THE WHITE HOUSE

WASHINGTON

December 7, 1995

Members of the National
Low Income Housing Coalition
Suite 1200
1012 14th Street, N.W.
Washington, D.C. 20005

Dear Friends:

Thank you for your letter opposing Congress' proposed cuts to housing and community development programs. I appreciate your concern about these important issues.

The budget debate in Washington is not merely about the federal budget -- it is about the future of our country. I am committed to eliminating the deficit and have introduced a plan to do so, but I do not believe we can balance the budget at the expense of our children, our families, and our communities.

Be assured that I have been fighting to restore funding for the HUD budget, including funds for homeless assistance, public housing, and other programs to develop and preserve affordable housing. I opposed the proposed sunset of the Low Income Housing Tax Credit that was included in the Reconciliation bill, and I have vetoed this legislation, in part because of its threat to the homes and communities that make our nation strong. It is simply wrong to balance the budget on the backs of those most in need while giving tax breaks to the wealthy.

I remain dedicated to working with Congress to craft a balanced budget that ensures a strong and safe future for our citizens. Thank you for contacting me about this critical debate.

Sincerely,

Bill Clinton

National
Low Income Housing Coalition

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Karen V. Hill, *Chair*

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National Low Income Housing Coalition Policy Positions on Selected Issues for the 104th Congress

I.Continuation of HUD

--The Coalition stronly supports the existence of a cabinet level agency with housing as its core mission. The advent of major programs to fight urban blight, and build affordable housing for the poor would have been much slower without the presence of a federal level agency empowered to give voice to these issues as national priorities. We support the continuation of a federal level agency which operates in urban and rural areas and is responsive to the real housing needs of the poor. The urgent budget issues which confront federal housing programs today demand continuity of leadership and a clear focal point for confronting the many challenges that lay ahead. Continuation of the current agency would seem to best serve these ends.

II. Devolution

The Coalition cautiously supports consolidation of housing production and community development activities. Studies have shown that over time, growth in block grant programs does not keep pace with the level of budget growth in related categorical programs. (See report of the SEIU--"Back Door Budget Cuts") Nevertheless, to the extent increased efficiencies and more local low income citizen involvment in the allocation of scarce production dollars may result from consolidation we endorse this approach.

Any block grants must be created with clear performance guidelines in the area of targeting, community based monitoring, citizen participation, and maintenance of effort. A penalty/reward system must be in place to assure that local governments carry forth new responsibilities. Recipient entities must make some provision in administration of its performance funds for citizen review and approval of grant fund planning and grant fund implementation.

III. Targeting -- The Coalition supports the maintainence of a strong federal preference system. A locally derived preference system which ultimately serves very low and extremely low income families to the same extent to which these families are represented in the overall pool of low income households.

Targeting becomes increasingly important as budget pressures increase. For every person receivng federal housing assistance there is another family with a worst case need that receives nothing. The vagaries of the annual budget and appropriations process and the distribution of the lionshare of housing subsidies to upper income homeowners through the federal mortgage interest tax deduction conspire to preserve this unfortunate status quo. NLIHC therefore recommends that a federal housing trust fund be established and funded by a reduction in homeowner related tax breaks now benefitting most households that earn nmore than $75,000 per annum. (See, H.R.1016 The Fedreal HOusing Trust Fund Act of 1995)

IV. Public and Assisted Housing

a. One for One Replacement: NLIHC supporte the continuation of current replacement requirements for public housing. Public housing represents the only housing in this nation which is permanently affordable to families at the very lowest end of the income scale. Some credible preservation strategy must be offered before any serious consideration can be given to abandoning the current replacement guidelines.

b. Ceiling Rents: NLIHC supports the imposition of ceiling rents. Ceiling rents have several benefits: higher income residents are able to save and make the transition to private rentals or homeownership, higher income residents are retained for longer periods of time thereby increasing the stability and diversity of the resident population, and in some markets residents would avoid paying more to live in public housing than in comparable market rate units.

c. Tenant contribution and minimum rents: The Coalition strongly supports the retention of the 30% of income rule and opposes minimum rent requirements for public housing residents.

High cost burdens are the predominate housing problem of poor renter households. A "market basket" approach which defines the costs of other basic necessities and bases the tenant contribution on the amount of residual income would be a more equitable approach than any flat percentage rent contribution requirement. Barring any fundamental exploration in the way the tenant contribution is derived, the Coalition recommends that no change be made in the current law.

NLIHC opposes minimum rent requirements. Despite HUD guidelines to the contrary, minimum rents open the door for localities to use rent structures to bar access to the neediest residents.

d. Tenant Protections: NLIHC supports relaxation of extra-judicial grievance procedures where state or local court procedures provide an equal level of due process protection.

[**Note**: this is already the law regarding evictions for certain types of criminal or illegal activities. The Department will shortly issue a proposed rule allowing it to make due process equivalency determinations, without going through notice and comment rulemaking procedures that are now required --- do we support the perpetuation of status quo, do we support the HUD rulemaking, do we want to relax the grievance procedures for a broader class of evictions than are now allowed]

We support the continuation of good cause eviction and lease termination requirements. We likewise support the continuation of anti-discrimination protections for Section 8 certificate and voucher holders.

e. Resident Empowerment: NLIHC supports changes in the public and assisted housing laws that would increase the level of accountability of managers to residents. We would support a majority of PHA Boards and Commissions to be composed of residents. We support granting residents more authority to enforce housing quality standards and a stronger voice in retaining or changing management entities that are poor performers. Increased accountability incentivizes the management of public and assisted housing and allows residents to protect their interest in safe, decent and affordable housing without facing displacement which also exposes buildings in distress to more rapid decline and deterioration .

f. Project Based v. Tenant Based Subsidies: The Coalition strongly opposes the proposal to shift public and assisted housing to a tenant-based subsidy system.

While HUD maintains that there is a substantial supply of housing in most markets that rent for less than the FMR, this ignores the issue of availability in tight markets with low vacancy rates. Additionally the market impact of adding to the universe of current tenant based subsidy holders, those residents who currently recieve project based assistance has not been assessed.

Racial discrimination in the Section 8 program is known to be a barrier to housing mobility and housing choice. HUD acknowledges that whites are much more successful than blacks in using their Section 8 certificates outside poor and minority neighborhoods.

Shortages in supply which currently exist and patterns of racial discrimination in subsidized housing markets will certainly be exacerbated by an influx of public and assisted housing residents into the private market.

Increasing the level of incremental tenant based rental assistance is an important part of the Department's arsenal of weapons in dealing with the level of unmet worst case housing need. However, placing current project based units at risk will only frustrate and complicate the department's quest to close the affordability gap which now exists. Likewise in some markets it may be cheaper for taxpayers and better for residents to continue a program of preservation than to "voucher out" low cost projects. Some program of prepayment preservation must be maintained.

V. Fair Housing

NLIHC supports the continued administration of fair housing programs by HUD in order to insure that housing programs are designed and propertly implemented consistent with Title VIII and affirmatively further fair housing goals.