

NAHMAanalysis

NATIONAL AFFORDABLE HOUSING MANAGEMENT ASSOCIATION

Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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Results of the 2014 Mid-Term Elections

Background

As predicted by various political analysts and media outlets, Republican candidates won many key Senate races and picked up additional seats in the House of Representatives during the 2014 Mid-Term elections. The results for the Senate seat in Louisiana¹ have not been finalized, but so far Republicans have picked up eight seats away from Democrats, shifting the majority in the Senate to 53 Republicans – 46 Democrats (included in this figure are two independent Senators who caucus with Democrats). In the House, Republicans increased their lead by 12 seats for a total of 246 with Democrats retaining a total of 188 seats. One seat is still in contention².

The results of these elections have wide-ranging implications for the leadership of each chamber, and the focus of each of the Congressional committees and their corresponding subcommittees. Generally speaking, the party with the most members in each chamber sets the agenda for consideration of bills and controls the committee chairmanships. The numerous Senate election victories for Republicans gives them control over key committee chairmanships in both the House and Senate. This NAHMAanalysis will explore the predicted changes coming to these committees and their respective agendas moving forward.

Summary

DISCLAIMER: The leadership positions and Committee assignments will take effect when the 114th Congress is sworn in and formally organizes in January. ***The analysis below represents predictions based on the best information available at this time from a variety of sources including firsthand information from Hill staff.***

¹ The state of Louisiana has unique election rules compared to other states. If no candidate has a 51% majority after the election, the top two candidates advance to a runoff election to be held on December 6, 2014. Incumbent Mary Landrieu (D) and challenger Bill Cassidy (R) were the top two candidates; they will now compete in a runoff.

² Arizona's 2nd Congressional District race has not been officially determined. Due to the state's election laws, races with a difference of less than 200 votes force a recount of all votes. This recount will take place on December 1, 2014.

House Leadership

114th Congress Speaker of the House: John Boehner (R-OH)

At the beginning of the 114th Congress (January 1, 2015), the Speaker of the House must be elected by the entire House as the first order of business. It is worth noting that the Speaker is also third in the line of succession for the Presidency, behind the Vice President. The Speaker controls the agenda for the House.

John Boehner has been elected by his Republican caucus to be the Speaker of the House again in the 114th Congress. When the 114th Congress convenes in January 2015, he will have to be elected by the entire House of Representatives.

114th Congress Majority Leader: Kevin McCarthy (R-CA)

The Majority Leader schedules votes on the House floor, and is charged with making sure the proverbial “trains run on time.” He will oversee the day-to-day operations of the legislative agenda.

Representative Kevin McCarthy was selected again by his fellow House Republicans to retain the Majority Leader position in June of 2014 after Eric Cantor (R-VA) the former House Majority Leader in the 113th Congress, lost his primary for reelection to a Republican challenger.

114th Congress Minority Leader: Nancy Pelosi (D-CA)

The Minority Leader is the recognized leader of the party with fewer members. While he or she has no power in setting the agenda, the minority leader may work closely with leaders in the majority party to ensure that provisions important to the interests of the minority party are included in legislation.

Nancy Pelosi has been elected again by her Democratic caucus for this position in the 114th Congress.

Senate Leadership

Majority Leader: Mitch McConnell (R-KY)

In the Senate, an individual becomes majority leader if he was the elected leader of his party and has the most Senators caucusing, or aligning themselves, with his party. The Senate Majority Leader is a position recognized by tradition, not a full vote by the Senate. The Senate Majority Leader’s job is to set the agenda for each chamber; he decides what business comes to the Senate floor, and when it will receive votes.

Mitch McConnell was elected by other Republican senators to take the position after the party's sweeping election victories that placed them in control of the Senate. He will begin this position in January at the beginning of the 114th Congress.

Minority Leader: Harry Reid (D-NV)

The Senate Minority leader is the recognized head of his or her party. He is generally the person who tries to ensure that his party members get an opportunity to vote on desired amendments, and negotiates time agreements on debate and amendments with the Majority Leader.

Harry Reid has been elected by his fellow Democrats to take the Minority Leader position. He served as Majority Leader since 2005.

House Committees

Republicans and Democrats have their own rules for choosing a committee chairman. The House—particularly the House Republican Conference—considers seniority as one of several factors when determining committee leadership. Committee chairs control the legislative agenda, schedule, and enjoy subpoena power. They are exclusively members of the majority party while the Ranking Members of the committees lead the minority party. Ranking Members do not control the agenda or schedule of the committees, but they can be influential in crafting legislation and choosing witnesses at hearings.

