NATIONAL LOW INCOME HOUSING COALITION

Memo TO Members

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Point of View

No Refuge for Low Income Renters

By Diane Yentel, President and CEO

Our country faces an alarming gap between the housing needs of our nation's poorest households and what is available and affordable to them. The result is rising family homelessness in cities across the country, and more and more families paying at least half of their income towards their rent each month. Two new reports just released by the National Low Income Housing Coalition paint a very clear picture of what we're up against.

In March, NLIHC released its annual report *The GAP: Affordable Housing Gap Analysis 2016* that shows that there are just 3.2 million rental apartments affordable and available to our nation's 10.4 million lowest income renter households. The direct result of this 7.2 million unit shortage: 75% of the lowest income families, many who are elderly or disabled, spend more than half of their incomes on rent. This severe housing cost burden forces families to sacrifice other basic necessities like food, child care and health care, to double-up with friends or family, to work multiple jobs. Many end up homeless on our streets and in our shelters.

NLIHC recently issued its annual *Out of Reach 2016* report, showing that a full-time worker in America today needs to earn $20.30 per hour to afford a modest two-bedroom apartment at fair market rent. The average hourly wage of renters in the U.S. is $15.42, almost $5 less than the two-bedroom housing wage. In no state in our nation is the mean renter wage sufficient to afford a two-bedroom apartment at the fair market rent.

Of course, the situation is most severe for those at the bottom of the income ladder. The federal minimum wage is $7.25 per hour. This is what child care workers, nurses' assistants, emergency medical technicians, cashiers at the grocery store people who prepare and serve food at restaurants – the people in our communities who we rely on every day – earn. A minimum wage worker needs to work 2.8 full time jobs, or approximately 112 hours per week for all 52 weeks of the year, in order to afford to rent a modest two bedroom apartment. If this worker slept for eight hours per night, she would have no remaining time during the week for anything other than working and sleeping.

Today's federal housing programs serve approximately five million low income households, but the needs of many more households go unmet. Those receiving affordable housing subsidies are in many ways the lucky ones – most often they won a housing lottery to receive that assistance. Only one out of every 4 families eligible for subsidized housing receive the assistance they need.

Our nation took an important step to address the shortage of affordable homes for those with the lowest incomes last month when the Department of Housing and Urban Development announced the allocations of the first national Housing Trust Fund (HTF) block grants. Created under the Housing and Economic Recovery Act of 2008 and funded by a small assessment on Fannie Mae and Freddie Mac's new business, the HTF is the first new federal program in a generation to focus on housing for the lowest income households.

Despite this achievement, there is so much more to do—the current funding to the national HTF is woefully inadequate to meet the need. Modest reforms to the mortgage interest deduction (MID) could provide enough savings for us to fill the gap, and end the affordable housing crisis. In fact, reducing the portion of a mortgage eligible for a tax break from $1 million to $500,000 and converting the deduction to a 15% non-refundable credit would save more than $20 billion a year to invest in the national HTF and other critical affordable housing programs. The federal government has the resources to end the shortage of housing affordable to the lowest income families: it is simply a matter of how those resources are allocated.

Ultimately, higher wages and a greater supply of housing affordable to the lowest income people are necessary to solve the crisis. At NLIHC, we look forward to the day when affordable and decent homes are no longer out of reach.

National Housing Trust Fund

Lawmakers Urge GSE Recapitalization

Representative Mike Capuano (D-MA) and 31 other Democrats sent a letter to Treasury Secretary Jack Lew and Federal Housing Finance Agency (FHFA) Director Mel Watt urging them to reassess the Obama Administration's policy that prevents the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, from building up their capital reserves, which are expected to run out by 2018. Specifically, the lawmakers are concerned that the GSEs lack of adequate capital buffers could put funding for the national Housing Trust Fund (HTF) and the Capital Magnet Fund (CMF) at risk.

Mr. Watt had previously stated that if Fannie Mae or Freddie Mac have to make another draw from Treasury, their obligation to fund the HTF and CMF could be suspended again.

The June 2 letter states, "[T]he investments [the GSEs] are authorized to make, most notably to the National Housing Trust Fund and Capital Magnet Fund, could be suspended under your policy that suspension occurs in the event that either GSE is forced to make a draw or it appears as though an investment would cause a draw. The GSEs are finally contributing to these important funding vehicles, including for extremely low income families, eight years after they were first authorized in the [Housing and Economic Recovery Act of 2008 (HERA)]. We sincerely hope that they will not once again be put on hold as a result of capital concerns that your agencies have the power to correct."

