

New Congress Addresses Appropriation, Housing Issues

By Michael J. Novogradac, CPA

Appropriations committees in the House and Senate are focused on enacting a 2007 joint funding resolution in the wake of the 109th Congress' uncompleted appropriations bills, which included U.S. Department of Housing and Urban Development (HUD) funding. A joint funding resolution through fiscal year 2007 would end September 30, 2007. A short-term continuing resolution is currently in effect until February 15, by which time the Democratic leadership has said it will enact the joint funding resolution.

Unless that joint funding resolution is passed, the industry feels that HUD programs and others upon which the affordable housing industry is reliant could be seriously jeopardized.

In a call to action last month, in which the National Low Income Housing Coalition (NLIHC) urged affordable housing professionals to contact their representatives, NLIHC said HUD programs face severe funding shortfalls if HUD's funding is not increased above the FY06 level. Here, according to NLIHC, is what is at stake.

- ◆ Without a \$487 million increase for FY07 and language linking PHA voucher costs to recent leasing and cost data, 70,000 vouchers will be cut at local agencies.
- ◆ Contracts on at least 107,000 Section 8 project-based units will not be able to be renewed in FY07 if Congress does not increase the project-based Section 8 budget by \$636 million.
- ◆ Public housing operating subsidies will be underfunded by about 25 percent of what HUD says is needed in FY07, an historic low compounding the effects of many years of underfunding. And, public housing capital needs will continue to be neglected if this fund remains at FY06 levels. Public housing has lost more than \$1 billion in funding since FY01.
- ◆ Unless funding is increased by \$185 million, 14,000 homeless people will be consigned to another year of homelessness.
- ◆ Even people served by smaller programs like Housing for Persons with AIDS will be in jeopardy. If the \$14 million requested

increase for HOPWA is not enacted in FY07, 3500 fewer people with AIDS (and their families) will receive housing assistance.

- ◆ If funding for the Census is not increased by \$50 million for FY07, the ability of the Census Bureau to accurately determine funding allocations and produce the American Housing Survey will be compromised.
- ◆ Byrd, Obey Address Appropriations Committee Actions
- ◆ Sen. Robert C. Byrd, D-W.Va., and Rep. David R. Obey, D-Wis., will lead the Senate and House Appropriations committees as the new Congress convenes. In a joint statement issued on December 11, the lawmakers outlined their plan to complete the unfinished federal funding bills for the current fiscal year.

"...After discussions with our colleagues, we have decided to dispose of the Republican budget leftovers by passing a year-long resolution. We will do our best to make whatever limited adjustments are possible ... to address the nation's most important policy concerns. We intend to work with the leadership of both parties in both houses to do what we can to resolve last year's disputes and turn to the challenges facing us in the new fiscal year," the lawmakers said.

On January 4, Byrd and Obey announced that the House and Senate Appropriations committees will each have 12 subcommittees. Currently, the House and Senate Appropriations committees have a different number of subcommittees — 10 in the House, 12 in the Senate — with different jurisdictions. The new structure will include a new Financial Services and General Government panel. That new subcommittee will have jurisdiction over federal organizations such as the Treasury Department, the federal Judiciary, the Federal Deposit Insurance Corporation, and other related agencies.

Other subcommittees are:

- ◆ Agriculture, Rural Development, Food and Drug Administration, and Related Agencies;
- ◆ Defense;
- ◆ Energy and Water Development;
- ◆ Homeland Security;
- ◆ Interior, Environment, and Related Agencies;

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- ♦ Labor, Health and Human Services, Education, and Related Agencies;
- ♦ Legislative Branch;
- ♦ Military Construction, Veterans Administration, and Related Agencies;
- ♦ Commerce, Justice, Science, and Related Agencies;
- ♦ State, Foreign Operations, and Related Programs; and
- ♦ Transportation, Housing and Urban Development, and Related Agencies.

"The Appropriation committees have a responsibility to work in the best interest of the nation, making funding decisions that can set the foundation for a strong economy and a brighter future for all Americans," Byrd said. "We need to make smart choices: investing in education and science, homeland security, community health centers and research facilities, and upgrading the infrastructure that can help to create jobs and new opportunities throughout the country."

"We have our work cut out for us," added Obey. "This is going to be a difficult year as we face the challenges of completing two years' work in one year."

Waters Outlines Housing Subcommittee Agenda On January 9, House Housing and Community Opportunity subcommittee chair Maxine Waters, D-Calif., said three of her top priorities for the upcoming year are FHA reform legislation, addressing the rising problems of foreclosures due to unsafe mortgages, and

making changes to HUD housing programs to facilitate their use with the low-income housing tax credit (LIHTC) and tax-exempt bond programs. She noted she would be working closely with House Financial Services Committee chairman Barney Frank, D-Mass., and House Ways & Means Committee chairman Charles Rangel, D-N.Y., on the latter priority.

Other items Waters said her subcommittee would tackle are establishing a GSE-financed affordable housing fund and a national affordable housing trust fund, both of which would be focused on financing the production of affordable housing for extremely low-income families.

The subcommittee's first hearing will be held in New Orleans to address the housing challenges in the Gulf region due to Hurricane Katrina. Waters cited the need to rehabilitate public housing suffering only slight hurricane-related damage for providing desperately needed affordable housing.

However, Waters also acknowledged the tight budget environment established by the newly reinstated pay-as-you-go budget rules, which require new spending and tax cuts be offset, would constrain some items of her affordable housing agenda.

Many challenges lay ahead for housing programs in FY2007. Congress must be convinced that those citizens assisted by HUD will suffer the consequences of inadequate housing, and that funding for housing programs must surpass FY06 levels. ❖