- hold line on HUD budget
21.7

5/6 Mtg w/ CA + New Eng Coal

Project-based Sec. 8 -

3 concerns w/ HUD proposal:

1 - vouching: Need project-based in order to get financing for develpt / restruct'g

3 - Rehabilitation: hope that portion of savings from restructuring put back into rehab - some of these bldgs are "anchors"

2 - Third party entities
- need more specifics w/ non-p/ tenant involvement

S. says Hsg Finance Agen
HUD doc't very unclear

Homelessness
⇒ hold to $1.12 B
= earmarked Section 8 (disaster relief
= block grant (no, unless go back to '94 ...)
- live as is ⇒ don't mix other agencies

Maintain ent'ment status of AFDC + SSI
⇒ dble # of

Income targeting:
Dereg - need input from residents

Mgrs rent wouldn't protect ukg poor -
not just Srs + pw/sp needs

preserv affdble vs ussg vs add'g income

Preservation
- fix for this yr => maybe

* essentially a CA + MA problem

sharpest dif. w/Hill

✓ Lead-based paint => New Eng in particular
lead hazard reduction program not So. trigue prog

✓ CRA - hold the line - CA => $10M industry
✓ Rural
✓ HOME, CDBG

Center for Community Change

Urgent — Pls deliver

(202) 342-0567 Office (202) 333-5462 Fax

Transmittal Cover Sheet

Date: 5/4/96

Please deliver the following page (s):

To: Molly Brostrom 456-7028

Number of pages to follow: 1

From: Deepak

Contact Person:

Comments:

5/4/96

M E M O R A N D U M

TO: Molly Brostron
FR: Deepak Bhargava

RE: California & New England Group Agendas

As promised, here's a list of the issues that the groups want to discuss w/you & Jeremy & John Emerson (the list isn't as coherent as the presentations will be, and you've heard most of it before):

>need for a higher profile for housing & homeless issues

>overall HUD '97 budget

>veto on authorization bill (Brooke amdmt)

>preservation program funding

>Preserving the project-based Section 8 stock (mark-to-market), as against voucherizing the stock

>homeless funding (possibly a soundbite on relationship w/welfare reform) ?

>CRA & Low-income Housing Tax Credit

>Importance of Citizen Participation & Non-Profit Role in HUD Programs

May 3, 1996

MEMORANDUM FOR JEREMY BEN-AMI

FROM: Molly Brostrom

RE: Background for Monday's Meeting with Low-Income Housing Advococates and Developers

FY 96 Appropriations

The final FY 95 HUD/VA appropriations succeeded in increasing funding in several priority areas: homelessness (increased to $823 million from $769 million); severely distressed public housing; and the Economic Development Initiative ($50 milllion added back). We also succeeded in eliminating harmful riders such as the provision that would have moved the Office of Fair Housing from HUD to DOJ, minimum rent modified...

FY 97 Budget

The President's FY 97 budget proposes $21.7 billion for HUD (the FY 95 pre-rescision level was $25.3; post-rescision was $20.1; final FY 96 was $19.5 billion). Highlights include:

- Homeless assistance proposed at $1.12 billion
- $290 million for 50,000 housing certificates (20,000 are targeted, 30,000 to be used as part of welfare-to-work initiative)
- Continued support for efforts to transform troubled public housing

Public Housing Authorization Legislation

House floor action is expected this week on Rep. Lazio's public housing bill. Our draft SAP states our support for the bill's objectives -- to streamline and strengthen public housing and give local communities more flexibility to administer housing assistance based on local needs and conditions -- but cites our continued opposition to several provisions:

- Repeal of the Brooke amendment
- Redirection of scarce Federal resources from families with the greatest need for housing assistance to others with more housing alternatives (by increasing the income eligibility level for Section 8 portable vouchers from 50 to 80% of the area median income)
- Deregulation of PHAs without adequate Federal oversight (would eliminate HUD's authority to ensure that PHA's competitive grant plans are consistent with federal standards).

Mark-to-Market

HUD has been struggling with how to deal with the exponential growth in expiring Section 8 contract renewals in the coming years (from $4.3 billion in 1997 to $24.2 billion in 2006). The goal of HUD's Mark-to-Market and Portfolio Re-engineering proposals has been to deal with the expiration of Section 8 contracts on FHA-insured properties in an orderly fashion.

HUD's original MTM proposal would mark down the morgtages of FHA-insured and federally subsidized properties to market level and simultaneously convert assistance to portable vouchers. This proposal received fierce opposition from both owners and tenants. A limited MTM demonstration project was included in the 1996 Extender bill. For FY 97, HUD did not propose any formal proposal, although contract renewal numbers include the assumption of some sort of MTM re-engineering.