The lawmakers point out that HERA requires Mr. Watt to ensure the companies are adequately capitalized, which is jeopardized by the agreement between FHFA and the Treasury Department to sweep all of the GSEs' profits into the Treasury rather than being put towards their capital reserves.

Read the lawmakers' letter encouraging GSE recapitalization at: http://bit.ly/22Dh0eB

Congress

Housing for Homeless Students Act Introduced

Representative Jim McDermott (D-WA) introduced the "Housing for Homeless Students Act" (H.R. 5290), which would allow full-time students who are or recently have been homeless to qualify for rental housing financed through the Low Income Housing Tax Credit (LIHTC) program.

Students are currently not allowed to be the leaseholder of a LIHTC-financed housing unit. The prohibition was established to ensure that tax credits are not used to finance the development of university dormitories. Recognizing that the prohibition had impacts not originally intended, Congress has enacted a number of exceptions, including for youth aging out of foster care and for individuals enrolled in job training programs.

H.R. 5290 would exempt individuals from the student rule if they were homeless at any time in the previous seven years and met the definition of "homeless children and youth" under the McKinney-Vento Homelessness Assistance Act. The bill also exempts veterans pursuing full-time education, provided they were homeless at any point in the five years prior to moving into their LIHTC unit.

The bill currently has three cosponsors and was referred to the House Committee on Ways and Means. An identical version of the bill was introduced in the Senate in May of 2015 and was referred to the Committee on Finance.

See the full text of the bill at: http://1.usa.gov/1Y4Kphp

House Speaker Ryan Set to Release Poverty Plan

House Speaker Paul Ryan (R-WI) will release tomorrow the House Republicans' policy proposals for combatting poverty in America. In February, Speaker Ryan tasked House Republican leaders to develop a "bold, pro-growth agenda" to "strengthen our safety net and reform educational programs to make them more effective and accountable, help people move from welfare to work, and empower productive lives."

Advocates have tried to glean what will be included in the plan based on Speaker Ryan's past policy proposals on the issue. Prior to serving as Speaker, Mr. Ryan released a broad anti-poverty plan while chairing the House Committee on Budget. That plan proposed to consolidate a number of means-tested anti-poverty programs, including the major federal housing programs, into a pilot block grant program called "Opportunity Grants." The pilot would have been carried out in a limited number of states, affording them great flexibility in deciding how to use federal anti-poverty funds.

The plan would have consolidated the Housing Choice Voucher program, Public Housing Capital and Operating Funds, the Section 8 Project-based Rental Assistance program, and Rural Development's Section 521 Rental Assistance program. Related programs subject to consolidation into Opportunity Grants included the Community Development Block Grant program, the Weatherization Assistance Program, and the Low Income Home Energy Assistance Program. The plan also would have consolidated a number of programs outside of housing and community development, including the Supplemental Nutrition Assistance Program (SNAP, or food stamps), the Temporary Assistance for Needy Families (TANF) program, the Child Care and Development Fund, and the Workforce Investment Act (WIA) Adult and Dislocated Worker Program.

NLIHC will release a statement in response to Speaker Ryan's anti-poverty agenda, as well as an in-depth analysis of the proposals and their impact on low income people.

Legislation Would Eliminate Nearly All Federal Housing Programs

Representative Jim Jordan (R-OH), a cofounder of the conservative House Freedom Caucus, introduced a bill that would eliminate nearly all federal affordable housing programs by consolidating them into a state block grant. The "Welfare Reform and Upward Mobility Act" (H.R. 5360) would prohibit Congress from funding means-tested housing programs beginning in 2017.

H.R. 5360 would consolidate the following programs:

- Housing Choice Voucher program,
- Public Housing,
- Section 8 Project-Based Rental Assistance program,
- HOME Investment Partnerships program (HOME),
- McKinney-Vento Homeless Assistance Grants,
- Section 202 Housing for the Elderly program,

- Section 811 Housing for People with Disabilities program,
- Native American Housing Block Grant program,
- Section 101 Rent Supplement Program,
- Section 236 Rental Assistance Payments program,
- Rural Housing Insurance Fund, and
- assistance programs provided by the Rural Housing Service.

Instead of funding these programs individually, Congress would appropriate funds as a block grant to states in an amount that "bears the same relationship" to the amount that a state received for means-tested housing programs for the most recent fiscal year. Each year over the next ten years, Congress would reduce funding for housing block grants until the spending is cut in half by 2017.

