New England HOUSING NETWORK

AFFORDABLE HOUSING:

A NEW ENGLAND PERSPECTIVE

May 2013

Lead Agencies:

CT: **Connecticut Housing Coalition**

MA: **Citizens' Housing and Planning Association**

ME: **Maine Affordable Housing Coalition**

NH: **Housing Action New Hampshire**

RI: **Housing Action Coalition of Rhode Island**

VT: **Vermont Affordable Housing Coalition**

Please keep in mind as you read this ….

It is hard to overstate the far-reaching impact of affordable housing.

Affordable housing is a key part of our nation's *infrastructure*: it is a major influence on our region's economic health and on the resilience of our rural communities. It impacts areas as diverse as health care ("When health care professionals connect the dots they discover a strong relationship between good health and adequate housing"[1]) and law enforcement ("Neighborhood redevelopment is a high-impact law enforcement strategy"[2]). Lack of adequate housing is a major barrier to educational success for low-income children.

Government isn't pulling its weight as a partner with the private sector in shaping a housing market that serves <u>all</u> Americans.

The unaided housing market is beyond the reach of a large proportion of the Region's working households. Rental subsidies provide a bridge to market-rate housing for the fastest-growing segment of the renter population – households living at less than 200% of poverty. But only a quarter of the households eligible for assistance get it; and waiting periods are measured in *years*. The Region's 795,000- unit shortfall in affordable rental housing is compounded by relentless cuts to development subsidies. Public housing – the safety net for our low income elderly and disabled – is staggering under $26 billion in deferred capital investment. Homelessness is only a symptom of a grossly unbalanced housing market.

Funding priorities – <u>including federal subsidies for homeownership</u> – should be targeted to the neediest households. But they aren't.

Reordering our funding priorities was a key recommendation of the Bipartisan Housing Commission. Rental assistance currently reaches only a quarter of eligible households. As a result, three of every four renter households at the bottom of the income ladder spend over half their income on housing. At the same time, the homeownership subsidy for households with incomes above $100,000 is *half again as large* as the entire HUD budget!

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1 Mary Valier-Kaplan, Interim President, The NH Endowment for Health

2 Christopher Adams, Chief of Police, Laconia, NH

New England HOUSING NETWORK

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The New England Housing Network

Affordable housing is a critical issue for the New England region. More than one million low-income households in New England including the elderly, disabled, and families, live in federally-assisted housing. Most of these households have annual incomes of less than $8,000, and are therefore at serious risk of homelessness. Even larger numbers of households are struggling to survive in the private housing market and are paying more than 50% of their income for rent.

In 1995, the housing community faced dramatic changes in federal housing policy, including funding cutbacks, program reforms, and the devolution of responsibilities to state agencies. Budget cuts aimed primarily at low-income people presented enormous challenges for communities across the country. The New England region – due to its high housing costs and large stock of subsidized housing – was one of the most heavily impacted regions in the country.

To respond to this challenge, a broad coalition of housing and community development organizations joined together to form the New England Housing Network. The Network is the first regional response in the country to changes in federal housing and community development programs. Together, we have worked on joint research and public policy activities; sponsored seventeen major regional conferences; and have had a significant impact on preserving key federal housing programs amid unprecedented budget-cutting pressures.

Citizens' Housing and Planning Association (CHAPA), a housing policy and research organization based in Boston, Massachusetts, serves as the coordinator of the New England Housing Network's activities. Established in 1967, CHAPA represents all interests in the housing field, including non-profit and for-profit developers, advocates, homeowners, tenants, bankers, property managers, government officials, and others.

The lead Network agency in each state is:

- The Connecticut Housing Coalition
- Maine Affordable Housing Coalition
- Citizens' Housing and Planning Association (Massachusetts)
- Housing Action New Hampshire
- Housing Action Coalition (Rhode Island)
- Vermont Affordable Housing Coalition

For more information about the New England Housing Network, please contact Network Director, Cindy Rowe, at 617-742-0820 or crowe@chapa.org.

Affordable housing, particularly affordable rental housing, is critical in many more ways than is commonly thought. It is often identified in United Way surveys as the *primary* need in many communities. It has a significant impact (for good or ill) on health care, law enforcement, commerce and education. It is central to the reintegration of many veterans and alleviating homelessness. As you, as policy makers, assess the importance of funding for affordable housing against other budget priorities, we encourage you to listen to the voices throughout the community who are speaking out about the importance of affordable housing.
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"Building affordable housing makes good economic sense, not only because it creates jobs, but it promotes a productive workforce and leads to a sustainable economy."

-*Vermont Governor Peter Shumlin*

"As many studies have shown, **every dollar spent on affordable housing generates multiple times the amount of private economic activity**. Housing is going to be a key component of our success to get Connecticut moving again." 2/2012

-*Connecticut Governor Dannel Malloy*

"When health care professionals connect the dots, they discover **a strong relationship between good health and adequate housing.** As a result, we find ourselves advocating for better and more affordable rental housing, especially for families at the bottom of the income ladder."

-*Mary Valier-Kaplan, MHSA*
Interim President, The NH Endowment for Health

"Building housing for older and low-income residents is about **building your community."**

-*Albert Searles, chairman of the Kennebunk Board of Selectmen, Maine*

"**Good homes are the foundation** of healthy, happy and prosperous individuals, families and communities." – April 2013

-*Richard Godfrey, Executive Director of Rhode Island Housing, State Housing Finance Agency*

"There is magical 'vaccine' that would improve the physical and mental health of many Americans, ease pressure on a wobbly health care system, and, in the long term, help put a dent in the nation's troubling budget deficit. **The vaccine is called safe, stable and affordable housing."**

-*Xavier De Souza Briggs, Associate Professor of Sociology & Urban Planning at MIT, Former Associate Director of OMB*

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Introduction

The New England Housing Network was created in 1995 by leading housing advocates and providers from all six New England states to preserve and develop affordable housing, despite cuts in federal funding and changes to HUD programs. Our Network represents thousands of people concerned about housing issues in New England, including most of our region's statewide coalitions, for- and non-profit housing developers, tenants, homeless advocates, attorneys, property managers, government officials, community development specialists, and real estate financial advisors.

While a beautiful and historic part of our great country, New England is also a challenging region in which to provide affordable housing for those who need it. Some of these challenges include: an aging housing stock (in fact, our housing is some of the oldest in the country); environmental contaminants (like lead, mold, and brownfields); local regulatory barriers; high land and energy costs and other factors contributing to the high costs of developing affordable housing in the region.

Despite the difficulties in producing affordable housing in this region, the demand for it continues to grow. The affluence of many of our metropolitan areas hides the fact that one out of four renters in our region is classified as extremely low income (ELI) and that the region experiences extensive rural poverty. While foreclosure rates have begun to decline across the region, the impact is still being felt by many homeowners, renters and communities. The foreclosure crisis, the recession, and the "jobless recovery" have made thousands more families, seniors, people with disabilities and veterans at risk of homelessness.

Demand and need are at a high level, but federal and state resources are not. Although signs of economic recovery are being seen throughout the region, many of our states' housing budgets remain constrained and affordable housing and related programs are underfunded. The across-the board cuts, known as the sequester, enacted as part of the Budget Control Act of 2011, took effect on March 1. Almost all of the HUD and USDA Rural Housing Programs are now subject to a 5.1% cut in addition to the significant cuts sustained by many of these programs over the past several years. As the cuts are implemented, we are beginning to feel the impact on critical housing programs

In the face of these challenges, housing advocates would ideally like to see the full range of HUD and rural development programs fully funded. We recognize that this isn't going to happen and that policy makers will be forced to make difficult funding choices. Our policy paper is designed to help you to base your choices on an understanding of what each program contributes to the Nation's overall housing policy and what the impact of those choices will be on the New England Region.

We have two overarching recommendations. The first reflects the need to utilize our diminishing resources as effectively as possible; the second, that funding decisions better reflect the present needs of the housing market and especially specific subsets of the market that have historically been undervalued in shaping the nation's housing policy.

1) We encourage you to support reform by passing HR.1213 to reform the Mortgage Interest Deduction (MID): This legislation proposes to lower the cap on the amount of mortgage for which interest can be deducted from $1 million to $500,000. It also proposes converting the tax deduction to a non-refundable tax credit. These changes would be phased in over five years. A tax deduction reduces the taxable income on which one's total tax bill is based. A tax credit is a direct reduction of one's total tax bill. Generally, tax credits are flatter and fairer. The primary beneficiaries of this proposal will be middle- and low-income homeowners who pay mortgage interest but who do not itemize deductions and cannot take the mortgage interest deduction. Based on calculations done by the Tax

Policy Center, under a 15% non-refundable credit, the number of homeowners who will get a tax break will grow from 39 million to 55 million, with 99% of the increase being households with incomes less than $100,000 a year. Most higher-income households with mortgages, primarily those with incomes of $200,000 or more, will pay more taxes.

This legislation redirects the savings from housing tax reform to several housing programs, including the National Housing Trust Fund, LIHTC, Section 8 and the public housing capital fund. The fund was established in 2008 and the primary purpose of NHTF is to close the gap between the number of extremely low income renter households and the number of homes at affordable rental costs. At least 75% of the fund must benefit extremely low-income households and all of the funds must be used for very low income households. At least 90% must be used to build, preserve, rehabilitate or operate rental housing. Funding for the NHTF would stimulate economic activity and, coupled with rental assistance, help create housing for people who are homeless or at-risk.

2) We encourage you to <u>implement recommendations from the Bi-Partisan Housing Commission particularly those that advocate for more rental options.</u> In many respects, our housing system is outdated and not equipped to keep pace with today's demands and the challenges of the imminent future. The Bipartisan Policy Center (BPC) launched the Housing Commission in October 2011 to develop a new vision for federal housing policy that provides a path forward during this period of great change. This report, the centerpiece of an ongoing effort by the Housing Commission to examine key issues that together form the basic elements of a resilient housing system, proposes that federal policy should strike an appropriate balance between homeownership and rental subsidies. The report states that owner-occupied housing and rental housing are complementary—not competing—components of a housing system that serves individuals and families at all stages of life. The support the federal government devotes to housing through direct outlays and tax subsidies should be allocated in a manner that reflects differences in the circumstances, needs, and preferences of households throughout the life cycle.

Preserving Our Region's Stock of Affordable Rental Housing

New England
HOUSING NETWORK

Housing Preservation

Overview

Housing preservation is a high priority for the Network because it is cost-efficient and effective, and because low-income communities cannot afford to lose ANY existing affordable housing. Also, preservation of affordability occurs at a critical time in a property's lifecycle, creating opportunities for physical improvements, including long-term energy and water savings, a healthier environment in which to live, and significant job opportunities. In times of budget cuts, economic stress and hard choices, the preservation of the existing affordable housing stock is more important than ever.

Yet, rental housing affordability has eroded over the past decade, and housing burden is expected to become more severe in years ahead. The Joint Center for Housing Studies of Harvard University recently reported that, even before the recession caused housing production to depress to the lowest levels in 50 years, production of new housing had not kept pace with growth in renter demand. At the same time, loss of housing stock due to deterioration and abandonment exacerbated the imbalance between rental supply and demand. Consequently, real rents have increased, though real renter incomes have fallen over the last ten years. Moreover, continued low interest rates have resulted in a massive flow of private equity to rental housing, resulting in intense demand for purchase of apartment buildings and the bidding up of sales prices, with no commitment to affordability or housing quality.

These trends affect a diverse range of communities, especially minority and low-income communities which represent a disproportionate share of renter households. The National Low Income Housing Coalition and the National Housing Conference have noted that the number of renters in the nation has grown by nearly 2 million since 2008, and that 44% of these new renters are very low income (i.e., have incomes at or below 50% of the area median income). There is also increase demand in the rental market created by homeowners who have lost their homes due to foreclosure. However, the number of apartment units affordable to very low-income households *decreased* by 600,000 over the same time interval. One out of four, or 10.1 million, renters are extremely low income (i.e., have incomes at or below 30% of the area median income), and rents are affordable to only 45% of these households, a gap which is steadily growing. The issue is not limited to the lowest income households: over one fourth of working renter households spent more then half their income on housing in 2011, and that fraction has grown since 2008.

This bears out earlier predictions that economic recovery may aggravate the mismatch between supply and demand of rental housing. While the real estate market will eventually respond by increasing rental housing production, most new construction will serve upper-income populations, with an inadequate amount of new housing affordable to lower-income people relative to need. Potential increases in energy costs could place additional cost burden on all demographic groups, with lower-income people living in older housing stock most acutely affected.

There, pressures have resulted in increased severity of housing burden among extremely low- and very low-income populations, as well as elevated increases in housing burden among moderate-income households. This dynamic provides the backdrop for any analysis of the critical need to preserve our nation's investment in the sustainability of its existing assisted multifamily stock.

Key Issues

One major conclusion from the data is that the housing needs of our most vulnerable populations, including the working poor, cannot be met without continuing the existing flow of rental assistance. Over 60% of assisted residents are low-income senior citizens or persons with disabilities. Maximum flexibility to use existing programs in market-responsive ways will create an incentive for owners to continue participating in the programs when subsidies expire or when assisted mortgages mature. Finally, full Congressional support for these programs will enable recapitalization of the now-aging stock, to maintain its quality and to realign the older assisted stock to current community standards and needs.

In particular:

- Full funding is needed for both of HUD's project-based and tenant-based Section 8 programs and for the USDA's Section 521 Rental Assistance program.
- While we appreciate HUD's request to increase the project-based Section 8 account for FY14 to $10.272 billion, this amount is insufficient to meet all contract needs. Secretary Donovan has stated that substantial additional funds are required in order to fill the FY13 gap and to prevent short-funding again in FY14.
- The Tenant Protection Voucher (TPV) set-aside in the voucher account has been insufficient to meet the rising need. We support HUD's request to increase the TPV set-aside to $150 million.
- The component of the Rental Assistance Demonstration (RAD) program addressing privately owned Rent Supplement, §236 Rental Assistance Program (RAP) and Section 8 Moderate Rehabilitation properties sunsets on September 30, 2013. We support extension of this component of RAD, as well as a proposal to allow these properties to convert either to Project-Based Vouchers or to MAHRA-renewable Project-Based Rental Assistance. This extension will not add a cost to the federal budget.
- We support the Administration's proposed expansion of Choice Neighborhoods to $400 million. Permanent authorizing legislation is still needed for this important program, including incentives for rural communities to participate.
- Continued funding is needed for the new Senior Project Rental Assistance Contract program, for the oldest Section 202 properties.

Rural rental housing is equally at risk and serves very low-income tenants in markets where other rental options are extremely limited. There are approximately 8,300 RD-assisted multi-family properties in the United States, encompassing more than 243,000 units, and the average household income of residents of these properties is $11,300. More than 600 RD 515 properties, representing over 18,000 units, are eligible for prepayment between now and 2015. In the New England states of Maine, New Hampshire, and Vermont, there are over 12,000 units of 515 housing. In Maine alone, there are nearly 8,000 units, of which more than 1,200 are due to expire over the next five years.

Given this urgency, we are encouraged by the increase in the Administration's budget for the Multi-Family Preservation and Revitalization Demonstration Program (MPR), from $17.8 million in FY13 to $20 million, though we believe that additional funding is necessary. We also strongly urge Congress to enact legislation to permanently authorize this program. Congress should also continue to set aside $6 million in RA each year for debt forgiveness or RA payments as authorized by Section 502(c). This set-aside gives USDA a degree of flexibility in using these funds that is not provided by Section 521 but is essential for preservation efforts.

As we have noted elsewhere, NEHN strongly urges the continued funding of the Section 515 program, which provides tools for both new construction and preservation of rural multi-family housing.

Rental Assistance – Section 8 Tenant- and Project-Based

Strong bi-partisan support has made Section 8 rental assistance the lynchpin of federal affordable housing policy. The 3.4 million households receiving tenant and project-based assistance make it the nation's largest and most successful response to the challenge of housing low-income and vulnerable Americans. It is one of the most important weapons we have in combating the scourge of homelessness. Over 264,000 New England households receive some form of Section 8 assistance. Almost two-thirds are senior citizens or people with disabilities while the rest are largely families with children. Section 8 bridges the gap between what a low-income household can afford to pay for rent and the actual price of renting in local housing markets – without which low-income families and vulnerable individuals would face the prospect of homelessness.

