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## POLITICS-US: Housing Fund Seen as Grassroots Victory

By Matthew Cardinale and Jonathan Springston

**WASHINGTON, Aug 27 (IPS) - Advocates are calling a new national trust fund to preserve, rehabilitate and build affordable housing, including public housing, a major grassroots victory and key step in addressing the needs of low-income people in the United States.**

There are 9.0 million extremely low-income households in the United States and only 6.2 million homes renting at prices they can afford, according to the National Low Income Housing Coalition (NLIHC). This is a gap of 2.8 million units for extremely poor households.

Some 37 million households spend more than 30 percent of their income on rent or mortgages, according to NLIHC data.

"We had the broader foreclosure crisis and housing crisis. I think that sort of awoke the larger affordable housing crisis to the rest of America, not just for the effect on extremely low-income households, but a broader sense throughout the country," said Greg White, a policy analyst for NLIHC.

The Trust Fund Campaign consisted of thousands of individuals and organisations at the local, statewide, and national levels. The NLIHC lobbied members of Congress in Washington, while community-based groups, such as homeless shelters, homeless advocacy groups, and religious organisations, also created local campaigns calling on their respective members of Congress to act.

"They [the campaign] have been working on it since pretty much 2000," White said. "The coalition was founded to make sure the lowest income people weren't on the street and had a voice for federal housing assistance."

In recent years, housing authorities across the country have been demolishing thousands of units of public housing, citing a lack of federal funding for renovations. The availability of new funding could undermine the agencies' arguments that demolitions are justified.

"Housing generally as an issue was enjoying a boom for many years," White explained. "The fact there was an affordable housing crunch, I don't think it was on too many people's radars, but when the crisis started affecting other people, that's when other people started to pay attention to the problem."

In late July, the U.S. House of Representatives passed HR 3221, or The American Housing Rescue and Foreclosure Prevention Act of 2008. The Senate passed the resolution shortly thereafter, and Pres. George W. Bush, who initially expressed opposition, signed the legislation on Jul. 30.

It marks the first new housing creation programme specifically targeted to extremely low-income households



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Chicago's Larrabee public housing tower, known as "The Boulevard", was demolished in January 2008 to make way for mixed income housing.

Credit:lfmuth/flickr



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since the passage of the voucher and subsidised housing programme known as Section 8 in 1974.

The legislation, first introduced by Vermont Senator Bernie Sanders in 2001, marks a significant domestic accomplishment for the Democratic-controlled Congress, which also raised the federal minimum wage last year.

The revenue for the fund would come from Fannie Mae and Freddie Mac, two Government Sponsored Enterprises (GSEs) which provide a secondary market for mortgages in the U.S. Fannie Mae and Freddie Mac will make annual contributions to the fund based on a fraction of a percent of each company's annual new business.

While Freddie Mac and Fannie Mae are now facing financial difficulties, the fund was included in a larger package of housing legislation that also provided financial stability for the GSEs.

In 2009, the first year of enactment, 100 percent of the funds would be diverted to a Hope for Homeowners programme, to cover losses the Federal Housing Authority might incur refinancing troubled mortgages through the programme. This percentage will shrink over the following two years, and in 2012, 100 percent of GSE contributions will go the Trust Fund.

The Congressional Budget Office estimated in July 2008 that the fund would raise 837 million dollars by 2018, White said. This could create or preserve at least 837,000 new affordable homes.

Marcie Porter of the Low-Income Housing Coalition of Alabama said her group's work on the National Housing Trust Fund dovetailed with their efforts to have a statewide trust fund as well.

"Our focus has been around the state trust fund in Alabama. Hopefully, having a National Housing Trust Fund would make it easier for people to understand the need for a trust fund in our state," she told IPS. "We have gotten a lot done in our state legislature, creating a housing trust fund task force and trying to see what a trust fund might look like in the state."

At least 75 percent of funds for rental housing in the new trust fund must benefit extremely low-income households and all funds must benefit very low-income households. At least 90 percent of all funds must be used for rental housing.

The trust fund will be managed by the U.S. Department of Housing and Urban Development (HUD), which will distribute funds to states using a need-based formula.

States will designate a state housing finance agency, housing and community development entity, tribal designated housing entity, or any other qualified agency to receive the grants.

"We went and presented to all of our legislators in Washington about the need and benefits of a National Housing Trust Fund and how it would be used. We talked about our own trust fund in North Carolina where the money [may] end up," Chris Estes, executive director of the North Carolina Trust Fund, told IPS.

"We got Congressional staff to tour housing developments to see what had been done. We did a lot of work with our local members, held statewide conference calls, to get them to contact their representatives... and talk about housing in their communities," Estes said. "We did a call to action when there were critical votes in the House and Senate."

In a celebratory email to supporters after the fund's passage, Sheila Crowley, the NLIHC's president, wrote, "It has taken several years and many twists and turns along the way. Less patient (stubborn?) people would have given up at several points along the way. The forces of opposition were mighty and not always nice.



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