



June 4, 2010 HOUSING ROUNDTABLE UPDATE

Housing Roundtable Update

National Housing Trust Fund Appropriations Pass the House, Action In Senate Expected After Break

Just before leaving for the Memorial Day recess, the United States House of Representatives passed a scaled-down version of H.R. 4213, the American Jobs and Closing Tax Loopholes Act of 2010, including an extension of unemployment benefits through November and other provisions. This version of the bill maintained the \$1.065 billion in requested funding for the National Housing Trust Fund. The vote was 215-204. All Illinois Democrats except for Representative Melissa Bean (D-Barrington) voted for the bill. It's expected that the Senate will take up the bill when they return from the Memorial Day break on June 7. More information is available at <http://www.nhtf.org>.

The bill also extended the Low Income Housing Tax Credit (LIHTC) exchange program through 2010, which allows states to exchange a portion of their allocation of LIHTCs for cash. Information on how Illinois has used the exchange program to date is available at <http://www.ihda.org/ViewPage.aspx?PageID=335>.

In addition, the TANF Emergency Contingency Fund (ECF) was extended to September 30, 2011 with \$2.5 billion in additional funding. Illinois is using the ECF to fund the Put Illinois to Work Program (<http://putillinoistowork.illinois.gov>).



House and Senate to Confer on Financial Industry Reform Bill

On May 20, the United States Senate passed a financial reform bill that consumer groups are generally calling a qualified victory in light of all the industry efforts to weaken the bill. Among the positive reforms, mortgage lenders will be prohibited from making loans that borrowers cannot repay and from providing kickbacks ("yield spread premiums") for steering people into high rate loans when they qualify for lower rates. The bill also creates a Consumer Financial Protection Bureau within the Federal Reserve that has the ability to take enforcement action against banks with more than \$10 billion in assets.

The Senate bill now needs to be reconciled with the House version of the bill, which in many cases has stronger protections for consumers. For example, the House version creates an independent Consumer Financial Protection Agency, with it's own oversight board, that will be better equipped to oversee banks.

Senators serving on the conference committee have already been named. Senators Durbin and Burris were not included. House members have not been named, but initial reports suggest that Representative Judy Biggert (R-Hindsdale) will be a member.

More information is available from the National Community Reinvestment Coalition at <http://www.ncrc.org>.

General Assembly Passed An Irresponsible Budget

The Illinois General Assembly left Springfield before Memorial Day after passing a budget that fails to address the ongoing state fiscal crisis in a responsible manner and is still unbalanced.

The operating budgets of state agencies were cut 5% and lawmakers gave Governor Quinn sweeping powers to cut additional funding. Moreover, nothing was done to reduce the nearly \$6 billion backlog of bills owed to

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schools, human service agencies and others.

The only new revenue involves non-recurring sources of funding, including issuing bonds to be financed with part of the proceeds from Illinois' tobacco-lawsuit settlement (\$1.2 billion), a tax amnesty program (\$250 million), and borrowing money from special state funds (\$1 billion).

The Center for Tax and Budget Accountability estimates that FY11 recurring revenue is more than \$10 billion short of FY11 estimated spending. After all revenue sources, recurring and non-recurring are included, Illinois's FY11 budget deficit is \$7 billion, or 26.7% of General Revenue Fund spending. More information is available at <http://www.ctbaonline.org>.

The Responsible Budget Coalition (<http://www.abetterillinois.com>) will continue working to get the State of Illinois to adopt a budget including significant new revenue in order to avoid more harmful cuts to vital programs, pay past due bills and fix the structural deficit to prevent a similar crisis in the future.

Several Positive Affordable Housing Bills Sent to Governor

Here's a summary of key affordable housing legislation that passed the General Assembly this year. Unless otherwise noted, these bills still need to be signed into law by Governor Quinn. Additional information is available at <http://www.ilga.gov>.

HB 3762: This bill, which has been signed into law, requires courts to stay foreclosure proceedings for a period of 90 days upon application by the homeowner if the homeowner is a person who was deployed to a combat or combat support posting while on active military duty and serving overseas within the previous 12 months.

