Housing Action Illinois
2015 Advocacy Agenda Webinar
March 9, 2015
3:00 p.m. to 4:00 p.m.
Agenda

State Issues

1. Fiscal Year 16 State Budget Advocacy.
2. Senate Bill 1281: State legislation to create reverse mortgage protections for senior citizens.
3. Senate Bill 1547: State legislation to protect people against municipal ordinances that put tenants at-risk of eviction if they call the police when they need help.

Federal Issues

2. Fiscal Year 16 Federal Budget Advocacy.
FY16 State Budget Advocacy

FY2016 Overall Fiscal Situation

Because of the income tax revenue the state is losing (approximately $5 billion) when the temporary income tax increases started to phase down on January 1, as well as the worsening of other fiscal pressures (e.g., pension obligations) that are projected to occur under current law, if spending on services in FY 2016 is held constant at FY 2015 levels ($35,352 billion), the state’s accumulated deficit in its General Revenue Fund (GRF) will almost double, increasing from an estimated $6.8 billion in FY 2015, to $12.7 billion by the end of FY 2016.
Governor Rauner’s Proposal—What We Know Based on Incomplete Info

• Supportive Housing Services: A cut from $30.8 million to $16.7 million that would end services to 10,311 people. (Would totally eliminate General Revenue Funds for services in supportive housing for people who were formerly homeless.)

• Homeless Prevention Program: A cut from $4 million to $3 million that would mean 955 more households become or stay homeless next year. (General Revenue Funding for program is totally eliminated.)

• Homeless Youth Program: A cut from $5.6 million to $2.5 million that would end shelter and services for 1,316 youth.
Responsible Budget Coalition Alternative

The Responsible Budget Coalition (RBC) is a large and diverse coalition of organizations that are concerned about state budget and tax issues. It includes organizations that serve children, families, veterans, seniors and people with disabilities; education groups concerned about early learning, K-12 and higher education; labor unions; faith-based and civic organizations; and many others.

The individual organizations that belong to the RBC represent a diverse range of interests but are united by these three common principles:

• Adequate revenue to support state priorities and make smart investments.
• No more cuts.
• Fairness in raising revenue and making any cuts caused by failure to raise adequate revenue.

The RBC supports legislative proposals that are consistent with these principles because we all do better when we all do better.
FY16 State Budget Advocacy

What You Can Do

2. Have your organization endorse the Responsible Budget Coalition’s principles. Send an email to bob@housingactionil.org to endorse or for more information.
3. Meet with your state legislators to let them know what the impact of the proposed budgets cuts would be. *Let us know when you do!*
4. Contact your local media and ask them to cover what the impact of the proposed budget cuts would be. *Let us know when you do!*
What are Reverse Mortgages?

A reverse mortgage is a special type of home equity loan that allows homeowners to access a portion of their home equity as cash. In a reverse mortgage, the loan balance owed is based on the loan proceeds received by the borrower and compounded interest. The loan is generally repaid when the last borrower, co-borrower or eligible spouse sells the home, permanently moves out of the home, or dies. Most reverse mortgages today are called Home Equity Conversion Mortgages (HECMs). HECMs are insured by the federal government and only available to homeowners aged 62 and older.
Why is This Legislation Needed?

Interest in reverse mortgages in Illinois is likely to increase as a larger proportion of the population becomes senior citizens. Illinois state law should provide adequate consumer protections for what is a complicated and potentially risky loan product. A 2012 report by the federal Consumer Financial Protection Bureau found that:

- Reverse mortgages are complex products and difficult for consumers to understand.
- Product features, market dynamics, and industry practices create risks for consumers.
- Misleading advertising remains a problem in the industry and increases risks to consumers.
- A large proportion of reverse mortgage borrowers (9.4% as of February 2012) were at risk of foreclosure due to nonpayment of taxes and insurance.
The Solution: Senate Bill 1281

• Provides seniors considering a reverse mortgage additional information that encourages them to seek in-person counseling (rather than telephone counseling) from a federally certified reverse mortgage counselor located in Illinois.

• Creates a 7-day “cooling off period” from the time the lender makes a written commitment to make a reverse mortgage during which time the borrower cannot be required to close or proceed with the loan.

• Provides additional direction to the Illinois Department on Aging about what educational information they need to make available for lenders and brokers to provide to people considering a reverse mortgage.

• Reinforces an existing federal prohibition on “cross selling” that would require the purchase of an annuity, investment and/or insurance products as a condition of obtaining a reverse mortgage loan and prohibits the lender or broker from receiving compensation for providing information about these types of products.

What You Can Do

Send an email to bob@housingactionil.org to be added to the list of people who get updates about the bill and/or for more information.
Senate Bill 1547:
Calling the Police Should Not Be A Crime

SB 1547 will protect tenants and landlords from evictions, fines, or loss of a business simply because they called the police for help.