The New England Housing Network urges Congress to RESTORE FULL FUNDING for Tenant-Based Rental Assistance and all Project-Based contracts.

We also ask that Congress finally ACT ON SECTION 8 REFORM LEGISLATION like the Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA) considered in the House last session.

Section 8 assistance bridges the affordability gap for low-income families

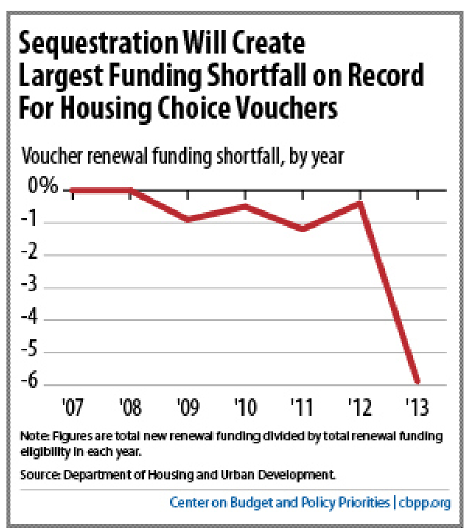
Without rental assistance, low-wage service sector workers and people living on fixed incomes cannot afford to pay for their housing and have enough left over to meet all their other basic needs. In no state in the country can an individual working a typical 40-hour week at the minimum wage afford a modest two-bedroom apartment for his or her family. This is especially true in the high cost housing markets of New England, where over 472,000 low-income renter households pay more than 50% of their income for rent. In Vermont, for example, where the minimum wage is a relatively high $8.60 an hour, the gap between what a minimum wage earner can afford and the average rent is $517. For someone with a disability living on SSI, that gap is $739.

Vermont	Gap between Rent Affordable and Average Rent
Mean Renter Wage Earner	$376
Extremely Low-Income Household	$449
Minimum Wage Earner	$517
SSI Recipient	$739

Key Issues

Section 8 cuts will increase homelessness and other hardships for low-income families

The number of families using housing vouchers has declined over the last several years and will drop even more sharply this year due to sequestration cuts. Even before sequestration, federal funding did not keep pace with rising rents and utility expenses, coupled with stagnating or declining family incomes as a result of the region's slow emergence from the Great Recession. The Center on Budget and Policy Priorities estimates that nationally,



the sequester will likely force state and local housing agencies to cut the number of low-income families that use vouchers by roughly 140,000 by early 2014. In New England, HUD estimates that almost 8,500 fewer families will be served. Vermont Public Housing Authorities estimate that by the end of the year, they will serve 774 fewer households because of sequestration and the last several years of insufficient funding. This represents a loss of 11.4% of the state's entire voucher portfolio.

Housing agencies are using a number of methods to deal with these cuts. They are cutting costs by reducing the number of vouchers through attrition – by not reissuing them when families leave the program. In addition, some agencies are taking back vouchers from families that are still searching for an apartment. Agencies that are unable to absorb the cuts through these methods may be forced to terminate assistance for families that are already being served, raise rents paid by assisted families, or impose minimum monthly rents on families that have little or no income. At best, these cost-cutting measures will place a heavy burden on families with meager resources. At worst, they will impose on them extreme hardship, such as living in homeless shelters or other emergency housing. Funding cuts will also decrease private sector confidence in the program, discouraging landlords from renting to families using vouchers. Sequestration comes on top of funding cuts for voucher program administration, which provides only about 70 percent of the funds agencies need to run effective programs.

HUD estimated voucher losses due to sequestration	
Connecticut	1,952
Maine	689
Massachusetts	4,408
New Hampshire	537
Rhode Island	526
Vermont	350
New England	**8,462**

Fortunately, the FY13 budget authorizes HUD to allocate a modest amount of funding to prevent terminations of assistance at agencies with shortfalls. This important provision will likely protect thousands of low-income families from losing rental assistance due to terminations, though it may be insufficient to avert terminations entirely.

The New England Housing Network supports the President's FY14 Section 8 budget.

Tenant Based Rental Assistance (TBRA): The Network appreciates that HUD has once again prioritized renewal funding for rental assistance to avoid the loss of housing to families currently served. We also appreciate that the President's budget assumes that sequestration will be canceled. We support the President's request for $20 billion for Housing Choice Vouchers, including $18 billion for renewals, $1.69 billion for administrative expenses, $150 million for tenant protection vouchers, $75 million for new VASH vouchers, and $111 million to renew Section 811 vouchers for people with disabilities. The requested amounts appear to be sufficient to renew all vouchers used by low-income families in 2012, adjusted for inflation.

In addition, the budget again provides a special funding set-aside to prevent voucher terminations by agencies with insufficient funds, and to cover costs associated with portability, project-based voucher commitments, VASH vouchers, and other unforeseen circumstances. The budget also proposes $1.79 billion for Section 8 administrative fees, which would provide agencies with 82% of the funds they need to run effective Section 8 programs, as well as $150 million for tenant-protection vouchers (a $75 million increase).

Project Based Rental Assistance (PBRA): For FY13, the Continuing Resolution and sequestration combined to create a cut to Project Based funding to $8.9 billion, about $1 billion less than the amount needed to renew all assistance contracts for a full 12 months. This has forced HUD to "short-fund" renewals, shifting a portion of FY13 costs onto FY14. This policy has raised doubts as to the long-term federal commitment to funding these projects, making owners, investors, and lenders nervous. This could potentially lead to some owners deciding not to renew contracts when they expire, resulting in the

Expiring Project Based Units Over Next 24 Months	
Connecticut	10,178
Maine	1,614
Massachusetts	17,669
New Hampshire	1,598
Rhode Island	3,450
Vermont	675
New England	**35,184**
Source: National Housing Preservation Database	

unfortunate loss of existing affordable homes. The policy could also make it more difficult or expensive for owners to secure the capital they need to rehabilitate aging Section 8 properties.

To quell doubts about the long term reliability of Project Based funding, it is essential that HUD fully fund renewals for all contracts expiring in 2014, as well as contracts short-funded in FY13. The President's FY14 budget proposes $10.3 billion for Section 8 PBRA, including $10 billion for contract renewals and amendments, more than $900 million above the 2012 funding level and $1.4 billion above 2013. This funding level is likely to be adequate to pay the roughly $1 billion and renewal cost that remain for contracts that were "short-funded" and 2013, as well as to cover assistance payment due for renewals through FY14. However, more than $1 billion of the cost of renewal contracts executed in 2014 will be shifted forward to 2015.

The New England Housing Network has long supported Section 8 Voucher Reforms

The President's budget includes a substantial number of proposed changes to Section 8 authorizing legislation, including provisions that would lower federal costs, reduce administrative burdens for PHAs and owners, or otherwise improve program effectiveness. Some reforms mirror provisions in the Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA), the Section 8 reform legislation considered in the House last year. However, the budget omits many of AHSSIA's important, broadly supported elements.

A broad range of stakeholders has come together behind a ten-point package of reforms that would lower subsidy costs by more than $2.3 billion over five years, reduce administrative expenses of housing agencies and owners, deliver fairer and more efficient assistance to low-income families, encourage self-sufficiency, and provide new tools to leverage private capital to preserve and develop affordable housing. The Network supports these reforms.

Rental Assistance in Action
Maria Q. is a mental health case worker and the mother of two children. With a household income of just $25,000 a year, there is virtually no housing affordable to her in the Burlington, Vermont area where the two-bedroom Fair Market Rent is $1,280. Before receiving rental assistance, Maria typically had to "triage" even the most basic family expenses, skimping on meals at the end of every month in order to stay current on her rent and deferring medical care for all but the most urgent problems.

1. *Housing quality inspections:* Requires inspections every two years rather than annually; allows PHAs to rely on comparable inspections performed for other housing assistance programs; and permits a household to move into a unit that fails initial inspection for a non-life-threatening reason.
2. *Reforming rent determinations:* Simplifies the rules that determine what amount voucher holders and public and assisted housing tenants are required to contribute toward their rent each month.
   - *Income recertification:* Will only be required once every three years for families on fixed incomes, and agencies and owners can rely on income determinations conducted for other public assistance programs.
   - *Income calculation:* Scales back complex deductions for medical and childcare expenses, while increasing the standard deduction for elderly and disabled families and families with children. HUD has the flexibility to designate hardship exemptions for tenants who have medical expenses that present an unsustainable rent burden.
   - *Flat rents:* Would be set closer to market levels for higher income public housing tenants.

3. *Income targeting:* Revises the definition of "extremely low-income" to the higher of (a) 30 percent of the local area median income, or (b) the federal poverty line. This change would give agencies in the lowest-income areas added flexibility to serve low-wage working families.

4. *Voucher renewal funding*: Provides for a stable funding formula based on the previous year's voucher use, including vouchers provided in excess of the housing authority's authorized amount. This will encourage agencies to serve the maximum number of families with available funds and give every agency the security of knowing it has enough funding to renew all its vouchers in use each year. Agencies would be allowed to retain modest, stable reserves, while HUD could reduce funding for agencies with excess reserves. "Overleasing" is permitted.

5. *Project-Based voucher program:* Provides much needed changes to allow greater use of this production tool, including measures that:

   - Allow project-basing of an additional 5% (up to 25% total) of authorized Tenant Based units for veterans, people who are homeless or have disabilities, or for projects located in areas where vouchers are difficult to use.
   - Allow Project Based vouchers to assist 100 percent of units in developments serving the elderly, persons eligible for available supportive services, and for projects that have 25 units or less, especially important for the smaller projects in rural areas.
   - Increase the terms for Project Based contracts from 15 to 20 years.

6. *Tenant screening:* Makes the voucher admissions process fairer and more effective at preventing homelessness by preventing agencies from establishing local criteria that are not directly related to the family's ability to meet the obligations of the lease, and requiring housing agencies to consider mitigating factors before denying assistance.

7. *Rental Assistance Demonstration (RAD):* Fully authorizes a five-year demonstration, which would support the preservation and redevelopment of public housing and privately-assisted multifamily housing, including Rent Supplement, Section 236 Rental Assistance Program (RAP), and Section 8 Moderate Rehabilitation properties. It will supplement scarce federal resources by attracting private capital to older assisted properties in need of major improvements.

8. *Family Self-Sufficiency:* Expands eligibility for the program to tenants in units assisted with PBRA, which will help them achieve economic self-sufficiency through job training, education, credit repair and other necessary steps.

9. *Moving to Work (MTW):* Provides added flexibility for a limited number of high-capacity agencies to meet their local housing needs, together with essential protections safeguarding low-income families' rights and ensuring that agencies maintain the number of families they assist. The Network supports MTW expansion within reasonable limits and so long as there are adequate tenant protections, meaningful evaluation of program performance, adequate federal oversight, and meaningful tenant participation in policy development. AHSSIA's provisions represent a compromise that has the support of a broad range of stakeholders.

10. *Families with limited English proficiency:* Directs HUD to make available translations of key rental assistance forms and documents, making it easier for recipients with limited English proficiency to access assistance, understand their rights, and comply with program rules, while minimizing burdens on housing agencies and owners.

11. *Rent policy:* Gives PHAs new discretion to approve higher payment standards for tenants with disabilities as a reasonable accommodation. People with disabilities who incur higher utility costs as a result of their disabilities will receive increased utility allowances. [Provision in 2012 AHSSIA draft, but not stakeholder consensus plan.]

<u>Areas of concern with AHSSIA</u>:

<u>Minimum rents</u>: The Network opposes mandatory minimum rents because of their harmful impact on the lowest income, most vulnerable assisted families and because they abandon the key principle that tenants should not pay more than 30 percent of income for rent. AHSSIA mandates minimum rents at $69.45, but includes provisions that mitigate their impact: it substantially strengthens policies and procedures governing hardship exemptions and allows PHAs and Project Based Section 8 owners to set lower minimum rents for good cause, unless HUD disapproves the alternative policy.

<u>Earned income</u>: Eliminates existing earned income disregard and does not establish a new deduction like that contained in versions of SEVRA. This eliminates incentives for employment and greater self-reliance. We do note that the bill retains the policy from SEVRA that increases in earned income cannot lead to rent increases until the following recertification, which is helpful in this regard and which we support.

<u>Provisions to Add to AHSSIA</u>:

<u>Manufactured homes</u>: Vouchers should be able to provide greater assistance to owners of mobile homes located on rented land. Under current law, subsidy payments are permitted only to meet the costs of renting the land. This makes vouchers difficult to use in mobile home parks. Assistance should also be provided for utility costs, property taxes, and the costs of the loan and insurance on the home. This would restore assistance to mobile home park residents to what it was before the changes enacted under QWHRA in the late 1990s.

Public Housing

Overview

New England's approximately 75,000 public housing units are the irreplaceable buffer between stability and homelessness for persons who cannot afford to rent in the private market. Some 60% of public housing residents are elderly and disabled individuals living on fixed incomes; most of the remaining units are leased to single-parent and working households. Demand for units far exceeds the supply, with waiting lists lasting 10 years or longer. For many years, HUD has underfunded these critically important capital assets, causing them to be neglected and, in many cases, fall into disrepair. The sequester has further exacerbated the situation, resulting in underfunding operating costs and spending down of capital accounts. **Preservation of every unit of public housing that is presently in operation is critical to the health, safety, and stability of the region's very low income families.**

Key Issues

Maintaining critical funding for public housing operating and capital funds in 2014 budget:

- $4.6 billion for the Operating Fund
- $2 billion for the Capital Fund
- $400 million for the Choice Neighborhoods Initiative
- Extending flexibility to use Operating and Capital Funds interchangeably.
- Opposing mandatory increases to minimum rents

"We need ways of enabling more inspired and comprehensive improvements to existing public housing developments."

Roseanne Haggerty, founder of Common Ground Community and later of Community Solutions

Public Housing in Action

Lydia Colon

Lydia Colon, New Britain, CT

Lydia Colon is one of many young people living in the 301-unit Corbin Heights family public housing development in New Britain, Connecticut. She is a twenty-something single mother of two young children, cares for her disabled mother, and has been active in the resident association there since she was in high school. Lydia remarks, "I care about my future and the future of everyone in my community. I work, I attend college, I am active in my tenants' association. I am proud of where my life is going. But I am not an exception. There are many more young people like me in public housing. We are determined to matter."

Rural Housing

Overview

Over the past few years, we have seen a disturbing trend of disproportionately drastic cuts to programs that support rural housing. In this difficult era of slow economic recovery compounded by sequestration, it sometimes appears that this Administration has not brought sufficient focus to the real and urgent needs of rural populations. This has resulted in the elimination of specifically-rural programs, or sharp decreases in program funding. Compounding this problem is the underfunding of more "generic" housing programs like CDBG and HOME. With our reliance on high-cost, unregulated fuels and the prevalence of older housing, cuts in the LIHEAP and the Weatherization programs hit low-income New Englanders especially hard.

Without a legislative fix, the results of the recent Census will altogether exclude from funding, small but growing communities whose characteristics and housing problems remain decidedly rural in nature.

The members of the New England Housing Network are aware that FY14 and the next few years will continue to present ever more daunting economic and budget challenges. In the face of continuing economic distress, the immediate effects of sequestration and the long-term pressures on federal discretionary programs, we are more adamant than ever that programs serving rural communities be protected and sustained. We are especially concerned about programs that have been successful in rural New England, which has characteristics that are distinct from many other rural areas. These characteristics include poverty that is dispersed; old housing stock; significant expense for heat and snow removal; heavy dependence on unregulated sources of fuel for heat; lack of public transportation; and high real estate prices and property taxes. In rural New England, as in the rest of rural America, residents are more likely to be elderly and/or to live in poverty than the population as a whole.

The New England Housing Network was deeply concerned when the Administration proposed deep cuts to the FY13 rural programs, especially those within USDA Rural Development. We were relieved and appreciative when House and Senate appropriators added funds back to many of these programs, including the Section 502 Direct Loan program, Self Help and Section 515, Rural Multifamily.

