

WESTERN REGIONAL ADVOCACY PROJECT

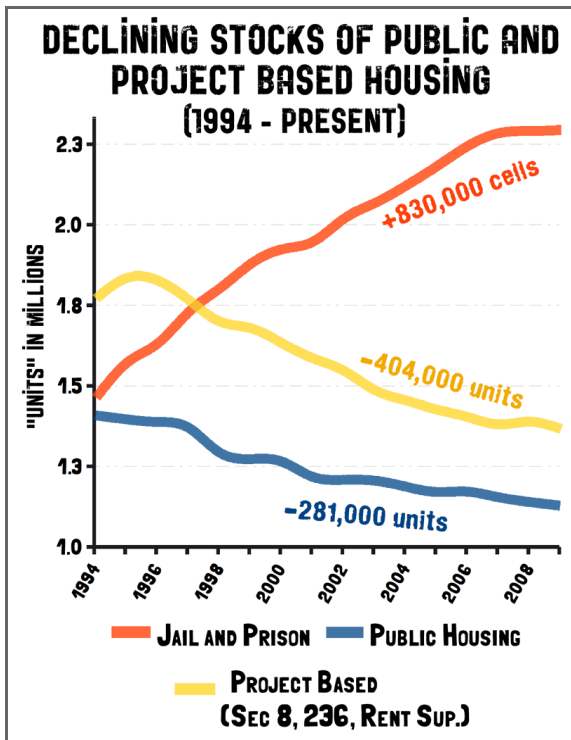
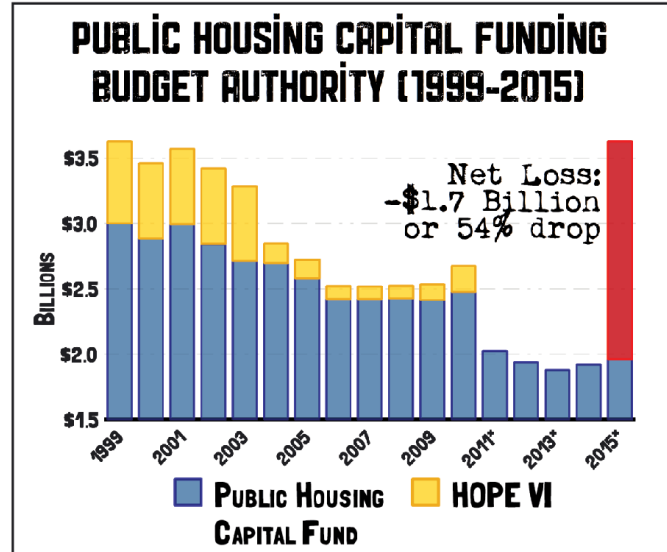
# HOUSING DEMANDS

RESTORE / REDISTRIBUTE / EXPAND

## 1. Preserve & Restore Public Housing

Stop HUD's Preservation, Enhancement, and Transformation of Rental Assistance Act, which would expose public housing to debt financing and private ownership. Instead, fully fund operating subsidies, incrementally increase capital funds to remove backlog, stop all demolitions and dispositions, and restore hard public housing units to 1994 levels with reallocated federal resources (see #3).

- Fully fund operating and capital grants during annual appropriations.
- Supply annual grants of \$4 billion dollars, or maximum Public Housing Authorities can adequately utilize, to end the capital needs backlog.



Strengthen *Public Housing One-for-One Replacement and Tenant Protection Act of 2010* (no H.R.#):

- Support the halt of demolitions or dispositions, and replace all 281,000 units lost since 1994. The current bill would only restore back to 2005 levels.
- All replacement units must truly be one-for-one, like-for-like, i.e. hard public housing units not properties with "expiring use" contracts.
- Moreover, if demolition or disposition is approved, replacement units must be built upfront.