Appropriations Committee

114th Congress Chairman: Harold Rogers (R-KY)

Predicted 114th Congress Ranking Member: Nita Lowey (D-NY)

114th Congress T-HUD Subcommittee Chairman: Mario Diaz-Balart (R-FL)

Predicted 114th Congress T-HUD Subcommittee Ranking Member: David Price (D-NC)

114th Congress Agriculture Subcommittee Chairman: Robert Aderholt (R-AL)

Predicted 114th Congress Agriculture Subcommittee Ranking Member: Sam Farr (D-CA)

The Appropriations Committee decides how much money federal programs will receive each year and how the agencies will use that money. Its jurisdiction is limited to funding discretionary programs; it does not fund entitlements such as Social Security. The Transportation-HUD Subcommittee is responsible for funding HUD programs while the Subcommittee on Agriculture funds USDA-RHS programs.

Harold Rogers (R-KY) will retain the Chair position on the House Appropriations Committee. In an Appropriations Committee [press release](#), he outlined his selections for

the subcommittee chairman positions. Rogers became the chair of this committee in 2011, so he will reach the term limit at the end of the 114th Congress. Current Ranking Member Nita Lowey is expected to keep her Ranking Member position.

The Transportation-HUD Subcommittee will have major changes in leadership. Chairman Tom Latham (R-IA) and Ranking Member Ed Pastor (D-AZ) have both announced their retirement and will leave office at the end of the 113th Congress. The next most senior Republican member, Frank Wolf (VA), is also retiring. In a surprising move, Appropriations Chair Hal Rogers has selected Representative Mario Diaz-Balart (R-FL) to take on the Chairman role, despite him not serving on the T-HUD Subcommittee in the 113th Congress. The ranking member though is harder to predict. One possibility based on the seniority consideration is that Congressman David Price (D-NC) will take the position.

Robert Aderholt (R-AL) will remain the Agriculture Subcommittee Chair while Sam Farr (D-CA) is expected to maintain his Ranking Member position.

Our main concern for appropriators of the T-HUD Subcommittee is the proposed transition of Project-Based Section 8 (PBS8) contracts to a calendar year funding model, which was first requested in the Obama Administration's 2015 Budget Request and then adopted as part of the FY 2015 Appropriations bills in both the House and Senate (H.R. 4745 and S.2438).

Before the appropriations process stalled, Congress and the White House were targeting \$9.75 billion for PBS8 – an approximately \$200 million reduction from FY 2014 funding levels. It is likely that appropriators will adopt this request, which means PBS8 will need at least a \$1.1 billion increase in FY 2016. NAHMA understands that obtaining any increases in funding for multifamily housing programs—particularly the Project-Based Section 8 program—in the 114th Congress will be incredibly difficult. The amount of appropriations available will be constrained each year for the next several fiscal years, as required by the discretionary spending caps in the Budget Control Act. Nevertheless, we remain committed to working with the Obama Administration and Congress to ensuring full-funding for all rental assistance programs and protecting the funding of all other programs that support multifamily housing.

House Financial Services Committee

114th Congress Chairman: Jeb Hensarling (R-TX)

Predicted 114th Congress Ranking Member: Maxine Waters (D-CA)

114th Congress Insurance, Housing, and Community Opportunity Subcommittee Chairman: Blaine Luetkemeyer (R-MO)

Predicted 114th Congress Insurance, Housing, and Community Opportunity Subcommittee Ranking Member: Michael Capuano (D-MA)

The House Financial Services Committee and its Subcommittees have oversight responsibility of HUD and the Rural Housing Service. As the appropriate “authorizing

committee” for housing issues, consideration of most new housing-related legislation in the House begins here.

Jeb Hensarling (R-TX) will remain the Chairman, while Representative Maxine Waters is also expected to retain her Ranking Member Position. She has been a strong supporter of affordable housing programs, and has worked with NAHMA on a number of important issues.

In a [press release](#) on his subcommittee chairman choices, Jeb Hensarling has selected Representative Blaine Luetkemeyer (R-MO) to chair the House Financial Services Insurance, Housing, and Community Opportunity Subcommittee position. The current Chair of this subcommittee, Randy Neugebauer (R-TX), will vacate the position to serve as Chairman of the Financial Institutions and Consumer Credit Subcommittee. The current Ranking Member, Michael Capuano (D-MA), will likely retain his position.

NAHMA expects that the House Financial Services Committee priorities for the 114th Congress will be similar to those of the 113th Congress. NAHMA believes the Committee will continue to pursue improving FHA solvency, winding down Fannie Mae and Freddie Mac, and comprehensive housing finance reform.

