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Selected NAHMA Policy Positions 112th Congress (2011): June 2011

NAHMA Positions Key

Strongly Support: NAHMA will devote the highest level of staff resources to actively work to pass the bill. NAHMA may propose draft legislation on issues we “strongly support.” NAHMA will conduct grassroots advocacy, seek opportunities to offer congressional testimony, meet with members of Congress and/or staff, initiate and/or sign onto letters with industry colleagues, proactively send position papers to members of Congress and/or staff, seek coverage in the trade press or other activities to move the bill through the legislative process and into law.

Support: NAHMA is interested in passing the bill, but it is not among our highest immediate priorities. NAHMA will likely initiate and/or sign onto letters with industry colleagues, meet with members of Congress and/or staff, or other activities to move the bill through the legislative process and into law.

Neutral: NAHMA will not work in favor or in opposition to the bill.

Oppose: NAHMA is concerned about the bill and does not support its passage, but it is not among our highest immediate priorities. NAHMA will likely initiate and/or sign onto letters with industry colleagues, meet with members of Congress and/or staff, or other activities to prevent the bill from becoming law.

Strongly Oppose: NAHMA will devote the highest level of staff resources to actively work against the bill. NAHMA may propose alternative draft legislation on issues we “strongly oppose.” NAHMA will conduct grassroots advocacy, seek opportunities to offer congressional testimony, meet with members of Congress and/or staff, initiate and/or sign onto letters with industry colleagues, proactively send position papers to members of Congress and/or staff, seek coverage in the trade press or other activities to stop the bill from moving through the legislative process and to prevent it from becoming law.

Tax-Related Bills

Update

H.R. 4: Small Business Paperwork Mandate Elimination Act of 2011

Sponsor: Rep. Daniel Lungren (R-CA)

NAHMA Position: Support 1099 reporting requirement repeal only

These pieces of legislation would repeal the Patient Protection and Affordable Care Act’s expansion of 1099 reporting requirements for payments of \$600 or more to corporations. The legislation would offset the cost of the repeal by increasing the amount of overpayment for the health care credit included in the Patient Protection and Affordable Care Act of 2010, which is subject to recapture.

H.R. 4 was passed by both the House and Senate. President Obama signed this bill into law as P.L. 112-15.

H.R. 559, S. 30: Extending LIHTC Placed-In-Service Dates for Disaster Areas
Sponsor: Rep. Cedric Richmond (D-LA), Senator Mary Landrieu (D-LA)
NAHMA Position: Support

H.R. 559 and S. 30 would provide an extension of the LIHTC placed-in-service date requirement for the Gulf Opportunity Zone, the Rita GO Zone, and the Wilma GO Zone from January 1, 2012 to January 1, 2013.

The bills have been referred to the House Ways and Means Committee and the Senate Finance Committee, respectively.

Management

H.R. 201: Removing Reward for Section 8 Fraud Act of 2009
Sponsor: Rep. Elton Gallegly (R-CA)
NAHMA Position: Strongly Support

The legislation would amend Section 12 of the United States Housing Act of 1937 to close a loophole that allows Project-Based Section 8 properties to lower rent contributions for families who are repaying the government when welfare fraud has been detected.

Passed in 1998, the Quality Housing and Work Responsibility Act of 1998 was intended to prohibit the owners and operators of the Section 8 programs from lowering the rent for tenants who commit welfare fraud or who refuse to participate in a self sufficiency program. However, the law only specifically identified PHA's as part of the Section 8 program, and was not applied to residents residing in Project-Based Section 8 properties.

The legislation closes the loophole by prohibiting privately owned Section 8 properties or contract administrators from decreasing rent levels for any household whose welfare benefits are reduced because the welfare agency has determined and verified:

- The family has committed welfare fraud; and/or
- The enforced sanction on the household is a result of noncompliance with a requirement to participate in an economic self-sufficiency program.

The bill has been referred to the House Financial Services Committee.

H.R. 233: No One Strike Eviction Act of 2011
Sponsor: Rep. Sheila Jackson Lee (D-TX)
NAHMA Position: Oppose

This legislation would reform the provisions requiring 'one-strike' eviction from public and federally assisted housing. The bill seeks to protect innocent tenants in public housing and Section 8 housing from eviction resulting from criminal activity of their household members or guests. The bill would add language so that criminal or drug-related criminal activity that was engaged in by a member of a tenant's household, guest or other person under the tenant's control, would not be grounds to evict a tenant as long as they did not know and should not have known of the activity.