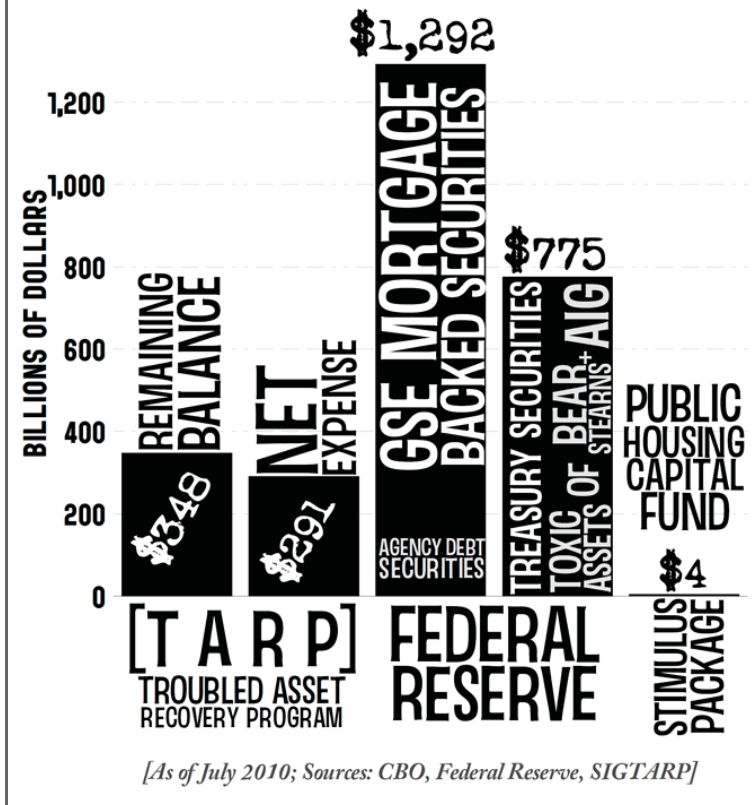
## 2. Preserve & Extend Project Based Section 8

Whereas project-based Section 8 contracts were previously established for 15 - 40 years, today they are being renewed on one-year contracts. Over the next year, more than 350,000 units will expire and nearly 900,000 units will expire within five years.

These contracts must be restored to a period of at least 20 years in order to guarantee preservation and affordability to those most in need.

- Pass *Housing Preservation and Tenant Protection Act of 2010* (H.R. 4868); it is a step in the right direction for preserving and maintaining multi-family Section 8 housing.
- H.R. 4868 would establish important mechanisms to preserve properties with expiring contracts so they renew for another 20 years.
- H.R. 4868 would also strengthen grievance procedures and tenants' rights to information.

## CURRENT COST OF FEDERAL BAILOUT MORE THAN 1 TRILLION BEYOND TARP



### 3. Redistribute federal dollars where they are needed most

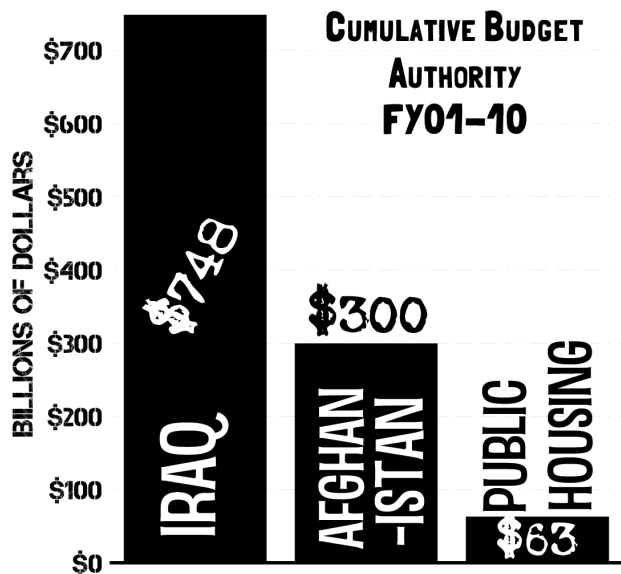
Stop the unprecedented redistribution of wealth and reallocation of public tax dollars to greedy financial institutions. These public dollars need to be focused on creating shelter and jobs.

- The real cost of the federal bailout is much larger than the \$700 billion set for the Troubled Asset Relief Program.
- The Federal Reserve is picking up the tab for the massive volumes of the toxic mortgage-backed securities (MBS) held by Government-Sponsored Enterprises (GSE): Fannie Mae, Freddie Mac and Ginnie Mae. These costs are growing every month.
- Freddie and Fannie are now two of the largest owners of foreclosed properties.
- They have been bailed out at \$145.9 billion with an expected final bill of \$389 billion, and have outstanding loans worth \$5 trillion.<sup>1</sup>

### End wasteful overseas military engagements and fight the war on poverty at home

- The Department of Defense received \$5.4 trillion in budget authority over the past decade.
- Today there are US troops in 75 countries, a rise from 60 at the beginning of 2010.<sup>2</sup>
- The wars in Afghanistan and Iraq have been allocated over \$1 trillion in budget authority.
- By contrast, public housing received approximately 1% of the overall defense budget and 6% of the budget authority for the "war on terror."
- These trillion plus dollars would be far better spent domestically on health care, living wage jobs, education, housing, infrastructure, and ending homelessness.

