

Federal Housing Policy Update

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National Low Income Housing Coalition

Dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes

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NLIHC, cont'd

- Research
 - *Out of Reach*
 - Patchwork
 - Tenants and Foreclosure
- Outreach
 - Membership
 - State Coalitions
- Policy Advocacy
 - *Advocates' Guide*
 - What We Mean by Housing

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NLIHC, cont'd

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Overview

- State of the Nation's Housing
- Congressional Outlook
- FY10 Appropriations
- National Housing Trust Fund
- McKinney-Vento: HEARTH Act
- Preservation
- Section 8 Voucher Reform (SEVRA)
- ARRA
- Tenants in Foreclosed Properties
- Financial Regulatory Reform

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State of the Nation's Housing

- Joint Center for Housing Studies, Harvard
- From peak of housing boom
 - Real home equity down 41%
 - Existing home prices down 27%, generally; 40% in 26 markets
- 17.9 million families pay more than half of income for housing costs; 70% of those earning minimum wage pay more than half their income for housing
- No family earning minimum wage afford to rent a 2 bedroom apartment at fair market rents

Congressional Outlook

- DC in 2009 is a very exciting place
- For housing: big accomplishments in a few months
 - ARRA
 - McKinney-Vento
 - Protecting Tenants in Foreclosed Properties
- Remainder of session likely to be slow for housing issues
 - House will move on Preservation, SEVRA and funding for NHTF
 - Dodd leading health care reform in Kennedy's absence and financial institution regulatory reform
 - Senate doesn't move fast

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FY10 Appropriations

- President's detailed budget submitted 5/7/09
- Total of 46.344 billion for HUD, 10.8% more than FY09
- Full funding for public housing, section 8 renewals
- Zeros out HOPE VI in favor of Choice Neighborhoods Initiative (CNI)-revitalization of high-poverty neighborhoods through investments in distressed public and assisted housing and closer linkages with school reform and early childhood interventions
- Emphasis on improving the operation of HUD through "transformation" and "green" efforts including sustainable communities
- 200,000 vouchers
- Final action expected before end of fiscal year 9/30/09

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National Housing Trust Fund

- Established in the Housing and Economic Recovery Act (HERA) last summer
- Dedicated funding to produce, preserve, rehabilitate and operate rental housing for predominantly extremely low income housing (ELI) and to increase homeownership for extremely and very low income households
- First new federal housing production program targeted to ELI since 1974
- 71% of ELI renters and 64% of ELI owners pay more than half of their incomes toward housing nationally
- Absolute shortage of 2.8 million units affordable to ELI

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NHTF: Funding

- Initially funded by percentage of Fannie/Freddie new annual business (approximately \$557 million in 2007)
- Fannie and Freddie funding temporarily suspended- not clear what future holds
- \$1 billion in President's budget for NHTF, must identify source, "offset"
- More needed to reach goal of 1.5 million new units

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NHTF: Uses and Targeting

- 90% must be used for rental housing and at least 75% of rental housing funds must benefit ELI or families at or below the poverty line, remainder can be used for homeownership
- All funds must benefit below 50% AMI

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NHTF: Distribution

- Funds distributed to states
- Distribution formula
 - Shortage of extremely low income rental units (priority for this factor)
 - Shortage of very low income rental units
 - Substandard, overcrowded housing
 - % paying more than 50% toward housing
 - Construction costs
 - Minimum state allocation: \$3 million

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NHTF: Distribution

- States must develop allocation plans and can use 10% for administrative costs
- State plans must reflect state's priority housing needs and distribution will be based on:
 - Geographic diversity
 - Ability to obligate \$\$
 - Extent of affordable rents
 - Duration of affordable rents
 - Use of other funding sources
 - Merits of activity
- Provisions for public notice, hearings, consideration of comments on state plan
- States have 2 years to commit or spend funds

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NHTF: Eligible Recipients

- For-profits and non-profits that show:
 - Ability to own, construct, rehab, manage and operate affordable multifamily rental housing
 - Experience in designing, constructing, rehabilitating or marketing affordable homeownership housing or providing financial assistance for homeownership
 - Financial capacity and familiarity w/programs

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NHTF: Open Issues

- Many issues for HUD regs:
 - Affordability
 - Long term use restrictions
 - Funds for operating costs
 - PHAs as eligible recipients
 - Reporting requirements

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NHTF: Next Steps

- Determine course of Fannie and Freddie and connection to NHTF's funding source
- Development of HUD regulations
- Identify source for \$1 billion and new funding sources

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McKinney-Vento: HEARTH Act

- Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009, P.L. 111-22, enacted 5/20/09
- Consolidates homeless assistance programs, codifies the continuum of care planning process, and establishes a goal of ensuring that families who become homeless return to permanent housing within 30 days

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HEARTH: Overview

- Homelessness prevention significantly expanded
- New incentives and more emphasis on rapid re-housing, especially for homeless families
- Existing emphasis on creating permanent supportive housing for people experiencing chronic homelessness will continue, although families could also be considered chronically homeless
- Rural communities have the option of applying under a different set of guidelines that offer more flexibility and more assistance with capacity building

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HEARTH: Homeless Definition

- Modified definition of homelessness to include those at imminent risk of homelessness or where a family or unaccompanied youth is living unstably
- Up to 10 percent of its Continuum of Care funding can serve families with children and unaccompanied youth who are homeless because they are living unstably or meet the definitions of homelessness used by the Department of Education or any other federal agency
- Communities with low rates homelessness can use more of their funding to serve families with children and unaccompanied youth who meet the definition of homelessness used by the Department of Education or another federal agency