People should not be punished for calling the police for help. But in at least 35 communities in Illinois, that is what happens. These municipalities have enacted ordinances—often called crime-free or nuisance property ordinances—penalizing residents or landlords when police are called to their property. As a result, individuals throughout the state face the threat of eviction, fines, or other penalties for making 911 calls for help.

- These ordinances punish victims for criminal activity committed against them. Victims are faced with the choice of suffering silently or risking homelessness.
- These ordinances harm survivors of domestic violence. Treating police calls as a “nuisance” sends a victim-blaming message to survivors of domestic violence and discourages them from seeking help.
- These ordinances harm individuals with disabilities, who are disproportionately likely to need police or emergency services from rental properties.
- These ordinances undermine public safety in communities throughout Illinois. By linking calls to the police with eviction and fines, these ordinances deter tenants, landlords, and neighbors from contacting police in emergency situations.
Senate Bill 1547: Calling the Police Should Not Be A Crime

The Solution: Senate Bill 1547

• Similar to laws already passed in Pennsylvania and Minnesota, SB 1547 is designed to protect individuals who call the police for help.
• SB 1547 will prevent local governments from enacting or enforcing these ordinances.
• SB 1547 will enable tenants and landlords affected by these unlawful ordinances to ask the courts to invalidate them.
• SB 1547 is drafted narrowly to target only those ordinances that pose the most serious risk of harm to survivors of domestic violence, crime victims and other innocent tenants—those linking enforcement and the imposition of penalties with police contact.

What You Can Do

• Know someone impacted by one of these ordinances? Please contact Bob Palmer at 312-939-6074 x. 206 or bob@housingactionil.org.
• Contact your State Senator and endorse the bill at http://bit.ly/1BjmI9M.
At Last!—Preparing for the 2016 National Housing Trust Fund Allocation

- Block grant to states to serve rental housing needs of extremely low-income households.
- First dedicated funds were to come from 0.042% of new business of Fannie Mae and Freddie Mac; 65% to NHTF, 35% to Capital Magnet Fund.
- Before funds could get to NHTF, Fannie and Freddie hit by 2008 banking crisis; put into conservatorship and payments put on hold.
- December 11, 2014, suspension of payments lifted.
- Funds generated for NHTF during 2015 are estimated to be about $250 million; Illinois estimated share based on formula $8 to $9 million.
- HUD estimates money allocated to states in summer of 2016.
National Housing Trust Fund

National Housing Trust Fund (NHTF) Background

• Law creating NHTF requires at least 90% of a state’s NHTF money be used to produce, preserve, rehabilitate, or operate rental housing; Up to 10% may be for homeownership activities.
• Law also requires at least 75% of a state’s allocation used for rental housing benefit extremely low-income households, or households with income below poverty level (whichever is greater).
• Subsequent federal rules states that when funding generated in any single year is less than $1 billion threshold. 100% of funds must benefit extremely low-income households.
National Housing Trust Fund

Preparing for the 2016 Allocation

• Illinois must develop an Allocation Plan show how it will distribute NHTF funds.
• Distribution of NHTF must be based on priority housing needs in state’s Consolidated Plan (ConPlan).
• When preparing Allocation Plan, law requires states to: Notify the public that Allocation Plan will be drafted; Provide for public comment; Consider public comments; Make final Allocation Plan available.

What You Can Do

• We have inquired with Illinois Housing Development Authority (IHDA) about when development of Allocation Plan will begin and will spread the word about how people can advocate for specific priorities.
Overview

President Obama released his FY 2016 budget request on February 2. Overall, the request seeks $49.3 billion for the Department of Housing and Urban Development (HUD), the largest amount this Administration has ever requested for the agency and $4 billion above HUD’s enacted FY15 level. Includes funding to restore 67,000 housing choice vouchers previously lost due to sequestration and to create 25,000 new units of permanent supportive housing for people who would otherwise be homeless.

By sometime in March, the House and Senate are expected to consider their respective FY 2016 budget resolutions, which will set spending caps for discretionary (i.e., non-mandatory) spending. The caps set by the House and Senate budget resolutions are expected to be at least as low, if not lower, than those set by the 2011 Budget Control Act for non-defense discretionary programs.

After the House and Senate agree on spending caps for FY16, appropriators will divide the maximum spending amount among the 12 appropriations subcommittees in what is referred to as “302b allocations.” Then, the members of the House and Senate Appropriations Subcommittees on Transportation, Housing and Urban Development, and Related Agencies will set to work to craft their FY16 spending bills, likely sometime in late April, May, or June.
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FY 16 Federal Budget Advocacy

Key Illinois Legislators

• Senator Mark Kirk: Member of Appropriations Committee and THUD Appropriations Subcommittee
• Senator Dick Durbin: Member of Appropriations Committee and THUD Appropriations Subcommittee
• Representative Mike Quigley: Member of Appropriations Committee and THUD Appropriations Subcommittee

What You Can Do

• Watch for Housing Action Illinois action alerts on the federal budget.
For More Information

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Visit www.housingactionil.org to get the presentation from this webinar.