

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 15<sup>th</sup> St., NW, 6<sup>th</sup> Floor  
Washington, DC 20005  
202-662-1530*