HEARTH: Prevention and Re-housing Assistance

- Emergency Shelter Grant (ESG) renamed the Emergency Solutions Grant, shift to funding homelessness prevention and re-housing, as well as emergency shelter
- Prevention and re-housing activities can serve people who are homeless or at risk of homelessness; anyone considered homeless by other federal statutes can also be served with prevention or re-housing assistance

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HEARTH: Prevention and Re-housing Assistance

- Funding for ESG increased to 20 percent of homeless assistance
- At least 40 percent of ESG funds dedicated to prevention and re-housing activities, but hold-harmless provision to ensure that no reduction in funding for traditional shelter and outreach activities; in most communities, the amount of funding for emergency shelter and outreach will remain similar to current levels, but there will be much more funding for prevention and re-housing
- Maximum allowance for admin expenses rises from 5 percent to 7.5 percent

HEARTH: CoC

- Shelter Plus Care, Supportive Housing, Mod Rehab/SRO combined into single CoC
- Same eligible activities
- Operating costs can include service coordination
- Incentives for strategies that reduce homelessness, including rapid re-housing
- 25% match

HEARTH: Application Process

- Entity that applies for CoC funds known as Collaborative Applicant (CA)
- Incentives for rapid re-housing and permanent supportive housing
- CA can receive all funding and make subgrants, becoming Unified Funding Agency
- Special rules for CoC that is entirely rural or in a rural state

HEARTH: Interagency Council on the Homeless

- Number of changes to the membership, role and operation of the Interagency Council on Homelessness
 - Expands membership
 - Must meet 4 times a year
 - Must develop National Strategic Plan to End Homelessness and update annually

Preservation

- Privately-owned federally-assisted housing stock is old and in danger of being lost
- Legislation needed to ensure that HUD has the tools and authority to assist in preserving the stock
- Tenant organizing and empowerment are important
- Hearing tomorrow, bill to be introduced soon

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Section 8 Voucher Reform (SEVRA)

- Fix funding formula
- Increase ability to project base vouchers (would support NHTF)
- Simplify rents and income determinations
- Revamp fair market rents
- Enhanced tenant protection voucher provisions
- Possible Moving to Work changes
- House expected to act on bill this summer

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American Recovery and Reinvestment Act: Summary

- American Recovery and Reinvestment Act (ARRA or Stimulus), P.L. 111-5, enacted February 17, 2009
- \$787 billion for a variety of programs and initiatives designed to stimulate the economy and relieve some of the economic hardships caused by recession
- \$13.61 billion for HUD programs
- Cannot be used for casinos, gambling establishments, aquariums, zoos, golf courses or swimming pools (general prohibition on all ARRA funds)

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ARRA: HUD Programs

- Community Development Block Grant
- Neighborhood Stabilization Program
- Homelessness Prevention and Rapid Re-Housing Program (HPRP)
- Low Income Housing Tax Credit
- Public Housing Capital Funds
- Project-based Section 8
- Native American

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CDBG

- \$1 billion for the CDBG program distributed using the traditional formula
- Priority is for projects that can be awarded contracts within 120 days of a jurisdiction receiving a "Grant Agreement" from HUD
- A jurisdiction must "obligate" all of its extra CDBG money by June 30, 2009 and spend it all by September 30, 2010

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Neighborhood Stabilization Program

- NSP1: \$3.9 billion formula grant
- NSP2: \$2 billion competitive program; applications due July 17, 2009
- \$50 million technical assistance money, \$11.5 million will be for local TA activities and \$38.5 million will be for national and regional TA activities, applications due June 8
- Funds can be used to buy foreclosed or abandoned homes to rehab, resell, or demolish in order to stabilize neighborhood
- At least 25% of the funds must be used for housing for those with incomes below 50% AMI, all funds must be used for below 120%
- Tenant protections and Section 8 antidiscrimination provisions
- NSP2 different from NSP1:
 - Vacant or demolished properties can only be redeveloped as housing
 - Demolition of public housing is prohibited
 - No more than 10% of an award can be used for demolition (unless HUD waives)
 - Funds can be used to operate land banks

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Homeless Preventions and Rapid Re-housing

- \$1.5 billion to prevent individuals and families from becoming homeless and to help those who are experiencing homelessness to be quickly re-housed and stabilized in their homes
- Eligible grantees include: metropolitan cities, urban counties, and states (for distribution to local governments and nonprofits)
- Eligible activities include: short-term and medium term rental assistance and housing relocation and stabilization services such as security and/or utility deposits, utility payments, moving assistance, credit counseling, case management, and mediation
- 60% of a jurisdiction's funds must be spent by September 1, 2010 and all of the money must be spent by September 1, 2011

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LIHTC: TCAP and Exchange

- Tax credit market deeply affected by the recession and the conservatorship of Freddie Mac and Fannie Mae
- Two problems
 - Some deals had investors, but credit worth less so deals had "gap" between expected equity generated by sales of credit and actual equity
 - Many deals had no investors at all
- Two solutions:
 - TCAP: 2.25 billion in funds run through the HOME program and provided to state allocating agencies for "gap"
 - Exchange allowed state allocating agencies to trade some of their credits for cash to be used support projects with no investor interest
- Market has not returned, more fixes probably needed

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Tenants in Foreclosed Properties

- President Obama signed Protecting Tenants in Foreclosure Act, S. 896, P.L. 111-22, on May 20, 2009
- Includes a nationwide 90 day pre-eviction notice requirement for tenants in foreclosed properties, right to remain for those with leases and special protections for section 8 holders
- Provisions are effective on enactment, May 20, 2009
- Does not preempt more protective state and local laws and all of these provisions expire at the end of 2012

Financial Institution Regulatory Reform

- Why care?
 - Consumer protection watchdog
 - CRA reform and modernization
 - Will eat up time