Ways and Means Committee

114th Congress Chairman: Paul Ryan (R-WI)

Predicted 114th Congress Ranking Member: Sander Levin (D-MI)

This is the tax-writing committee and the authorizing Committee for entitlement programs such as Social Security, Medicare, etc. Legislation to amend the Low Income Housing Tax Credit (LIHTC) program falls under the jurisdiction of this Committee.

The makeup of this Committee will be considerably different in the 114th Congress. First, Chairman Dave Camp (R-MI) is retiring at the end of this session, and will not return in 2015. Current House Budget Committee Chairman Paul Ryan (R-WI) has been selected by his caucus to take the reins of the Ways and Means Committee. There are also several other members of the committee who have announced retirement. However, Sanders Levin (D-MI) will likely retain the Ranking Member position in the 114th Congress.

Based on statements from Representative Ryan, NAHMA believes the Ways and Means Committee will focus on overhauling the U.S. tax code and reforms to entitlement programs such as Medicare and Medicaid. One outstanding concern from the 113th Congress is Representative Dave Camp’s draft tax reform bill, which would make significant overhauls to the U.S. tax code including the Low-Income Housing Tax Credit (LIHTC). His draft legislation was not formally introduced as a bill, and it is uncertain if Paul Ryan will pursue similar program changes as outlined by Dave Camp. Paul Ryan has made previous statements to the effect that Camp’s draft bill is one of many ideas for tax reform.

Senate Committees

While there are specific procedures followed by the Republican and Democratic caucuses in selecting committee chairmen, the tradition of the Senate generally recognizes that the member of the majority party having the most seniority on the committee becomes chairman. Likewise, the member of the minority party who has the most seniority on the committee becomes the ranking member.

The leadership of every committee in the Senate will change as a result of this recent election. For some committees, the Chair and Ranking member positions will simply reverse. Retirements and lost reelection bids will cause others to completely change.

Senate GOP and Democratic leadership have not made formal announcements for the Chair and Ranking Member positions in the 114th Congress; these predictions are based on the best information available at this time from a variety of sources including firsthand information from Hill staff.

Banking, Housing & Urban Affairs Committee

Predicted 114th Congress Chairman: Richard Shelby (R-AL)

Predicted 114th Congress Ranking Member: To be determined

Predicted 114th Congress Housing, Transportation, and Community Development Subcommittee Chairman: Jerry Moran (R-KS)

Predicted 114th Congress Housing, Transportation, and Community Development Subcommittee Ranking Member: Robert Menendez (D-NJ)

The Banking Committee is the Senate counterpart to the House Financial Services Committee. The Subcommittee on Housing and Transportation is the counterpart to the House Subcommittee on Housing and Opportunity.

Based on NAHMA's various sources, Senator Richard Shelby (R-AL) will likely assume the Chairman position. Current Chairman of the Senate Banking Committee, Tim Johnson (D-SD), has announced his retirement and will not be returning for the 114th Congress; Senator Jack Reed (D-RI) is the most senior Democrat on this Committee after Johnson's departure, but he has publicly indicated his desire to be the Ranking Member for the Senate Armed Services Committee. The next most senior members are Charles Schumer (D-NY) and Senator Robert Menendez (D-NJ).

NAHMA expects the Committee to continue its discussions and investigations surrounding housing finance reform and FHA solvency in the 114th Congress. Before the elections, Chairman Johnson and Mike Crapo had been working on a housing finance reform bill, S.1217, which is considered one of leading bills on the subject. There is currently no indication if Senator Shelby will continue to pursue passage of S.1217 as he was not a cosponsor for the bill.

Robert Menendez (D-NJ) may take over the Ranking Member position for the Housing and Transportation Subcommittee, while Jerry Moran (R-KS) could take the title of Chairman. Senator Menendez is a strong supporter of affordable housing programs. He has previously introduced legislation to increase the number of Section 811 properties, reform the Section 811 program, introduced LEP authorizing language, and has voiced strong support for Section 8 voucher reform.

Appropriations Committee

Predicted 114th Congress Chairman: Thad Cochran (R-MS)

Predicted 114th Congress Ranking Member: Barbara Mikulski (D-MD)

Predicted 114th Congress T-HUD Subcommittee Chairman: Susan Collins (R-ME)

Predicted 114th Congress T-HUD Subcommittee Ranking Member: Patty Murray (D-WA)

Predicted 114th Congress Agriculture Subcommittee Chairman: Jerry Moran (R-KS)

Predicted 114th Congress Agriculture Subcommittee Ranking Member: Jeff Merkley (D-OR)

Like its House counterpart, the Senate Appropriations Committee decides how much money federal programs receive, and how it should be spent. The subcommittees noted fund HUD and USDA-RHS programs.

