

# NAHT Recommendations for FY 2018 Peoples Budget

**DRAFT/ to be submitted submitted to Congressional Progressive Caucus by Michael Kane,  
NAHT 2-19-17**

Introduction. In spring 2016, the National Alliance of HUD Tenants (NAHT), in consultation with other groups<sup>1</sup> submitted recommendations to strengthen the Peoples Budget section on housing. While the resulting language in the FY 2017 Peoples Budget was an improvement over FY 2016, most of our key recommendations--robust funding for the National Housing Trust Fund; a phased increase of 400,000 Section 8 Vouchers; restoring full funding for Public Housing; robust Fair Housing enforcement; reform of the mortgage interest deduction subsidy--were not reflected in the final text (reprinted below).

Interestingly, the 2016 Democratic Party Platform (see below) included stronger language that did embrace most of these substantive recommendations (the NHTF, increased funding for vouchers, public housing repairs, fair housing), although without specific dollar recommendations. Needless to say, the 2018 Peoples Budget should be at least as strong and progressive as the mainstream Party platform.

For FY 2018, it is also critical that the Peoples Budget pose stronger, forthright alternatives to the likely Republican budget resolution. At this writing, it seems likely that extremist proposals ranging from 25% cuts to complete elimination of housing assistance will be reflected in the House Majority Budget Resolution.. We urge the Progressive Caucus to seize this opportunity to fight for what we want and need to address the nation's housing crisis.

## ***Proposed new text:***

### **A Right to Housing for All: Toward A Decent Home for Every American Family**

Almost 70 years since Congress committed to the goal of a "decent home... for every American family" the nation's housing crisis is unabated. More than 12 million households pay more than 50% of their income towards housing, including 11 million renters. Nearly half of all renter households spent more than 30% of income on housing. Only 28% of extremely low income renter households were able to find decent housing in 2013, according to HUD and the Harvard-MIT Joint Center on Housing. Millions of people, particularly African American and Latinos owners, lost their homes and life savings in the Great Recession, and several million homeowners remain "underwater" today.

The U. S. Department of HUD has acknowledged that America's crisis of affordable rental housing is worse today than ever before. Yet the federal government has reduced its commitment to subsidized rental housing to levels not seen since the 1970s. With the passage of the Budget Control Act in 2011, HUD rental housing vouchers were slashed by 100,000, contributing to increased homelessness. Although Congress temporarily restored

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<sup>1</sup> Founded in 1992, NAHT is the only national tenants union in the US, representing the 1.7 million families in privately-owned, HUD assisted housing. NAHT consulted with the National Low Income Housing Coalition, the Center on Budget and Policy Priorities, and partners in the Peoples Budget Campaign to develop its 2016 recommendations.

these cuts, another 100,000 vouchers could be cut in 2017 if Congress doesn't increase funding by April 28, 2017. Today, more than 3 million families and individuals are homeless, including more than 1 million children.

The Republican majority would transform this crisis to an unmitigated, historic catastrophe. On top of the draconian 14% cuts imposed by the Budget Control Act to domestic programs like housing, Speaker Ryan's proposed FY 2017 budget resolution would cut an additional 25% over 10 years. The Freedom Caucus/Heritage budget, embraced by President Trump's nominee for the Office of Management and Budget, would double this to 50%, or \$2.5 trillion in cuts overall.

For HUD, the Freedom Caucus/Heritage proposal would eliminate all Community Development Block Grants to cities; abolish the FHA; "block grant" all HUD rental housing to the states; and cut HUD rent subsidies to 5 million low income elderly, disabled and family households to zero over 10 years. Throwing millions of our poorest, most vulnerable citizens out on the street is heartless, cruel and un-American.

By contrast, the Peoples Budget will forthrightly address America's housing crisis. Our premise is that the Right to Housing and to the City are basic human rights, and that Congress should act now to make good on its commitment to provide a "decent home...for every American family."

### **Retain and Rebuild Public Housing for Public Use**

The Peoples Budget will reverse the net loss of Public and Subsidized Housing. Some 570,000 units of subsidized low income housing have been lost since 1992, including a net loss of 170,000 units of Public Housing through conversion to "mixed income" housing, as well as more than 300,000 HUD Multifamily apartments lost to market conversion and another 100,000 to sale by HUD to new owners.

