

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

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November 9, 2006

NAHMAanalysis # 2006- 1109

### Effective Date

The 110<sup>th</sup> Congress will convene on an as of yet undetermined date in January, 2007.

### Background

On November 7, voters across the country made a dramatic statement, returning the House of Representatives and the Senate to control by the Democrats. The results of these elections have implications for the leadership of each chamber, and the committee chairmanships. Generally speaking, the party with the most members in each chamber sets the agenda for consideration of bills and controls the committee chairmanships.

### Summary

The Senate is currently divided between 49 Republicans, 49 Democrats, and 2 Independents. Because the two Independent senators, Bernie Sanders of Vermont and Joseph Lieberman of Connecticut will vote with the Democrats, control of the chamber returns to them.

While different news outlets are reporting different figures for the breakdown of Republicans and Democrats in the House of Representatives, it is widely agreed that Democrats have exceeded the 218 seats needed to regain the majority. For instance, MSNBC.com projected at least 201 Republicans, and 234 Democrats. CNN.com projected 196 Republicans and 229 Democrats, with 10 races undecided.

With a new majority, the Democrats have also regained control of key committee chairmanships in both chambers.

**DISCLAIMER:** The elections for the House and Senate Leadership have not yet been completed. Further, the committee and subcommittee chairs have not yet been officially named. *The analysis below represents predictions based on the best information available at this time.*

## House Leadership

**Speaker of the House: Nancy Pelosi (D-CA)**

The Speaker of the House must be elected by the entire House as the first order of business in the new Congress. 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.

Rep. Pelosi is the current House Minority Leader. When the new Democratic majority takes office in January, she is expected to be elected Speaker. Also, she will make history as the first woman to ever hold this position.

**Majority Leader: Undetermined; Candidates known at press time include Steny Hoyer (D-MD) and Jack Murtha (D-PA).**

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

Hoyer is the current Minority Whip—the number two Democrat in the House. Presumably, the position would be his to lose. He is campaigning based on his experience in the Democratic leadership. A recent letter to his Democratic colleagues notes,

“...I believe that it is imperative that our next Majority Leader have the skills, ability and energy to reach out to every element of our diverse Caucus so that we may achieve consensus. Our new Majority Leader also must have an unwavering commitment to our core principles, and be an effective communicator and legislative strategist. I believe that I have established a strong track record in all of these areas over the last four years.”

Jack Murtha is a retired, decorated Marine Colonel who has represented Southwestern Pennsylvania in the House for more than 30 years. A strong supporter of the military and veterans, Murtha has risen to national prominence by calling for redeployment of U.S. troops in Iraq. He represents the moderate-to-conservative wing of the Democratic Party, holds a powerful seat on the Appropriations Committee and is known as an effective deal maker.

**Minority Leader: Undetermined; Known candidates at press time include John Boehner (R-OH) and Mike Pence (R-IN).**

The Minority Leader is the recognized leader of the party with fewer members.

In the aftermath of losing their majority, it is unclear whether the Republican caucus will retain any of its current leadership. Current Speaker Dennis Hastert (R-IL) won re-election to his House seat, but has declared he will not seek the Minority Leader post. Neither is current Majority Leader John Boehner (R-OH) a “shoe-in” to lead Republicans as Minority Leader.

Both Boehner and Pence are appealing to their colleagues as the leader who will return the caucus to its core principals of limited government, restrained discretionary spending, and government reform. They are each running under the banner of the “Contract with America,” the GOP campaign manifesto in 1994.

John Boehner’s November 8 appeal to the GOP caucus touts his role in the “Republican Revolution”:

“...In the early 1990s I was one of a handful of renegades who were sick of being in the minority, and sicker than that at colleagues who were content with sweeping up the crumbs that Democrats left them instead of driving the big change that America needed and wanted. We developed the vision that led to the Contract with America, which proudly said that House Republicans were ready as a team to take on the Washington

status quo on America's behalf...

And so I'm asking for your support as our party's leader in the 110th Congress. I am running as one who knows how to build teams; how to articulate a vision for the future; how to set bold goals that bring out the best in our team; and how to achieve those goals. I'll be asking you to work hard, but I'll work harder. Working together, and playing to win, we can come back as a renewed, strengthened majority."

The same day, Rep. Mike Pence (R-IN) issued a dear colleague letter to his fellow Republicans asking for their support in his bid to become Minority Leader. According to Pence:

"After 1994, we were a Majority committed to a balanced federal budget, entitlement reform and the principles of a limited federal government. We delivered on balanced federal budgets, welfare reform and responded to a national emergency with defense spending, homeland security and tax cuts that put our economy back on its feet.