Key Issues

This year's Administration budget continues the distressing trend. From a RD budget that has been slashed $750 million over the past three years; the Administration's budget cuts another $200 million.

We are alarmed at continuing trends in federal funding and programs that are harmful to our rural communities including:

- *Sharp decreases in funding to rural programs and housing programs that work particularly well in rural areas.* These decreases are particularly acute in many of the USDA Rural Development programs

Bipartisan Policy Center Housing Commission Rural Housing Recommendations

Support and strengthen USDA's role in rural housing.
"Congress should not pursue proposals to shift USDA program to other government agencies."

Extend the current definition of rural areas through the year 2020.
"Without congressional action, hundreds of rural communities are at risk of losing eligibility for funding designated for rural areas."

Increase budget allocations to serve more households.
"Additional funding for the Section 502 Direct Loan program would enable more rural households to become home owners at relatively low cost to the federal government."

Dedicate resources for capacity-building and technology to strengthen USDA providers.
"A portion of the resources available for rural communities should be dedicated to providing technical assistance to nonprofit providers."

upon which rural residents and communities rely, including, but not limited to: Section 502 Single Family Direct Loans; Self Help Housing programs; and Section 515 Rural Rental Housing. The decreases in funding also affect HUD programs that work well in rural areas such as SHOP and 811Housing for the Disabled. The Rural Innovation Fund has apparently been abandoned. While we were pleased to see a proposed increase in Housing Counseling funds, from $45 million to $55 million, this program remains underfunded. These programs have been essential to meeting the affordable housing needs of rural New England.

- *Continued underfunding of block grants such as CDBG and HOME.* The Administration's budget reduces funding for HOME from $1 billion to $950 million, and includes a reduced SHOP program in that total. CDBG grants would also be reduced. These programs, which provide the most flexible and useful sources of housing and community development support for rural communities, have suffered drastic cuts in the last several years. The CDBG program provides crucial support for housing and public facilities in rural communities, which is not available through other programs. State CDBG programs, through which most rural communities access funds, have historically targeted low- and moderate-income communities to a greater extent than Entitlement CDBG funds. The HOME program provides critical bricks and mortar funding for affordable housing development and rehabilitation in a way that is flexible and easy to use in rural areas. Both programs provide gap financing for affordable housing created through the Low Income Housing Tax Credit program.

- *Underfunding of the key Rural Rental Assistance program.* USDA secretary Vilseck has testified that FY13 Rental Assistance funding will fall short fifteen thousand rural households. While the Administration's budget calls for an increase in RA funds, USDA Deputy Undersecretary Doug O'Brien stated, in response to a question from Representative Sam Farr, that the Administration's FY14 budget does not include enough to reinstate contracts that will expire in 2013 and will not be renewed. RD has not made data available that would enable others to make independent assessments of the amount needed to renew all expiring RA contracts in FY14.

We are also concerned about the implications of the 2010 Census results, which could result in many legitimately rural communities losing their eligibility for rural programs. New England communities that would be affected include: Storrs, CT; North Adams and Gardner, MA; Saco and Biddeford, ME; and Durham and Somersworth, NH, among others. We appreciate that the 2013 budget included temporary grandfathering of these communities, but continue to ask Congress to support legislation providing a permanent solution. The legislation is necessary because USDA's housing programs can be used only in places that are considered rural under a statutory definition based partly on population size (under 20,000 in nonmetropolitan areas and under 10,000 in metro areas). When the Census is conducted every ten years, it finds that some eligible places have grown to exceed the population thresholds. After the 1990 and 2000 Censuses, Congress changed the eligibility definition so that such places remained eligible (until their populations exceed 25,000).

In New England, as in the rest of America, one size does not fit all. Like urban cities, rural communities have citizens who are poor, unemployed, hungry and cold, who are homeless or pay far too great a portion of household income for housing. It is worth noting that the recent report of the Bipartisan Policy Council's Housing Commission reinforces our recommendations and concerns. We urge both the Administration and Congress to recognize the essential role that federal housing programs have played in providing decent, affordable housing to poor, rural Americans, and not to abandon or seriously diminish these programs and the people and communities they serve.

Rural Housing in Action

For the past nine years Steve lived in a remote area of northeastern Vermont in a cabin without running water, electricity or sanitation. He has significant health issues and was in need of a healthier living environment. His home was made of cordwood and cement. Over the years the cordwood had shrunk, creating large cracks that exposed him to the elements. Last year, during a cold spell Steve and his dog were forced to sleep in his truck for warmth and they nearly died of carbon monoxide poisoning. Steve spent time in the hospital and decided that he needed to move. He put his name on the waiting list for an apartment owned by the local non-profit housing organization and funded by Rural Development's "515" program. Due to his medical needs Steve realized that he could no longer remain in his home, drive the 25 miles plus to grocery shop or cut and split firewood. In April he moved into a one bedroom apartment located in a town center with access to services, stores and medical facilities. RD rental assistance helps him to pay the rent rendering the apartment affordable as well as comfortable and convenient.

Manufactured Housing

Overview

Manufactured housing is one of the largest sources of unsubsidized affordable housing in the nation. There are approximately seven million occupied manufactured homes in the U.S. - 7% of the nation's housing stock. Seventy-nine percent of these homes are owned by the occupants. In 2010 the median household income of manufactured housing residents was $30,000, compared to a median of $47,000 for all households. In addition, these residents paid over twice as much per square foot for energy compared to occupants of conventional detached homes. Construction standards for manufactured homes were adopted by HUD in 1976.

More than half of all manufactured homes are located in rural areas. Many are located in approximately 60,000 manufactured housing communities although recent data indicates that for the past 20 years, the majority of manufactured homes have been placed on scattered sites, and very few new manufactured housing communities have been developed. Residents of manufactured housing communities tend to be older and poorer than their counterparts living in homes located on scattered sites. An increasing number of manufactured housing communities are resident or non-profit owned and, as a result, are notable for their stability of land tenure and resident control over infrastructure. This strong performance has resulted in some cases in the delivery of conventional residential financing to buyers of homes in those communities. In New Hampshire, for example, resident-owned communities constitute 20% of all the mobile home parks in the state, that is, over 100 communities.

Key Issues

General lack of affordable financing: Because many states define manufactured housing as chattel instead of real property, and because many of the homes are located in communities with insecure land tenure, interest rates on mortgage loans for manufactured housing are significantly higher than those for stick built homes. In addition, much of the financing is provided by mobile home dealers often at rates many times greater than conventional mortgage rates. Purchasers of manufactured housing, especially in manufactured housing communities, do not enjoy full access to the federal single family programs such as 502, FHA Title I and II, as well as conventional bank financing because of the inability of banks to sell those mortgages on the secondary market.

> *"Someone could have bought this and raised the rent to whatever they wanted. This way the residents control their facilities, their land, and their rent."*
>
> **Andrew Danforth** of the Cooperative Development Institute speaking about the acquisition of a Vermont manufactured housing community by a resident owned cooperative.

Limited access to federal programs: Because of their "hybrid" nature, manufactured housing communities often don't fit neatly within the parameters of HUD programs such as HOME, CDBG, multifamily mortgage insurance programs, or the Capital Magnet Fund, and therefore either don't have access to the full benefits of those programs or have additional eligibility burdens placed on them.

Insecure land tenure: Except in the case of resident owned communities, the homeowners in manufactured housing communities don't own the land upon which their homes sit. This frequently results in reduced legal protections and lack of home appreciation. In recent years, there has been a dramatic increase in closures of manufactured housing communities as the owners find more lucrative uses for the land.

Energy inefficiency: The vast majority of manufactured homes, even those built after 1976 that meet HUD standards, are inefficient from an energy consumption perspective. There is a relatively small market for homes that meet the ENERGY STAR for Manufactured Housing standard and most dealers do not carry those homes on their lots. The ENERGY STAR for Manufactured Housing standard is less robust that the national ENERGY STAR standard for conventional dwellings. In New England, it is not uncommon for residents of manufactured housing to run water all winter to keep their pipes from freezing.

Lack of disaster resiliency: Manufactured housing is much more likely to be damaged in a natural disaster than conventional housing. This is because manufactured homes and housing communities are frequently located in flood or hurricane prone areas and because the homes are often placed on blocks and not tied to a pad or foundation, making them more prone to destruction when a tornado or hurricane strikes. During Tropical Storm Irene, 15% of the homes destroyed in Vermont were manufactured even though such homes only constitute 7% of the state's housing stock.

All of these issues could be addressed by Congress or federal agencies such as HUD, DOE, EPA or Treasury. It is increasingly important for Congress and federal agencies to be sensitive to those features of manufactured housing and resident-owned manufactured housing communities that can inadvertently result because of the exclusion of manufactured housing from programs designed to enhance homeownership. We must ensure that all strategies for home financing reflect the unique needs of this form of homeownership.

Manufactured Housing in Action

Tom and Rebecca, a couple living in a rural Vermont town desperately needed to replace their old, deteriorated mobile home. The pre-HUD code home had settled over time and was in need of a multitude of costly, structural repairs. The more practical option for them was to dispose of the home and replace it with a new, more durable, and energy efficient manufactured home. The local dealer helped them to identify a new home to meet their needs, and directed them to a local credit union for financing. Unfortunately, due to the existing debt on the property and the lender's loan to value requirement, as well as the couple's limited income, they were unable to qualify for a large enough mortgage to cover the existing debt as well as the cost of the new home. At roughly the same time, however, a non-profit housing group rolled out its Manufactured Housing Down Payment Loan Program, funded with revenue from the state's homeownership tax credit. They were able to bridge the funding gap, enabling this couple to purchase a new, energy efficient manufactured home.

Expanding the Stock of Affordable Rental Housing

New England
HOUSING NETWORK

HOME

Overview

The HOME program is among the most flexible of HUD's programs. It benefits all areas of the country - urban, suburban, and rural. It is a valuable resource for cities and states striving to provide decent, safe, and affordable housing to their residents. It can be used to create or rehabilitate multi-family apartments, rehabilitate owner occupied dwellings, help lower-income households become homeowners and provide short term rental assistance to low income renters as they wait for longer term vouchers. Its flexibility means it can be used to house the homeless, senior citizens, people with disabilities, low-income working families, veterans, and people with HIV-AIDS – all in response to local priorities. This bedrock program, which has improved the quality of life throughout New England, is the largest federal block grant in which the funds are dedicated exclusively to affordable housing.

The importance of this program cannot be overstated. Since 1992, it has helped to produce more than one million affordable homes and provided over 250,000 tenants with direct rental assistance. On an annual basis, prior to suffering the deep cuts of the last few years, the program helped approximately 143,000 households secure affordable housing each year. The HOME program has consistently exceeded its own income targeting requirements by housing many households with incomes below the 60% of median and 50% of median thresholds. Every HOME dollar invested leverages an additional $4 in other public and private resources. Every $1 million in HOME funds results in approximately 18 jobs. A recent report by the Housing Commission of the Bipartisan Policy Center called for increasing funding for the HOME program by $1 billion to provide gap funding to support new LIHTC development and by $3 billion to provide short-term emergency rental assistance to prevent homelessness.

Key Issues

Funding level – Appropriations for the HOME program decreased significantly in FY11 and FY12, a 50% reduction overall. The program was level funded in FY13. The Administration's FY14 budget again proposes to cut the program by 5% as well to fund the SHOP program from the HOME budget.

> *"With the housing issues under control, I can concentrate on long-range plans. I plan on being here for a while."*
>
> **Greg -** resident in HOME funded apartment building in Montpelier, Vermont.

Increased regulation and oversight – Program regulation and oversight have increased significantly, presumably in response to a series of unfavorable articles about the program in the *Washington Post* two years ago. Such actions have greatly increased the burden and cost of administering the program leaving less money available for housing activities themselves.

HOME in Action

Before Greg and his daughter, Jasmine, moved into a HOME funded apartment building they had packed and moved four times within seven years. They learned the difficulty of finding decent housing and also how hard it can be to fulfill dreams and make plans without the stability of a home. One day, after his name had been on a waiting list for a year, Greg got a call asking if he would like to move into a new apartment complex in downtown Montpelier, Vermont. The rent was $625, including heat and hot water, which was manageable for Greg, and amenities like laundry, underground parking and proximity to downtown services and activities made it very appealing. He jumped at the opportunity and became one of the building's first tenants.

The Many Uses of CDBG

Overview

The Community Development Block Grant (CDBG) program is one of the most flexible and valuable resources available to cities and towns. The primary objective of the CDBG program is to create viable communities by providing funds to improve housing, stabilizing and improving facilities, and providing economic opportunities for low and moderate-income persons in neighborhoods in which they live. CDBG funds can be used for a wide array of activities ranging from housing rehabilitation and down payment assistance to shelter and senior facilities, to job training and public services.

Key Issues

Despite its essential role in leveraging substantial private investment in these projects, the program has suffered a 34% reduction in just two years. Because CDBG is a block grant and national data regarding use of funds and targeting of resources is minimal, the program is perennially at risk of budget cuts.

CDBG in Action

HUD reports that nationally, since 2006, the CDBG Program has provided housing assistance to 865,874 low- and moderate-income households, created or retained 259,346 jobs for low- and moderate-income persons through a variety of economic development activities, benefitted 22,998,047 low- and moderate-income households through such public improvements as development of senior centers, centers for the disabled and handicapped, health and child care centers and parks and recreation facilities, and benefitted 73,863,286 low- and moderate-income households through such public services as employment training, youth services, crime awareness/prevention, fair housing activities, mental health services, and services for abused and neglected children. Every dollar of CDBG funding leverages $1.62 in non-CDBG funding.

For FY12 and FY13, Congress appropriated $2.95 billion nationally for the CDBG formula program, a 12% reduction from the FY11 amount of $3.34 billion. When compared to the $4.45 billion allocated in FY10, the program has sustained a loss of 34% over three years. The President's proposed FY14 budget further erodes CDBG formula funding by another $150 million to $2.8 billion. To preserve this critical and flexible resource for our communities, the Network urges Congress to restore funding to the FY11 level at $3.3 billion, as recommended in the Senate's "Dear Colleague" letter on CDBG.

CDGB in Action

As one of the Boston Home Center's pre-approved home repair contractors, Mattapan-based David McDonald employs 9 full- and part-time workers through his small contracting business. He has completed over 60 home repair projects with Boston homeowners through his partnership with the City, representing a total $1 million CDBG investment.

Low Income Housing Tax Credit (Housing Credit)

"Lawmakers interested in simplifying the corporate tax code must take care to protect the low-income housing tax credit, which allows corporations to reduce their tax liabilities by investing in affordable housing. Without it, affordable housing construction would quickly grind to a halt."
− The New York Times, December 21, 2012

Overview

Since its creation as part of the Tax Reform Act of 1986, the Housing Credit program has been the single most important and successful resource for creating affordable rental housing. The Housing Credit program has created more than $75 million in private equity and led to the development of 2.5 million affordable housing units for American families.

The program's success rests partly on the unique mix of governmental and private partners. While the federal government provides the tax credits, the program is administered by the states, and each state determines its own most effective housing policy. The program is a public-private partnership that harnesses the discipline of the marketplace to efficiently build quality, affordable housing. Because Housing Credit rental developments rely on private investors and developers, the transactions are carefully underwritten. Investors conduct on-going performance and compliance risk oversight and continuously monitor property performance and regulatory compliance.

The production of more affordable apartments remains a key housing policy goal. A 2011 report from the Harvard Joint Center for Housing Studies found that only 11.6 million affordable homes are available for 18 million families.

Key Issues

The New England Housing Network supports the adoption of the Bipartisan Policy Center's Housing Commission recommendations to:

* Increase the allocated Housing Credit by 50% to support the preservation and construction of an estimated 350,000 to 400,000 additional affordable rental housing units over a ten-year period.

* Provide additional federal funds to help close the gap between the costs of producing/preserving Housing Credit properties and the equity and debt that can be raised.

* Strengthen the Housing Credit program through these recommended changes:

- Provide a 30% basis boost for tax-exempt bond developments used for housing preservation.
- Allow States to convert private activity bond volume cap to Housing Credit authority.
- Make the temporary 9% rate for the allocated credit permanent.

