



Federal Updates – what it means for Housing

Presentation to:

MWCOG Housing Directors

January 25, 2023

About Enterprise

We focus on the greatest need – the massive shortage of affordable rental homes – to achieve three goals:



Increase Housing Supply

Preserve and produce good homes that people can afford



Advance Racial Equity

After decades of systematic racism in housing



Build Resilience & Upward Mobility

Support residents and strengthen communities to be resilient to the unpredictable

In 2023 we are also focusing on creative capital to respond to community priorities and needs, including:

Equitable Path Forward Standby Guaranty Facility

Renter Wealth Creation Fund

Financing Tools tailored and integrated into our national programs, like **Preservation Next**

AGENDA:

- 1. 2022 MID-TERMS & CLOSE-OUT**
- 2. 118TH CONGRESS: TAKEAWAYS SO FAR**
- 3. 2023 BUDGET AND PILLAR BILLS**
- 4. HOUSE REORGANIZATION**
- 5. INFLATION & WHITE HOUSE ACTIONS**
- 6. Q & A**

2022 MID-TERM ELECTIONS AND CLOSE-OUT ACTIONS



Mid-Terms

Effects will impact 118th Congress for next two years

- House of Representatives has moved to Republican control with a small majority – 10 total members, meaning a margin of 6.
- Senate is currently in Democratic control, with 48 seats plus 3 independents caucusing; Republicans have 49.
- Committee chairmanships, composition and number of members per party affected by control and margin. We have seen changes but not as many as were predicted in so-called “red wave” scenarios
- Leaders from both parties and chambers retired, and the House elected a new Speaker and Minority Leader. Therefore committee leadership that had not changed in some time is newly in place for 2023+.

2022 CLOSE OUT

How last Congress ended before New Year's

- Congress' last act before 2022 holidays was to pass a FY23 Omnibus Appropriations law, signed by President Biden.
- **Adds \$60.1B for HUD**, a 10% increase (\$6.4B) over FY22. Selected highlights:
 - \$27.5B for Tenant-Based Rental Assistance; \$130M will expand assistance to new households, including HCV.
 - \$13.9B Project-Based Rental Assistance
 - \$8.5B Public Housing (\$3.2B for Capital)
 - \$6.4B Community Development Block Grants
 - \$1.5B HOME – level with last year
 - \$42M for Section 4 - \$1M more than last year (+\$1M for tribal communities)

2022 CLOSE OUT

FY23 Omnibus Appropriations, Cont.

More good news:

- USDA received \$1.5B in housing-related program funds, with modest increases
- Treasury received \$324M for CDFI fund, a \$29M increase above prior year

And some disappointments:

- Disaster Relief Funds received \$40.6B – includes \$3B in CDBG-DR funds. Management reforms for these funds via ***S.2471 Reforming Disaster Recovery Act*** were not included.
- Unfortunately, no ***S.1136 Affordable Housing Credit Improvement Act*** LIHTC provisions were included.

118th CONGRESS: TAKEAWAYS SO FAR



118th Congress

What we know today

- The two most senior members of Senate Appropriations retired in 2022 - Leahy (D) and Shelby (R). It is possible but not yet confirmed that Patty Murray (D) may become the Chairman in 2023.
- For THUD subcommittee, Brian Schatz (D) is Chairman, a first for him. Chris Van Hollen remains on the committee as well.
- Susan Collins (R) is Ranking Member in 2023. She has been a housing supporter on THUD subcommittee for years

118th Congress

What we know today

- Other relevant Congressional committees for housing priorities:
 - House Financial Services Chairman is Patrick McHenry (R-NC); Ranking Member is Maxine Waters (D-CA)
 - Housing subcom chaired now by Warren Davidson (R-OH)
 - House Ways & Means chaired by Jason Smith (R-MO); Richard Neal is Ranking (D-MA)

118th Congress

What we know today

- Ben Cardin (D-MD) chairs Small Business and Entrepreneurship committee; serves also on Environment and Public Works, Finance, and Foreign Relations.
- Chris Van Hollen (D-MD) serves on Appropriations, Banking, Housing & Urban Affairs, Foreign Relations, and Budget committees
- Mark Warner (D-VA) is chairman of the Select Committee on Intelligence, and serves on Finance, Banking, Housing & Urban Affairs, Budget, and Rules.
- Tim Kaine (D-VA) serves on Armed Forces, Budget, Foreign Relations, and Health, Education, Labor and Pensions.
- Eleanor Holmes Norton (D-DC) serves on House Reform & Oversight and Transportation and Infrastructure.