Congress has fueled this decline by systematically underfunding Public Housing Operating and Capital needs, for more than a decade. Hard pressed housing authorities, desperate for capital for much needed repairs, are inviting in private investors and converting Public Housing to privately-owned, "expiring use" developments, often at the expense of housing available to low income families and participation rights of residents.

To provide PHA's with an alternative, the Peoples Budget will fully restore Public Housing Operating Funds to 100% of actual needs as determined by HUD, for the first time in more than a decade. The Peoples Budget will also provide Direct Capital Grants to address the estimated \$32 billion backlog of Public Housing repair needs, over the next five years. This will help ensure that the nation's investment in Public Housing is secured for future generations of low income families in need and protect public housing units from becoming too expensive for the low income families they serve after renovation.

The Peoples Budget will also ensure full annual funding of privately-owned, HUD multifamily housing receiving Project Based Section 8, on a calendar year basis, avoiding "short-funding" gimmicks to ensure stability in this stock and capitalize repairs. The Peoples Budget will also expand capital grants and loans to incentivize owners of this stock

to modernize according to “green building” and energy conservation principles, building on successful models funded by the American Recovery and Reinvestment Act of 2009.

Finally, the Peoples Budget will fully fund \$50 million annually in ROSS grants for Public Housing tenants and \$10 million annually in Section 514 Technical Assistance Funds for Multifamily Housing tenants, to empower residents to serve as partners with HUD in the oversight and improvement of their homes.

### **Restore and Increase Housing Vouchers**

For several decades, the Section 8 Housing Choice Voucher Program has proven to be a flexible, cost-effective way to meet the housing needs of low income families and individuals. It empowers low income people by giving them greater choice to live near employment, educational opportunities and family. Section 8 Vouchers offer people of color choices to move to desegregated communities with greater opportunities; they are a powerful tool to affirmatively counter pervasive segregation by race and class.

The Peoples Budget will add 100,000 Housing Choice Vouchers in FY 2018. The Peoples Budget will also provide for annual increases in the Housing Choice Voucher program of 100,000 through 2021, for a total of 400,000 new Vouchers, with an aim to eliminate homelessness among veterans and families with children, as recommended by the Strategic Plan of the US Interagency Council on Homelessness. The Peoples Budget would restore the policy of annual increments to Housing Choice Vouchers which has been largely abandoned since 2002.

The Peoples Budget will also reverse the recent expansion of the Moving to Work (M2W) Program to 100 more cities, and delay extension of current M2W agreements in 36 cities until questions raised by the Government Accounting Office and others are addressed. M2W has nothing to do with either moving or work; it is a deregulation experiment that allows Housing Authorities to waive Voucher and Public Housing rules. Many M2W agencies have a demonstrably lower rate of Voucher utilization, resulting in misallocated resources and higher homelessness. The Peoples Budget will ensure that concerns raised by oversight agencies and advocacy groups are addressed before further extension or expansion of the program.

### **Provide Housing First**

Several cities, including Salt Lake City and Houston, have demonstrated that providing “Housing First” can dramatically reduce chronic homelessness, both for families and individuals. A recent HUD report, the Family Options Study—the first large-scale, rigorous evaluation of alternatives to reduce family homelessness-- found that Section 8 Vouchers are the most successful and cost-effective way to reduce housing instability and homelessness.

By increasing funds for Housing Choice Vouchers, prioritized to homeless families, veterans and other individuals, the Peoples Budget will provide the resources for cities across America to provide Housing First and meet our goals to end veteran and chronic homelessness in the next five years.

The Peoples Budget will also fully fund the McKinney Homeless programs at \$2.5 billion for FY 2018 and provide funds for supportive services to newly re-housed homeless people, where required.

## **Build Homes for All**

The emergence of massive homelessness in the United States can be dated to the federal government's halt to funds for low income family housing production since 1983, despite the growing need and declining incomes of most working Americans. In 2008, Congress authorized the National Housing Trust Fund (NHTF), which enlists states as partners to administer grants and loans to local developers for long overdue low income rental housing, as part of new mixed income developments. HUD issued regulations to implement the Fund in 2015; in 2016, the NHTF dispersed resources to states for the first time. The NHTF is funded by off-budget funding, currently through a percentage of new business volume of Fannie Mae and Freddie Mac. The NHTF can receive funding from any source.