LIHTC in Action

Marty Martinez was a Navy veteran who knew the dilemma of homelessness first-hand. Knowing that other Vermont veterans needed housing and support services, Marty worked with COTS, a Burlington-area homeless organization, and Housing Vermont, an affordable housing developer and Housing Credit syndicator, to find a solution. Together they secured financing from numerous sources and a long term service commitment from the VA. Today, Canal Street Housing provides supportive housing for formerly homeless veterans in 16 apartments and 12 long-term rental units for veterans and others low-moderate income households.

Homelessness

Overview

Approximately 1.6 million people will enter emergency shelters this year. About 17% of these people will be chronically homeless and will have been living on the streets with mental illness and other disabling conditions for long periods of time. They will be served by shelters while they ricochet through our most expensive emergency systems. The New England Housing Network supports finding permanently housing solutions, with adequate supports so that they can remain stable. Numerous studies (urban and rural) have shown that it costs less to house homeless people than to leave them homeless. Federal investments in proven strategies will allow communities to continue making progress toward their goals of ending homelessness. Cuts in investments by HUD and other federal programs will dislodge people from stability into homelessness at great cost to all.

Key Issues

The New England Housing Network supports these following actions as ways to solve 80% of homelessness for each population:

* <u>Families</u> - Provide rental subsidies and support.

* <u>Adult singles (Chronically homeless)</u> - Provide permanent supportive housing.

* <u>Adult singles (Circumstantially homeless)</u> - Provide basic affordable housing and brief support.

* <u>Victims of domestic violence</u> - Provide rental subsidies with appropriate supportive services.

* <u>Unaccompanied Youth</u> - Provide reunification with family, and outreach support for success in the family and in the community.

> *"I have been living outside for 13 years. After a month living here, it is starting to feel like home."*
>
> **Steve**, a formerly chronically homeless Veteran
>
> *"Stability is a big relief. Now that I have a door with a deadbolt, I don't need to worry about someone coming in and stealing my stuff. When I get stuff, I won't need to worry."*
>
> **Jeff**, a formerly chronically homeless single adult.

In Maine during 2012 there was a 19% reduction in homelessness among veterans. This follows investments in HUD/VASH and permanent supportive housing targeting the population. We know exactly how to end and prevent homelessness and whenever we have the resources we can do it. It is feasible to end homelessness – some states in New England have numbers of each population in the hundreds. We know each person by name and what he or she needs.

Housing and Services are what we need to end and prevent homelessness

Housing

In order to end and prevent homelessness we need increased access to permanent, affordable housing for extremely low-income individuals and families. Funding for Section 8 Housing Choice Vouchers must be protected in FY 14. Congress also needs to pass common sense Section 8 reform legislation streamlining the program, saving money to increase its reach, and protecting vulnerable citizens. The New England Housing Network supports many of the provisions in the Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA), many of which were also part of the Section Eight Voucher Reform Act (SEVRA) before it. Congress needs to provide capitalization of the National Housing Trust Fund, including funding for rental subsidies to allow for deep targeting, and support the Low Income Housing Tax Credit program.

The New England Housing Network supports the President's budget request of $2.381 billion for McKinney-Vento Homeless Assistance Grants. This will enable communities to further implement the long-sought HEARTH Act, which changes the way funds are allocated and increases funding for assistance to families with children and rural programs. This Act places a priority on permanent housing, expands homelessness prevention and rapid re-housing resources, incentivizes the development of permanent supportive housing for chronically homeless individuals and families, and increases the competitiveness of rural communities. The Emergency Solutions block grant program will assist in accomplishing these goals, and provide ways for communities to implement proven, cost efficient solutions to homelessness.

Services

Services empower residents to be successful in sustaining long-term housing. We need to increase the availability of services linked to housing for people experiencing homelessness.

The Network recommends increasing funding for the Projects for Assistance in Transition from Homelessness (PATH), including an increase in the state minimum, program, and for services in supportive housing within the Substance Abuse and Mental Health Services Administration (SAMHSA) administered by HHS. The Network also supports continued funding for Department of Justice (DOJ) Second Chance Act grant programs to prevent homelessness for people leaving corrections facilities. We also encourage Congress to enact the Services to End Long-Term Homelessness Act (SELHA) and create a System of Care within HHS for homeless populations living with mental illness.

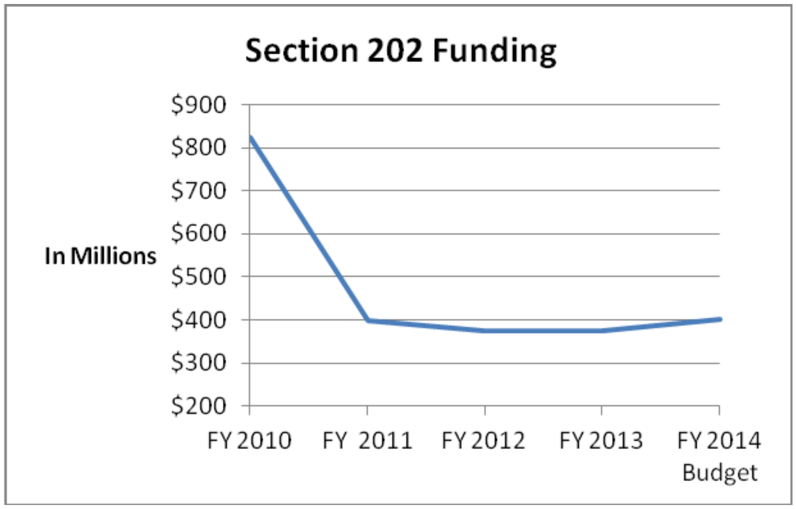
Housing and Services in Action

One northern New England homeless veteran lived outside for 15 years with his dog, and struggled on a daily basis with sobriety. He was moved into McKinney Housing Assistance Grant funded permanent supportive housing for veterans. After residing in supportive housing for three years, this man has maintained his sobriety, attended to health issues including serious and persistent mental illness and chronic substance abuse recovery, and developed a strong and stable support network. His dog survived until age 18 and was buried on the grounds of his home.

HUD Section 202 Program – Housing for the Elderly

Overview

Historically, the Section 202 Program provided both capital funds and rental assistance to nonprofits so that they could construct and operate apartments affordable to very low-income persons aged 62 and older. The capital grants were significant–about $160,000 per unit in New England. In FY12, HUD substantially changed the program by eliminating the capital grant allocation. Now, Section 202 funds are chiefly used to provide rental assistance for apartments already constructed. The Section 202 appropriation has declined from a high of $825 million in FY10 to a low of $355 million in FY13 under sequestration.



More than 75% of the $400 million that the Administration is proposing for FY14 would be used to renew rental assistance in existing Section 202 properties for one year. The cost of annual renewals has increased from about $104 million in FY09 to $310 million in FY14. The remaining $90 million would be used to pay for service coordinators at project sites ($70 million) and operate a $20 million demonstration program to provide rental assistance to as many as 3,400 apartments through state housing and health care agencies. The Administration also intends to use $22 million in carryover funding for assisted living conversions and service-enriched housing grants.

Key Issues

In the early stages of the Section 202 program, HUD executed project rental assistance contracts (PRACs) for a term of 20 years. Terms were reduced to five years in 1995 and three years in 2006. Rental assistance is now renewed on an annual basis. As more older projects complete their multi-year rental assistance contracts, the amount needed for annual renewals will escalate. HUD estimates that it will need $26 million more for PRACs in FY14 due to the need for approximately 195 contracts being renewed or amended for the first time. One example of this kind of initiative is the Support and Services at Home (SASH) program, developed by the Cathedral Square Corporation in Vermont, which is being evaluated now by HUD in collaboration with the Department of Health and Human Services. Closer programmatic collaboration between HUD and HHS is needed to keep seniors in their homes and minimize health care costs.

Section 202 in Action

While future residents of newly constructed affordable housing do not often participate in the permit process, Martin Casey, a senior citizen living in Vergennes, Vermont, took it upon himself to attend hearings and city council meetings to advocate for a new development that would include Section 202 units for very low income seniors. With his help, Housing Vermont and the Addison County Community Trust opened Armory Lane Apartments in 2011. The project won a national award for its innovative use of HUD funds.

Spending Housing Funds More Effectively

National Housing Trust Fund

Overview

The National Housing Trust Fund was created as part of the Housing and Economic Recovery Act of 2008, but has not yet been capitalized. Once funded, the NHTF will support the production, preservation, and operation of rental homes for the lowest income people in the United States. The NHTF is the first federal rental housing production program that is specifically targeted to extremely low-income households since the Section 8 program was established in 1974. More than 2,250 organizations representing every Congressional district have signed a letter in support of this critical priority.

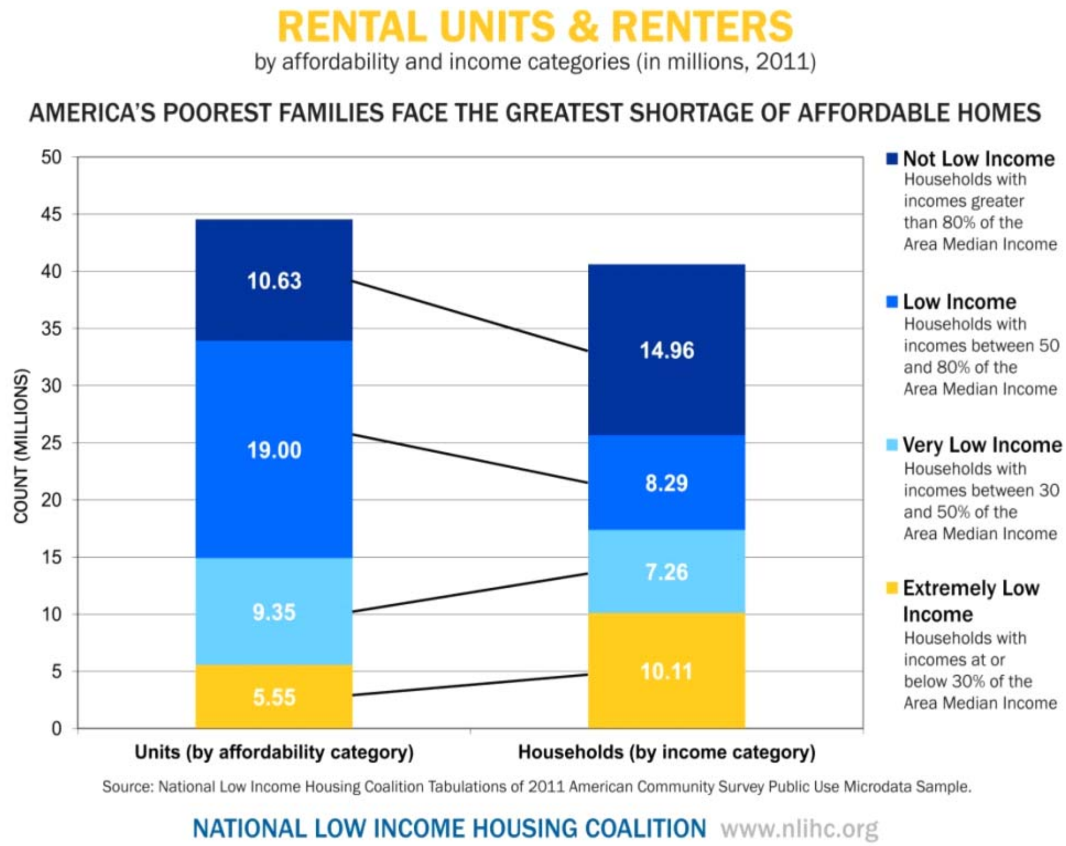
There are several ways that the NHTF can and should be funded in the 113th Congress:

<u>Through savings generated by common-sense reform of the mortgage interest deduction</u>. The conversion of the MID to a 15% non-refundable mortgage interest credit, with a mortgage cap of $500,000, would extend tax benefits to 17 million more households and raise $200 billion over ten years for the NHTF and other critical housing programs. **We urge the House of Representatives to adopt these reforms through the passage of H.R. 1213, the Common Sense Housing Investment Act of 2013. We urge the Senate to develop and pass comparable legislation.**

<u>Through housing finance reform.</u> The White House and members of Congress have identified an opportunity to provide funding for the NHTF through legislation which would reform the nation’s housing finance system.

<u>Through Fannie Mae and Freddie Mac.</u> Contributions from the GSEs were the original source of funding for the NHTF, but those contributions were suspended before they even began, when the two entities ran into financial trouble due to the foreclosure crisis. However, Fannie and Freddie are profitable again and their failure to begin making contributions violates statute.

The NHTF would narrow the massive gap, shown in the chart below, which currently exists between the number of extremely low-income households in our nation and the number of homes that are affordable and available to them. Capitalizing the National Housing Trust Fund, with its emphasis on extremely low-income families, should be the centerpiece of a comprehensive, long-term federal housing policy.



GSE Reform

Overview

Fannie Mae and Freddie Mac, collectively known as the government-sponsored enterprises or GSEs, were established by Congress to provide liquidity and create a secondary market for residential mortgages for both single family properties (one–to-four units) and multifamily properties (five or more units). Financial troubles have engulfed both agencies, and in 2008, they were placed under the conservatorship of the Federal Housing Finance Agency (FHFA). Because of their financial problems, the future of the GSEs is unclear.

Major Issues

On February 21, 2012, the Federal Housing Finance Agency (FHFA), the GSEs' regulator since entering conservatorship in 2008, issued a "strategic plan" that, for the first time, outlined separate multifamily and single-family solutions for housing finance reform. For the multi-family housing sector, the FHFA specifically called for Fannie Mae and Freddie Mac to conduct an analysis of the viability of their multifamily operations without government guarantees, suggesting the possibility of separating the GSEs multifamily and single-family operations.

In May 2013, FHFA released reports by Fannie and Freddie on their multifamily business and likely impact if government guarantees are withdrawn in future. Based on the reports, FHFA has concluded that restructuring for this segment has to be treated differently than restructuring of the single family business, given likely impacts on multifamily finance if guarantees are removed. These impacts are likely to include higher financing costs, fewer small lenders, volatility in funding available especially away from the East and West coasts, and likely impossibility of meeting affordable rental housing goals.

The Network commends FHFA for taking action to move the process forward and urges Congress to develop solutions to both the multi-family and single family issues with the following principles in mind:

- We support access to affordable and sustainable home mortgage financing for all Americans, particularly low- and moderate-income Americans and other disadvantaged, or historically underserved, groups. This financing should not include conditions such as unreasonably high down payment requirements or other underwriting considerations that have the effect of unfairly excluding low- and moderate-income and other low-wealth households from homeownership.

- We support access to reliable multifamily financing that can fund conventional and affordable developments – particularly those that result in housing at rent levels affordable to low- and moderate-income households throughout New England in urban, suburban, and rural locations.

