

NLWJC - Kagan

DPC - Box 030 - Folder 021

Housing - General



● Paul J. Weinstein Jr.

12/02/97 05:47:24 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Housing Initiative

----- Forwarded by Paul J. Weinstein Jr./OPD/EOP on 12/02/97 05:45 PM -----



Jonathan Orszag

12/02/97 05:35:00 PM

Record Type: Record

To:

cc: Paul J. Weinstein Jr.

Subject: Housing Initiative

Message Creation Date was at 2-DEC-1997 17:35:00

I just wanted to provide you a quick update on where each of the housing proposals stood. Right now, there are potentially five parts to this initiative:

I. Housing Mobility

- Expansion of HUD's Regional Opportunity Counseling (ROC)
- Eliminate Obstacles to and Provide Incentives for Portability

STATUS: Every agency has signed off on these proposals and they are already included in the budget.

II. Homeownership Initiative

- Use Section 8 Vouchers for Homeownership (**STATUS:** Signed off on by all agencies and already within budget)

IDEAS WE NEED TO DISCUSS:

- Earmark within HOME program (with restoration of HOME funding)
- Expansion of NRC
- Providing additional grants to Habitat for Humanity
- FHA-Based Reforms, such as lifting loan limit -- this is a revenue raiser (HUD is coming back with specifics on this idea).

III. Fair Lending

- Urge Fed to require banks and thrifts to report race, income, and gender data as part of the CRA small business loan reporting provisions.
- Urge Fed and FDIC to require their regulated banks to report the reasons for denial of each mortgage loan application (OCC and OTS already do so).
- FFIEC will conduct an analysis and report back to the President within one year with recommendations as to how automated credit scoring systems can be used to enhance rather than reduce credit available to low-income and minority borrowers.
- Develop and implement methods of pre-application testing, to detect discrimination that occurs before an application is made.

STATUS: These are non-budget related items. Treasury is working to finalize the four proposals. It is not necessary for them to be done this week.

IV. Welfare-To-Work Housing Vouchers

STATUS: Paul Weinstein is finishing a draft of memo tonight.

V. Lifting Low-Income Housing Tax Credit Limit. Since the cost to build low-income housing has increased over the last four years, the program has not grown with the cost. Four years ago, the number of requests for the LIHTC versus the number of allocations was 2.04. Today, this ratio is 2.97.

STATUS: Treasury is working on options. Senator D'Amato has a bill to increase the LIHTC and then index it to inflation. A rough estimate suggests that this bill would cost about \$1.5-\$2.0 billion over five years. We could lower this estimate by phasing any increase in over a longer time period. For example, the D'Amato bill increases the credit from \$1.25 to \$1.75 in one year and allows it to increase with inflation. We could increase the credit from \$1.25 to \$1.35 next year, then to \$1.45 in 2000, to \$1.55 in 2001... to \$1.75 in 2003. In 2003, we could then index the credit to the rate of inflation.

Message Sent To:

Bruce N. Reed/OPD/EOP
Jose Cerda III/OPD/EOP
Elena Kagan/OPD/EOP
Cynthia A. Rice/OPD/EOP
Andrea Kane/OPD/EOP

