

How does an election year affect RAD?**Larger than expected victory**

The fact that the Republican Party has captured control of the Senate with the election of Republicans to seven more seats in the Senate this year made headlines last week. By capturing 53 seats and the chance for one more pending a runoff election in Louisiana, the Republicans secured a majority in the Senate, and the dynamics of decision-making in Washington for the next two years were substantially altered. Concerned that things cannot get worse, in a number of states, voters decided to switch parties, which substantially changes the relationship between President Obama and Congress. Republicans also expanded their majority in the House to at least 245 seats, which allows them control of 2/3 of the legislative process. The significance of the majority is it gives Republicans a possible window to govern, and gives Republican leadership some room on many issues even though they might lose the support of ultra conservatives in their party. Success in the Senate still rests on securing the required 60 votes to pass most bills, nor is the margin of Republican victory enough to override the President's veto of any legislation.

Kentucky Senator Mitch McConnell will become the Majority Leader, and he will be responsible for charting the course for the Senate and the Party's legislative agenda. Though they have the majority, the Republicans in the House and the Senate have to agree on any legislation before sending it to the President, who should still have the leverage to veto any bill he doesn't like. It is expected that McConnell will be joined by Ohio Republican John Boehner, who should return as Speaker of the House, to map out the Party's governance strategy. In spite of Congress's record the past six years on governance, which many attribute to the outcomes on Election Day, both men are veterans and are seen as competent legislators by their peers. The change in control is an opportunity for a "do over" on the government funding bills for 2015 that were negotiated at the committee levels before the summer recess earlier this year, when the Democrats controlled the Senate, its committees and subcommittees. All of that will change, of course.

Legislative Activity

Although Congress returns for a lame duck session in December, most insiders believe Congress will use that session just to extend the current Continuing Resolution (CR) that expires on December 11th, before ending the current session of Congress. A CR is the funding mechanism used as a temporary measure to keep the government open, and was passed in September without any amendments. An extension would give the Republican leadership the few extra weeks they need to prepare for carrying out their plan to control the legislative process and its outcomes. In addition to that preparation, the delay also allows the practical transfer of majority control to take place when a new Congress is installed in January. It is essential that Congress take up the funding for the federal government without haste and prove to a very distrustful electorate that their party can govern.

The Republican leadership wants to make that happen, both to confirm the outcome of their victory in the recent elections and to pave the way for their party's hopes in the presidential election in 2016. The hurdles to their success include working around the interest of many Republicans that want to run for president. It has already been written in the political press in Washington that there may be more than 25 Republicans intending to run or retire next year, which makes it all the more important that McConnell and Boehner propose legislation for

funding federal agencies such as HUD as quickly as possible, which will require support from the Democrats and the President as well.

RAD, HUD and Housing Issues

When it was in session last, the Senate Appropriations Committee was chaired by the Democrats. During the committee's deliberations, they approved an increase for RAD in the 2015 HUD funding bill, which was also in the President's 2015 budget proposal for HUD. While the Senate's HUD appropriations bill contained language to lift the cap to 185,000 units, which would have funded the entire waiting list of RAD applications, the "do over" for next year's budget and the funding legislation for all federal agencies could change all of that. We expect there will be new Chairpersons for the Senate Appropriations and Banking Committees which are responsible for funding federal agencies. One committee authorizes funding and the other approves funding levels for those same agencies. Since the Republicans also increased their majority in the House, the Chairpersons of the House Appropriations and Financial Services Committees are likely to remain the same.

HUD and RAD funding will compete for attention from Congress with other housing bills to reform Fannie Mae and Freddie Mac (the "GSEs"), as well as FHA reform. When GSE reform legislation was taken up by the House and the Senate in 2013 and 2014, neither legislation was approved. While agency reform legislation may still not happen in the next Congress, it is expected to take up much of Congress's time, distracting their attention from other housing issues such as RAD.

CR: RAD Legislative Activity

Since the authority for increasing the RAD program was put in the President's proposed HUD budget for 2015 and was included earlier this year in the Senate appropriations bill, as soon as Congress returns to deal with extending the CR later this month, they have to address the cap on funding RAD conversions. They could decide to extend another CR to temporarily fund the government and/or take up the increase in RAD authority in January when the next Congress considers the budget and permanent agency funding legislation a second time. The better alternative is to extend the CR and include an amendment in the resolution to increase RAD authority by at least the 185,000 units that are needed.

It behooves the public housing industry to let Congress know how critical the RAD program is before they are back in session to start deliberations for a new CR. In addition, there already is work underway by House and Senate members to prepare T-HUD funding legislation. The provision to lift the cap to 185,000 units that was in the Senate 2015 appropriations bill has to be retained. Because of the leadership changes and the new faces, Congress needs to be educated all over again about why lifting the cap from 60,000 units to 185,000 units is critical. With very little time, that message needs to come from the public housing community to the House Financial Services and Appropriation Committees, as well as the Senate Banking and Appropriations Committees. Up until now, some Senate Republicans have joined the Democrats in support of including RAD authority in the HUD funding bill.

The new leadership in Congress has to hear how RAD will improve the lives of millions living in public housing, and about the experience of residents living in properties desperately in need of repair. They have to hear about the loss of hundreds of thousands of public housing units, many to obsolescence and demolition because of unfunded repairs. They have to hear that while market rents are rising rapidly, waiting lists of low income households to get into public housing grow longer and longer. Although preserving affordability for low income families, the existing model for funding public housing has failed to produce enough funding for the physical needs of the aging buildings and infrastructure. It is important that the old model be replaced with one that gives public housing

control of the properties and gives them access to billions of dollars from private financing and equity to make repairs and to replace building systems.

RAD needs to be heralded as one of the most important jobs programs in this moment in time. Every state has public housing units, and every public housing property can benefit from the repairs that are an essential benefit of converting to RAD, if only Congress will allow the additional units. HUD, housing authorities, private lenders, and private investors have been preparing for this moment for the last couple of years. This all-out effort is ready to move – ready to spend a projected \$6 billion on building materials and to hire the thousands of construction workers to repair our nation’s public housing. And HUD is committed by the RAD legislation to protect existing tenants and to ensure that no one will be displaced or forced to leave.

This could be a real shot in the arm for the country. If Congress does not increase authority for RAD conversions in 2015, the potential for losing more public housing units doesn’t go away. But the chance to put people to work making improvements to affordable housing does.

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