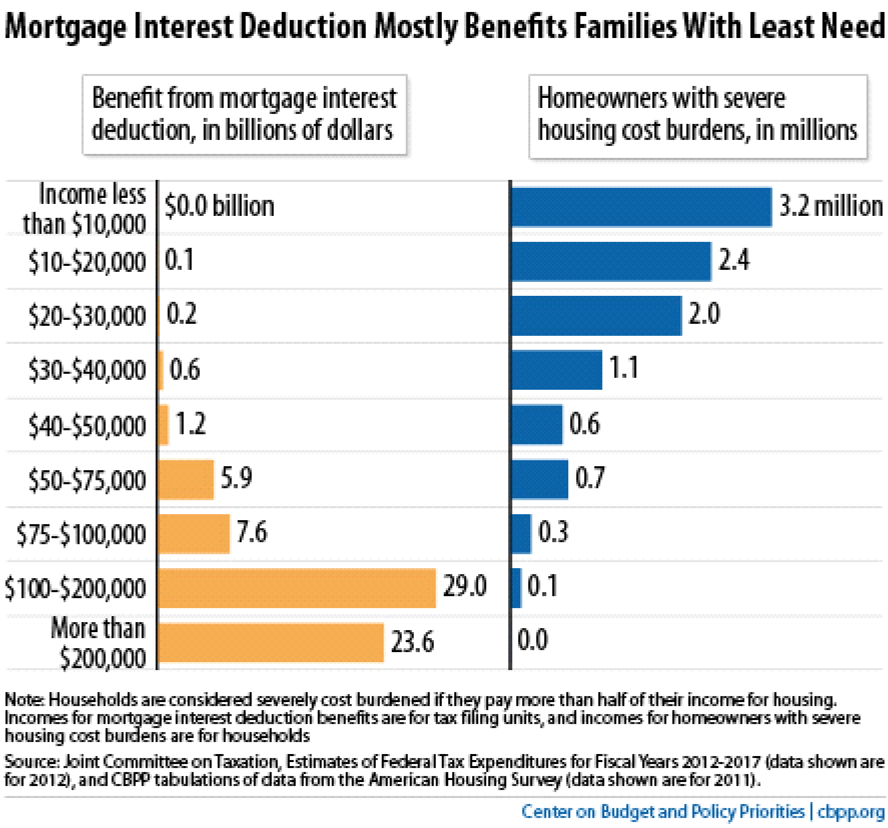
- We support dedicated funding for the National Housing Trust Fund or other similar vehicles as part of any GSE reform legislation.

Payments from the GSEs were to provide the initial source of funds for the National Housing Trust Fund (NHTF) but the financial problems at both enterprises caused these payments to be suspended. Now that the GSEs are turning profits, advocates argue that they should now begin to make contributions to the NHTF.

A New Idea: The Renters' Tax Credit

Overview

Federal housing expenditures currently benefit an extraordinary number of families that do not need help paying for their housing. In fact, more than half of such expenditures benefit households with incomes above $100,000. The table below shows how our nation's costliest housing expenditure, the mortgage interest deduction, inverts the concept of matching spending with need:



At the same time, 3 of every 4 low-income households eligible for federal rental assistance do not receive it because of funding limitations. These vulnerable households often experience homelessness or spend far too much of their minimal incomes to find adequate shelter, jeopardizing health, education and employment outcomes. Congress could improve the effectiveness and fairness of the nation's housing expenditures by reforming homeownership subsidies and directing a modest share of these or other tax savings to address this unmet need through a **federal renters' tax credit.**

The renters' credit would be administered by states and implemented through a public-private partnership with property owners and banks. Each state would receive a fixed dollar amount of credits, and would allocate the credits based on federal income eligibility rules and state policy preferences. This approach would make it possible to provide credits sufficient to help more poor families afford housing at a relatively modest overall cost. For example, a renters' credit capped at $5 billion could assist about 1.2 million of the lowest-income renter households. It could reduce each household's rent by an average of $400 and cut the number of very low-income households paying more than 50 percent of their income for housing by about 700,000, while lifting 250,000 families out of poverty.

Families assisted with credits would pay no more than 30 percent of their income to rent a modest home of their choice. States could award credit certificates to families, to use with their landlords, or enter into agreements allocating credits to particular owners or banks, which would use the credits to assist eligible families. The owner of the rental unit would claim a federal tax credit based on the rent reduction it provides, or could pass the credit through to the bank holding the mortgage on the property in return for a reduction in mortgage payments.

A renters' tax credit would complement existing programs like the Low Income Housing Tax Credit and Section 8 vouchers, while helping to close the large gap between demand and supply of affordable homes for our nation's poorest households.

Other Issues

LIHEAP Program

Overview

LIHEAP (Low Income Home Energy Assistance) is a program of the federal Department of Health and Human Services,which provides grants to states for heating assistance for very low-income families (typically less than 125% of the poverty level). It is a vital safety net for millions of vulnerable households—the elderly and disabled living on fixed incomes, the working poor, and families with young children. This is especially true in New England with a long heating season and a heavy reliance on high-cost home heating oil, and propane.

The Administration's FY 2014 budget seeks $3 billion for the LIHEAP program consisting of $2.8 billion for formula grants to states, $150 million for a contingency fund and $50 million for new competitive energy burden reduction grants to support replacement of inefficient home heating systems and other energy conservation measures.

State	Federal Allocation (Millions)		2012		Average Benefit 2011
	2013	2012	Households Assisted	Households Eligible	
CT	75.1	79.5	100,416	460,000	$863
ME	37.8	40	54,384	155,000	$844
MA	125	132.7	200,174	1,000,000	$790
NH	24.7	26.1	38,021	134,200	$700
RI	21.8	23.2	31,886	129,000	$720
VT	18.4	19.5	27,363	76,000	NA

Source: Campaign for Home Energy Assistance

Key Issues

- Over the past decade, LIHEAP has transitioned from a regional program to a national program serving all 50 states. At peak funding in 2010, the program was national in scale but still only had enough resources to support roughly one-quarter of eligible households.
- After many years of underfunding, Congress funded LIHEAP at $5.1 billion in FY2009 and FY2010. Since then, funding for LIHEAP has been cut drastically – to $4.7 billion in FY 2011, less than $3.5 billion in FY 2013 and now $3 billion under the Administration's FY 2014 budget.
- Even as federal funding for this program decreases, household expenditures for heating oil and natural gas will climb by 19% and 15% respectively according to the U.S. Energy Information and Administration (EIA) March 2013 Short-Term Energy Outlook.

"Yup, that's [LIHEAP] an artically important thing. That shouldn't even be touched."

Former Senator Alan Simpson in a February 15, 2011 interview on National Public Radio

Homeownership and Foreclosure

Overview - Housing counseling is a critical tool in assisting low- and moderate-income households to become successful homeowners and to help existing homeowners and tenants impacted by foreclosures in the region. Under HUD's Housing Counseling Program, local non-profit organizations provide a variety of direct services to low-income homebuyers, homeowners and tenants, and national and regional intermediaries assist in administering and monitoring the program on a broad level. CHAPA serves as a regional intermediary for the HUD Housing Counseling Program. Last year, the 19 New England counseling agencies receiving funds from CHAPA served over 19,000 households.

Between fiscal years 2009 and 2012, HUD-Approved Housing Counseling Agencies:

- Provided more than 6.7 million families with individual housing counseling;
- Counseled more than 815,000 pre-purchase households, resulting in 500,000 who purchased homes or are homeownership-ready;
- Worked to prevent mortgage delinquency for over 4.1 million households;
- Supported 736,000 with post purchase (non-foreclosure) services, 274,000 of whom refinanced or obtained reverse mortgages; and
- Assisted more than 1 million renters and homeless individuals to resolve tenant issues or find shelter.

Major issues

Even though foreclosure rates have begun to decline across the region and the housing market is beginning to recover, demand for housing counseling services is projected to remain high. Many of the programs created to help homeowners struggling with foreclosure like Home Affordable Modification Program (HAMP) are difficult programs to navigate and support from housing counselors has been critical. New resources from the National Attorney Generals' settlement have also begun to provide more assistance to troubled homeowners, but again consumers are often confused in their interaction with lenders' servicers and seek additional guidance. Also, almost three-quarters of foreclosed properties in New England were in rental properties resulting in a disproportionate impact on lower income households. The proposed increase in housing counseling funds in the FY14 budget, following the restoration of funding in the FY12 budget, will facilitate a proactive response to pending foreclosures and ease the transition for renters (including both former homeowners entering the rental market, and renters living in properties subject to foreclosure) for whom foreclosure is unavoidable. Both of these will introduce greater stability in our housing markets. The program is still only funded at $55 million in FY14 budget (down from $87.5 million in FY10).

The HUD housing counseling program is the ONLY federal program that provides explicit support for the following services:

- Pre-purchase counseling and education for first-time homebuyers;
- Post-purchase counseling and education for homeowners;
- Reverse mortgage counseling for senior homeowners;
- Renter counseling, including for families transitioning out of homeownership; and
- Counseling for homeless individuals and families seeking shelter or other transitional housing.

The Housing Counselor Perspective

Local housing counseling agencies in New England continue to report the importance of HUD housing counseling funding and foresee continued increase in demand for their services. Merrimack Valley Housing Partnership in Massachusetts and Community Concepts, Inc. in Maine reported the following at the end of fiscal year 2012:

Merrimack Valley Housing Partnership in Lowell, Massachusetts

"We had a terrific year. Enrollment for our classes was up. Market conditions significantly improved. We introduced classes in Arabic and Burmese this year. We continue to offer classes in English, Spanish and Khmer. This reflects the diverse community in which we work."

Community Concepts Inc. in Maine

"Banks continue to come to us asking us to work with their staff and clients whereas in the past they have tried to address the foreclosure issues themselves. They have seen the level of service we are providing and feel we can provide a service that they are unable to provide. Overall the market sees the need and impact of the services and counseling we provide."

The Consumer Perspective

Housing counseling organizations in the New England network have many examples of households served through their housing counseling programs having achieved very successful outcomes. Champlain Housing Trust (CHT) in Burlington, VT provides the story below of one household obtaining a mortgage modification with help from a CHT counselor:

When Samir and Eleni Elabd bought their Colchester, VT home in 2005, they had no anxieties about the mortgage. Samir had a long career as an architect, Eleni worked in social services, and the couple's two daughters were finishing college.

But five years later, the recession hit and the picture turned upside down. First Samir's work dried up. Next his carefully tended pension, held in a fund in Greece, disappeared in that country's financial crisis. "I was raised with the belief that you pay your debts. I would deprive myself rather than default," Samir noted. Yet losing the home became a real possibility.

Samir asked his lender repeatedly for a loan modification, but got different advice on his options: "it seemed as if the left hand didn't always know what the right was doing." Finally, he found a link on a website that sent him to the CHT for help and things turned around.

"The Elabds really wanted to keep their house," said Jennifer Martin, their CHT counselor. "And they came to us before they were behind, which made that a lot easier to do." With Jennifer's help the couple negotiated new mortgage terms they could afford, that still allowed for the lender to gain a profit. Their interest rate is now 3.5% lower than it was. It will stay at that level for four years, and then rise again by 1.75% for the life of the loan.

A year later, Samir and his wife feel much more secure. "The mortgage modification took stress off of us right away." The couple cut all of their expenses, including their food budget, to make the numbers work. Samir also made the decision to formally retire: "I never thought I'd have to and I miss working, but health issues were there. Now I get some retirement income, which helps."

Protecting Tenants at Foreclosure

As the foreclosure crisis developed, experience revealed that not only were homeowners negatively impacted, but renters were also at significant risk as well. Research demonstrated that renters comprised 40% of the families affected by foreclosure. These families often had no idea that their landlord was failing to pay the mortgage and usually continued to pay their rent.

Very low-income families and low-income and minority communities are bearing the brunt of rental foreclosures. Analysis from National Low Income Housing Coalition (NLIHC) showed that for four states in New England, the census tracts with the lowest percentage of white individuals and the highest percentage of households under the poverty line have the highest foreclosure rates. Multifamily foreclosures have also occurred widely in New England and similarly occur more frequently in these high-poverty, high minority census tracts.

Prior to May 2009, protections for renters in foreclosed properties varied from state to state, and in most states, tenants had few protections. On May 20, 2009, President Obama signed the Protecting Tenants at Foreclosure Act (PTFA). The PTFA was extended and clarified in the Dodd-Frank Wall Street Reform and Consumer Protection Act. The PTFA protections are due to expire at the end of 2014.

In the 112th Congress, Representative Keith Ellison introduced HR 3619: “Permanently Protecting Tenants at Foreclosure Act.” This measure, if it had been enacted, would have repealed the sunset date for the PTFA and added a private right of action for renters whose rights under the PTFA have been violated. Unfortunately, Congress failed to act on the legislation in the 112th Congress. Representative Ellison has re-introduced his legislation and a companion bill in the Senate is expected. It is imperative that Congress act on extending the PTFA before it expires.

Sustainable Communities/Office of Economic Resilience

Subsidized housing development should not occur in a vacuum. To achieve maximum long-term benefit from our nation's investment in affordable housing, it should be linked to transportation and other economic levers. In rural areas, this linkage should include land conservation.

The New England Housing Network strongly supports the mission of HUD's Office of Sustainable Housing and Communities to create vibrant, sustainable communities by connecting housing to jobs, fostering local innovation, and helping to build a clean energy economy. The Sustainable Communities Initiative has been an essential tool to advance this mission by supporting local communities in developing long-term plans linking housing, transportation and other fundamental economic levers.

New England states have greatly benefited from the Sustainability Initiative's two grant programs: the Regional Integrated Planning and Implementation Grant Program and the Community Challenge Grant Program. In order to continue the progress underway, <u>it is important that the FY14 HUD budget receive support for the Office of Economic Resilience (OER</u>) to be located within the Community Planning and Development Division. **HUD's FY 14 budget proposes $75 million for Integrated Planning and Investment Grants**.

> *"When it comes to housing, environmental and transportation policy, the federal government must speak with one voice."*
>
> **Secretary Shaun Donovan**, US Department of Housing and Urban Development

The Integrated Planning and Investment Grants will incorporate some of the same features of the previously funded grant programs. It will build on the lessons learned from those grant programs and place greater emphasis on supporting actionable economic development strategies that include housing.

Sustainable Communities in Action

The **Fairmont/Indigo Line project in Boston** will result in more transportation choices, more affordable housing, improved access to employment centers and leveraged investments from Federal Transit Administration, Massachusetts Bay Transportation Authority, EPA and HUD. Investments in this project will reconfigure an existing, underutilized commuter rail line running through underserved urban neighborhoods and turn it into mixed used affordable housing and retail development along upgraded transit stations.

Attachments

Economic Policy Program

Housing Commission

Housing America's Future:

New Directions for National Policy

EXECUTIVE SUMMARY

February 2013

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DISCLAIMER

This report is the product of the BPC Housing Commission with participants of diverse expertise and affiliations, addressing many complex and contentious topics. It is inevitable that arriving at a consensus document in these circumstances entailed compromises. Accordingly, it should not be assumed that every member is entirely satisfied with every formulation in this document, or even that all participants would agree with any given recommendation if it were taken in isolation. Rather, this group reached consensus on these recommendations as a package.

The findings and recommendations expressed herein are solely those of the commission and do not necessarily represent the views or opinions of the Bipartisan Policy Center, its founders, or its Board of Directors.

Housing Commission

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Economic Policy Program
Housing Commission

Seated L-R: Former U.S. Representative Rick Lazio (R-NY), Former U.S. Senator Mel Martinez (R-FL), Former HUD Secretary Henry Cisneros, Former U.S. Senator Christopher S. "Kit" Bond (R-MO), Former U.S. Senator George J. Mitchell (D-ME) at the launch of the BPC Housing Commission, October 26, 2011.

Letter from the Co-Chairs

We formed the Housing Commission to help set a new direction for federal housing policy. More than five years after the collapse of the housing market, it is now all too apparent that current policy, and the institutions that support it, are outdated and inadequate.

This report, the culmination of a 16-month examination of some of the key issues in housing, provides a blueprint for an entirely new system of housing finance for both the ownership and rental markets. Under this new system, the private sector will play a far greater role in bearing credit risk and providing mortgage funding, and taxpayer protection will be a central goal. We also propose a new, outcome-oriented approach to the distribution of federal rental subsidies that responds to the housing needs of our nation's most vulnerable households and rewards providers who demonstrate strong results at the state and local levels with increased flexibility in program administration. The report highlights how our nation's burgeoning senior population and dramatic demographic changes will present new challenges and opportunities for housing providers in communities throughout the country.

Over the years, Republicans and Democrats have worked together to establish policies to address the diverse housing needs of the American people. After World War II, for example, Republican Senator Robert Taft worked with President Truman to remedy a national housing shortage and respond to the housing needs of America's returning veterans with the Housing Act of 1949. Two decades later, President Johnson and Everett Dirksen, the Republican Senate Leader from Illinois, worked collaboratively to pass the Fair Housing Act of 1968. Both parties came together again to pass the Tax Reform Act of 1986, which created the Low Income Housing Tax Credit. There is a simple explanation for this history of bipartisanship: Americans of all political backgrounds intuitively understand that ensuring access to decent, suitable, and affordable housing is a goal worth striving for, and one that our country must never abandon. The commission follows this bipartisan tradition.