NAHMA believes this bill undermines HUD's "One Strike Rule," which protects tenants from drug-related criminal activity.

This legislation has been referred to the House Financial Services Committee.

H.R. 284: Veterans, Women, Families with Children, and Persons With Disabilities Housing Fairness Act of 2011

Sponsor: Rep. Al Green (D-TX)

NAHMA Position: Neutral

The bill would authorize \$42.5 million for the Fair Housing Initiatives Program. It would also authorize \$20 million for each of the next five years to allow HUD to test for discrimination in home buying, renting, or financing. The bill would provide \$5 million for each of the next five years as grants to private entities to study housing discrimination.

The bill has been referred to the House Financial Services Committee.

H.R. 1209 - Section 8 Voucher Reform Act of 2009

Sponsor: Rep. Maxine Waters (D-CA)

NAHMA Position: Strongly Support

H.R. 1209 makes important improvements to the Section 8 voucher program (This legislation is not the paired down language that NAHMA, the House Financial Services Committee, HUD, and industry colleagues negotiated in late November 2010)

There are several key aspects of this bill which stabilize funding for the program by basing funding for vouchers on the previous year's leasing and cost data; simplify the complicated set of rules for the determination of rent, recertification of income and inspection of housing units, while maintaining current affordable standards; authorize appropriations for new incremental vouchers; simplify administration for PHAs; include tools to encourage voucher families to move to economic self-sufficiency such as disregarding a portion of earned income to protect families from any resultant increases in rent; and base voucher eligibility on income and assets.

However, the section that authorized Limited English Proficiency (LEP) technical assistance was left out.

The legislation has been referred to the House Financial Services Committee. However, the House Financial Services Committee Republicans may introduce a paired down alternative to SEVRA, similar to the draft legislation negotiated by NAHMA, industry colleagues, HUD, and House Financial Services Committee Democratic staff in late 2010. In this case, we believe LEP technical assistance authorization will be included in the bill. We expect that the LEP authorization language will include: the creation of a task force of industry and civil rights stakeholders to identify vital documents (to include both official HUD forms and unofficial property documents); a requirement that HUD must translate the vital documents (both official HUD forms and property documents) within six months; creation of a HUD-administered 1-800 hotline to assist with oral interpretation needs; and authorization of appropriations.

Preservation

H.R. 724: Public Housing Reinvestment and Tenant Protection Act of 2010

Sponsor: Rep. Maxine Waters (D-CA)

NAHMA Position: Support the Choice Neighborhoods Initiative language.

The legislation contains authorizing language for HUD's Choice Neighborhoods Initiative, one-for-one replacement for public housing units, an additional HUD loan program to help public housing leverage additional capital for preservation and rehabilitation, and a pilot program to train public housing residents to provide home-based health services.

The Choice Neighborhoods Act would expand the demolition and reconstruction of distressed housing activities in high poverty areas beyond public housing to other federally-assisted buildings and community assets. The program, which is intended to replace HUD's HOPE VI program, would allow both non-profit and for-profit entities to participate in demolishing and rebuilding distressed housing in these areas and improving communities. Developers must

ensure one for one unit and bedroom replacement. Tenants must be involved in the planning process as well and allowed to return to the new residences once they are completed.

The bill has been referred to the House Financial Services Committee.

S. 317: Affordable Housing Preservation and Revitalization Act of 2009

Sponsor: Sen. Ron Wyden (D-OR)

NAHMA Position: Support, with reservations

This legislation would allow the use of residual receipts from project-based voucher funded properties with expiring contracts to be transferred to nonprofit agencies that commit to preserving the affordable units. Currently, owners are required to hold on to residual receipts. The bill would prevent the loss of units by allowing these residual funds to be used as replacement reserves and to pay for: rehabilitation costs; tenant services; acquisition of the property; and any other costs that have been approved by HUD.

NAHMA supports the concept of flexibility for using residual receipts, as proposed, but the option must be extended to all preservation entities, including for-profits, before NAHMA could actively support the bill.

The bill has been referred to the Senate Banking Committee.

S. 624: Choice Neighborhoods Authorization Act

Sponsor: Sen. Robert Menendez (D-NJ)

NAHMA Position: Support

The legislation would authorize HUD's proposed Choice Neighborhoods program. Choice Neighborhoods is a program the Obama Administration first requested in its FY 2010 budget.

The Initiative expands the HOPE VI program beyond public housing by including assisted and private distressed housing as eligible projects for funding and allowing public, private, and non-profit partners to become eligible grant recipients. It is also intended to expand the scope of the program's initiatives beyond the demolition of distressed housing and help provide reform to school and community programs to help alleviate concentration of poverty in urban areas.