States would have to match 20% of their federal grants with non-federal funds. States would "have full flexibility to use the amounts of grants to finance a housing provider, service, or program," and would be allowed to establish a portable voucher system that allows parents with low incomes to use a portion of their voucher's value to attend a private prekindergarten education program.

States would have to conduct a "comprehensive self-assessment of the effectiveness and progress" of covered housing programs. The Comptroller General of the United States would also have to conduct a study and report its findings to Congress on different approaches and best practices used by states in carrying out their affordable housing programs in accordance with the bill.

The bill would also impose new requirements on the Supplemental Nutrition Assistance program (food stamps) and the Temporary Assistance for Needy Families (TANF) program.

When introducing the bill, Mr. Jordan said, "Welfare programs are meant to be a temporary safety net, but they have become a permanent way of life for millions of Americans. Instead of giving impoverished families and individuals a helping hand, the current system penalizes positive steps toward self-sufficiency."

The bill currently has four cosponsors and was referred to the House Committees on Ways and Means, Agriculture, Energy and Commerce, Financial Services, and Budget.

Learn more about the bill at: https://www.congress.gov/bill/114th-congress/house-bill/5360

Research

Medical Legal Partnership Interventions Improve Access to Safe, Decent, Affordable Housing

"Extra Oomph:" Addressing Housing Disparities through Medical Legal Partnership Interventions, a study by Diana Hernández at Columbia University published in *Housing Studies*, found that pairing legal experts with physicians to address housing and health concerns in a concerted effort improved patients' housing affordability, stability, and adequacy. These improvements in housing outcomes are beneficial to patients' mental and physical health.

The Medical Legal Partnership (MLP) is a national program that pairs legal professionals with physicians in a clinical setting to simultaneously address patients' health concerns and housing problems that may cause poor health outcomes. The program is based on the belief that circumstances at home have significant impacts on an individual's health and well-being. Low income individuals experience the brunt of housing affordability, stability, and quality (e.g., mold, rodent infestation, or lead exposure) problems that increase stress and affect health. These individuals often lack access to legal services during eviction proceedings or in asserting their tenant rights for safe and decent housing.

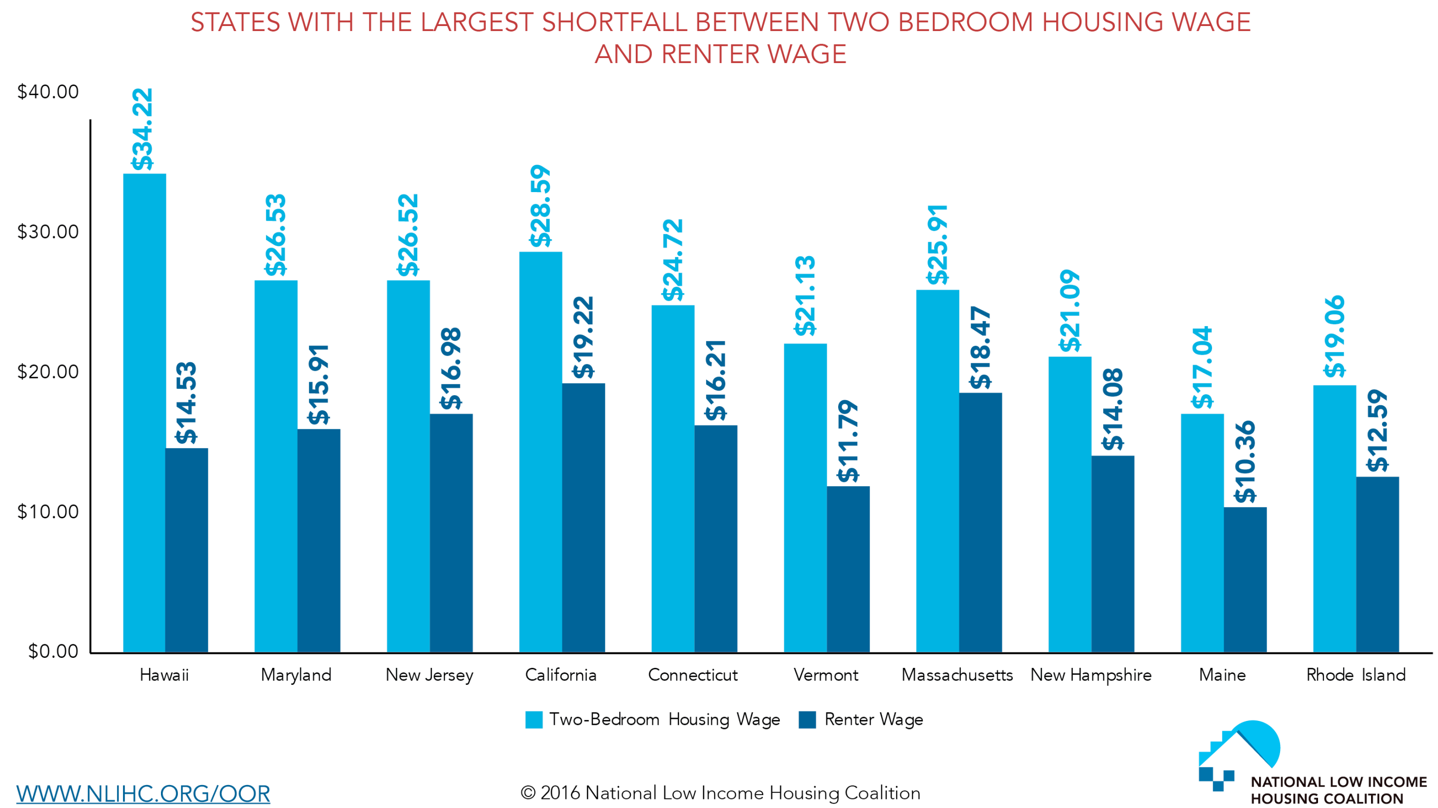
Hernández conducted interviews with 36 patients who participated in the MLP program in Boston, MA. Fifty-three percent of these patients had incomes less than $10,000, and 69% were receiving housing subsidies. Prior to intervention, 53% reported living in inadequate housing – living doubled-up or in poor physical conditions, not having reasonable accommodations for a disability, living in a dangerous neighborhood, or having utilities turned off. Thirty-three percent were struggling to afford rent or utilities and 14% reported housing instability, being at risk of eviction and homelessness.

