers, and realtors, for their input. He stressed that reforming the housing finance system will require a bipartisan effort.

Mr. Mnuchin said that Treasury and the Federal Housing Finance Agency, the federal conservator of Fannie Mae and Freddie Mac, were not working together to prevent the mortgage giants from needing to take another draw from the government, but that Treasury was committed to working with FHFA and Congress to reform the housing finance system. He added that the administration supports the shareholder agreement that requires all of Fannie and Freddie's profits be "swept" into the Treasury as dividends to the taxpayers, reducing Fannie and Freddie's capital buffers.

The national Housing Trust Fund is funded by a small annual assessment on Fannie and Freddie's new book of business each year. The HTF's funding could be jeopardized if and when one or both of the entities needs an additional draw from Treasury.

Learn more about the hearing at: <http://bit.ly/2pLMVQx>

U.S. Department of Agriculture

Representatives Voice Concern over Plan to Eliminate USDA Rural Development Under Secretary Position

U.S. Department of Agriculture (USDA) Secretary Sonny Perdue faced tough questions from representatives on the House Agriculture Committee about the administration's proposal to eliminate the position of under secretary for Rural Development, which oversees the agency's rural housing programs.

Mr. Perdue claimed that the change would elevate rural concerns and allow him to be more involved in issues affecting small towns and rural communities. However, the plan comes on the heels of President Donald Trump's FY18 budget proposal to cut the department's budget by 20% and to eliminate USDA's largest rural development programs, including its water-wastewater loans and grants and the Rural Business service.

Mr. Perdue announced at the hearing that he will create an assistant secretary position for rural development. Although this is a lower ranked position than under secretary, Mr. Perdue argued that because he or she will report directly to the secretary, this individual will have an easier time elevating rural development issues within the administration. "You can call the assistant secretary 'under secretary' if you want," Mr. Perdue told Representative Cheri Bustos (D-IL).

The National Rural Housing Coalition (NRHC) and other advocates expressed deep concerns about the reorganization plan. "This proposal is part of a one-two punch in the gut for Rural America," stated NRHC Executive Secretary Bob Rapoza in a press statement. "It sends a clear signal from the Administration that rural communities and those who live there are not a priority."

USDA's reorganization plan is at: <http://bit.ly/2r4F7Wd>

NRHC's press statement is at: <http://prn.to/2r50XsS>

Criminal Justice and Housing

NLCHP Hosts National Forum on Human Right to Housing, June 6-7

The National Law Center on Homelessness and Poverty (NLCHP) will host a policy forum to support its newly launched Housing Not Handcuffs national campaign, which fights against the criminalization of homelessness and for ensuring people have access to affordable housing. The forum will be held June 6-7 in Washington, DC.

The forum will include discussions on several important topics, from the intersectional forms of discrimination that result in the criminalization of homelessness to the models of advocacy that are succeeding in cities and counties across the country.

Diane Yentel, NLIHC president and CEO, and Elayne Weiss, NLIHC senior policy analyst, will speak at the event.

Register for the forum at: <http://bit.ly/2qxhhq6>

Research

Both Black and White Households Depend Equally on Assisted Housing, but Black Households Live in Lower Quality Areas

A study by Sandra J. Newman and Scott Holupka, “Race and Assisted Housing,” published in *Housing Policy Debate* explores racial disparities between black and white families with children living in publicly assisted housing. Black and white families were equally likely to reside in public housing, live in a privately owned multifamily properties funded by project-based subsidies or the Low Income Housing Tax Credit, or receive Housing Choice Vouchers. Black families, however, were more likely to reside in lower quality neighborhoods.

The authors found no racial disparities in the type of housing assistance, the management performance of public housing, or the physical quality of project-based housing for families who obtained housing assistance in the first decade of the 2000s. Black families, however, lived in neighborhoods with a higher family poverty rate than white families (28.0% vs. 16.0%), a higher percentage of public assistance recipients (7.4% vs. 4.0%), a higher unemployment rate (8.6% vs. 5.1%), and a lower percentage of college graduates (14.9% vs. 18.3%).

The authors also examined education, employment, and earnings outcomes in 2011 for young adults between the ages of 20 and 26 who had lived in assisted housing from 2000 to 2010. They found that white young adults were more likely to be employed than black young adults (63.6% vs. 33.9%) and have higher earnings (\$15,838 vs. \$7,127). Further analysis indicated that these differences were strongly influenced by the young adults’ childhood family backgrounds. The family background included the household head’s educational and marital status, family income, family size, number of children, and whether the head of household or a spouse was disabled. The most important variable in explaining these outcomes was family income.

Neighborhood quality did not explain the racial disparities in education and employment outcomes. The authors did find that black young adults who had lived in relatively better neighborhoods had better high school graduation rates, earned more, and worked more hours than black young adults who had lived in relatively worse neighborhoods. Their outcomes, however, were not better than the white young adults.