The bill has been referred to the Senate Banking Committee.

GSE & FHA Reform

H.R. 31: Fannie Mae and Freddie Mac Accountability and Transparency for Taxpayers Act of 2011

Sponsor: Rep. Judy Biggert (R-IL)

NAHMA Position: NAHMA has not taken a position on this legislation.

The legislation enhances the authority of FHFA's Inspector General (IG) and expands reporting requirements to Congress.

The legislation has passed the House Financial Services Capital Markets and GSE Subcommittee. It will now go to the full Committee for consideration.

H.R. 1221: Equity in Government Compensation Act of 2011

Sponsor: Rep. Spencer Bachus (R-AL)

NAHMA Position: NAHMA has not taken a position on this legislation.

The legislation suspends the compensation packages for executives of Fannie Mae and Freddie Mac and places all other employees on the General Schedule pay scale.

The legislation has passed the House Financial Services Capital Markets and GSE Subcommittee. It will now go to the full Committee for consideration.

H.R. 1222: GSE Subsidy Elimination Act of 2011

Sponsor: Rep. Randy Neugebauer (R-TX)

NAHMA Position: NAHMA has not taken a position on this legislation.

The bill would increase the guarantee fees charged by Fannie Mae and Freddie Mac with respect to single and small multifamily mortgage-backed securities guaranteed by these government sponsored entities (GSEs). The bill would not affect multifamily mortgages for properties that house five or more families.

Under the act, Fannie Mae and Freddie Mac would be required to charge a guarantee fee which reflects the risk of loss and the cost of capital allocated to similar assets, as determined by the Office of Federal Housing Enterprise Oversight, in connection with any single or small multifamily mortgage guarantee issued two years after the enactment of the bill.

The legislation has passed the House Financial Services Capital Markets and GSE Subcommittee. It will now go to the full Committee for consideration.

H.R. 1223: GSE Credit Risk Equitable Treatment Act of 2011

Sponsor: Rep. Scott Garrett (R-NJ)

NAHMA Position: NAHMA has not taken a position on this legislation.

The legislation would clarify that Fannie Mae and Freddie Mac will be held to the same standards as any other secondary mortgage market participants under the Dodd-Frank Act. A GSE loan purchase or asset-backed security issuance would not affect the status of the underlying assets.

The legislation has passed the House Financial Services Capital Markets and GSE Subcommittee. It will now go to the full Committee for consideration.

H.R. 1224: GSE Portfolio Risk Reduction Act of 2011

Sponsor: Rep. Jeb Hensarling (R-TX)

NAHMA Position: NAHMA has not taken a position on this legislation.

The legislation would require an annual reduction of Fannie Mae and Freddie Mac's housing portfolios over a five year period. During the first year after enactment, the legislation would reduce the size of each entity's mortgage asset portfolio to \$700 billion. Two years after enactment, the legislation would reduce the size of each entity's mortgage asset portfolio to \$600 billion. Three years after enactment, the legislation would reduce the size of each entity's mortgage portfolio to \$475 billion. Four years after enactment, the legislation would reduce the size of each entity's mortgage portfolio to \$350 billion. Year five and beyond would limit Fannie Mae and Freddie Macs mortgage asset portfolios to \$250 billion.

Since Fannie and Freddie went into conservatorship, NAHMA has feared a "fire sale" on the GSE assets. We are concerned that writing specific annual reductions for the GSE portfolios into statute, will reduce the government's ability to freeze sales if the market takes a nosedive.

The Treasury Department is already taking steps to sell its GSE mortgage-backed securities. The Treasury Department issued a press release on March 21, 2011 announcing that it will begin winding down its \$142 billion in holdings by selling up to \$10 billion of securities per month, subject to market conditions. If the sales proceeded at the full \$10 billion per month, the portfolio could be unwound in whole over approximately one year, depending on future

rates of prepayments. If market conditions change and Treasury slows asset sales, it is possible that the unwind will take a longer period of time.

The legislation has passed the House Financial Services Capital Markets and GSE Subcommittee. It will now go to the full Committee for consideration.

H.R. 1225: GSE Debt Issuance Approval Act of 2011

Sponsor: Rep. Steve Pearce (R-NM)

NAHMA Position: NAHMA has not taken a position on this legislation.