Eighty-three percent of MLP participants improved their living situation. Legal assistance enabled patients to reinstate their utilities after a shut-off or to prevent a utility shut-off for medical reasons, obtain reasonable accommodations for a disability, assert their tenant rights to obtain physical improvements to their housing, avoid eviction, retain or regain their housing subsidy, relocate to a better residential environment, and appeal a rent hike. Thirty-six patients who were not part of the MLP program were less likely to resolve their housing problem. Sixty-four percent of non-MLP patients did not resolve their housing problem, compared to just 17% of MLP patients.

"Extra Oomph:" Addressing Housing Disparities through Medical Legal Partnership Interventions is available at: http://bit.ly/1sPuYNK

More information on the Medical Legal Partnerships program is available at http://medical-legalpartnership.org/

Fact of the Week



Notes: The Two-Bedroom Housing Wage is the estimated full-time hourly wage a household would need to earn to afford a two-bedroom apartment at a HUD-estimated Fair Market Rent while spending no more than 30% of their income on housing costs. The Renter Wage is the estimated mean hourly wage among renters in each state.

Housing in the Elections

Mobilizing Voters Webinar

The final webinar in NLIHC's 2016 Voterization series is "Mobilization: Getting Out the Vote." The webinar will be held on Thursday, September 15 at 2:00pm ET and will provide attendees with the essential elements of an effective Get Out the Vote (GOTV) effort. Topics will include effective methods of reminding voters of polling locations and times, coordinating ride services to polling locations, preparing for accessibility concerns, and assigning key roles and responsibilities to volunteers on Election Day. The webinar will also discuss best practices for early and absentee voting.

Registering and educating voters will make a difference only if voters actually turn out to the polls. A strong voter turnout by low income renters in the high-stakes 2016 election is essential to making affordable housing a high priority for policy makers. Learn how to make that happen; closed captioning will be provided. There will be ample time for attendees to share thoughts and experiences or to ask questions of the presenters.

In case you missed them, the slides and the video recordings of NLIHC's first two Voterization webinars—"Understanding and Overcoming the Challenges of Voter Registration" and "Voter Education and Candidate Engagement"—are available at http://nlihc.org/library/voterization. Also on the website, NLIHC offers its Voterization Plan and Voterization Narrative Guide as resources to support the work of housing organizations engaging in electoral activity.

Register for “Mobilization: Getting out the Vote,” at: http://bit.ly/1Zh1AL2

NLIHC’s Voterization Plan is at: http://bit.ly/1Y5Oekd

NLIHC’s Voterization Narrative Guide is at: http://bit.ly/24nonv5

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

From the Field

Arizona Doubles Funding for State Housing Trust Fund

The Arizona state housing trust fund, one of the oldest housing trust funds in the nation, will soon double its funding as a result of the passage of HB 2666, the “Governor’s Economic Opportunity Office; Consolidation Act” recently signed into law by Governor Doug Ducey (R).