2023 and House Reorganization

Projecting the coming year

- To secure votes for Speaker, Rep. Kevin McCarthy made a number of concessions regarding chamber rules, committee seats, and other elements. Not all of these negotiations have been made public. Reports thus far include:
 - Capping federal spending at 2022 levels; cutting entitlements
 - Increasing number of House “Freedom Caucus” members on key committees
 - Allowing any one House member to call for Speaker replacement via motion

Several issues of great importance to Republicans may be affected by these decisions, from defense and Ukraine spending, to immigration and debt cap increases.

2023 Budget and Pillar Legislation

Projecting the coming year

- 2023 may see the return of sequestration under the Budget Control Act, which limits spending and forces cuts on agencies, longstanding programs, new initiatives, and other domestic spending. Current debt cap ceiling negotiations are not clear.
- Treasury Secretary Yellen announced “extraordinary measures” engaged to mitigate harm to US credit and international markets upon reaching the debt ceiling earlier this month.
- Congress may act to suspend the debt limit, or to increase the limit; Yellen has signaled interim measures will be exhausted by early June, giving some time for negotiations to occur.

2023 Budget and Pillar Legislation

Projecting the coming year

- The FARM bill is up for reauthorization in 2023, which includes many provisions for rural communities including rural development, child nutrition, climate, and other key domestic priorities affecting and potentially including racial equity.

2023 Economic Conditions felt through Housing costs

INFLATION AND HOUSING IMPACT

- The US Bureau of Labor & Statistics released inflation data showing that in November 2022, overall CPI increased just 0.1%, a drop from October's 0.4%.
- However, **“The index for shelter was by far the largest contributor to the monthly all items increase**, more than offsetting decreases in energy indexes.” Energy had been a leading driver of inflation in 2022.
- The food index increased 0.5 percent over the month, with the food at home index also rising 0.5 percent.
- Shelter costs over the last 12 months through Nov 2022 increased 7.1% unadjusted.

WHITE HOUSE EFFORTS



Recent Administration Information & Actions

AFFIRMATIVELY FURTHERING FAIR HOUSING NPR

- The U.S. Department of Housing and Urban Development (HUD) announced its intent to publish a [Notice of Proposed Rulemaking](#) in the Federal Register to fulfill the promise of the 1968 Fair Housing Act.
- This proposed rule meets President Biden's call to fully enforce the Fair Housing Act, outlined in [Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies](#)
- The proposed rule is designed to simplify the required fair housing analysis, emphasize goal-setting, increase transparency for public review and comment, foster local commitment to addressing fair housing issues, enhance HUD technical assistance to local communities, and provide mechanisms for regular program evaluation and greater accountability, among other changes.
- HUD seeks [public comment](#) on this proposed rule and invites all interested parties and members of the public to submit their views, comments, and recommendations. Comments may be submitted electronically through www.regulations.gov.
- Enterprise is reviewing and will make public comment on the proposed rulemaking within the 60-day window.

Recent Administration Information & Actions

WHITE HOUSE EXECUTIVE ACTIONS TO SUPPORT TENANT PROTECTIONS

The White House [announced](#) this morning a series of action to protect renters, increase housing affordability and promote Fair Housing. The announcement:

- Directs the FTC/CFPB to identify practices that create unreasonable barriers to accessing or maintaining housing, such as background checks and source of income.
- Directs FHFA to begin stakeholder engagement that will lead to the creation of renter protections and “limits on egregious rent increases for future investments”. FHFA will also establish requirements that encourage multi-family loans that guarantee affordability.
- Directs DOJ will provide updates on anti-competitive information sharing (possibly related to [this investigation](#) on algorithms)
- Directs HUD to promulgate a rule that require PHAs and PBRA property owners to provider at least 30 days-notice before terminating a lease for nonpayment of rent.

Recent Administration Information & Actions

WHITE HOUSE EXECUTIVE ACTIONS TO SUPPORT TENANT PROTECTIONS

Additional elements in the White House announcement to protect renters, increase housing affordability and promote Fair Housing includes:

- Establishes a “[Blueprint for a Renters Bill of Rights](#)” – not a *legal* right; these are guiding principles:
 - Access to safe, quality, accessible affordable housing
 - Clear and fair leases with defined rental terms, rights and responsibilities
 - Education to ensure renters know their rights and protect them from unlawful discrimination
 - The right to organize
 - Access to resources that help renters avoid eviction and ensure fairness in the eviction process.
- Launches the Resident-Centered Housing Challenge, which encourages housing providers to take their own initiative to protect renters and improve residents’ lives and calls on state/local/tribal governments to improve their own policies.

Q & A



Thank You!

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 **Enterprise**