The bill would require the Treasury Department to approve any new debt issuance by the GSEs. If Treasury approves a debt issuance, it must explain and justify its decision to Congress and the FHFA within 7 days. The legislation would also limit the amount of GSE risk taking.

The legislation has passed the House Financial Services Capital Markets and GSE Subcommittee. It will now go to the full Committee for consideration.

H.R. 1226: GSE Mission Improvement Act of 2011

Sponsor: Rep. Ed Royce (R-CA)

NAHMA Position: Oppose

The bill would repeal the affordable housing goals for Fannie Mae and Freddie Mac. Some housing experts have placed the blame of the housing market collapse on the GSEs pursuance of its affordable housing goals, which has led to the Congressional re-examination of these goals.

The legislation would repeal both the single-family and multifamily housing goals. This would remove Fannie Mae and Freddie Mac's focus on purchasing multifamily mortgages that finances affordable units for low-income families. The affordable housing goals also encourage the GSEs to prioritize providing additional liquidity and stability to the multifamily mortgage market, increasing the size of the multifamily mortgage market to house low-income and very low-income families, and increase the credit available to the multifamily market.

The repeal would also remove the GSEs' focus on serving underserved markets, like rural areas and providing products to help facilitate affordable housing preservation.

Nevertheless, it is important to note that the GSEs revisited and reformed their affordable housing goals via regulation after Fannie Mae and Freddie Mac entered conservatorship in an effort to change the conditions that helped contribute to housing crisis.

In addition, the February 2011 Treasury-HUD report, *Reforming America's Housing Finance Market A Report To Congress*, dismissed the allegation that the GSEs affordable housing goals caused the housing market meltdown. It stated,

"Fannie Mae and Freddie Mac's structural design flaws, combined with failures in management, were the primary cause of their collapse. Although some have suggested affordability goals played a major role, the mistakes that led to the failure of Fannie Mae and Freddie Mac – poor underwriting standards, under pricing risk, and insufficient capital with inadequate regulatory or investor oversight – closely mirrored mistakes in the private-label securities (PLS) market where affordability goals were not a factor. In fact, delinquency rates on many PLS securities and other loans held by banks and other private market institutions were far higher than on the loans held by Fannie Mae and Freddie Mac, including loans qualifying for the affordability goals. While Fannie Mae and Freddie Mac's affordability goals were poorly designed and did not effectively serve their purposes...fundamental structural flaws and poor decision-making are the principal reasons these institutions failed."

NAHMA believes that eliminating the affordable housing goals, especially those affecting multifamily housing and underserved areas, which will hurt the future financing available for the development and preservation of multifamily rental housing.

The legislation has passed the House Financial Services Capital Markets and GSE Subcommittee. It will now go to the full Committee for consideration.

H.R. 1227: GSE Risk and Activities Limitation Act of 2011

Sponsor: Rep. David Schweikert (R-AZ)

NAHMA Position: NAHMA has not taken a position on this legislation.

The bill would prohibit the GSEs from offering, undertaking, transacting, conducting or engaging in any new business activities while in conservatorship or receivership. This restriction would reduce Fannie Mae's and Freddie Mac's market dominance and limit their size.

The legislation has passed the House Financial Services Capital Markets and GSE Subcommittee. It will now go to the full Committee for consideration.

New

H.R. 1859: Housing Finance Reform Act of 2011

Sponsor: Rep. John Campbell (R-CA)

NAHMA Position: NAHMA has not taken a position on this legislation; however we have advocated for a continued federal role in the housing finance market.

The legislation would require the Federal Housing Finance Association to wind down Fannie Mae and Freddie Mac and replace the GSEs with a system of new system of private housing finance guarantee associations with limited charters. The associations could not originate or service mortgages, issue securities backed by anything other than residential mortgage products guaranteed by the government, and would be limited in their investment activities.

The bill has been referred to the House Financial Services Committee. Capital Markets and GSE Subcommittee Chairman Scott Garrett (R-NJ) opposes the bill, and does not plan to consider it in the Subcommittee through regular order.

New

H.R. 1977: FHA Reform Act of 2011

Sponsor: Rep. Maxine Waters (D-CA)

NAHMA Position: Support increasing the maximum loan limit for multifamily mortgages.

The legislation enhances FHA's authority to crack down on lenders engaged in fraud or misrepresentation or failing to comply with FHA guidelines for originating or underwriting loans. In addition, it requires FHA to improve its internal controls to better manage risk, provides transparent data to the public and Congress, and creates a Deputy Assistant Secretary at FHA for Risk Management and Regulatory Affairs.