However, in recent years, to the chagrin of millions of Republicans, our Majority also voted to expand the federal government's role in education by nearly 100% and created the largest new entitlement in 40 years. We also pursued domestic spending policies that created record deficits, national debt and earmark spending that has embarrassed us and caused many Americans to question our commitment to fiscal responsibility."

As the shockwaves of the election results settle in, it is simply not known whether the GOP will seek to redefine itself under new leadership or give its incumbent leader another chance. Aside from the question of who will be the top Republican in the House, another interesting question will be whether the returning Republicans assert independence from or rally around President Bush.

## Senate Leadership

### **Majority Leader: Harry Reid (D-NV)**

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 gets a vote.

Riding the wave of better-than-expected results for Senate Democrats, Harry Reid will continue at the helm of his caucus, moving from Minority to Majority Leader.

### **Minority Leader: Mitch McConnell (R-KY)**

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

McConnell currently serves as the Senate Majority Whip—the second highest ranking Republican. Despite the disappointing results of the midterm election, McConnell has earned the respect of his Republican colleagues and is unlikely to be cast aside.

## House Committees

Republicans and Democrats have their own rules for choosing committee chairman. Committee Chairs control the legislative agenda, schedule, and enjoy subpoena power. They are members of the majority party. Ranking Members of the committees lead the minority party. They do not control the agenda or schedule of the committees, but they can be influential in crafting legislation and choosing witnesses at hearings.

### House Financial Services Committee

**Committee Chairman: Barney Frank (D-MA)**

**Ranking Member: Undetermined**

#### Financial Services Subcommittee on Housing and Opportunity

**Subcommittee Chairman: Maxine Waters (D-CA)**

**Ranking Member: Undetermined**

This committee and subcommittee 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.

We are already receiving exciting news that Committee Chairman Frank and Ways and Means Committee Chairman Charlie Rangel are planning to work on a joint housing bill. NAHMA believes this represents a unique opportunity to resolve some of the major challenges to successfully operating mixed subsidy (HUD and Low Income Housing Tax Credit) properties.

With Chairman Frank and Chairman Waters at the helm, we can look forward to working with strong supporters of affordable housing programs. Each has shown a willingness to reach out to industry representatives and work with their Republican colleagues during their terms as Ranking Members.

The retirement of former Committee Chair Mike Oxley (R-OH) and the resignation of Rep. Bob Ney (R-OH) have left vacancies in Ranking Member positions for both the full committee and the subcommittee. Possible candidates Ranking Member of the full committee include Rep. Richard Baker (R-LA) and Rep. Spencer Bachus (R-AL). Rep. Gary Miller (R-CA) could make a bid for Ranking Member of the Subcommittee.

### Appropriations Committee

**Committee Chairman: David Obey (D-WI)**

**Ranking Member: Jerry Lewis (R-CA)**

#### Subcommittee on Transportation, Treasury, and Housing and Urban Development, The Judiciary, District of Columbia

**Subcommittee Chairman: John Olver (D-MA)**

**Ranking Member: Joe Knollenberg (R-MI)**

#### Subcommittee on Agriculture

**Chairman: Rosa DeLauro (D-CT)**

**Ranking Member: Undetermined:  
Presumably Henry Bonilla (R-TX), but the  
outcome of his election has not yet been  
decided.**

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

Democratic Appropriations Committee staff have cautioned industry representatives and advocates that the mounting federal deficits are straining the budget and limiting budget options. Even with Democrats in control, we were told, there would not be huge immediate increases in HUD's budget.

However, it is unlikely that draconian cuts proposed in the President's budget (such as cutting Section 811 by half and CDBG by 75 percent) would even be entertained by a Democrat-controlled Appropriations Committee.

## **Ways and Means Committee**

**Chairman: Charles Rangel (D-NY)**

**Ranking Member: Undetermined**

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.

Rep. Rangel is an enthusiastic supporter of the Low Income Housing Tax Credit (LIHTC). As previously discussed, his intention to write a joint housing bill with Rep. Frank presents an incredible opportunity to address challenges in mixed subsidy properties. Additionally, NAHMA will seek action on legislation to update the occupancy rules for full time student households in LIHTC properties in this important committee.

## **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.

## **Banking, Housing & Urban Affairs Committee**

**Chairman: Christopher Dodd (D-CT)**

**Ranking Member: Richard Shelby (R-AL)**

### **Subcommittee on Housing and Transportation**

**Chairman: Jack Reed (D-RI)**

**Ranking Member: Wayne Allard (R-CO)**

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.