The authors discuss several explanations for the lower neighborhood quality of black households, including discrimination, the greater likelihood of black households to apply for housing in central-city neighborhoods that tend to score lower on measures of neighborhood quality, HUD’s competing policy goals of providing households with access to high quality neighborhoods and serving as many households as possible, and a lack of regional cooperation necessary for region-wide access to affordable housing.

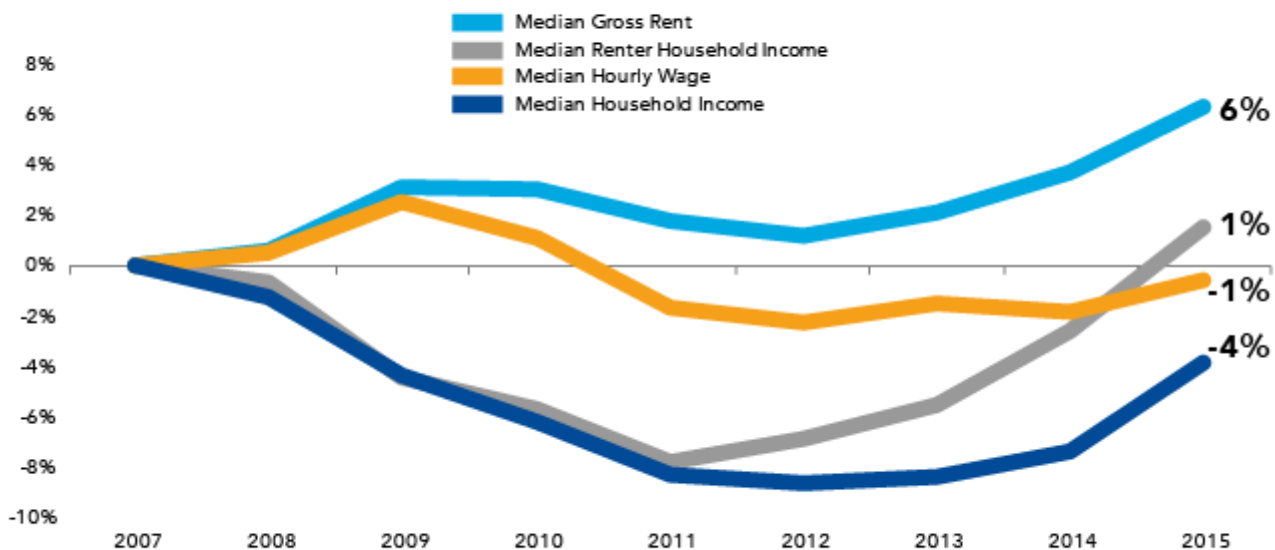
The authors identify HUD’s Affirmatively Furthering Fair Housing (AFFH) rule as a bold step in reducing racial disparities in neighborhood quality. HUD’s AFFH-related data and assessment tool could help local governments develop fair housing plans to reduce residential segregation and concentrated poverty.

Race and Assisted Housing is available at: <http://bit.ly/2qyHrWA>

Fact of The Week

Rents Outpace Wages and Income, 2007-2015

Change in Median Gross Rent, Household Income, and Hourly Wage 2007 to 2015



Source: 1-yr American Community Survey, Economic Policy Institute (2016), dollars adjusted for inflation.

Source: 1-yr American Community Survey, Economic Policy Institute (2016), dollars adjusted for inflation.

From the Field

California Bill to Reform the State’s Mortgage Interest Deduction Advances in Legislature

Mortgage interest deduction (MID) reform continues to progress in the California state legislature. The “Bring California Home Act” (AB 71) would eliminate the state’s MID for second homes, which are often used as vacation homes, to produce an estimated \$300 million annually that would be reinvested in the state’s low income housing tax credit program and farmworker housing. AB 71 is considered an important revenue solution for affordable housing in California, where state investments have declined dramatically over the past decade. A large coalition has been working to secure the passage of the bill, including Housing California, Non-Profit Housing Association of Northern California (NPH), Southern California Association for Non-Profit Housing (SCANPH), the California Housing Partnership, and the California Coalition for Rural Housing.

AB 71 cleared a major hurdle on May 15, passing in the Assembly’s Committee on Revenue and Taxation by a vote of 7 to 3. Low income residents from throughout California testified before the committee on the tremendous need to expand rental housing options at lower affordability levels. This testimony was organized

by Residents United Network (RUN). Other advocacy activities organized by RUN included in-district lobby meetings and a tweetstorm using the hashtag #ShelterfromtheRain.

Assemblymember David Chiu (D), the lead sponsor of AB 71, praised the efforts of residents to support the bill, and indicated that the fight for AB 71 has been one of the toughest he has had during his time in the legislature. The bill now moves on for further committee consideration before a potential floor vote in the coming weeks.

