

November 18, 2005

The Honorable Bill Frist
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Harry Reid
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Richard Shelby
United States Senate
Washington, DC 20515

The Honorable Paul Sarbanes
United States Senate
Washington, DC 20515

Dear Senators Frist, Reid, Shelby, and Sarbanes,

We write to express our strong opposition to any anti-advocacy language directed at nonprofits within a Government Sponsored Enterprises (GSE) regulatory reform bill. This letter is signed by organizations that support the creation of an Affordable Housing Fund in the GSE legislation and by organizations that oppose restrictions on nonprofit speech.

There is a nationwide shortage of 4.6 million housing units that are affordable and available to the lowest income families. These families desperately need the resources that an Affordable Housing Fund would provide to develop and preserve homes that they can afford.

However, language creating such a fund was included in a bill recently passed by the House of Representatives that contained such egregious undemocratic provisions that we were forced to oppose it.

To summarize, the bill passed by the House:

- Disqualifies from eligibility to receive a grant any non-profit organization that has done any non-partisan voter work in the last 12 months, including displaying voter registration forms in the rental office or driving residents to the polls on Election Day.
- Forbids any non-profit organization that receives a grant from engaging in non-partisan voter work throughout the duration of the grant. This is not simply a restriction on the use of grant funds, which advocates want to be only for housing construction, but on all other funds that the organization receives.

- Prohibits the dispersal of grants to organizations that lobby, except certain nonprofit organizations.
- Prohibits the broadcasting of any ad, whether free or paid, that refers to federal candidates within 60 days of a general election or 30 days of a primary, even if the election is not mentioned. This would include public service announcements, public education and grassroots issue advocacy communications.
- If an affiliate of the applicant does *any* of the above, the applicant is ineligible to receive grants under the Affordable Housing Fund. The definition of affiliation in the House bill is quite sweeping. “Affiliations” include organizations that share resources, have overlapping boards or staff, or receive too much money from one entity. Once affiliated, the actions of the affiliated entity can disqualify the nonprofit from receiving money under the Affordable Housing Fund. For example, if a private company donates office space or equipment to a housing group, the two entities are now affiliated. If the private company lobbies or endorses a candidate for federal office, the housing group would be barred from receiving money under the Affordable Housing Fund.
- Requires that housing be the primary purpose of a non-profit organization to be considered for a grant, thereby excluding participation by most faith-based and multi-service organizations that develop housing for low income people, but for whom housing is not their primary purpose.
- The above restrictions apply only to nonprofit organizations. For-profit companies are exempt.

Clearly, these provisions would irreparably damage the ability of nonprofits to develop the thousands of affordable housing units they otherwise could with this resource. The need for an Affordable Housing Fund is clear. However, exclusion of the nonprofit sector would severely hamper its success.

We cannot support a fund with the inclusion of provisions like those that passed the House on October 26. We urge you to support an Affordable Housing Fund only if it is in a bill that does not contain any of these “poison pill” provisions.

Moreover, while this language is targeted to applicants of the Affordable Housing Fund, it also sets a negative and unwarranted precedent for the broader nonprofit sector. The provision restricts the speech rights of nonprofit organizations even when such speech is paid for with private funds. **This is unacceptable.** Nonprofits should not be asked to decide between providing services or speaking out on issues and engaging in voter registration. Additionally, existing laws and regulations already prohibit nonprofits from using federal funds to lobby, support or oppose a candidate for elected office. These rules are enforced through audits and work effectively.

While we are confident the Senate would not endorse these proposals, we wanted to make sure you were informed of their broad, unnecessary and likely unconstitutional reach and our desire to ensure that any legislation regarding a new Affordable Housing Fund not contain these egregious provisions.

Sincerely,

Advancement Project
Advocacy Institute
African American Health Alliance
Alliance for Healthy Homes
Alliance for Justice
American Association of Homes and Services for the Aging
American Association of People with Disabilities
American Counseling Association
American Federation of Labor - Congress of Industrial Organizations
American Federation of State, County and Municipal Employees
American Friends Service Committee
American Jewish Congress
American Network of Community Options and Resources
American Planning Association
Americans for Democratic Action
Anti-Defamation League
Association of Community Organizations for Reform Now
Association of Jewish Family & Children's Agencies
Bazelon Center for Mental Health Law
Brennan Center for Justice at NYU School of Law
Catholic Health Association of the United States
Catholic University of America
Center for Community Change
Center for Law and Social Policy
Center for Lobbying in the Public Interest
Center for Responsible Lending
Child Welfare League of America
Children's Defense Fund
Coalition on Human Needs
Common Cause
Consortium for Citizens with Disabilities
Corporation for Supportive Housing
Council of Large Public Housing Authorities
Enterprise Foundation
Housing Assistance Council
Human Rights Campaign
Lawyers' Committee for Civil Rights Under Law
Leadership Conference on Civil Rights
Legal Momentum
Local Initiatives Support Corporation
Low Income Investment Fund
Lutheran Services in America
Mercy Housing
National Advocacy Center of the Sisters of the Good Shepard

National AIDS Housing Coalition
National Alliance of HUD Tenants
National Alliance of State & Territorial AIDS Directors
National Alliance on Mental Illness
National Association for the Advancement of Colored People (NAACP)
National Association of Housing Cooperatives
National Association of Social Workers
National Coalition Against Domestic Violence
National Coalition for Asian Pacific American Community Development
National Coalition for the Homeless
National Committee for Responsive Philanthropy
National Community Reinvestment Coalition
National Congress of Vietnamese Americans
National Council of La Raza
National Council of Nonprofit Associations
National Council on Independent Living
National Disability Rights Network
National Fair Housing Alliance
National Gay and Lesbian Task Force
National Head Start Association
National Health Care for the Homeless Council
National Housing Conference
National Housing Law Project
National Housing Trust
National Law Center on Homelessness & Poverty
National Low Income Housing Coalition
National Neighborhood Coalition
National NeighborWorks Association
National Network to End Domestic Violence
National Policy and Advocacy Council on Homelessness
National Priorities Project
National Rural Housing Coalition
National Student Campaign Against Hunger and Homelessness
National Urban League
OMB Watch
Paralyzed Veterans of America
People for the American Way
Poverty & Race Research Action Council
Presbyterian Church (U.S.A.) Washington Office
Public Housing Authorities Directors Association (PHADA)
Racial and Ethnic Health Disparities Coalition
RESULTS
Service Employees International Union
Sierra Club
Smart Growth America
Stewards of Affordable Housing for the Future

Technical Assistance Collaborative
The AIDS Institute
The Annie Appleseed Project
The Arc of the U.S.
The Woodhull Freedom Federation
Third Sector New England
Title II Community AIDS National Network (TIICANN)
U.S. Jesuit Conference
U.S. Public Interest Research Group (U.S. PIRG)
Union for Reformed Judaism
United Cerebral Palsy
United Church of Christ Justice and Witness Ministries
United Jewish Communities
United Spinal Association
United Way of America
USAction
Volunteers of America
Women's Committee of 100
YWCA USA

*c/o National Low Income Housing Coalition
727 15th St., NW, 6th Floor
Washington, DC 20005
202-662-1530*