In a statement issued on November 8, Senator Dodd expressed his belief that "two primary priorities" of the Banking Committee should be:

“First, to make America more secure by preventing the outsourcing of militarily sensitive jobs and technologies, by protecting our transit systems, by protecting our ports, and by ensuring that terrorists are thwarted in their efforts to use our financial system;

Second, to make America more prosperous by creating the most transparent and vibrant capital markets in the world, by using our laws to better promote the export of American goods and services, by ensuring that working families can find affordable housing and better jobs, by protecting consumers so they can fully and fairly participate in our capitalist system, and by creating public transportation that serves the needs of working Americans in every corner of our country.”

Senator Reed has been a strong supporter of affordable housing programs. In the past, he has expressed interest in writing legislation to authorize a new HUD multifamily production program. Preventing lead poisoning has also been an extremely high priority for him.

## **Appropriations Committee**

**Chairman: Robert Byrd (D-WV)**

**Ranking Member: Thad Cochran (R-MS)**

**Subcommittee on Transportation, Treasury, the Judiciary and Housing and Urban Development, and Related Agencies**

**Subcommittee Chairman: Patty Murray (D-OR)**

**Ranking Member: Christopher Bond (R-MO)**

**Subcommittee on Agriculture**

**Subcommittee Chairman: Herb Kohl (D-WI)**

**Ranking Member: Robert Bennett (R-UT)**

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.

The same observations regarding the House appropriators would seem to apply here. We can expect severe cuts to multifamily rental programs to be rejected outright, but increases will be modest at best.

## **Finance Committee**

**Chairman: Max Baucus (D-MT)**

**Ranking Member: Charles Grassley (R-IA)**

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

While we know that Senator Baucus support the LIHTC, we do not know where housing factors into his agenda for the committee. We do expect the Committee to place of high priority on oversight of nonprofits—particularly political activity by 501(c)(3) organizations.

## **Positive Aspects of the Election Outcome**

NAHMA is pleased that several members of Congress with longstanding records of support for affordable housing programs will assume key positions of authority in the 110<sup>th</sup> Congress. We believe there will be exciting opportunities to advance new housing legislation and to stabilize the budgets for important rental programs.

## **Issues of Concern to NAHMA**

NAHMA will continue to enthusiastically advocate for our members in the owner / agent community. In doing so, our interests will sometimes conflict with the tenants' groups. One challenge of which we must be mindful is that low-income families are a core constituency of the Democratic Party. The new Democratic leaders, while supportive of affordable housing programs, are also very protective of tenants' rights. Our advocacy efforts must be sensitive to this reality.

Before we get too giddy about passing new housing bills, we should remember that legislation still requires the President's signature to become law. President Bush has two years left in office, and retains the power to veto bills with which he does not agree. In fact, it is to be expected that the number of vetoed bills will significantly increase when the Executive and Legislative Branches are controlled by different political parties. Recall that President Clinton made frequent use of his veto to thwart the agenda of the Republican Congress.

For the past six years, President Bush enjoyed mostly Republican majorities in Congress (except for a brief period when control of the Senate swung to Democrats resulting from Senator Jim Jeffords' party switch in 2001). As the leader of the Republican Party, President Bush was often able to enforce party discipline to advance his policy priorities. The President will not enjoy the same power with a Democratic Congress. The Democrats will pursue their own policy agenda, which will prompt the President's veto.

Based on the Administration's record of the past six years, NAHMA expects the President to veto appropriations bills he considers "excessive spending." Even if the Democrats can find the money to provide more than modest increases for affordable housing programs, it is doubtful that this Administration would enact them. The same treatment is likely to befall legislation authorizing a new HUD multifamily production program or attempts to return the Section 8 Housing Choice Voucher Program to a "unit-based" or "cost-based" program. Of course, hope for a better outcome springs eternal!

## **NAHMA's position**

A key tenant of NAHMA's mission is to advocate for the production and preservation of affordable multifamily housing. NAHMA welcomes the opportunity to work with all interested members of Congress and the Administration to achieve these goals.

As NAHMA reaches out to the 110<sup>th</sup> Congress, we urge our members to do the same. NAHMA urges members to take NO votes for granted, and to make no assumptions about what a senator or representative's position will be based solely on party affiliation. Take the time to advocate for the issues that are important to you. If you have questions about policy issues and / or the legislative process, please know that NAHMA is here to help.

Much work lies ahead in 2007. With your support, we can make positive things happen for this important industry and for the residents who need communities of quality to call home.