The bill would also increase the maximum mortgage loan limits for multifamily housing with elevators and/or in high cost areas.

The bill has been referred to the House Financial Services Committee.

New

S. 693: GSE Bailout Elimination and Taxpayer Protection Act

Sponsor: Senator John McCain (R-AZ)

NAHMA Position: Oppose repealing the affordable housing goals and eliminating the Housing Trust Fund.

The legislation would terminate the conservatorships of Fannie Mae and Freddie Mac within two years of enactment of the legislation. The bill also contains several provisions from the House GSE reform bills discussed above, which include: repealing the affordable housing goals; increasing the guarantee fees charged by Fannie Mae and Freddie Mac for mortgage-backed securities guaranteed by the GSEs; and reducing Fannie Mae and Freddie Mac's housing portfolios over a five year period. The bill would also repeal the housing trust fund and require the wind down and dissolution of the GSEs over a 10-year period.

The bill has been referred to the Senate Banking Committee; however, Senate Banking Chairman Tim Johnson (D-SD) has no intention of taking it up.

Legislation To Be Introduced

New

FHA and Rural Regulatory Improvement Act

Sponsor: n/a

NAHMA Position: Oppose the FHA capital ratio and downpayment increases; Remain neutral on the move of RHS to FHA; Oppose the overall legislation as written.

The bill would change the capital ratios mandated for both the General Risk Insurance Fund and the Special Risk Insurance Fund, requiring a HUD to maintain a capital ratio of at least 1.25 percent 2 years after the legislation is enacted and at least 2 percent 5 years after the legislation is enacted. The legislation would also require a down payment of 5 percent on all FHA loans, up from the current 3.5 percent requirement and prohibit the use of the loan to help finance closing costs.

The act would transfer USDA-RHS and all of its programs to HUD. HUD would be required to create a transition/reorganization plan to incorporate RHS within HUD's Office of Housing over an 18-month period. The President would have the right to review and/or change parts of the transition plan as he sees fit. RHS would still be required to fulfill its administrative duties during the transition. HUD's Inspector General would assume oversight of RHS after the transition. The act also creates a Deputy Assistant Secretary for Rural Housing within the Office of Housing.

In addition, the bill would require lenders to pay a guarantee fee of one percent of the principal obligation of all new Section 538 loans and an annual fee of 0.5 percent on all outstanding principal obligations of the 538 loans.

Although the bill has yet to be introduced, NAHMA is currently running this legislation through the public policy process.

New

Abolishing the Affordable Housing Trust Fund

Sponsor: Rep. Ed Royce (D-CA)

NAHMA Position: Oppose

Rep. Ed Royce plans to introduce legislation to abolish the National Housing Trust Fund, in conjunction with several other bills House Financial Services Capital Markets and GSEs Subcommittee Chairman Scott Garrett (R-NJ) has proposed as part of his GSE reform efforts.

The legislation has not been introduced and is opposed by the affordable housing industry, including NAHMA.

Updated

Section 8 Savings Act

NAHMA Position: Strongly Support

The Section 8 Savings Act (SESA) makes important improvements to the Section 8 voucher program and is the legislative vehicle to carry the LEP compromise language.

In November 2010, NAHMA, industry colleagues, HUD, and Congress paired down SEVRA achieve cost savings. SESA is the Republican version of the Section 8 Voucher Reform Act (SEVRA) and resembles the paired down version of SEVRA. The House Financial Services Committee Republican staff believe the Act will save \$1 billion in government spending.

SESA would:

- Streamline inspections of housing units, which will be especially helpful to voucher-holders in tight rental markets with low vacancy;
 - Minor repairs can be made within 30 days;
 - PHAs may allow occupancy prior to the inspection in buildings which passed an alternative inspection (HOME, LIHTC or other inspections with equally stringent HQS standards) within the last 12 months;
- Simplify the rules for determining a family's rent and income;
- Allow private owners of properties receiving project based assistance to voluntarily make a local Family Self-Sufficiency program available to tenants by entering into a cooperative agreement with a local PHA;
- Authorize HUD to provide Limited English Proficiency (LEP) technical assistance which:
 - Creates a stakeholder working group to identify vital documents for translations;
 - Requires HUD to translate identified documents within six months; and
 - Creates a HUD-administered 1-800 hotline to assist with oral interpretation needs;
- Authorize enhanced vouchers to protect tenants living in projects with expiring HUD-subsidized mortgages (current law only provides enhanced vouchers to such properties for mortgage prepayments);
- Extend the Mark-to-Market program through September 31, 2015.

