

House Passes Bill Discouraging Voter Outreach

In legislation providing much-needed funds to affordable-housing advocates, lawmakers inserted a clause prohibiting recipients from even remote involvement in any electoral activity.

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By Michelle Chen

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The link between moving into an apartment and stepping into a voting booth might not be immediately clear, but it is a cornerstone in the work of many nonprofit housing groups -- and a perceived source of political trouble for some conservative members of Congress. The entanglement between housing and politics is now thickening in a controversial proposal to restrict affordable housing funds for nonprofit groups that promote political participation.

The Federal Housing Finance Reform Act of 2005, which passed the House of Representatives yesterday by a vote of 331-90, contains a provision that establishes a national fund for developing affordable housing, by skimming 5 percent off the profits of the government-sponsored home-finance companies Freddie Mac and Fannie Mae.

The funding would be a boon to the nonprofit housing sector - worth up to an estimated \$1 billion within two years - but it comes with strings attached: nonprofit organizations would not be able to tap into the fund if they have recently engaged in activities that encourage people to vote.

A product of negotiations between a faction of conservative legislators and the House Financial Services Committee leadership, the clause is supposedly intended to prevent grantees from misusing federal funds, but housing advocates have denounced the so-called "gag rule" as dangerously broad.

"They aren't targeting abuse of anything," said Rick Cohen, executive director of the National Committee for Responsive Philanthropy, which advocates on behalf of charitable organizations. "What they're targeting is the activism of organizations that don't think the same way that they do."

Taking Aim at Charity

Under the weight of a nationwide affordable housing crisis, nonprofit groups say the proposed rules paradoxically open doors to equitable housing by restricting access to democracy.

"To build affordable housing and have to sacrifice nonprofit free speech and advocacy rights," said Cohen, "is a bargain that, really, nobody should accept."

The legislation essentially bars nonprofits receiving the government money from spending their own private funds, raised from non-federal sources, on any election-related activity. For instance, grantees could not help people register to vote or host a polling site at a housing

facility.

The legislation also restricts grantees from associating with groups engaged in such activities -- a caveat critics fear could break up mutually supportive nonprofit networks through guilt by association. According to a legislative analysis by the government watchdog group OMB Watch, "affiliation" could be defined as funding support that constitutes over 20 percent of a group's yearly budget, overlapping board members, or even a shared computer server.

The proposed restrictions apply to nonprofits for the duration of the grant and are retroactive for a year prior to the funding request. But they would not impact for-profit companies, which already enjoy relatively few limitations on political activities under existing federal statutes. In contrast to their profit-driven counterparts, charitable groups and other nonprofits, are heavily restricted in using their resources to influence government policy, though they can advocate around specific issues.

A broad coalition of nonprofits has argued that the housing fund rules impinge on groups' free expression and association.

Linda Banks, executive director of the housing provider Southwestern Louisiana Homeless Coalition, fears that the restrictions would conflict with her organization's community advocacy work, which involves informing congressional representatives about local housing needs. Moreover, if her organization attended a community gathering where other nonprofits were helping to register voters, she wondered, "does that mean that we'll have to pay back any funds that we were issued because our agency was a participant?"

However, Banks mainly opposed the restriction not out of financial concerns, but on principle. "I'm just afraid that what they're attempting to do with this restriction is to not allow people to practice their constitutional rights," she said.

Nonprofit advocates say the restrictions would cut off a major funding stream for housing groups working to rebuild the physical and civic infrastructure of the devastated Gulf Coast, where the proposed fund would initially be targeted.

Banks said that in the Louisiana communities served by her group, hurricane victims are still stranded in shelters, waiting for homes to be rehabilitated. "Someone needs to be able to build those units," she said. "If we're not allowed to do so, then we won't have the housing inventory to address their needs."

Or, she predicted, the rebuilding effort could be hijacked by "private developers that have no clue -- and no compassion for the very-low- and low-income person."

The housing fund is part of a broader bill that tightens regulations on government-sponsored enterprises, private finance companies established by Congress to facilitate home ownership. After the Financial Services Committee approved the bill in May, a coalition of conservative legislators known as the Republican Study Committee pressured Financial Services Chair Michael Oxley (R-Ohio) to insert the additional housing fund restrictions.

In a letter dated May 25 to former House Majority Leader Tom DeLay (R-Texas), obtained by The NewStandard, members of the Republican Study Committee warned, "[T]he money from this fund could be used to finance third-party advocacy groups that have agendas... that are antagonistic to the free-market principles we value."

An unsigned memorandum recently circulated among House members contended that the bill "would require the government sponsored enterprises to pump billions into left-wing organizations."

Michael Kane, director of the subsidized-housing advocacy group National Association of HUD Tenants, views the restrictions as part of a conservative agenda to disenfranchise underserved communities.

"They're trying to criminalize democracy," he said, "while allowing unrestrained, government-subsidized... activities by for-profit companies for their own private gain."

More than Bricks and Mortar

Advocates of affordable housing say the connection between political participation and housing work is fundamental to community development.

As community-based institutions, nonprofit housing organizations often serve as a bridge between the advocacy of civil rights groups and low-income and minority constituencies. Hilary Shelton, director of the NAACP Washington Bureau, said that housing groups lay the groundwork for political organizing, by helping "to build the involvement of people... so they can protect their communities using the political process."

In voter mobilization drives, Shelton added, housing groups are "strategically positioned" to bring local citizens to the polls.

In the 2004 election season, nonprofit organizations played a major role in promoting voter participation. According to survey data from the National Low Income Housing Coalition, which has led the opposition to the funding restrictions, housing groups registered an estimated 84,000 new voters.

The proposed restrictions could clash not only with the principles of various groups but with existing state and federal laws as well. According to the OMB Watch analysis, electoral reform laws like the Help America Vote Act facilitate partnerships between nonprofits and government agencies to boost voter participation.

Minnesota state law actually mandates that nonprofits receiving state support "shall provide voter registration services for employees and the public."

Chip Halbach, executive director of the advocacy coalition Minnesota Housing Partnership, noted that "state grant dollars go into pretty much every affordable housing unit that gets developed in this state," which would automatically exclude Minnesota nonprofits from the

national fund.

For many nonprofit groups involved with affordable-housing work, their voting-related activities never assumed a partisan taint before the ensuing legislative battle.

In the affordable-housing communities managed by the faith-based charity Volunteers of America, voter registration is provided to residents alongside counseling programs and computer training, as part of an array of services.

A national housing fund could be critical in the group's efforts to rebuild damaged units in the Gulf Coast region, many of which house disabled and elderly adults. "We would hate to be precluded," said President Charles Gould, "if there's something we're doing on a daily basis to help people who need help in exercising their rights."

For the Child Welfare League of America, an association of social service providers that also helps develop supportive housing, voter education is as political as a high school civics class. Ruth White, director of the League's housing program, said the restrictions would undermine programs that teach independent living skills to teenagers transitioning out of foster care. Since the goal is to instill a sense of community responsibility, she said, "we can't, in good conscience, not tell these young people... what it means to be of voting age."

Nonprofit advocates say that the bill mistakenly equates encouraging democracy with manipulating votes. Sheila Crowley, president of the National Low Income Housing Coalition, pointed out that, like other citizens, "low-income people do not vote as a monolith. They just don't vote enough."

Dismissing the suspicions of conservative officials, she said, "You're left to conclude that people don't want low-income people to vote."

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