**Policy/Advocacy Update – May 2014**

*Advocates continue to work with the Delegation on the following issues:*

* *Continued support for all HUD funding. Some particulars:* 
  + *Working to offset the 5.1% cuts to HUD (and other discretionary spending areas) enacted by sequestration. These cuts will affect the next nine years;*
  + *Continued support of Section 8 including renewal of all existing Housing Choice Vouchers in FY 2014, passage (assuming necessary revisions) of the Affordable Housing and Self-Sufficiency Improvement Act (AHSSIA), formerly SEVRA (Section Eight Voucher Reform Act), and support to provide additional funding for incremental vouchers allowing local strategies to end homelessness using deep subsidies coupled with services, such as HUD-VASH;*
  + *Fully funding McKinney Vento so that the HEARTH Act can be properly implemented;*
* *Funding for the National Housing Trust Fund;*
* *Continuation of the Low Income Housing Tax Credit program, including ensuring support for the continuation of the Community Reinvestment Act.*
* *Continued funding for the Runaway and Homeless Youth Act.*
* *Continued funding for PATH.*
* *Continued funding for DOJ grants for DV.*
* *Funding for SAMHSA grants for services.*

**New England Housing Network Advocacy trip to DC –** This important annual trip will occur 6/10 - 6/11. Cullen will represent homelessness on behalf of the six New England States as the group meets with key officials at HUD, Rural Development, Congress, and other branches of the federal government. One of the group’s significant efforts will be education about the success and importance of the Low Income Housing Tax Credit program as well as the Historic Tax Credit program. Both are threatened from specific members of Congress who are seeking to eliminate tax expenditures, and may be unaware of unintended consequences.

**Federal Legislation Update:**

* **The House marked up their THUD bill in the full committee on Wednesday, May 21st. The Democrats offered a lot of amendments to increase funding for many programs, though largely focused on Transportation. The only two attempts to increase HUD funding were for CDBG and HOME. None passed. All Democrats EXCEPT Ed Pastor voted “No” on the bill. Pastor voted “Yes”. All Republicans voted “Yes”.**

The spending legislation contains a $40.3 billion dollar budget for the Department of Housing & Urban Development (HUD), approximately $2 billion below the President’s FY 2015 Budget Request and $770 million below currently enacted FY 2014 spending levels.

CB&PP reports the bill would:

* Risk locking in the loss of more than 70,000 Housing Choice Vouchers cut in 2013 due to sequestration;
* Freeze funding for homeless assistance grants, thereby stalling recent progress on reducing homelessness;
* Continue and deepen the shortfalls in public housing funding;
* Cut HOME funding by 30 percent, and sharply reduce funding for a range of other HUD programs.

The House bill provides $9.75 billion for Project-Based Rental Assistance (PBRA), a 1.7% reduction from the current FY 2014 funding level of $9.92 billion. This funding level is equivalent to the amount proposed in the President’s FY 2015 budget.