This draft of the SESA bill is expected to save up to \$1 billion over five years and allow more working families to qualify for vouchers, particularly in rural areas.

The legislation has not been introduced.

Budget and Appropriations

NAHMA generally does not list a public policy position on appropriations bills, but we do actively work to achieve the highest possible funding levels for multifamily housing programs.

P.L. 112-04 (H. J. Res. 44): FY 2011 Continuing Resolution

Sponsor: Rep. Hal Rogers (R-KY)

NAHMA Position: Oppose cutting FY 2011 spending levels below full-funding for multifamily housing programs

The legislation provides a two-week extension to the FY 2011 continuing resolution (CR). The CR contains funding to allow all government agencies and programs to continue operating at FY 2010 appropriations levels through March 18, 2011, which will give Congress more time to pass a full year continuing resolution for the remainder of FY 2011.

Congress passed this legislation and President Obama signed it into law as P.L. 112-4 on March 4, 2011.

P.L. 112-06 (H. J. Res. 48): Additional Continuing Appropriations Amendments for FY 2011

Sponsor: Rep. Hal Rogers (R-KY)

NAHMA Position: Oppose cutting FY 2011 spending levels below full-funding for multifamily housing programs

The legislation provides a short-term continuing resolution (CR) that would fund government programs at FY 2010 levels through April 8, 2011. H. J. Res. 48 also contained \$6 billion in spending reductions. The spending reductions will make significant cuts to USDA-RHS single-family housing loans and eliminate HUD's Brownfields Redevelopment program.

Congress passed this legislation and President Obama signed it into law as P.L. 112-6 on March 18, 2011.

New

P.L. 112-08 (H.R. 1363): Further Additional Continuing Appropriations Amendments

Sponsor: Rep. Hal Rogers (R-KY)

The act extended the FY 2011 continuing resolution (CR) for discretionary non-military spending by an additional week, through April 15, in order to give Congress time to write the FY 2011 full year CR and pass it. The CR cut spending by \$12 billion, including reducing rural rental assistance by \$24 million and cutting CDBG funding by \$280 million.

The legislation passed Congress and was signed into law as P.L. 112-8 on April 8, 2011.

New

P.L. 112-10 (H.R. 1473): Department of Defense and Full Year Continuing Appropriations Act 2011

Sponsor: Rep. Harold Rogers (R-KY)

The act provides funding for the remainder of FY 2011 at FY 2010 levels, unless otherwise specified. The bill reduces funding by \$38.5 billion for FY 2011 when compared to FY 2010 spending levels.

The FY 2011 CR provides full-funding for tenant-based Section 8 and project-based Section 8 rental assistance contracts, as well as Section 202 and 811 PRACs. However, the CR would cut funding for capital advances for new construction/rehabilitation programs like CDBG, HOPE VI, HOME, and Section 202 and 811. Proposed funding in the FY 2011 CR for HUD multifamily programs is as follows:

- **Tenant-Based Section 8:** \$18.4 billion (total); \$16.7 billion (contract renewals), which includes an advanced appropriation of \$4 billion for FY 2012; and \$35 million for Section 811 vouchers
 - FY 2011 Budget Request: \$19.6 billion (total); \$17.3 billion (contract renewals)
 - FY 2010 Appropriation: \$18.2 billion (total); \$16.339 billion (contract renewals)
- **Project-Based Section 8:** \$9.3 billion total; \$8.95 billion (contract renewals); \$400 million as an FY 2012 Advanced Appropriation included in the total funding levels.
 - FY 2011 Budget Request: \$9.4 billion total; \$9.04 billion (contract renewals); \$400 million as an FY 2012 Advanced Appropriation included in the total funding level (full-funding for all contract renewals was determined to be lower in mid-2010);
 - FY 2010 Appropriation: \$8.5 billion (total); \$8.325 billion (contract renewals); \$393 million as an FY 2011 Advanced Appropriation included in the total funding level
- **Section 202:** \$400 million; \$300 for PRAC renewals and Service Coordinators, \$100 million for capital advances
 - FY 2011 Budget Request: \$274 million
 - FY 2010 Appropriation: \$825 million