House Sponsors: Rep. Mark L. Walker - Michael K. Smith - Linda Chapa LaVia - Elizabeth Hernandez - Cynthia Soto, Thomas Holbrook, Greg Harris, William B. Black, Jack D. Franks, Keith Farnham, Patrick J. Verschoore and

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Eddie Washington

Senate Sponsors: Sen. Dan Kotowski - Linda Holmes - Jacqueline Y. Collins, Antonio Muñoz, Martin A. Sandoval, Michael Bond, Toi W. Hutchinson and Mattie Hunter

HB 5523: This bill will protect victims of domestic violence, dating violence, stalking, and sexual assault from unlawful evictions by providing them with an affirmative defense to an eviction if it is solely based upon the victim's status or solely due to actual or threatened incidents of violence. Advocated for by the Sargent Shriver National Center on Poverty Law and Housing Action Illinois.

House Sponsors: Rep. Karen A. Yarbrough-Naomi D. Jakobsson-William Davis, Michael J. Zalewski, Harry Osterman, Lisa M. Dugan, Cynthia Soto, Deborah L. Graham, Constance A. Howard and LaShawn K. Ford

Senate Sponsors: Sen. Kwame Raoul, Antonio Muñoz, Martin A. Sandoval and Mattie Hunter

HB 5735: Upon motion of the homeowner, allows foreclosure judges to reject the foreclosure sale if it finds that the lender has not complied with loss mitigation requirements that are part of the federal Making Home Affordable Program. Advocated for by the Sargent Shriver National Center on Poverty Law and Housing Action Illinois.

House Sponsors: Rep. Al Riley-William D. Burns-Elizabeth Hernandez-Marlow H. Colvin-Karen A. Yarbrough, Edward J. Acevedo, William Davis, Julie Hamos, Elaine Nekritz, Cynthia Soto and LaShawn K. Ford

Senate Sponsors: Sen. Jacqueline Y. Collins - M. Maggie Crotty - Kwame Raoul - Linda Holmes, Martin A. Sandoval, Michael Bond, Mattie Hunter and Toi W. Hutchinson

HB 6038: Extends the Illinois Affordable Housing Tax Credit, also known as the State Donations Tax Credit, through December 31, 2016. Advocated for by the Metropolitan Planning Council and the Chicago Rehab Network.

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House Sponsors: Rep. Arthur L. Turner-Barbara Flynn Currie-William Davis, Angelo Saviano, Esther Golar, Darlene J. Senger, LaShawn K. Ford and Franco Coladipietro

Senate Sponsors: Sen. James F. Clayborne, Jr.-Iris Y. Martinez, Pamela J. Althoff, Heather Steans-Jacqueline Y. Collins and Mattie Hunter

HB 6241: Creates the Manufactured Home Installation Act. Provides that a manufactured home installed on private property that is not located in a mobile home park be assessed and taxed as real property. This bill was negotiated with, and agreed to, by the Mobile Homeowners Association of Illinois.

House Sponsors: Rep. William B. Black-Betsy Hannig-Dan Reitz-Roger L. Eddy, Linda Chapa LaVia, Arthur L. Turner and Mike Bost

Senate Sponsors: Sen. James F. Clayborne, Jr.-John O. Jones

HB6439: Requires the Structural Pest Control Advisory Council to convene a subcommittee to develop a report to the General Assembly by December 31, 2011 with recommendations on the prevention, management, and control of bed bug infestations.

House Sponsors: Rep. Kenneth Dunkin

Senate Sponsors: Sen. Heather Steans

SB0374: Creates the H+T Affordability Index Act. Provides that the Department of Commerce and Economic Opportunity, the Department of Transportation, and the Illinois Housing Development Authority shall use the Housing and Transportation Affordability Index as a development tool and a consideration in funding allocation, distribution of incentives, and facility siting in Metropolitan Planning Organization areas. Provides that the Act does not reduce or divert funding away from areas not located in a Metropolitan Planning Organization Area. Advocated for by the Center for Neighborhood Technology. More information on the Index is available at <http://htaindex.cnt.org>.



