President Obama Responds to NAHRO’s HCD Questions

Editor’s Note: Earlier this year, NAHRO sent a set of housing- and community development-related questions to the Republican and Democratic Presidential candidates with the intention of publishing their responses—unedited—for the information of the NAHRO membership. At this writing, we have only received a response from President Obama’s campaign. NAHRO does not take partisan positions and does not endorse any particular political candidate or political party. Should Governor Romney’s campaign respond to the questions, NAHRO would also publish those answers in their entirety.

1. “The Fiscal Cliff”
The prolonged recession, foreign debt, unemployment and the current federal budget deficit have all had a disproportionate impact upon decision-making in Congress with regard to overall federal spending and specifically to non-defense discretionary spending. Non-defense discretionary spending and housing and community development spending, as a subset of this portion of the overall federal budget, proportionately represent the smallest part of current overall spending government-wide. Yet, these same dollars are most often the target of Congressional efforts to rein in Federal spending.

Given that HUD programs, which are directed in large measure to house the nation’s most vulnerable families, are funded from the domestic discretionary portion of the federal budget, do you believe that these same dollars which fund programs that support the nation’s public housing and assist families in need through Section 8 rental assistance should be reduced even further in the next Congress as a part of any larger effort to reduce the current federal deficit?

Response:
This is a time when we should be doing everything in our power to keep this economic recovery moving forward. Good jobs, quality schools, affordable health care, affordable housing—these are all the pillars upon which communities are built. The defining issue of our time is how to keep the promise of a booming middle class alive—how we can build a nation where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same rules. Nowhere is that challenge more evident than in the homes where we live. A stronger housing market will help speed growth and jump-start our economic recovery.

To that end, my Administration is committed to revitalizing the housing market and aggressively addressing the problems of concentrated neighborhood poverty. Put simply, we cannot settle for a country where a shrinking number of people do really well, while a growing number of Americans barely get by. I am committed to ensuring that HUD has the funding and tools to succeed in addressing some of our most pressing problems.

Still, it is clear that an economy that meets the needs of the 21st century requires a Federal government that is streamlined, transparent, and efficient. I will continue to strive to transform how HUD does business, so that State and local government and private sector partners, as well as individual Americans, have a real federal partner accountable for measurable outcomes. To accomplish this, my 2013 fiscal year budget proposes reforms to HUD rental assistance programs that would save more than $500 million without reducing the number of families served.

2. HUD
Over the years, candidates for public office, in an effort to reduce the size of the federal budget, have called for the elimination of cabinet Departments including HUD. Some have called for merging HUD functions in other cabinet agencies to accomplish the same goal. HUD is a complicated and complex organization that provides federal loan guarantees to enable and encourage homeownership, assistance for the homeless and direct federal funding to maintain the nation’s public housing inventory among other functions.

What is your position concerning the future of HUD? Do you support its elimination, would you support a reorganization or realignment of its func-
tions or would you maintain the status quo? In the event of elimination, how would your administration address the functions carried out by this Department?

How would you suggest that committees with jurisdiction over HUD seek to address long-standing concerns ranging from the administrative inefficiency and/or the cost-effectiveness of current HUD programs?

Response:
I am committed to taking steps to ensure that government is streamlined and efficient well into the 21st century. For instance, my Administration has helped economically distressed communities use Federal funds more strategically to support job creation and economic development through the launch of an interagency effort led by HUD and the Department of Commerce's Economic Development Administration. In addition, we began the transformation of HUD-assisted public and privately-owned housing with an investment that will leverage private capital to prevent the loss of critical affordable units.

Amid nearly unprecedented economic conditions that have devastated private lending institutions, HUD's Federal Housing Administration continues to provide a critical source of mortgage capital and relief for troubled borrowers. And HUD's programs help vulnerable low-income families secure safe and sanitary housing. Many veterans, who are disproportionately represented in the homeless population, depend on HUD programs. Eliminating the Department would weaken our nation's housing market, and increase homelessness and hurt cities.

3. Broken Government
For over nine years, housing authorities have been advocating for legislation that would reform HUD programs, increase efficiency in the administration of those programs and reduce federal spending. Despite several attempts to pass responsible reform legislation over the years, a final resolve remains elusive. Many say that our federal decision-making processes in Washington are broken in such a way that common-sense cost savings measures, including the current Affordable Housing and Self Sufficiency Improvement Act of 2012, languish.

What measure would you support, if any, to break this decade-long stalemate?

Response:
My Administration recognizes the need to simplify, align, and reform HUD programs to reduce administrative burdens and increase efficiency across programs. That is why under my leadership and the leadership of Secretary Donovan, we have proposed a menu of reforms to HUD rental assistance programs that save over $500 million in 2013 without reducing the number of families served. Many of our common-sense proposals are part of the Affordable Housing and Self Sufficiency Improvement Act of 2012, and would lead to responsible reform without hurting America's families.

