

AIMS Washington Update

NAA/NMHC Joint Legislative Program
May 2, 2008

1. [Housing Stimulus Bills Advance](#)
2. [Foreclosure Crisis Brings New Attention to Rental Housing Sector](#)
3. [Impact of Foreclosure Crisis on the Apartment Sector](#)
4. [Immigration Reform: Federal Employee Screening Requirements](#)
5. [Updated Ad Campaign: Not Every Home is a House](#)
6. [Miscellanea](#)

HOUSING STIMULUS BILLS ADVANCE

The race is on in Congress to pass a legislative fix for the foreclosure crisis. The House Financial Services Committee has approved three bills that they intend to combine with a previously passed Ways and Means Committee tax bill into a single housing stimulus bill. The comprehensive measure will be considered by the full House as early as next week. The centerpiece of the House effort is H.R. 5830, which was expected to pass as *AIMS Washington Update* went to press. That bill would let the FHA insure up to \$300 billion in refinanced mortgages over the next two years for distressed borrowers where lenders agree to principal write-downs. The second measure, H.R. 5579, would protect loan servicers from investor lawsuits by creating a legal safe harbor for restructuring mortgages.

The third measure, H.R. 5818, would create a \$15 billion loan and grant fund to states and cities so they can purchase owner-occupied, foreclosed houses and rental properties. These properties would be resold to low- and moderate-income buyers. The rental buildings would be rehabilitated for renters at or below area median income (AMI). Half of the grant funds would be required to support housing for very low-income families (below 50 percent of AMI) and half of that amount (25 percent of the total) to extremely low-income households (below 30 percent of AMI). The bill would prevent new owners from refusing to lease to a Section 8 voucher holder or breaking the lease of an existing voucher holder living in the property.

All three bills will be combined with a housing stimulus bill (H.R. 5720) approved by the House Ways and Means Committee on April 9. That \$11 billion measure reflects NAA/NMHC's call for a more balanced housing policy by combining homeownership incentives with expansions and improvements to the Low-Income Housing Tax Credit program.

The Senate, meanwhile, passed its own housing stimulus bill (H.R. 3221) on April 11 that includes controversial provisions benefiting the home building industry and a heavily criticized \$7,000 tax credit for buyers of foreclosed houses. Next week, the Senate Banking Committee is expected to mark up a \$400 billion FHA refinancing measure comparable to H.R. 5830 as well as long-stalled legislation to create a new regulator for the Government Sponsored Enterprises.

Lawmakers say they would like to have a deal before Memorial Day, but it remains uncertain whether they can resolve the differences between the bills and whether President Bush will sign an eventual bill; he has signaled his opposition to several elements being considered. NAA/NMHC will continue to press legislators to enact a balanced stimulus package that also addresses the nation's rental housing needs. We are also urging lawmakers to reject calls for new homeownership incentives and instead focus on efforts to keep families who can sustain ownership in their houses. Thanks to the NAA/NMHC and others, several of the ownership initiatives included in the Senate measure were significantly trimmed.

FORECLOSURE CRISIS BRINGS NEW ATTENTION TO RENTAL HOUSING SECTOR

The foreclosure crisis is bringing new attention to the rental housing sector and NAA/NMHC's calls for a more balanced housing policy. This week, Harvard University's Joint Center for Housing Studies released a new report titled *America's Rental Housing: The Key to a Balanced National Policy*. The study examines recent mortgage market events in the context of longstanding affordability problems that plague millions of renters and calls for a new and more balanced set of housing policy initiatives that would expand opportunities for renters and homeowners alike.

In releasing the report, Joint Center Senior Scholar and former HUD Assistant Secretary of Housing William Apgar noted that "For the past decade, broader access to homeownership has been the centerpiece of federal, state, and local housing programs. The rapid rise in mortgage delinquencies and home foreclosures unfortunately exposes the tragic flaw in this imbalanced approach." The study's authors call on policymakers to focus renewed energy on preserving rental housing and eliminating land-use restrictions and other barriers to rental housing production. The full report is at www.jchs.harvard.edu.