Senate Sponsors: Sen. Kwame Raoul

House Sponsors: Rep. Barbara Flynn Currie-Karen May-Dave Winters-William B. Black-Michael W. Tryon, Deborah Mell, William D. Burns and Suzanne Bassi

SB 3180: Creates the Common Interest Community Association Act to regulate housing, other than condominiums or cooperatives, in which homeowners are obligated to pay for common areas administered by an association. Includes provision that allows 501(c)(3) organizations that currently rent out affordable units in Common Interest Community Associations to continue to rent those units, even if townhome association rules change to prohibit rentals. Advocated for by Housing Action Illinois and the DuPage Housing Action Coalition.

Senate Sponsors: Sen. A. J. Wilhelmi-Kwame Raoul-Iris Y. Martinez

House Sponsors: Rep. Tom Cross-Sandra M. Pihos-Emily McAsey-Timothy L. Schmitz

SB 3782: Requires that court files shall be sealed on eviction actions against a tenant who would have lawful possession of the premises if not for a foreclosure on the property. This will help keep tenants from being negatively impacted by having an eviction on their court record.

Senate Sponsors: Sen. Michael W. Frerichs

House Sponsors: Rep. William B. Black-Al Riley and John A. Fritchey

Weakened Foreclosure Legislation Passes General Assembly

SB3739: For almost a year, advocacy and community organizations from around the state, including Business and Professional People for the Public Interest and Action Now, worked on state legislation that would have helped homeowners struggling to save their homes and communities struggling with boarded-up properties. However, the foreclosure legislation that recently

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passed the Illinois legislature mostly fails to accomplish what the advocates sought.

Here's a summary of the bill that passed with a description of where it falls short of the original proposal.

Foreclosure Prevention

SB3739 will generate about \$7 million a year for housing counseling and community outreach. Half will be spent in Chicago and half outside Chicago. The advocates' proposal would have generated around \$40 million for a wider range of activities.

SB 3739 also places lots of restrictions on how the money can be spent. For example, unlike the advocates' proposal, it can't pay for legal assistance, so folks in places where legal services attorneys are the only ones helping people to try to save their homes will not get additional resources to provide the services they need.

On top of all this, banks mostly won't pay for the foreclosure prevention program. Funding will come from a fee on foreclosure filings, which are initially paid for by the bank but usually passed on to homeowners. The advocates' proposal would have imposed a fee mostly paid for by banks from the proceeds of a foreclosure sale.

Help for Municipalities

The advocates' proposal would have authorized municipalities to make banks responsible for maintaining and securing vacant properties. That would have created leverage to get banks to clean up vacant properties and write down loans. But SB3739 doesn't include such authorization. It will put no pressure on banks to maintain properties or write down loans.

Instead, SB3739 will impose a small fee on some judicial sales, proceeds from which would go to municipalities to clean up vacant properties. In most sales, the fee will generate no more than \$50 even though municipalities often spend thousands of taxpayer dollars to maintain and secure a single vacant property.

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Making the positive impact even more minimal, banks won't pay the fee. If a mortgagee (like a bank) is taking back a property through foreclosure, the bill says they are exempt. That means that the fee won't be collected in more than 95% of all foreclosure cases.

Advocates and community groups are now strategizing about how to keep pushing these issues and how to get homeowners and communities the help they need. For more information, or to see how you can help, contact Adam Gross at agross@bpichicago.org.

Next Roundtable Call

Our next statewide Housing Roundtable conference call will be on Monday, June 28 at 3:30 p.m.

To participate call 1-888-296-6500 and enter the passcode 179061#.

About the Housing Roundtable

The Housing Roundtable serves as a forum for communication and collaboration among a broad range of organizations advocating for affordable, accessible and fair housing, as well as other housing issues in Illinois. We hold meetings at least once a month, moderate an email listserv, and work on other events and meetings throughout the year. The Housing Roundtable is coordinated by Business and Professional People for the Public Interest and Housing Action Illinois.

Housing Roundtable Contacts

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