Preservation Funding

The Preservation program is designed to preserve mixed income properties that received a shallow interest subsidy from the federal government 25 years ago. Owners had a right to "prepay" their mortgages after 20 years, and end affordability restricitions. As a large number of properties reached their 20th anniversaries during the mid-1980's, Congress believed that hundreds of thousands of low and moderate income residents would lose their homes if owners were allowed to prepay or sell. Preservation was passed, providing purchasing advantages to residents, nonprofits and state and local governments.

The FY 96 appropriations bill included Preservation Reform that restores owners right to pre-pay, provides tenant-based assistance for residents who are displaced, and creates a one-tiem capital grant program for preservation. Our FY 97 budget included no funding for preservation (the final FY 96 appropriations included $624 million).

draft

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
DISCRETIONARY BUDGET AUTHORITY, FY 1995–FY 1997
(Dollars in Millions)

PROGRAM	FY 1995 Enacted	FY 1995 Post–Rescission	FY 1996 Enacted	FY 1997 Budget	Difference: 1996 vs. 1995	Difference: 1997 vs. 1996
CDBG	4,600 1/	4,600 1/	4,600	4,900 2/	...	300
HOME	1,400	1,400	1,400	1,550 2/	...	150
Homeless Grants	1,120	1,120	823	1,120 2/	(297)	297
HOPWA	186	171	171	171	...	...
Public Housing Modernization	3,700	2,885	2,500	3,000 2/	(385)	500
Public Housing Operating Subsidies	2,900	2,900	2,800	2,900	(100)	100
Public Housing Drug Elimination	290	290	290	290 3/	...	...
Incremental Rental Assistance	2,786	800	400 4/	290 5/	(400)	(110)
HOPE VI/VII (Severely Distressed)	500	500	480	650	(20)	170
Native American Housing	282	202	160	200	(42)	40
Indian Housing Loan Guarantee	3	3	3	3	...	...
Housing for the Elderly and Disabled	1,666	1,176	1,088	769	(88)	(319)
Lead–Based Paint Abatement	100	15	65	60	50	(5)
Preservation	175	175	624	... 5/	449	(624)
Property Disposition	555	555	192	... 5/	(363)	(192)
FHA Multifamily Credit Subsidy (Appropriations)	188	188	85 6/	85	(103)	...
Housing Counseling	50	12	[12] 7/	[15] 8/	(12)	[3]
Research and Technology	42	42	34	45	(8)	11
Fair Housing Activities	33	33	30	33	(3)	3
Salaries and Expenses, HUD (incl. transfers)	961	961	963	986	2	25
Other Assisted Housing Rescission	...	...	(198)	...	(198)	198
Annual Contributions recaptures/transfers	(500)	(500)	...	...	500	...
SUBTOTAL DISCRETIONARY (listed programs)	21,037	17,528	16,510	17,054	(1,018)	544
Annual Contributions:						
Section 8 Contract Renewals	3,336	2,159	4,008	4,260 9/	1,849	252
Section 8 Amendments	735	710	611	800	(99)	189
SUBTOTAL (Including Annual Contributions)	25,108	20,397	21,129	22,114	732	985
Offsetting Receipts	(454)	(454)	(1,755) 10/	(643)	(1,301)	1,112
All Other	601	183	109	186 11/	(74)	77
TOTAL HUD (Net)	25,255	20,126	19,483	21,657	(643)	2,174

FOOTNOTES:

1/ Excludes disaster funding of $219 million.
2/ Includes budget authority for Bonus Funds.
3/ Includes $10 million for Operation Safe Home.
4/ Section 8 Rental Assistance limited to replacement activities in 1996.
5/ Preservation and property disposition are included within Incremental Rental Assistance.
6/ Excludes reappropriation of expired balances of approximately $16 million.
7/ Provided as a set–aside within the Community Development Grant program.
8/ Activity to be funded under HOME.
9/ Represents one–time funding for 15 months to convert from fiscal to calendar years (expirations occuring in 1997 and first quarter of 1998).
10/ Includes receipts from single–family assignment savings in 1996. Does not include negative subsidy from mortgage sales in 1996. Due to Bill language concerning note sale negative subsidy, it can no longer be shown as part of offsetting receipts in 1996 unless equivalent positive amounts are shown.
11/ Reflects funding for Violent Crime Reduction, Sec. 108 Loan Guarantees, OFHEO, Inspector General, additional FHA discretionary funding and other items.