- **Section 811:** \$150 million; \$68 million for PRAC renewals, \$50 million for capital advances, and \$32 for renewal of tenant-based rental assistance contracts
 - FY 2011 Budget Request: \$90 million
 - FY 2010 Appropriation: \$300 million
- **Transforming Rental Assistance (TRA):** \$0
 - FY 2011 Budget Request: \$300 million
 - FY 2010 Appropriation: n/a
- **HOPE VI:** \$100 million
 - FY 2011 Budget Request: \$0
 - FY 2010 Appropriation: \$200 million; up to \$65 million for the Choice Neighborhoods demonstration program
- **Choice Neighborhoods:** \$0
 - FY 2011 Budget Request: \$250
 - FY 2010 Appropriation: Up to \$65 million from the HOPE VI account for the Choice Neighborhoods demonstration program
- **HOME:** \$1.61 billion
 - FY 2011 Budget Request: \$1.65 billion
 - FY 2010 Appropriation: \$1.825 billion
- **CDBG:** \$3.5 billion; \$3.34 billion for grants
 - FY 2011 Budget Request: \$4.38 billion; \$3.99 billion for grants
 - FY 2010 Appropriation: \$4.45 billion; \$3.99 billion for grants
- **LEP:** \$500,000
 - FY 2011 Budget Request: \$0
 - FY 2010 Appropriation: \$500,000
- **Affordable Housing Trust Fund:** \$0
 - FY 2011 Budget Request: \$1 billion
 - FY 2010 Appropriation: n/a

The FY 2011 CR cuts funding to every rural multifamily housing program, except Section 515 which is flat-funded. Proposed funding in the FY 2011 CR for USDA-RHS multifamily programs are as follows:

- **Rural Rental Assistance:** \$956 million
 - FY 2011 Budget Request: \$966 million
 - FY 2010 Appropriation: \$980 million
- **Section 515 Housing Direct Loans:** \$69.5 million
 - FY 2011 Budget Request: \$95 million
 - FY 2010 Appropriation: \$69.5 million
- **Section 538 Housing Loan Guarantees:** \$30.9 million; \$3 million of this is set aside for multi-family housing guaranteed loans
 - FY 2011 Budget Request: \$129 million, no interest subsidies included
 - FY 2010 Appropriation: \$129 million, no interest subsidies included
- **Multifamily Housing Revitalization Program:** \$30 million; \$14 million for vouchers, \$15 million for the demonstration program, and \$1 million for loans to non-profits
 - FY 2011 Budget Request: \$18 million for housing vouchers
 - FY 2010 Appropriation: \$43.2 million; \$16.4 million in vouchers, \$25 million for the demonstration program, and \$2 million for non-profit loans

Both USDA-RHS and HUD have confirmed that the funding provided by these bills should be enough to fulfill all tenant-based Section 8, project-based Section 8, Section 202 and 811 PRACs, and rural rental assistance contracts for FY 2011. Nevertheless, NAHMA is extremely concerned by the significant cuts to the new construction and rehabilitation programs, which are critical to help meet the growing need for affordable housing nationwide. These new construction and rehabilitation programs are often used in conjunction with the low-income housing tax credit (LIHTC) to complete development and rehabilitation deals.

The legislation passed Congress and was signed into law as P.L. 112-10 on April 15, 2011.

New

H. Con. Res. 34: FY 2012 Budget Resolution

Sponsor: Rep. Paul Ryan (R-WI)

The resolution establishes the Federal budget for FY 2012 and sets us the budgetary levels for FY 2013-2021. The resolution contains the budgetary reduction strategy set forth in House Budget Committee Chairman Paul Ryan's (R-WI) "Path to Prosperity" FY 2012 budget proposal unveiled in April. The Chairman believes by following this proposal set forth in H. Con. Res. 34 Congress could cut \$6.2 trillion in government spending over the next decade compared to the President's budget and \$5.8 trillion relative to the current-policy baseline.

The House resolution is a blue print for spending in FY 2012. The resolution does not require the President's approval nor does it become law.

H. Con. Res. 34 would significantly decrease the Income Security budget authority by \$160 billion in cuts over the next five years. The Income Security account contains the budget authority for HUD's and USDA-RHS's affordable housing programs. The resolution proposes reducing the Income Security budget authority by \$90 billion between FY 2011 and FY 2012. The Income Security budget authority would be reduced by another \$70 billion between FY 2012 and FY 2015 before leveling out through FY 2021.

The budget assumptions that accompanied the resolution would also wind down Fannie Mae and Freddie Mac, as well as reform corporate taxes, by eliminating or reducing corporate tax breaks and credits, which could include the LIHTC.

The House has adopted H. Con. Res. 34 as their FY 2012 budget resolution. Nevertheless, the Senate voted down H. Con. Res. 34. Negotiations on spending reductions are ongoing.