Separately, a study by the Center for Economic Policy Research and the National Low Income Housing Coalition says the federal response to the housing crisis should consider the relationship between local ownership and rental costs, noting that in many cities the recent run-up in house prices has made ownership more than twice as expensive as renting. Encouraging owners in these bubble markets to remain owners could result in them paying more for housing than necessary, even with mortgage write-downs. Therefore, the study says, a government policy of ensuring suitable rental options is likely to be better for many current homeowners than trying to preserve their ownership status. The report, *The Cost of Maintaining Ownership in the Current Crisis*, is available at www.cepr.net. NAA/NMHC also continue to use the lessons learned from the housing market turmoil to strengthen our calls for a more balanced housing policy.

IMPACT OF THE FORECLOSURE CRISIS ON THE APARTMENT SECTOR

Among other things, NMHC's April 15-16 Research Forum explored the degree to which the foreclosure crisis is affecting the rental housing industry. Specifically, it explored how renter quality has changed, whether evicted homeowners are becoming renters and to what degree the "shadow market" is competing with the professionally managed apartment sector.

According to Forum participants, dispossessed homeowners are not flooding the rental market and represent between two percent and six percent of all applicants. The biggest impact on the apartment sector, they say, has been a stop in the outflow of renters into ownership. As for the shadow market of vacant houses and condos for rent, one speaker presented research showing that the new rental condo inventory is not as large as many people think and that single-family rentals do not typically compete for the same renters as apartments. He also noted that the vacancy rate for single-family rentals is high, but that it began rising in 1995 and has had little impact on the apartment sector over that span.

IMMIGRATION REFORM: FEDERAL EMPLOYEE SCREENING REQUIREMENTS

On April 25, NAA/NMHC filed comments opposing the Department of Homeland Security's (DHS) latest attempt to impose new requirements on employers that receive a "no-match" letter. At issue is a controversial DHS regulation outlining how employers should respond to no-match letters issued by DHS and/or the Social Security Administration (SSA) when an employee's Social Security number (SSN) fails to match information in the government's database. Prior to the new rules, SSA maintained that the no-match letter was merely informational and was not meant to be used for enforcement purposes. The DHS no-match rules attempt to impose harsh sanctions on employers who do not follow the so-called safe harbor steps identified in the regulation, including terminations under certain circumstances.

Federal courts blocked DHS from enforcing the regulation last October. On March 26, DHS issued a supplemental proposed rule (73 FR 15944) that attempts to resolve the court's main concerns. Our comments argue that the latest version of the rule is substantively identical to the original one. We note that a no-match letter based solely upon a government database with amply documented errors should not, without more evidence, be sufficient to prove a violation of the law. We call on DHS to shift some responsibility for resolving mismatched information to the government or to consider a voluntary third-party employment eligibility certification. Finally, we point out that DHS has not addressed the considerable costs to employers and employees that could arise from forced terminations.

NAA/NMHC will continue to call for comprehensive federal immigration reform to replace the patchwork of federal enforcement-only measures and state and local laws that, in some cases, impose improper, onerous screening requirements on apartment owners. Our comments are available at www.naahq.org/govern_affairs/Issues/.

UPDATED AD CAMPAIGN: NOT EVERY HOME IS A HOUSE

NAA/NMHC have updated our "Because not every home is a house" ad campaign with four new ads. The campaign reminds policymakers about the importance of apartments in creating strong and healthy communities and challenges the conventional wisdom about homeownership. NAA/NMHC are running the ads in publications targeting lawmakers. We are also making them freely available to apartment firms, local apartment associations and apartment trade publications for their use. To request a CD with camera-ready artwork, please contact Michael Tucker at mtucker@nmhc.org or 202/974-2360.

MISCELLANEA

- **New Pool Safety Requirements.** With summer approaching, members are reminded that federal law requires that as of December 19, 2008, all public pools and spas, including those located in apartment communities, be equipped with anti-entrapment devices. Apartment owners are advised to evaluate their pool drain systems to determine if adjustments are required. A helpful FAQ document from the Association of Pool and Spa Professionals is available online at <http://tinyurl.com/5ng3uj> to help apartment firms understand their new compliance obligations.
- **NMHC Compensation Survey.** The deadline to submit a completed questionnaire for NMHC's annual National

Apartment Survey of Compensation & Benefits Practices—and therefore receive a substantial discount on the final results—is May 9. The questionnaire is available at www.nmhc.org/goto/08CompSurvey. Non-NMHC members are eligible to participate.

The material in this NAA/NMHC AIMS update is copyrighted and intended for NAA members only. It cannot be posted on public web sites, reprinted or distributed to non-NAA members without prior permission.