4. Addressing Homelessness
According to the U.S. Conference of Mayors' "Hunger and Homelessness Survey," despite generating most of the country's wealth, the biggest U.S. cities are struggling to meet the needs of the hungry and homeless. The report states that nearly one-quarter (23 percent) of America’s urban homeless are families with children. Lack of affordable housing is often cited as the reason why a family with children found itself on the streets.

How do you propose to address the issue of homelessness in America, and specifically, what role will you have the federal government play in addressing this problem? If lack of affordable housing is cited as the main reason why families with children are in the streets, how do you propose to increase the supply of affordable housing? Have you taken a position on any of the bills currently before Congress to address the homeless issue?

Response:
Nobody should be left without a safe, stable place to call home. Now more than ever, we have a responsibility to tackle national challenges like homelessness in the most cost-effective ways possible. Instead of simply responding once a family or a person becomes homeless, prevention and innovation must be at the forefront of our efforts. My Administration has been focused on combating homelessness, especially among veterans, even in a constrained fiscal environment.

My budget proposal this year calls for over $2 billion in Homeless Assistance Grants, including competitive programs that annually serve over 800,000 homeless families and individuals. This includes funding for the Emergency Solutions Grants program, which will continue the work of the Homelessness Prevention and Rapid Re-Housing Program that in the last three years alone has helped prevent or end homelessness for over 1.2 million people nationwide.

We also continue to focus on the unique needs of homeless veterans. Currently, an estimated one out of every six men and women in our nation's homeless shelters are veterans. My proposed budget includes funding to provide new vouchers to help an estimated 10,000 veterans move from our streets into permanent supportive housing, which have been critical to a twelve percent reduction in veterans' homelessness.

5. Preservation of Public Housing
Public housing is home to more than two million families. The asset value of the nation’s public housing inventory is estimated to be $100 billion. Current
public housing capital needs estimates, for well-managed and responsibly maintained public housing, have been reported to be in the $26 billion range; yet funding to meet these needs has been dramatically insufficient for several years. Public housing is part of the nation’s infrastructure and is an irreplaceable asset for meeting the housing needs of very low-income families, the majority of whom earn less than 30 percent of median income. In addition, the elderly make up as much as 50 percent of the population living in public housing. Maintenance of quality public housing communities is critical to their well-being and can forestall placing seniors in more expensive, service-rich environments such as nursing homes or intermediate care facilities.

**Should you be re-elected, would you be prepared to submit a budget that adequately addresses the capital funding needs of the existing public housing inventory that are not addressed through the current programs, including the current Administration’s Choice Neighborhoods program as well as the Obama Administration’s Rental Assistance Demonstration (RAD)?**

**Response:**

I am committed to addressing capital needs for our nation’s public housing, a vital asset for very low-income families and elderly. To help keep public homes in safe and decent conditions, my Administration implemented a groundbreaking strategy to preserve tens of thousands of units of public and assisted housing. This effort allows public housing agencies and owners of certain at-risk, federally assisted properties to convert their current assistance to long-term contracts and is an important step to help address immediate capital needs and preserve these affordable housing units.

In addition, my Administration requested $150 million in funding for the Choice Neighborhoods program, which aims to transform distressed neighborhoods and public and assisted projects into viable and sustainable mixed-income neighborhoods by linking housing improvements with appropriate services, schools, public assets, transportation, and access to jobs. Through these projects and many others, my Administration is committed to addressing capital funding needs of existing public housing units.

**6. Federal Funding for Housing Programs**

The final compromise on the 2013 appropriations bill has yet to be determined; although, generally speaking, both the House and Senate sustained federal housing programs at or above the Obama Administration’s FY 2013 request. However, increases provided to both the CDBG and HOME programs in the House for example, while welcome, still fund these programs well below documented needs, and with respect to the administration of the Section 8 program, provide housing authorities with slightly over 80 percent of need.

Do you agree or disagree that years of underfunding have put our current inventory of federally assisted housing at risk? And, are you prepared to increase funding for vital programs including public housing, Section 8 and CDBG to more appropriate levels? If not, why not? Finally, would there be any circumstances that would lead you to cut or further reduce spending for housing and community development programs? If so, please explain.

**Response:**

I have made it a priority to provide rental assistance to low-income households. Overall, 83 percent of HUD’s total budget authority requested in FY2013 will renew rental assistance to over 5.4 million residents of HUD-subsidized housing, including Public Housing, and to renew existing HUD grants to homeless assistance programs.

And my Administration is committed to ensuring that HUD’s Section 8 Tenant-Based Rental Assistance (TBRA) continues to serve as a cost-effective means for delivering safe and affordable housing in the private market helping more than two million extremely low- to low-income families with rental assistance to live in decent housing in neighborhoods of their choice.

But that is not all: my Administration’s budget provides critical support for the Housing for the Elderly and Housing for Persons with Disabilities programs, which includes support for 5,300 additional supportive housing units. We are committed to targeting resources to help those most in need.