* + Tenant-Based Rental Assistance (TBRA) is funded at $19.36 billion, a 1% increase over the FY 2014 enacted level of $19.18 billion. Slightly more than $17.69 billion is allocated to Housing Choice Voucher contract renewals, which is an approximately 2% increase over FY 2014. Initial analysis indicates that this funding level is not adequate to fully fund all existing vouchers without public housing agencies (PHAs) implementing additional cost savings measures. HUD-Veteran Affairs Supportive Housing (HUD-VASH) vouchers for homeless veterans are level funded at $75 million.
  + McKinney-Vento Homeless Assistance Grants are level funded at the FY 2014 enacted level of $2.1 billion. This amount includes a $1.8 billion set aside for the continuum of care and rural housing stability assistance programs, at least $200 million for Emergency Solutions Grants and $5 million for a National Homeless Data Analysis Project.
  + The House bill cuts HOME Investment Partnerships Program (HOME) funding levels to $700 million, down 30% from $1 billion in FY 2014. This would be the lowest funding level for the HOME Program since it was authorized.
* There is good reason to hope that the Senate will do better when it considers its own HUD funding bill during the week of June 2nd. On May 22nd, the Senate Appropriations Committee approved its subcommittee funding (“302b”) allocations, which provide $2.4 billion more for the Transportation-HUD bill than the House did. Markup will likely occur on June 3rd. Here is a quick list of talking points for Senator Collins:
  + Overall, it’s critical that the Senate prioritize rental assistance for the most vulnerable households by providing robust funding for the following programs:
    - Provide sufficient funding to renew all vouchers in use in 2014 and an additional $320 million to restore the remaining 40,000 vouchers lost due to sequestration.
    - Meet the President’s request for McKinney-Vento Homeless Assistance Grants to end chronic homelessness by 2016.
* The current USDA budget proposal includes the creation of a new minimum rent of $50 for all residents of Rural Development Section 521 housing. This minimum standard would only impact the 42,000 residents whose incomes are $2,000 per year and below. It is a fee placed on people who are least able to pay, and it puts thousands of low income rural renters at increased risk of homelessness. House subcommittee markup occurred on May 20th, passing the FY 15 funding bill.
  + USDA rural housing programs fared well in most areas when the full Senate Appropriations Committee on May 22 approved a fiscal 2015 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill by a bipartisan vote of 30-0. Some funding levels for rural housing are below those of the House, but still above the President's proposed budget. Senate levels include Sec. 502 direct loans, $900 million; Sec. 523 self-help, $25 million; Sec. 502 guaranteed loans, $24 billion; Section 515 rental, $28.4 million; Sec. 521 rental assistance, $1.093 billion; multi-family housing revitalization, $28 million; and Sec. 504 repair loans, $26.3 million. The Senate panel did not accept the administration's request to impose minimum rents in the 515 program, but the bill does direct that rental assistance contracts will not be renewed within the 12-month contract period.
* The Senate Committee on Banking, Housing, and Urban Affairs approved housing finance reform legislation offered by Committee Chair Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID) on May 15 by a vote of 13 to 9. The measure was incorporated as an amendment in the nature of a substitute to S. 1217, the Housing Finance Reform and Taxpayer Protection Act of 2013. Many stakeholders had hoped the Johnson-Crapo measure would be approved with more support than was reflected in the ultimate vote. The Johnson-Crapo version of the bill provided for $3.75 billion a year for the National Housing Trust Fund when fully phased on. Unfortunately, the bill was unable to garner support from six key Democratic senators.
* On May 22nd, Representatives Pat Tiberi (R-OH-12th) and Richard Neal (D-MA-1st) introduced H.R. 4717 to establish a permanent minimum 9 percent Housing Credit rate for new construction and substantial rehabilitation and a minimum 4 percent rate for the acquisition of affordable housing. The bill already has a 24 co-sponsors in addition to Representative Tiberi, with strong bipartisan support (currently there are no Maine co-sponsors). Underwriting affordable rental housing developments at floating rates can lead to financial uncertainty, heightened administrative complexity, and financing gaps as the amount of equity that a development can receive for its allocation is substantially reduced compared with a fixed floor rate. Reach out to your member of Congress and ask them to co-sponsor H.R. 4717.
* On May 13, Federal Housing Finance Agency (FHFA) Director, Mel Watt, gave his first major address since assuming the position in January. Mr. Watt said that he does not intend for FHFA to engage in the housing finance reform debate currently under consideration in Congress. Mr. Watt did not address whether FHFA will lift the “temporary” suspension put in place in 2008 on Fannie Mae and Freddie Mac contributions to the National Housing Trust Fund (NHTF). The FHFA Director has the authority to lift the suspension. Mr. Watt’s predecessor as Director, Edward DeMarco, failed to revisit the suspension on contributions. Advocates are hopeful that Mr. Watt will take a different position on the matter because Fannie Mae and Freddie Mac have been profitable for the last nine quarters.
* President Barack Obama intends to nominate HUD Secretary Shaun Donovan to be the new Director of the Office of Management and Budget (OMB) to replace Sylvia Mathews Burwell, whose nomination to be the Secretary for Health and Human Services is pending before the Senate. An official White House announcement has yet to be made. Senate confirmation is required for OMB Director as well as for Cabinet Secretaries. President Obama is expected to announce San Antonio, TX Mayor Julian Castro as his nomination for HUD Secretary on Friday, May 23rd.

**State Legislation Update:**

* The State Legislature has adjourned.
* Maine Attorney General Janet Mills is blocking Gov. Paul LePage’s plan to exclude asylum seekers from other countries from receiving General Assistance aid, calling his proposed rule change unconstitutional. Mills is refusing to sign off on the measure, which would cause as many as 1,000 immigrants in Maine to lose access to a program that provides the poor with vouchers for necessities such as food and housing. In a PPH interview late Thursday, May 23rd, Mills said the primary flaw in the proposal is that it violates a provision in the Maine Constitution that prevents the state from requiring local governments to increase spending unless the state provides at least 90 percent of the funding.