We wish to express our gratitude to our fellow commissioners who have labored long hours, and made many sacrifices, over the past 16 months. It has been a great privilege to work with this distinguished group of Americans, and their dedication to solving some of the most perplexing issues in housing has been an inspiration to us.

The challenges we face in housing are so great and so urgent, that new ideas and approaches must be brought to the policy table. It is our hope that our work will contribute to the dialogue and help further the housing policy reform debate.

CHRISTOPHER S. "KIT" BOND   HENRY CISNEROS   MEL MARTINEZ   GEORGE J. MITCHELL

Executive Summary and Recommendations

Our nation's numerous and urgent housing challenges underscore the need for a review of federal housing policy. Since the collapse of the housing market in 2007, the federal government has stepped in to support the vast majority of all mortgage financing, both for homeownership and rental housing. At the same time, rental demand is increasing in many regions throughout the United States, and the number of renters spending more than they can afford on housing is unacceptably high and growing. These developments are taking place against a backdrop of profound demographic changes that are transforming the country and our housing needs. These changes include the aging of the Baby Boomers, the formation of new households by members of the "Echo Boom" generation (those born between 1981 and 1995), and the growing diversity of the American population.

In many respects, our housing system is outdated and not equipped to keep pace with today's demands and the challenges of the imminent future. The Bipartisan Policy Center (BPC) launched the Housing Commission in October 2011 to develop a new vision for federal housing policy that provides a path forward during this period of great change. This report, the centerpiece of an ongoing effort by the Housing Commission to examine key issues that together form the basic elements of a resilient housing system, proposes:

- A responsible, sustainable approach to homeownership that will help ensure that all creditworthy households have access to homeownership and its considerable benefits.
- A reformed system of housing finance in which the private sector plays a far more prominent role in bearing credit risk while promoting a greater diversity of funding sources for mortgage financing.
- A more targeted approach to providing rental assistance that directs scarce resources to the lowest-income renters while insisting on a high level of performance by housing providers.
- A more comprehensive focus on meeting the housing needs of our nation's seniors that responds to their desire to age in place and recognizes the importance of integrating housing with health care and other services.

In preparing the recommendations that follow, an overarching goal of the commission was to ensure that the nation's housing system enables individuals and families to exercise choice in their living situations, as their needs and preferences change over time. While today's challenges are great, the opportunity to create a new system that expands the range of housing options for individuals and families is even greater.

Reforming Our Nation's Housing Finance System

A successful housing finance system should maximize the range of ownership and rental housing choices available at all stages of our lives. Meeting our nation's diverse housing needs requires a strong and stable system of housing finance. This system, when functioning at its full potential, offers millions of Americans and their families the opportunity to choose the type of housing that best responds to their individual situations. The mortgage boom and bust has rocked the system on which the United States has relied for more than 75 years and has forced a reevaluation of the government's role in supporting mortgage credit and how this role should be structured. Private, risk-bearing capital in the mortgage market has shrunk dramatically, while the tremendous uncertainty surrounding the future of our housing finance system has greatly limited consumers' choices, particularly for creditworthy borrowers seeking to obtain a mortgage. In response to this recent unraveling and subsequent uncertainty, the commission proposes a blueprint for a new system of housing finance that will support homeownership and provide for a vibrant rental housing market.

Key Policy Objectives

The private sector must play a far greater role in bearing credit risk. Greater federal intervention was necessary when the market collapsed, but the dominant position currently held by the government is unsustainable. Today,

Housing Commission Principles

The commission developed the following five principles as the foundation for its deliberations and recommendations:

A healthy, stable housing market is essential for a strong economy and a competitive America.

The economy will not reach its full potential without a robust housing sector that is supported by a strong and stable system of housing finance. In the post–World War II era, the United States has suffered through 11 recessions, and new homebuilding and housing-related construction have often led the way to economic revitalization. Likewise, the recent housing and mortgage crisis demonstrated that an unstable housing finance system can hurt not only housing, but, through our increasingly integrated banking and finance system, the entire global economy. A good quality of life for the nation's workforce and population, based on safe and secure homes and communities of opportunity, is critical to the global competitiveness of our national and regional economies.

The nation's housing finance system should promote the uninterrupted availability of affordable housing credit and investment capital while protecting American taxpayers.

Tens of millions of American families have benefited from the stability and affordability provided by the U.S. housing finance system and its traditional support of a variety of mortgages, including sustainable, long-term home financing. The commission received a wealth of testimony calling into question the availability of certain consumer-friendly products, including the long-term prepayable fixed-rate mortgage, absent some level of government intervention. The commission believes that the government role in the housing finance system can be structured in a way that narrowly circumscribes taxpayer risk of loss, while promoting the goals of stability and affordability.

the government supports more than 90 percent of single-family mortgages through entities such as Fannie Mae, Freddie Mac, Ginnie Mae, and the Federal Housing Administration (FHA) as well as roughly 65 percent of the rental mortgage market. Reducing the government footprint and encouraging greater participation by risk-bearing private capital will protect taxpayers while providing for a greater diversity of funding sources. A durable housing finance system must provide open access to lenders of all types and sizes, including community banks and credit unions. It must also serve as wide a market as possible and assure consumers fair access to sustainable and affordable mortgage credit.

While private capital must play a greater role in the housing finance system, continued government involvement is essential to ensuring that mortgages remain available and affordable to qualified homebuyers. The commission recommends the establishment of a limited, catastrophic government guarantee to ensure timely payment of principal and interest on qualified mortgage-backed securities (MBS). This guarantee should (1) be explicit and fully paid for through premium collections that exceed expected claims (with a safe reserve cushion); (2) be triggered only after private capital in the predominant loss position has been fully exhausted; and (3) apply only to the securities and not to the equity or debt of the entities that issue or insure them.

The United States should reaffirm a commitment to providing a decent home and a suitable living environment for every American family.

This commitment, first articulated in the Housing Act of 1949 and repeated in subsequent federal legislation, should be embraced as an essential aspiration of an economically dynamic and just society. Housing policy should recognize the importance of community, economically diverse neighborhoods, and access to education, nutritious food, transportation, and other services, as well as aim to break up concentrations of poverty. Despite our current economic problems, the United States remains one of the wealthiest countries in the world and should have a housing system commensurate with this status.

The primary focus of federal housing policy should be to help those most in need.

As our nation's leaders continue their efforts to restrain federal spending and reduce our national debt, it is clear that federal resources for housing will be significantly constrained for the foreseeable future. These limited funds should be deployed in a more targeted and efficient manner to first help the most vulnerable households, including the more than 600,000 people sleeping on the streets, in shelters, or in their cars because they cannot afford a home.

Federal policy should strike an appropriate balance between homeownership and rental subsidies.

Owner-occupied housing and rental housing are complementary—not competing—components of a housing system that serves individuals and families at all stages of life. The support the federal government devotes to housing through direct outlays and tax subsidies should be allocated in a manner that reflects differences in the circumstances, needs, and preferences of households throughout the life cycle.

As part of this rebalancing, the commission proposes the winding down and ultimate elimination of Fannie Mae and Freddie Mac after a multiyear transition period. The business model of these government-sponsored enterprises (GSEs)—publicly traded companies with *implied* government guarantees and other advantages—has failed and should not be repeated. During the transition period, the Federal Housing Finance Agency should continue its efforts to reduce the size of the GSE portfolios and move the GSE pricing structure closer to what one might find if private capital were at risk. Congress should also gradually lower the GSE loan limits to allow larger loans to flow to the private sector.

Through the gradual reduction in loan limits to pre-crisis levels, the commission also supports a more targeted FHA that returns to its traditional mission of primarily serving first-time homebuyers.

The Structure of the New System

The commission proposes to replace the GSEs with an independent, wholly owned government corporation—the "Public Guarantor"—that would provide a limited catastrophic government guarantee for both the single-family and rental markets. Unlike the GSEs, the Public Guarantor would not buy or sell mortgages or issue MBS. It would simply guarantee investors the timely payment of principal and interest on these securities. The model endorsed by the commission is similar to Ginnie Mae, the government agency that wraps securities backed by federally insured or guaranteed loans. Other than the Public Guarantor, all other actors in this new system—originators, issuers of securities, credit enhancers, and mortgage servicers—should be private-sector entities fully at risk for their own finances and not covered by either implicit or explicit government guarantees benefitting their investors or creditors.

In the new system, the limited catastrophic guarantee of the Public Guarantor would only be triggered after all private capital ahead of it has been exhausted. The government would be in the fourth-loss position behind (1) borrowers and their home equity; (2) private credit enhancers; and (3) the corporate resources of the issuers and servicers.

The Public Guarantor will have significant standard-setting and counterparty oversight responsibilities. These responsibilities include (1) qualifying institutions to serve as issuers, servicers, and private credit enhancers; (2) ensuring that these institutions are well-capitalized; (3) establishing the guarantee fees to cover potential catastrophic losses; (4) ensuring the actuarial soundness of two separate catastrophic risk funds for the single-family and rental segments of the market; and (5) setting standards (including loan limits) for the mortgages backing government-guaranteed securities. With respect to rental finance, the Public Guarantor would also have the authority to underwrite multifamily loans directly and would be responsible for establishing an affordability threshold that would primarily support the development of rental housing that is affordable to low- and moderate-income households.

Obstacles to the Housing Market Recovery

The commission has identified a number of regulatory obstacles that are restricting mortgage credit and inhibiting the housing market's recovery. These obstacles include overly strict mortgage lending standards; the lack of access to mortgage credit for well-qualified self-employed individuals; uncertainty about the extent of "put-back" risk for mortgage lenders; the demand for multiple

Meeting our nation's diverse housing needs requires a strong and stable system of housing finance.

appraisals and the use of distressed properties as market comps; the application of FHA compare ratios; and the uncertainty related to pending mortgage regulations and the implementation of new rules.

To overcome these obstacles, the commission recommends that the President of the United States direct the Department of the Treasury, in coordination with the various federal banking agencies, to assess the impact of current and pending regulatory requirements on the affordability and accessibility of mortgage credit. The Treasury Department should develop a plan to align these requirements as much as possible to help get mortgage credit flowing again. A top official within the Treasury Department or in the White House should be tasked with day-to-day responsibility for coordinating the implementation of this plan.

The Continuing Value of Homeownership

Homeownership will continue to be the preferred housing choice of a majority of households. According to research performed for the commission, the national homeownership rate is likely to remain above 60 percent for the foreseeable future. Millions of Americans continue to see homeownership as a critical cornerstone of the American Dream with benefits well beyond the financial investment. This sentiment is especially strong within the growing Hispanic community.

Despite the collapse of the housing market, the commission strongly believes that, when responsibly undertaken, homeownership can produce powerful economic, social, and civic benefits that serve the individual homeowner, the larger community, and the nation. A combination of proper regulation, adequate liquidity, and the right incentives in the private market can help ensure that homeownership remains a vital housing and wealth-building option. When coupled with reasonable down payments, solidly underwritten, fixed-rate mortgages—as well as straightforward adjustable-rate mortgages with clear terms and limits on adjustments and maximum payments—can also open the door to homeownership and its benefits for individuals with modest wealth and incomes.

Housing counseling can improve prospective borrowers' access to affordable, prudent mortgage loans, especially for families who otherwise might not qualify or who may experience other barriers to conventional lending. Four key elements are necessary: (1) a strong counseling infrastructure; (2) clear standards; (3) an understanding of the proper role for counselors; and (4) the adoption of best practices for integrating counseling into the mortgage market. The commission supports continued federal appropriations for housing counseling and recommends that all stakeholders who benefit from a borrower's access to counseling services be expected to contribute to the cost of the service.

Affordable Rental Housing

The nation's 41 million renter households account for 35 percent of the U.S. population. In the coming decade, the number of renters is likely to grow significantly as members of the Echo Boom generation form their own households for the first time and as members of the Baby Boom generation downsize from their current homes. Growing pressure for rental housing may push rents further out of reach for the low-income households that are least able to afford it. Our nation's housing system should aim to minimize the trade-offs these households often face when seeking affordable housing—in terms of neighborhood quality, access to good jobs and high-performing schools, and spending on other essentials like health care and nutritious food.

Federal Assistance Falls Far Short of What's Needed

Nationally, a majority of extremely low-income renter households spend more than half of their incomes on housing. For the most part, renters live in housing that meets basic quality standards. However, nearly half of renters at all income levels report paying more than 30 percent of their income for rent—the federal standard for housing affordability. Among extremely low-income renters (those with incomes at or below 30 percent of area median income), the situation is far worse. Nearly 80 percent of these lowest-income households report spending more than 30 percent of their income for rent, and nearly two-thirds spend 50 percent or more.

There are far more extremely low-income renters than available units they can afford.

Federal housing assistance meets only a fraction of the need. Federal assistance programs currently help approximately five million low-income households afford housing. However, only about one in four renter households eligible for assistance actually receives it. Because demand so far outstrips supply, these scarce rental subsidies are often allocated through lengthy waiting lists and by lotteries.

Responding to the Crisis

The commission recommends that our nation transition to a system in which our most vulnerable households, those with extremely low incomes (at or below 30 percent of area median income) are assured access to housing assistance if they need it. Assistance should be delivered through a reformed Housing Choice Voucher program that, over time, limits eligibility to only the most vulnerable families.

The commission recommends increasing the supply of suitable, affordable, and decent homes to help meet both current and projected demand. To achieve this goal, the commission recommends:

- Expansion of the Low Income Housing Tax Credit (LIHTC) by 50 percent over current funding levels and the provision of additional federal funding to help close the gap that often exists between the costs of producing or preserving LIHTC properties and the equity and debt that can be raised to support them.
- Additional federal funding beyond current levels to address the capital backlog and ongoing accrual needs in public housing to preserve the value of prior investments and improve housing quality for residents.

The commission recommends federal funding to minimize harmful housing instability by providing short-term emergency assistance for low-income renters (those with incomes between 30 and 80 percent of area median income) who suffer temporary setbacks. This assistance, delivered as a restricted supplement to the HOME Investment Partnerships program, could be used to help cover payment of security deposits, back rent, and other housing-related costs to improve residential stability and prevent homelessness.

These recommendations, if fully implemented, would help to meet the needs of an additional five million vulnerable renter households and contribute to the elimination of homelessness—through production, preservation, and rental assistance.

The commission recommends a new performance-based system for delivering federal rental assistance that focuses on outcomes for participating households, while offering high-performing providers greater flexibility to depart from program rules. The commission proposes a new performance-based system that will evaluate housing providers' success in five key programmatic areas: (1) improving housing quality; (2) increasing the efficiency with which housing assistance is delivered; (3) enabling the elderly and persons with disabilities to lead independent lives; (4) promoting economic self-sufficiency for households capable of work; and (5) promoting the de-concentration of poverty and access to neighborhoods of opportunity. Providers that achieve a high level of performance across these five areas should be rewarded with increased flexibility to depart from standard program rules, while substandard providers should be replaced. The federal government spends tens of billions of dollars annually to support the nation's valuable infrastructure of publicly and privately owned rental housing. Neither landlords nor program operators who fail to provide tenants with homes and services of reasonable quality should benefit from this investment.

Funding the Solutions

In light of today's difficult fiscal environment, the commission recognizes that a transition period will be necessary before these recommendations can be fully implemented. The commission therefore recommends that its approach for meeting the needs of the nation's most vulnerable households be phased in over time.

The commission supports the continuation of tax incentives for homeownership, but as part of the ongoing debate over tax reform and budget priorities, the commission also recommends consideration of modifications to these incentives to allow for increased support for affordable rental housing. The commission is aware of the difficult issues that will need to be addressed in the coming years to balance federal budget priorities. The federal government currently provides substantial resources in support of housing, the majority of which is in the form of tax subsidies for homeownership. The commission supports the continuation of tax incentives for homeownership—recognizing the importance of this tax policy to homeowners in the United States today. The commission notes that various tax benefits provided to homeowners, including the mortgage interest deduction, have been modified over the years. In the ongoing debate over tax reform and budget priorities, all revenue options must be evaluated. In that context, the commission recommends consideration of further modifications to federal tax incentives for homeownership to allow for an increase in the level of support provided to affordable rental housing. Any changes should be made with careful attention to their effects on home prices and should be phased in to minimize any potential disruption to the housing market. A portion of any revenue generated from changes in tax subsidies for homeownership should be devoted to expanding support for rental housing programs for low-income populations in need of affordable housing.