### FUNDING WAR AND PUBLIC HOUSING



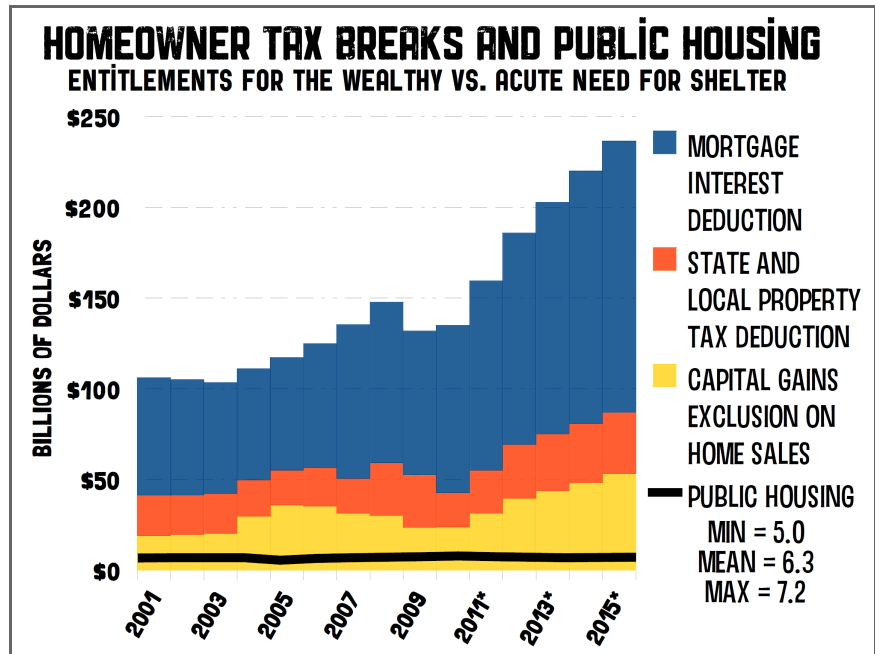
[Source: CRS #RL33110 "The Cost of Iraq, Afghanistan and other Global War on Terror Operations Since 9/11; and CBO]

1 Congressional Budget Office. *CBO's Budgetary Treatment of Fannie Mae and Freddie Mac; Background Paper*. (2010); *NYTimes*. "Cost of Fannie Mae and Freddie Mac", at <http://www.nytimes.com/2010/06/20/business/20foreclosure.html>

2 *Washington Post*. "U.S. 'secret war' expands globally as Special Operations forces take larger role" Available at <http://www.washingtonpost.com/wp-dyn/content/article/2010/06/03/AR2010060304965.html>

*Cap and eliminate tax deductions associated with homeownership, most particularly the Mortgage Interest Deduction (MID), the government's largest housing subsidy.*

- Eliminate tax deductions for luxury and second homes and cap deductions for primary residences at \$500,000. Direct all captured revenue to HUD and USDA affordable housing programs targeted at families and individuals at 30% AMI and below.
- These "tax subsidies" primarily benefit upper income taxpayers and do not increase homeownership.<sup>3</sup>
- In fact, according to the IMF, this welfare for the wealthy "encouraged excessive leveraging and other financial market problems evident in the crisis."<sup>4</sup>
- These regressive taxes encourage speculation and make housing a volatile commodity, resulting in more expensive basic shelter that is out of reach of millions of people.



#### **4. Overturn the housing finance deregulations in the Quality Housing and Work Responsibility Act of 1998**

*Public housing needs the equivalent of the "Financial Reform Bill"<sup>5</sup> to repair the financial and social deregulation that has deepened rather than helped the housing crisis.*

The financial reform bill seeks to correct the deregulations within the *Financial Services Modernization Act of 1999*. This act undermined the banking regulations first established by the Depression-Era *Glass-Steagall Act*. Reforming the *Quality Housing and Work Responsibility Act of 1998 (QHWRA)* in the same way would stop the privatization, risky financing and lack of federal responsibility that make proposals such as *Transforming Rental Assistance, HOPE VI* and *Choice Neighborhoods* legislatively possible.

Overturn QHWRA's amendments to the Housing Act of 1937:

- Remove the "declaration of policy" that states "The Federal Government cannot through its direct action alone provide for the housing of every American citizen, or even a majority of its citizens." In its place, affirm the earlier goal of "a decent home and a suitable living environment" for everyone and explicitly recognize the human right to housing.
- Remove Section 30 and the amended portions of Section 9 that permit Public Housing Authorities to finance public housing through mortgaging and debt financing. Instead, guarantee full funding for operating and capital subsidies, as well as incremental grants to remove backlog of capital improvements.

<sup>3</sup> Urban Institute, *Reforming the Mortgage Interest Deduction*. April 2010.

<sup>4</sup> International Monetary Fund (IMF). 2009. *Debt Bias and Other Distortions: Crisis-Related Issues in Tax Policy*.

<sup>5</sup> *Restoring American Financial Stability Act of 2010 (HR 4173)*

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