“We are excited to see strong support at the committee level for this essential piece of legislation, but there is a long way still to go,” said Lisa Hershey, executive director at Housing California. “In order to pass a floor vote and make it through the Senate, we will need a sustained advocacy push from residents, developers, and allies throughout the state.”

To learn more about the “Bring California Home Act” and state MID reform efforts in Oregon, watch the most recent United for Homes monthly webinar at: <http://www.unitedforhomes.org/webinars/>

For more information on California’s efforts contact Tyrone Buckley, Housing California policy director for land use and finance, at: tbuckley@housingca.org.

California Housing Need Assessments

The California Housing Partnership, an NLIHC state partner, released reports during the week of May 15 describing the affordable housing challenges facing lower income renters in 11 California counties: Alameda, Contra Costa, San Mateo, Sonoma, Fresno, Sacramento, Los Angeles, Riverside, San Bernardino, San Diego, and Orange. The reports detail a rapid escalation in rents that, in combination with a dramatic decline in state and federal funding, have led to a shortage of nearly 1.2 million affordable homes in these 11 counties alone. The reports offer concrete steps that state and local representatives can take to help lessen the burden on low income families.

The reports are available at: <http://bit.ly/2rzegmz>

Montana Housing Coalition Celebrates Legislative Victories

The Montana legislature passed four important pieces of legislation during its 2017 session, a somewhat rare accomplishment in a state where legislators have often minimized the state’s role in affordable housing. The new legislation will clearly define and recognize community land trusts, allow the Montana Department of Corrections to use some of its funding to address the housing needs of individuals leaving prison, allow the Montana Board of Housing broader authority for servicing loans, and alter sanitation regulations such that townhomes can be treated the same as condominiums. These bills were advanced with the support of the Montana Housing Coalition, a group of nonprofit housing providers, developers, contractors, homeless service agencies and advocates that have recently come together to raise the issue of affordable housing statewide.

Community land trusts are now a more viable model for affordable homeownership due to the successful passage of HB 200. Prior to this new law, all community land trust properties in Montana were regarded as condominiums. HB 200 clearly articulates a legal distinction between land trust homes and other types of homeownership dwellings, and it specifically establishes community land trusts as nonprofit organizations exempt from taxation.

SB 65 provides for affordable housing options as an eligible use of funding by the Montana Department of Corrections. The legislation does not provide an additional funding allocation for this purpose, but allows the department to support housing solutions. Stable housing is often a condition for an individual’s release from prison, and the lack of housing options has been a common barrier. Advocates hope to see new partnerships

emerge between the Department of Corrections and community housing organizations as a result of this legislative change.

AB 300 is a measure to allow for the subdivision of parcels of land for townhomes without requiring additional inspections and compliance for each unit to meet sanitation standards, so long as the parcel of land has already been approved and does not require additional water or sewage-line extension. Passage of this law will reduce compliance costs for community development agencies building several housing units on one parcel, which will enhance the financial feasibility of proposed affordable developments.

The recent legislative session left much to still be done. The Montana Housing Coalition will continue to push for an additional 1% resort communities sales tax to generate revenue for workforce housing and infrastructure expansion. The legislature also defeated a bill that would have funded studies of all homelessness and workforce housing in the state. The Montana Housing Coalition will work to raise funds for those studies to have stronger and more persuasive data leading into the 2019 session.

Sheila Rice, executive director of NeighborWorks Great Falls and a member of the Montana Housing Coalition, noted that the 2017 session was the first time the Coalition was able to fund a part-time lobbyist, who is also the sole staff member of the Coalition. “We grew membership and income and look forward to having a strong voice for housing in the 2019 session,” Ms. Rice said. “We will start with the studies that will give us ammunition to use with candidates far in advance of the session.”

For more information about Montana Housing Coalition’s efforts in the 2017 legislative session, contact Sheila Rice at srice@nwgf.org.

Event

PAHRC Holds Forum on Sustainability and Resiliency, June 2

The Public and Affordable Housing Research Corporation (PAHRC), HAI Group’s research center, will be hosting its second annual PAHRC Report Forum, [*How Sustainable Communities Create Resilient People: Exploring How Affordable Housing Drives Sustainability for People and Places*](#), at Boston’s Seaport Hotel and World Trade Center on Friday, June, 2 from 8:30 am to 12:15 pm.

NLIHC in the News

NLIHC in the News for the Week of May 15

The following are some of the news stories that NLIHC contributed to during the week of May 21:

- “HUD budget slashes housing programs, drawing protests from advocates,” *Politico*, May 19 at: <http://politi.co/2qCyhKz>
- “This Map Shows The Hourly Wage You Need to Rent a Two-Bedroom Home in Your State,” *Thrillist*, May 18 at: <http://bit.ly/2q4TcSL>
- “One Crisis Away: No Place To Go, What Experts Say Could Dent The Affordable Housing Crisis” *KERA*, May 17 at: <http://bit.ly/2pUvo8U>

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