> Growing pressure for rental housing may push rents further out of reach for the low-income households that are least able to afford it.

The Importance of Rural Housing

The U.S. Department of Agriculture (USDA) bears primary responsibility for administering housing assistance in the nation's rural areas that, under the current definition used by USDA, are home to one-third of the U.S. population. Overall, rural areas tend to have higher poverty rates and lower incomes, so although housing costs are often lower than in other parts of the country, a substantial portion of rural households spend an unsustainable share of income on rent or mortgage payments. USDA offers both rental housing and homeownership programs to enable lower-income residents of rural areas to afford high-quality homes.

The commission supports current approaches to the administration of housing support in rural areas. More specifically, the commission recommends that housing assistance in rural areas continue to be delivered through USDA and the standards currently used to define “rural areas” maintained through the year 2020.

The commission also recommends enhancing the capacity of USDA providers to serve more households. Modest incremental funding for the Section 502 Direct Loan program, in particular, would enable USDA to provide homeownership assistance to more low-income rural households at relatively low cost. In light of recent elevated delinquency rates, however, the commission believes that any additional federal support for the Section 502 Direct Loan program should be conditioned on a thorough program evaluation. USDA providers should also be provided with resources to improve the delivery of technical assistance and the technology used to process loans, collect data, and monitor program performance.

Aging in Place: A New Frontier in Housing

The aging of the population will necessitate major changes in the way we operate as a nation, including in the housing sector. While the number of Americans aged 65 and older is expected to more than double between 2010 and 2040, we are still largely unprepared to meet the needs of the overwhelming numbers of seniors who wish to “age in place” in their own homes and communities. Industry groups have begun to educate their members about ways to improve the safety of existing homes through relatively simple modifications, and the importance of applying universal design principles in the construction of new homes. States and localities have also risen to the challenge, targeting programs to deliver health care and other supportive services to the naturally occurring retirement communities where older residents are aging in place.

We are still largely unprepared to meet the needs of the overwhelming numbers of seniors who wish to “age in place” in their own homes and communities.

The commission recommends better coordination of federal programs that deliver housing and health care services to seniors. The U.S. Department of Housing and Urban Development (HUD) and the Department of Health and Human Services (HHS) should jointly identify and remove barriers to the creative use of residential platforms for meeting the health and long-term care needs of seniors. In evaluating the costs of housing programs that serve frail seniors, Congress and the Office of Management and Budget should identify and take into account savings to the health care system made possible by the use of housing platforms with supportive services.

The commission supports better integration of aging-in-place priorities into existing federal programs and urges a more coordinated federal approach to meeting the housing needs of the growing senior population. The scope of the U.S. Department of Energy's Weatherization Assistance Program should be expanded to include home assessments and modifications for aging in place. In addition, steps should be taken to provide effective guidance to ensure consumers understand the mechanics of reverse mortgages, including the risks and benefits of these products. A White House conference could bring together top federal officials and key players in the private and public sectors to draw national attention to the issue of senior housing and to catalyze development of a coordinated approach to aging in place.

Concluding Thoughts

Our nation's housing system is broken. Homeownership remains out of reach for far too many families who stand prepared to assume its financial and other obligations, while limited access to affordable mortgage credit impedes our nation's economic recovery and future growth. The country's lowest-income households continue to suffer under the crushing burden of high rental housing costs that are rising even more as rental demand increases. And we are not equipped to respond to the desires of millions of Americans who wish to stay in their own homes and age in place during their senior years.

The commission hopes that this report provides some valuable guidance on how best to respond to these challenges and will serve as a catalyst for action.

Visit www.bipartisanpolicy.org/housing to view the full report.

Founded in 2007 by former Senate Majority Leaders Howard Baker, Tom Daschle, Bob Dole and George Mitchell, the Bipartisan Policy Center (BPC) is a non-profit organization that drives principled solutions through rigorous analysis, reasoned negotiation and respectful dialogue. With projects in multiple issue areas, BPC combines politically balanced policymaking with strong, proactive advocacy and outreach.

BIPARTISAN POLICY CENTER

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Washington, DC 20005
(202) 204-2400

WWW.BIPARTISANPOLICY.ORG

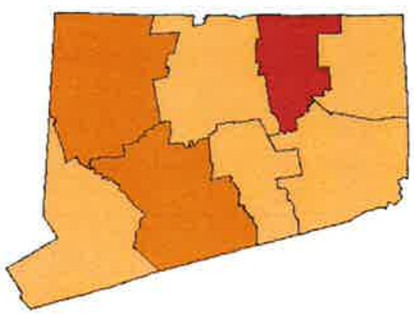
CONNECTICUT

Senators: Richard Blumenthal and Christopher Murphy

Many renters in Connecticut are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income (ELI) renter households, i.e. those with incomes at 30% or less of the area median income (AMI).

Last updated: 2/22/13

AFFORDABLE & AVAILABLE UNITS FOR ELI RENTER HOUSEHOLDS



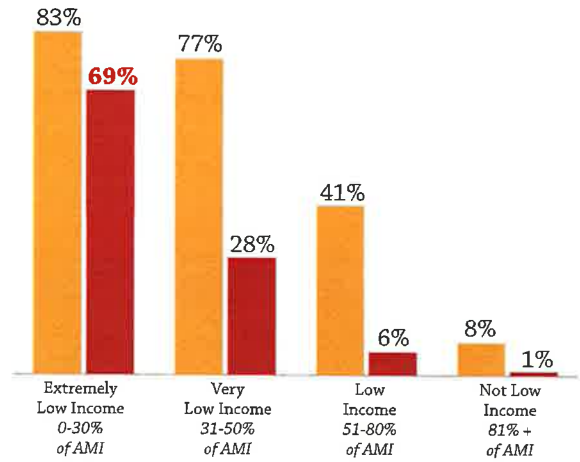
Insufficient data
Less than 29 units per 100 ELI households
Between 29 - 40 units per 100 ELI households
Above 40 units per 100 ELI Households

Source: NLIHC tabulations of 2005-2009 Comprehensive Housing Affordability Strategy (CHAS) data.

HOUSING COST BURDEN BY INCOME GROUP

Renter households spending more than 30% of their income on housing costs and utilities are *cost burdened*; those spending more than half of their income are considered *severely cost burdened*.

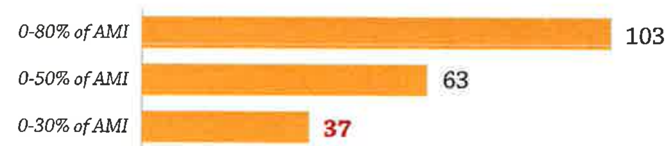
Cost Burdened
Severely Cost Burdened



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

HOUSING SHORTAGE BY INCOME THRESHOLD

The lower the income threshold, the greater the shortage of affordable and available units per 100 renter households.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

KEY FACTS

31%
Households in this state that are renters

143,342
OR
32%
Renter households that are extremely low income

$26,376
Maximum state level income for an extremely low income family of four

90,492
Shortage of units affordable and available for extremely low income renters

$23.22
State Housing Wage
The amount a renter household needs to earn per hour to afford a two-bedroom unit at the HUD-determined Fair Market Rent

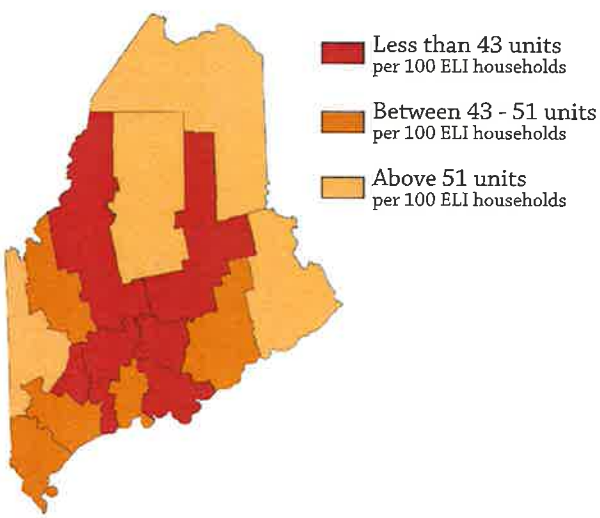
MAINE

Senators: Susan M. Collins & Angus S. King, Jr.

Many renters in Maine are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income (ELI) renter households, i.e. those with incomes at 30% or less of the area median income (AMI).

Last updated: 3/10/13

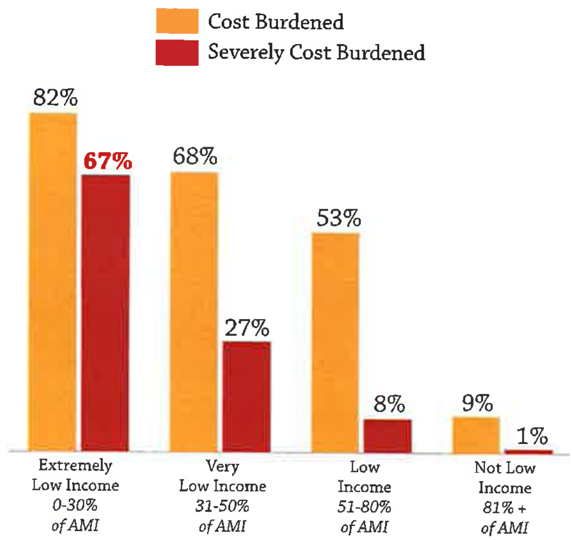
AFFORDABLE & AVAILABLE UNITS FOR ELI RENTER HOUSEHOLDS



Source: NLIHC tabulations of 2005-2009 Comprehensive Housing Affordability Strategy (CHAS) data.

HOUSING COST BURDEN BY INCOME GROUP

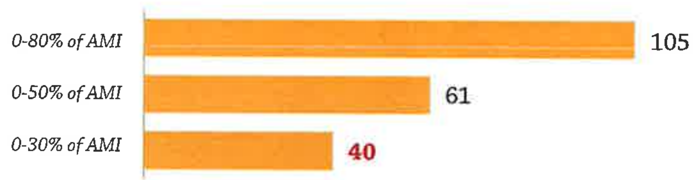
Renter households spending more than 30% of their income on housing costs and utilities are *cost burdened*; those spending more than half of their income are considered *severely cost burdened*.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

HOUSING SHORTAGE BY INCOME THRESHOLD

The lower the income threshold, the greater the shortage of affordable and available units per 100 renter households.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

KEY FACTS

27%
Households in this state that are renters

42,612
OR
26%
Renter households that are extremely low income

$18,712
Maximum state level income for an extremely low income family of four

25,440
Shortage of units affordable and available for extremely low income renters

$16.31
State Housing Wage
The amount a renter household needs to earn per hour to afford a two-bedroom unit at the HUD-determined Fair Market Rent

NATIONAL LOW INCOME HOUSING COALITION
727 15th Street, NW | 6th Floor | Washington, D.C. 20005
WWW.NLIHC.ORG

NATIONAL LOW INCOME HOUSING COALITION
2013 STATE HOUSING PROFILE

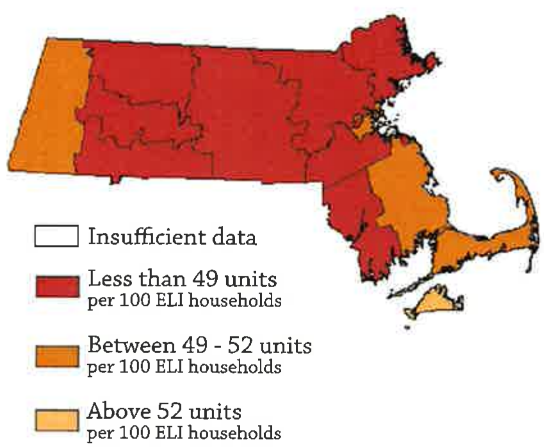
MASSACHUSETTS

Senators: William M. Cowan and Elizabeth Warren

Many renters in Massachusetts are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income (ELI) renter households, i.e. those with incomes at 30% or less of the area median income (AMI).

Last updated: 2/26/13

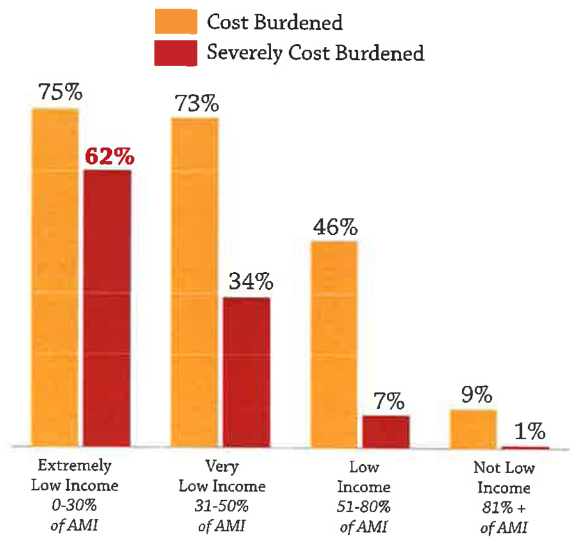
AFFORDABLE & AVAILABLE UNITS FOR ELI RENTER HOUSEHOLDS



Source: NLIHC tabulations of 2005-2009 Comprehensive Housing Affordability Strategy (CHAS) data.

HOUSING COST BURDEN BY INCOME GROUP

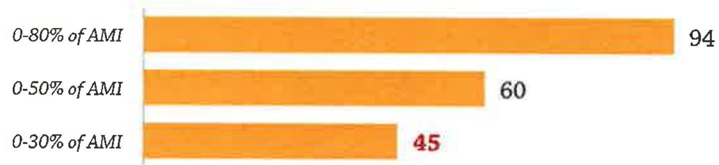
Renter households spending more than 30% of their income on housing costs and utilities are *cost burdened*; those spending more than half of their income are considered *severely cost burdened*.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

HOUSING SHORTAGE BY INCOME THRESHOLD

The lower the income threshold, the greater the shortage of affordable and available units per 100 renter households.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

KEY FACTS

36%
Households in this state that are renters

289,507
OR
30%
Renter households that are extremely low income

$25,596
Maximum state level income for an extremely low income family of four

159,204
Shortage of units affordable and available for extremely low income renters

$24.05
State Housing Wage
The amount a renter household needs to earn per hour to afford a two-bedroom unit at the HUD-determined Fair Market Rent

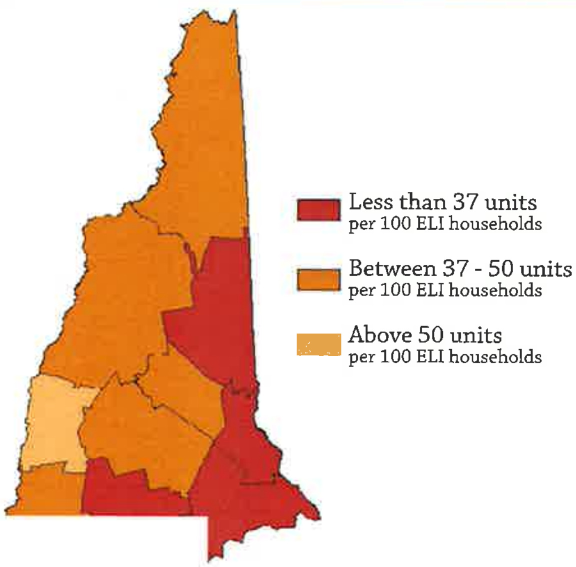
NEW HAMPSHIRE

Senators: Kelly Avotte and Jeanne Shaheen

Many renters in New Hampshire are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income (ELI) renter households, i.e. those with incomes at 30% or less of the area median income (AMI).