According to NAHMA's various sources, Mississippi Senator Thad Cochran is slated to become the next Chairman for the Senate Appropriations Committee. He previously served as the Ranking Member before he reached the maximum number of years he could serve in the position under current Senate Republican rules. Current Chair Barbara Mikulski will take the Ranking Member position.

Patty Murray (D-WA) and Susan Collins (R-ME) are expected to reverse their Chair and Ranking Member positions on the T-HUD Subcommittee. Both Murray and Collins have been excellent advocates for the project-based Section 8 program.

The next Chairman for the Agriculture Subcommittee will most likely be current Kansas Senator Jerry Moran. The Ranking Member position is harder to determine. Current Chairman Mark Pryor (D-AR) lost his reelection bid and will not be returning for the 114th Congress. There are also two retiring Democrats on this Subcommittee, Tom Harkin (IA) and Tim Johnson (SD). Additionally, Subcommittee member Mark Udall (D-CO) lost his reelection bid. According to NAHMA's various sources, Senator Jeff Merkley (D-OR) will most likely take the Ranking Member position.

The biggest appropriations item for the remainder of the 113th Congress is the funding legislation for fiscal year 2015. After Congress failed to pass the necessary appropriations bills for 2015, a temporary continuing resolution was passed in

September which continued funding for federal programs at FY 2014 levels. However, this agreement expires on December 11, 2014, so the appropriators in the Senate and House must decide on the legislation to fund the rest of FY 2015. Depending on if the FY 2015 funding agreement is another short-term continuing resolution, the new leaders in the 114th Congress may find the FY 2015 appropriations as their first order of business. NAHMA will continue to work with the Appropriations Committee to ensure full-funding for the project-based Section 8 contracts and adequate funding for all other affordable housing programs in the new Congress.

Finance Committee

Predicted 114th Congress Chairman: Orrin Hatch (R-UT)

Predicted 114th Congress Ranking Member: Ron Wyden (D-OR)

This is the Senate counterpart to the House Ways and Means Committee. The Finance Committee has jurisdiction for LIHTC bills and all other tax legislation.

We expect Orrin Hatch (R-UT) and Ron Wyden (D-OR) will reverse their chair and ranking member positions in this committee. Tax reform and extending expiring tax provisions will likely dominate the Senate Finance Committee's agenda for the remainder of the 113th Congress and into the new Congress. Beginning in March of 2013 under the previous Chairman Max Baucus (D-MT), the Senate Finance Committee began to compile numerous tax reform option papers on the various possibilities for tax reform. The committee decided to start with a blank slate approach, meaning they used the assumption that all tax expenditures are eliminated. With this blank slate, the committee asked all senators to communicate what tax breaks should still be included in the U.S. tax code and then legislation would be drafted to form a new code. It is unclear if Orrin Hatch will pursue this type of reform procedure when he enters chairmanship in the 114th Congress.

For the remainder of the 113th Congress, legislators on the Finance Committee will have to negotiate a bill regarding tax provisions in lieu of a new tax deal. Current Chairman Ron Wyden had introduced the EXPIRE Act which is a temporary tax extenders bill intended to maintain current policy as members work towards tax reform. This bill would continue tax breaks that expired at the end of 2013 through 2015, including the LIHTC minimum 9% credit and a minimum 4% credit for preservation. There is bipartisan agreement on the committee that tax reform is preferable to annual "extender" bills. It remains to be seen if the committee can find consensus to move forward with tax reform legislation in the next Congress.

Election Outcomes

While the election has caused a major change in the makeup of Congress, many of the issues that plagued the 113th have yet to be resolved. The Budget Control Act continues to limit available funds for discretionary programs and lawmakers have yet to find a replacement for sequestration. These challenges create roadblocks for the

appropriators and contribute to the creation of controversial proposals, such as the PBS8 calendar year funding language. Lawmakers must also negotiate their way through a maze of other complicated issues such as tax reform, immigration, and housing finance reform.

In the 114th Congress, NAHMA hopes to see more collegial attitudes towards critical issues and a move away from partisan standoffs. The working relationship between the new Republican dominated Congress and the Obama administration will be critical in achieving this goal. Unfortunately, President Obama's recent announcement on executive action to reform U.S. immigration may derail bipartisan efforts to resolve these other issues.