HB 2666 moves the Arizona Housing Finance Authority (AHFA) under a newly created Economic Opportunity Office and directs all net revenue from AHFA’s single-family mortgage programs to the state housing trust fund. Last year these programs generated over $2 million in net revenue, which will nearly double the current $2.5 million allocated to the trust fund. Advocates anticipate rapid growth of the mortgage program as the statewide economy continues to improve, leading to an additional increase in trust fund funding.

HB 2666 marks the first new funding for the housing trust fund since the program’s inception. The original source of funding for the 27-year-old trust fund was 55% of revenues received from the sale of unclaimed property. After the trust fund law was enacted in 1988, the trust fund revenues grew dramatically with the rapid growth in the state economy. Unclaimed property sales rose from $2 million in the first year to $40 million per year at the height of the pre-recession economic boom.

When the nationwide recession hit Arizona, however, legislators searched for places to cut spending to balance the state budget. While all social services programs have been vulnerable to cuts, housing programs especially fell victim to the austerity measures. Legislators elected to redirect the vast majority of revenue from unclaimed property sales and cap the amount that could be appropriated to the trust fund at $2.5 million, the balance being appropriated to the state’s general fund. Housing advocates in the state established the Arizona Housing Alliance (AHA), which eventually became a NLIHC state partner, in response to these attacks on the housing trust fund and other statewide housing programs.

The passage of HB 2666 this year is an impressive victory for housing advocates. They capitalized on the overwhelming popularity of the EOO proposal, as well as the Governor’s increased willingness to consider the merits of affordable housing expansion, to advocate for the new source of funding for the trust fund in HB 2666. In addition to the new funding source, the trust fund will continue to receive resources from unclaimed property sales up to the $2.5 million cap. With the additional revenue from single family mortgage programs, the trust fund will be able to support affordable housing efforts in both urban and rural parts of the state—which is important because the housing needs in rural areas often go unmet.

Advocates led by the AHA will monitor both funding sources and continue their campaign to protect and expand the trust fund. In particular, they will continue their call to lift the $2.5 million cap on revenue from unclaimed property sales. They also will work with allies in the Arizona statehouse to explore new potential sources of funding.

“After eight years of sweeps and cuts to the state housing trust fund, we are thrilled the tides have turned and the first step towards restored funding has been taken,” said Val Iverson, executive director of AHA. “An affordable home is the first step towards economic opportunity for all Arizonans, so it is fitting that funding for the housing trust fund is included in this legislation concerning economic development."

For more information about the trust fund or other advocacy efforts in Arizona, contact Val Iverson at val@azhousingalliance.org

NLIHC News

NLIHC's *Out of Reach 2016* Gets Major Media Coverage

NLIHC's *Out of Reach 2016* report has received major media coverage since its release on May 25, being cited in more than 100 news stories in the national and local media in just over a week. Reporters have used *Out of Reach* statistics, maps, charts and graphs in their stories about the gap between the cost of rents and renter wages across the nation. Among the many national outlets publishing stories on *Out of Reach* were *The Wall Street Journal*, *The Washington Post*, *Forbes*, *The Chicago Tribune*, *Time Magazine*, *The Huffington Post*, *City Lab*, *Vox* and many others. NLIHC's state partners in 42 states played a major role in achieving state and local media coverage of *Out of Reach 2016*.

As we reported in last week's *Memo* (5/31), *Out of Reach 2016* shows that the average renter in the U.S. earns $15.42 per hour, $4.88 per hour less than the national two-bedroom Housing Wage of $20.30 per hour and nearly $1 per hour less than the one-bedroom Housing Wage of $16.35 per hour. On average, someone earning the federal minimum wage of $7.25 would need to work 90 hours per week, or 2.3 full-time jobs, to afford a one-bedroom unit. *Out of Reach 2016* shows these and other data related to rental affordability for every state, metropolitan area and county in the country.

The interactive *Out of Reach 2016* website is http://nlihc.org/oor

The full report is available at http://bit.ly/1scAj1G

The audio recording of the press event releasing *Out of Reach 2016* with HUD Secretary Julián Castro, NLIHC President and CEO Diane Yentel, and NLIHC Vice President for Research Andrew Aurand is available at: http://bit.ly/OORhud16

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