**7. The import and value of a fully funded CDBG and HOME program**

A recent survey conducted by NAHRO and other community development oriented groups found that recent reductions in CDBG funding have had negative consequences for our nation’s communities, affecting everything from housing rehabilitation and homebuyer assistance programs to job creation and projects to reduce environmental contamination. Funding for the Home Investment Partnerships (HOME) Program has also declined in recent years despite widespread agreement that the program is an effective tool for building and rehabilitating affordable rental and homeowner housing. Since the program’s enactment in 1990, HOME has made possible the construction, acquisition, or rehabilitation of 166,000 homeowner units, 347,000 homebuyer units, and 311,000 rental units.

Given the extent of the nation’s infrastructure needs, including the need to provide safe and affordable housing, are you prepared to submit a budget that restores CDBG formula funding to at least $4.5 billion as called for by NAHRO and other organizations? Would you also be prepared to request at least $2 billion in formula funding for the HOME Program as part of any 2014 budget request?
Response:
In my FY13 budget, I proposed $3 billion in flexible Community Development Block Grant funds that would allow 1,200 state and local governments to address infrastructure, affordable housing, and economic development needs in their communities. I also proposed $1 billion for the HOME Investment Partnerships program. These funds are used to increase the supply of affordable housing for low-income families. These proposals and funding levels reflect my commitment to State and local governments during challenging fiscal conditions—a commitment I will continue in future budgets.

8. New Production of Affordable Housing
Two separate Congress sessions, the 111th and the 112th, have contemplated but failed to enact a comprehensive legislative reform package overhauling the Government Sponsored Enterprises (GSEs), which for years have sustained the production of affordable housing. Congress has also authorized but not yet supported legislation funding a National Housing Trust. Finally, legislation to extend the authorization of a National Housing Trust Fund to expand the supply of affordable housing to seniors and persons with disabilities, and address the housing needs of Native American tribes. My budget also provides $1 billion to capitalize the Housing Trust Fund to expand the supply of affordable housing targeted to very-income families. My housing plan advocates additional support for rental housing through measures that could include expanding the FHA’s capacity to support lending to the multifamily market, with reforms like risk sharing with private lenders, and dedicated programs for hard to reach property segments like smaller properties.

First, do you agree that there is now a shortage of affordable housing that is not being addressed adequately? Do you agree the federal government has an ongoing role—if not a responsibility—to help create new affordable housing opportunities? To increase the supply of affordable housing, would you be willing to state that any GSE reform legislation must contain an affordable housing production component? Would you also be prepared to support the creation of a national housing trust fund? Would you support an extension to maintain the allocation of Low-Income Housing Tax Credits as part of any tax extenders legislation? If not, how would you hope to increase the supply of new affordable housing (both homeownership housing and rental)?

Response:
HUD’s top priority for rental assistance is to maximize the resources available to provide assistance to the neediest of our nation’s citizens, which include low- to extremely low-income families, elderly, homeless, disabled persons, veterans and at-risk youth. Still, in many communities around the country, too many families go without assistance.

I have proposed funding to preserve rental housing assistance to 4.7 million low-income families, will expand the supply of affordable housing to seniors and persons with disabilities, and address the housing needs of Native American tribes. My budget also provides $1 billion to capitalize the Housing Trust Fund to expand the supply of housing targeted to very-income families. My housing plan advocates additional support for rental housing through measures that could include expanding the FHA’s capacity to support lending to the multifamily market, with reforms like risk sharing with private lenders, and dedicated programs for hard to reach property segments like smaller properties.

I will continue to work to expand the supply of affordable rental housing and the capital needed to increase the supply, while sharpening our ability to target the needs of individuals and neighborhoods.

9. Focus on the American Dream
In recent years, federal housing policies have focused on increasing homeownership. What would the guiding principles of your housing policy be? Would you continue the current focus on expanding homeownership, or would you attempt to strike a better, more consistent balance between homeownership and rental housing objectives as part of your housing strategy for the next four years? If so, how would you attempt to strike that balance?

Response:
Home ownership is a critical component of economic opportunity, and I am committed to keeping responsible homeowners in their homes and to ensuring that Americans have a fiscally responsible path to home ownership. While government can't fix the problem on its own, responsible homeowners shouldn't have to sit and wait for the housing market to hit bottom to get some relief.

One of the policies I supported—and signed into law—was an extension and expansion of the first-time homebuyer’s tax credit that helped over 2.5 million families purchase a home for the first time. Since I took office, I’ve taken action that—combined with private-sector efforts my Administration helped catalyze—have helped over five million responsible homeowners get mortgage modifications to help them stay in their homes, while expanding access to refinancing and targeting investments in the communities hardest-hit by the housing crisis. I’ve also put forward a plan to help more responsible borrowers refinance their mortgages and save $3,000 per year.

And I put forward a “Homeowner Bill of Rights,” a single set of standards to make sure borrowers and lenders play by the same rules, including: Access to a simple mortgage disclosure form, so borrowers understand the loans they are taking out; full disclosure of fees and penalties; support to keep responsible families in their homes and out of foreclosure; and protection for families against inappropriate foreclosure, including right of appeal.