The Peoples Budget supports dramatic increases in funding for the NHTF to spur a renaissance of affordable low income rental housing in new, mixed income communities. One way such resources can be achieved is through modifications to the mortgage interest deduction. By changing the mortgage interest deduction into a nonrefundable credit and by reducing the threshold of a mortgage for which a taxpayer can take the nonrefundable deduction, from the current \$1 million to \$500,000, the Peoples Budget would generate more than \$200 billion in new revenues for the NHTF over the next ten years.

*Tax Reform.* The Peoples Budget proposes that these reforms to the mortgage interest deduction program be incorporated in any comprehensive tax reform legislation adopted by Congress. It is critically important that any savings from the mortgage interest deduction be invested in housing for the poor and middle class, as proposed in the Common Sense Housing Investment Act of 2017. We also propose that the Low Income Housing Tax Credit be protected in any tax reform bill, with changes designed to earmark LIHTC funds to lower income renters.

*Job creation and "infrastructure."* We recommend that any "infrastructure" bill adopted by Congress, include and recognize mixed income housing affordable for low income renters, and capital grants for Public Housing, as key eligible priorities for infrastructure investment. The investment in housing infrastructure proposed here is a key component of the Peoples Budget's job creation program: for every 1 million new homes leveraged by the NHTF, an estimated 1.2 million jobs will be created.

Finally, the Peoples Budget will provide resources for new developments through successful HUD and USDA housing programs such as the Community Development Block Grant and HOME and programs for the elderly and people with disabilities. We propose to restore full funding for Section 202 housing for low income seniors, to meet the needs of the aging post-war baby boom population, and Section 811 housing for people with disabilities. We propose to restore HOME to \$1.8 billion in FY 2018 and CDBG to \$4.4 billion per year, the level last enacted in FY2010.

## **Promote Diverse and Inclusive Communities**

By preserving and improving affordable housing, expanding Housing Choice Vouchers, and building new low income housing in diverse, mixed income communities, the Peoples Budget will dramatically improve housing opportunities for individuals, families and communities that suffer discrimination due to their “race,” color, religion, national origin, sex, disability or familial status. The Peoples Budget will also reduce the disgraceful mass homelessness that is a blot on the conscience of the wealthiest nation in history.

In 2015, HUD issued sweeping and long-overdue regulations to affirmatively further fair housing and equal opportunity for these protected classes of the Fair Housing Act, and to actively reduce persistent segregation of housing and communities. The Peoples Budget rejects recent proposals to repeal the AFFH rule. Instead, it will fully fund HUD’s Fair Housing and Equal Opportunity branch and local fair housing advocacy and housing counseling agencies to promote diverse and inclusive communities across America.. These measures will advance our vision to progressively realize for all who live in the United States our universal Rights to Housing and the City.

### **Keep People in Their Homes**

The People’ s Budget gives families and communities devastated by foreclosure the resources to renovate and resell homes and maintain overall property values.

The Peoples Budget will ensure that the Federal Housing Finance Agency (FHFA) promotes principal reduction to the current value of all “underwater” mortgages in the portfolios of the Government Sponsored Enterprises (GSE)s FHFA oversees, Fannie Mae and Freddie Mac. Reducing principal to the current value of all underwater mortgages will create an estimated 1 million jobs, by increasing the spending and purchasing power of homeowners across America.

The Peoples Budget will also require FHFA to end sales of foreclosed homes held Fannie Mae and Freddie Mac to private speculators, hedge funds and large corporate investors. We will require FHFA to restore ownership to homeowners at affordable prices reflecting their true value, and/or to community-based, nonprofit owners or local governments committed to affordable housing and inclusive communities.

The Peoples Budget will also permanently extend the Protecting Tenants at Foreclosure Act, which gives bona fide renters the right to remain in their homes for the greater of 90 days or through the term of their lease upon a foreclosure notice on their home.