New

S. Con. Res. 18: FY 2012 Budget Resolution

Sponsor: Senator Jeff Sessions (R-AL)

This concurrent resolution establishes the Federal budget for FY 2012 and sets the budgetary levels for FY 2013-2021. The resolution contains the budgetary guidelines set forth by President Obama's FY 2012 budget request. The resolution would reduce government spending for FY 2012 \$100 billion below the FY 2011 budget request and freezes government spending at FY 2010 appropriations levels for the next five years.

S. Con. Res. 18 would decrease the Income Security budget authority by \$70 billion in cuts over the next five years. The Income Security account contains the budget authority for HUD's and USDA-RHS's affordable housing programs

The budget assumptions that accompanied the resolution would increase taxes for the top two percent of the population; provide full funding for all Section 811 and 202 PRACS, housing choice vouchers, and project-based Section 8 contracts for FY 2012; and cut some funding from new construction and rehabilitation programs.

The Senate voted down S. Con. Res. 18. Negotiations on spending reductions are ongoing.

New

S. Con. Res. 20: FY 2012 Budget Resolution
Sponsor: Senator Rand Paul (R-KY)

This concurrent resolution establishes the Federal budget for FY 2012 and sets us the budgetary levels for FY 2013-2021. The resolution contains the budgetary guidelines proposed by Senator Rand Paul (R-KY) and claims to balance the budget by FY 2016. The resolution would reduce non-security discretionary spending to FY 2008 levels for FY 2012.

S. Con. Res. 18 would decrease the Income Security budget authority by \$200 billion in cuts over the next five years.

The budget assumptions that accompanied the resolution would eliminate the Department of Housing and Urban Development and all of its programs.

The Senate voted down S. Con. Res. 20, the Paul proposal. Negotiations on spending reductions are ongoing.

New

S. Con. Res. 21: FY 2012 Budget Resolution
Sponsor: Senator Pat Toomey (R-PA)

This concurrent resolution establishes the Federal budget for FY 2012 and sets us the budgetary levels for FY 2013-2021. The resolution contains the budgetary guidelines proposed by Senator Pat Toomey (R-PA) and claims to balance the budget by FY 2021. The resolution would reduce non-security discretionary spending to FY 2006 levels for FY 2012 and freezes spending over the next six years.

S. Con. Res. 18 would decrease the Income Security budget authority by \$208 billion in cuts over the next five years. The Income Security account contains the budget authority for HUD's and USDA-RHS's affordable housing programs

The budget assumptions that accompanied the resolution would also reform corporate taxes, eliminating all corporate tax breaks and credits, which could include the LIHTC.

The Senate voted down S. Con. Res. 21, the Toomey proposal. Negotiations on spending reductions are ongoing.

New

H.R. 2112: FY 2012 Agriculture Appropriations
Sponsor: Rep. Jack Kingston (R-GA)

NAHMA position: Oppose cuts to rural multifamily housing programs.

The FY 2012 Agriculture Appropriations legislation provides funding for USDA, including the Rural Housing Service, for fiscal year 2012. The legislation would cut funding for every rural multifamily housing program and eliminate the Section 538 program.

Proposed FY 2012 funding USDA-RHS multifamily programs is as follows:

- **Rural Rental Assistance:** \$890 million
 - FY 2012 Budget Request: \$907 million
 - FY 2011 Appropriation: \$956 million

- **Section 515 Housing Direct Loans:** \$58.6 million
 - FY 2012 Budget Request: \$95 million

- FY 2011 Appropriation: \$69.5 million
- **Section 538 Housing Loan Guarantees: \$0**
 - FY 2012 Budget Request: \$0
 - FY 2011 Appropriation: \$30.9 million; \$3 million of this is set aside for multi-family housing guaranteed loans
- **Multifamily Housing Revitalization Program: \$11 million for housing vouchers**
 - FY 2012 Budget Request: \$16 million for housing vouchers
 - FY 2011 Appropriation: \$30 million; \$14 million for vouchers, \$15 million for the demonstration program, and \$1 million for loans to non-profits

NAHMA believes these large cuts will be extremely harmful to the RHS multifamily housing programs. The RHS portfolio is in desperate need of rehabilitation. Furthermore, the program is experiencing vacancy problems brought on by economic realities and a lack of rural rental assistance for those who need it. Cutting rural rental assistance and vouchers to RHS programs will reduce the number of low-income households who are able to reside in affordable rural properties.

The House Appropriations Committee approved this legislation on May 31. It will now go to the House floor for a vote. NAHMA will work to restore these cuts in both the House and the Senate.