Last updated: 3/10/13

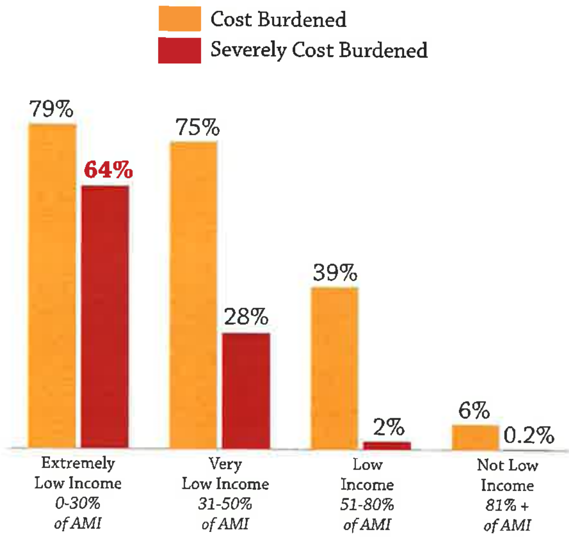
AFFORDABLE & AVAILABLE UNITS FOR ELI RENTER HOUSEHOLDS



Source: NLIHC tabulations of 2005-2009 Comprehensive Housing Affordability Strategy (CHAS) data.

HOUSING COST BURDEN BY INCOME GROUP

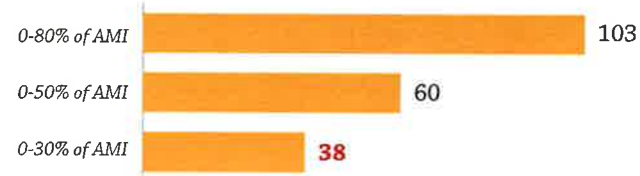
Renter households spending more than 30% of their income on housing costs and utilities are *cost burdened*; those spending more than half of their income are considered *severely cost burdened*.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

HOUSING SHORTAGE BY INCOME THRESHOLD

The lower the income threshold, the greater the shortage of affordable and available units per 100 renter households.



Source: NLIHC tabulations of 2010 American Community Survey Public Use Microdata Sample (PUMS) housing file.

KEY FACTS

27%
Households in this state that are renters

37,788
OR
26%
Renter households that are extremely low income

$23,937
Maximum state level income for an extremely low income family of four

23,455
Shortage of units affordable and available for extremely low income renters

$20.47
State Housing Wage
The amount a renter household needs to earn per hour to afford a two-bedroom unit at the HUD-determined Fair Market Rent

NATIONAL LOW INCOME HOUSING COALITION

2013 STATE HOUSING PROFILE

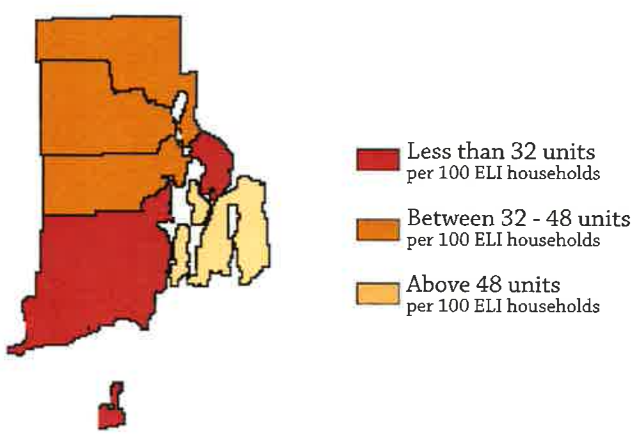
RHODE ISLAND

Senators: Jack Reed and Sheldon Whitehouse

Many renters in Rhode Island are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income (ELI) renter households, i.e. those with incomes at 30% or less of the area median income (AMI).

Last updated: 3/10/13

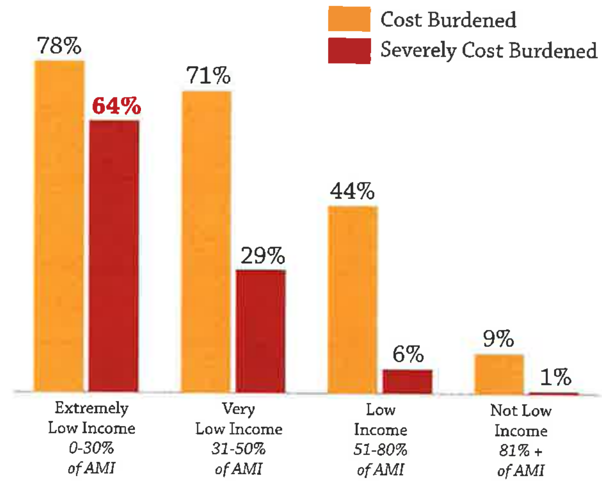
AFFORDABLE & AVAILABLE UNITS FOR ELI RENTER HOUSEHOLDS



Source: NLIHC tabulations of 2005-2009 Comprehensive Housing Affordability Strategy (CHAS) data.

HOUSING COST BURDEN BY INCOME GROUP

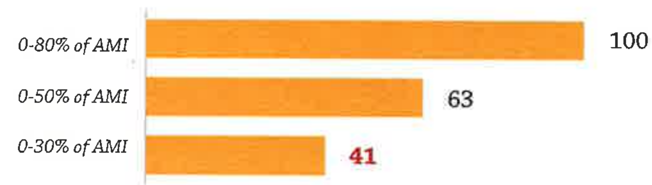
Renter households spending more than 30% of their income on housing costs and utilities are *cost burdened*; those spending more than half of their income are considered *severely cost burdened*.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

HOUSING SHORTAGE BY INCOME THRESHOLD

The lower the income threshold, the greater the shortage of affordable and available units per 100 renter households.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

KEY FACTS

38%
Households in this state that are renters

49,868
OR
31%
Renter households that are extremely low income

$21,795
Maximum state level income for an extremely low income family of four

29,332
Shortage of units affordable and available for extremely low income renters

$18.18
State Housing Wage
The amount a renter household needs to earn per hour to afford a two-bedroom unit at the HUD-determined Fair Market Rent

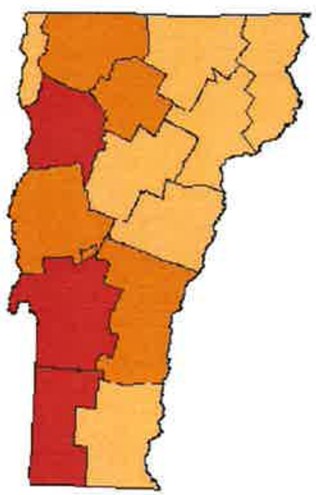
VERMONT

Senators: Patrick J. Leahy & Bernard Sanders

Many renters in Vermont are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income (ELI) renter households, i.e. those with incomes at 30% or less of the area median income (AMI).

Last updated: 3/10/13

AFFORDABLE & AVAILABLE UNITS FOR ELI RENTER HOUSEHOLDS



Less than 36 units per 100 ELI households

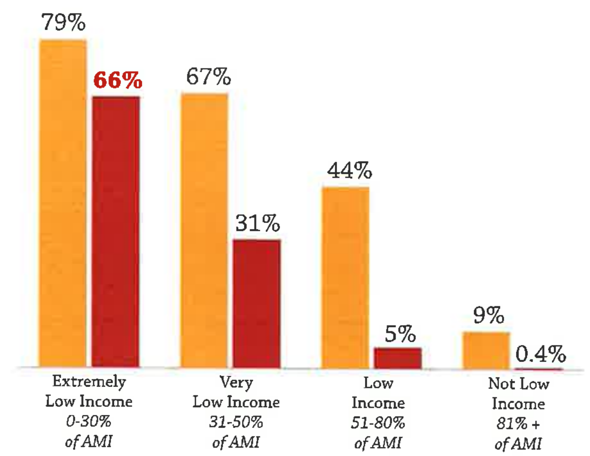
Between 36 - 43 units per 100 ELI households

Above 43 units per 100 ELI households

Source: NLIHC tabulations of 2005-2009 Comprehensive Housing Affordability Strategy (CHAS) data.

HOUSING COST BURDEN BY INCOME GROUP

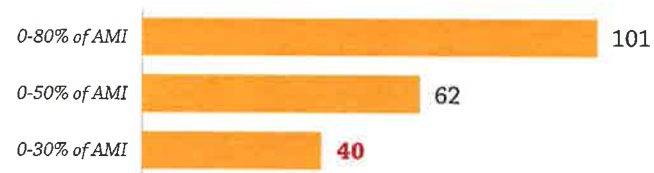
Renter households spending more than 30% of their income on housing costs and utilities are *cost burdened*; those spending more than half of their income are considered *severely cost burdened*.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

HOUSING SHORTAGE BY INCOME THRESHOLD

The lower the income threshold, the greater the shortage of affordable and available units per 100 renter households.



Source: NLIHC tabulations of 2011 American Community Survey Public Use Microdata Sample (PUMS) housing file.

KEY FACTS

29%
Households in this state that are renters

16,517
OR
24%
Renter households that are extremely low income

$20,594
Maximum state level income for an extremely low income family of four

9,925
Shortage of units affordable and available for extremely low income renters

$18.53
State Housing Wage
The amount a renter household needs to earn per hour to afford a two-bedroom unit at the HUD-determined Fair Market Rent

UNITED FOR HOMES

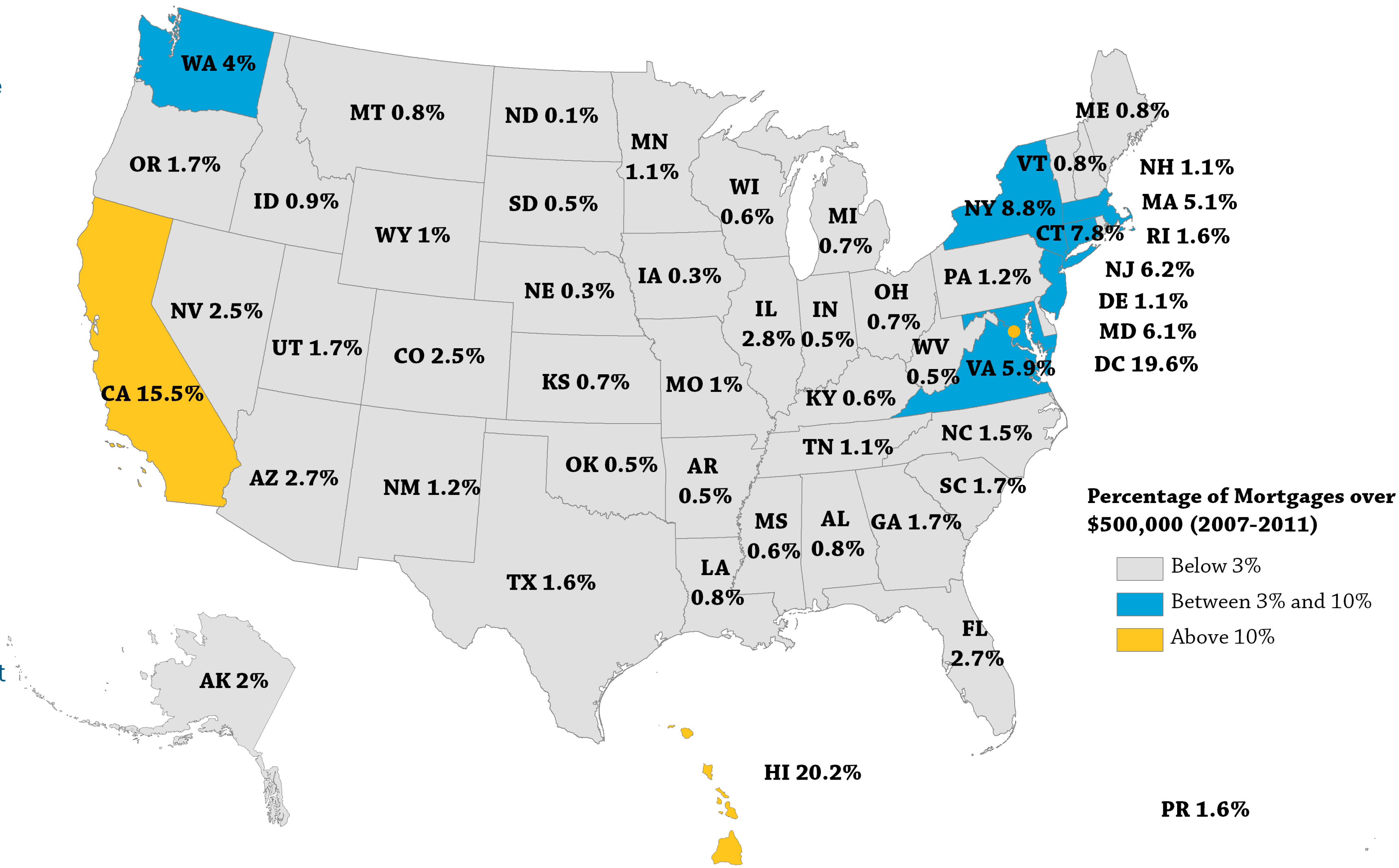
CAMPAIGN FOR THE NATIONAL HOUSING TRUST FUND

United for Homes is the campaign to fund the National Housing Trust Fund with revenue raised from modifications to the mortgage interest deduction.

THE PERCENTAGE OF MORTGAGES IN THE UNITED STATES OVER $500,000 BY STATE (2007-2011)

United for Homes proposes reducing the size of a mortgage eligible for a tax break from $1 million to $500,000. An analysis of Home Mortgage Disclosure Act data from 2007-2011 shows that just 4% of all mortgages in the U.S. were over $500,000 during those five years.

This map shows the percentage of mortgages over $500,000, in each state. In 41 states and Puerto Rico that number is below 3%. These numbers make it clear that our housing tax reform proposal will not have a negative affect on the vast majority of American homeowners.



Source: National Low Income Housing Coalition analysis of National Community Reinvestment Coalition tabulations of 2007-2011 Home Mortgage Disclosure data.
Updated April 12, 2013

UNITED FOR HOMES

CAMPAIGN FOR THE NATIONAL HOUSING TRUST FUND

STATES RANKED BY PERCENTAGE OF MORTGAGES OVER $500,000 (2007-2011)

Ranking	State	% of Mortgages > 500K
1	Hawaii	20.2%
2	District of Columbia	19.6%
3	California	15.5%
4	New York	8.8%
5	Connecticut	7.8%
6	New Jersey	6.2%
7	Maryland	6.1%
8	Virginia	5.9%
9	Massachusetts	5.1%
10	Washington	4.0%
11	Illinois	2.8%
12	Arizona	2.7%
13	Florida	2.7%
14	Colorado	2.5%
15	Nevada	2.5%
16	Alaska	2.0%
17	Georgia	1.7%
18	South Carolina	1.7%
19	Utah	1.7%
20	Oregon	1.7%
21	Texas	1.6%
22	Puerto Rico	1.6%
23	Rhode Island	1.6%
24	North Carolina	1.5%
25	New Mexico	1.2%
26	Pennsylvania	1.2%
27	Minnesota	1.1%
28	Delaware	1.1%
29	New Hampshire	1.1%
30	Tennessee	1.1%
31	Wyoming	1.0%
32	Missouri	1.0%
33	Idaho	0.9%
34	Montana	0.8%
35	Louisiana	0.8%
36	Alabama	0.8%
37	Vermont	0.8%
38	Maine	0.8%
39	Michigan	0.7%
40	Kansas	0.7%
41	Ohio	0.7%
42	Wisconsin	0.6%
43	Mississippi	0.6%
44	Kentucky	0.6%
45	West Virginia	0.5%
46	South Dakota	0.5%
47	Arkansas	0.5%
48	Oklahoma	0.5%
49	Indiana	0.5%
50	Nebraska	0.3%
51	Iowa	0.3%
52	North Dakota	0.1%
	Total	**4.1%**

Source: National Low Income Housing Coalition analysis of National Community Reinvestment Coalition tabulations of 2007-2011 Home Mortgage Disclosure data. Updated April 12, 2013.

WWW.UNITEDFORHOMES.ORG
NATIONAL LOW INCOME HOUSING COALITION
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New England Housing Network
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