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## ***From the FY 2017 Peoples Budget:***

### **ACCESS TO HOUSING AND ELIMINATING HOMELESSNESS**

The People’s Budget takes key steps to end the affordable housing crisis in the United States. Only 25% of qualifying families in need of housing assistance are receiving this essential benefit.

**Increased Funding for Community Development Block Grants and HOME Program –** Extremely low-income families face an affordable housing shortage of seven million apartments. This crisis deepened when the sequester eliminated housing assistance from 70,000 families in need. The People’s Budget will provide communities with the ability to expand the number of affordable housing units through increases in the Community Development Block Grant and HOME programs. This significant investment also restores and expands vouchers for low-income households to meet the need of millions of families who have been on voucher waiting lists for years. Our budget provides resources for new developments through successful HUD and USDA housing programs such as the Community Development Block Grant, HOME, public housing, and programs for the elderly and people with disabilities. The People’s Budget allows communities across the United States to meet the growing need of affordable, accessible, safe housing, especially those who have been devastated by the foreclosure crisis.

**Ending Family Homelessness –** The People’s Budget adopts the President’s \$11 billion in mandatory spending to end family homelessness by 2020. On any given night, 560,000 people are homeless; almost half of whom are families. In any given year, there are more than 1.3 million homeless children, up from 679,724 before the Financial Crisis. We expand Section 8 housing choice vouchers for families with children experiencing homelessness, fund 25,000 new permanent supportive housing units and provide 8,000 families with rapid rehousing assistance to support the efforts of cities, counties and tribes moving to eliminate homelessness in their communities.

**Low Income Heating Assistance Program –** Our budget commits to robust funding for the Low Income Heating Assistance Program (LIHEAP) which is critical to ensuring families can safely stay in their homes during harsh winters.

## ***From the Democratic Party Platform, July, 2016***

### ***Expanding Access to Affordable Housing and Homeownership***

Whereas the Republican Presidential nominee rooted for the housing crisis, Democrats will continue to fight for those families who suffered the loss of their homes. We will help those who are working toward a path of financial stability and will put sustainable home ownership into the reach of more families. Democrats will also combat the affordable housing crisis and skyrocketing rents in many parts of the country, which is leading too many families and workers to be pushed out of communities where they work.

We will preserve and increase the supply of affordable rental housing by expanding incentives to ease local barriers to building new affordable rental housing developments in areas of economic opportunity. We will substantially increase funding for the National Housing Trust Fund to construct, preserve, and rehabilitate millions of affordable housing rental units. Not only will this help address the affordable housing crisis, it will also create millions of good-paying jobs in the process. Democrats believe that we should provide more federal resources to the people struggling most with unaffordable housing: low-income families, people with disabilities, veterans, and the elderly.

We will expand efforts to address the lingering effects of the foreclosure crisis through programs like the federal Neighborhood Stabilization Program. We will also expand programs to prevent displacement of existing residents, especially in communities of color; create affordable and workforce housing; and preserve neighborhood-serving nonprofit organizations and small businesses. We will reinvigorate housing production programs, repair public housing, and increase funding for the housing choice voucher program and other rental assistance programs.

And we will fight for robust funding to end homelessness in our cities and counties once and for all, through targeted investments to provide the necessary outreach, social services, and housing options for all populations experiencing homelessness. We will engage in a stronger, more coordinated, and better funded partnership among federal, state, and local governments to end chronic homelessness for millions of Americans. We will build on and expand President Obama's promising initiatives to end veteran and family homelessness in our country.

We must make sure that everyone has a fair shot at homeownership. We will keep the housing market robust and inclusive by supporting more first-time homebuyers and putting more Americans into the financial position to become sustainable homeowners; preserving the 30-year fixed rate mortgage; modernizing credit scoring; clarifying lending rules; expanding access to housing counseling; defending and strengthening the Fair Housing Act; and ensuring that regulators have the clear direction, resources, and authority to enforce those rules effectively. We will prevent predatory lending by defending the Consumer Financial Protection Bureau (CFPB). These steps are especially important because over the next decade most new households will be formed by families in communities of color, which typically have less generational wealth and fewer resources to put towards a down payment.