CLINTON-GORE ADMINISTRATION ACTIONS TO MAKE HOMEOWNERSHIP EASIER AND MORE AFFORDABLE

- **National Homeownership Strategy.** In 1995, at the request of President Clinton, the Administration convened the National Partners in Homeownership to carry out a National Homeownership Strategy. The Partnership, an unprecedented public-private effort, consists of 65 leading national organizations and 131 local partnerships. All of the key leaders in housing are a part of this partnership. These Partners have made significant strides in working together to increase housing production, reduce regulatory barriers, and expand homeownership opportunities for *all* Americans. A National Homeownership Summit attended by President Clinton attracted 1,400 people in June 1996; the Partnership launched a National Homeownership Week in June 1997; and this past year more than 600 events, such as homebuyer fairs, took place across the country.
- **Lowered Closing Costs By \$1,200 for Qualified First-Time Home Buyers.** The Clinton Administration has cut FHA home mortgage insurance premiums four times. One reduction, applying to all first-time homebuyers with FHA-insured mortgages, will save homebuyers \$200 in closing costs on the average FHA mortgage of \$85,000. Another will save first-time homebuyers in central cities an additional \$200. *In all, cuts approved by President Clinton have cut average FHA closing costs for first-time homebuyers by \$1,200 around the country and will cut closing costs by \$1,400 in central cities. Last year, FHA provided financing for 800,000 homeowners, many of whom were first-time homebuyers -- and many of these families would not be homeowners if it were not for the actions taken by the Clinton Administration.*
- **Making It Easier to Qualify for Mortgage Loans.** The FHA has eliminated unnecessary and overly strict requirements under its loan program that made it difficult for many families to qualify for mortgage loans. It has also given lenders greater flexibility to make homeownership possible for more nontraditional borrowers, and has clarified certain underwriting requirements so they are not applied in a discriminatory manner. With these improvements, thousands more families are eligible for FHA-insured home loans. It also streamlined its underwriting criteria, consolidated operations, and improved its performance. *The cost savings from these improvements have resulted in cost savings to consumers.*
- **Penalty-Free IRA Withdrawals for the Purchase of a First Home.** The Balanced Budget Act signed into law by President Clinton in August 1997 expands Individual Retirement Accounts (IRAs) to allow penalty-free withdrawals for first-time home purchases.
- **Capital Gains Exclusion for Homeowners.** The tax cut President Clinton signed into law allows couples to exclude from tax up to \$500,000 in capital gains from the sale of a home. (Single taxpayers could exclude up to \$250,000.) This tax cut for homeowners exempts over 99 percent of home sales from the capital-gains tax, dramatically simplifying taxes, and record keeping for more than 60 million homeowners.
- **Streamlined HOME Program to Help Home Buyers.** HUD has streamlined the HOME Program, helping an additional 23,000 families become home owners in 1996 alone. The HOME program allocates funds to local jurisdictions and is an important resource for potential first-time home buyers who may need down-payment assistance or help carrying the full cost of a mortgage.

- **First-Time Homebuyer Tax Credit in Washington, DC.** The Balanced Budget agreement President Clinton signed into law in August 1997 included a \$5,000 tax credit for first-time homebuyers in the District of Columbia.
- **Helping Localities Convert Abandoned Properties into Homes for Low-Income Families.** HUD redesigned its Single Family Home Sales program to allow pre-approved nonprofit organizations and government entities to purchase abandoned HUD-owned properties at discounted prices. Since the program was created in 1993, more than 6,200 properties have been sold to non-profits and localities.
- **Reinventing HUD and the FHA.** The FHA has automated its functions, using new technology and streamlining to serve lenders and home owners more efficiently. Staff savings from this process have already exceeded \$2.4 million, allowing HUD to function more efficiently with lower costs. The FHA has also cut from 6-8 weeks to a matter of hours, the length of time it takes to issue mortgage insurance.
- **Officer Next Door.** In June 1997, the Clinton-Gore Administration established the Officer Next Door program to stabilize communities and create safe neighborhoods. This program will enable 2,000 police officers to buy HUD-owned inner-city homes at half price.
- **Homeownership Zones.** The Clinton-Gore Administration has sponsored important initiatives to revitalize urban neighborhoods and empower residents. In April 1997, HUD announced that the Homeownership Zone Program will provide \$90.8 million in grants and loan guarantees to six cities. The assistance will help about 2,000 families become owners of newly built or rehabilitated single-family homes, while attracting new businesses.
- **Revised Community Reinvestment Act To Emphasize Results, Instead of Paperwork.** The gains under the revised Community Reinvestment Act (CRA) have been substantial. Since 1993, new commitments for low- and moderate-income loans totaling more than \$175 billion -- more than 80 percent of the total loan commitment under CRA since the law was enacted in 1977. Between 1993 and 1996 mortgage originations for Hispanic Americans and African-Americans increased 56 percent and 55 percent, respectively -- more than three times the 14 percent increase for white borrowers. Since 1993, home loans in low- and moderate-income geographies increased 33 percent, while gaining only 21 percent in upper-income geographies.
- **Instituted Fair Lending Initiatives.** The Department of Housing and Urban Development signed 141 "Fair Housing Best Practices" agreements with real estate industry leaders such as mortgage bankers and realtors. In these agreements, the industry leaders pledge to exceed their responsibilities under the Fair Housing Act. Moreover, HUD implemented goals for Fannie Mae and Freddie Mac, two government-sponsored enterprises (GSEs). Between 1993 and 1996, Fannie Mae and Freddie Mac purchased over one million mortgage made to low- and moderate-income homebuyers. Close to 450,000 of the GSE loan purchases were for first-time homebuyers.
- **Empowerment Vouchers.** The Administration has proposed allowing working families who receive rental vouchers from HUD under the Section 8 Program to convert rental vouchers into Empowerment Vouchers that will enable them to buy a home under legislation expected to become law. Freddie Mac has announced a commitment to purchase up to 2,000 of the mortgages originated by private lenders.

MAKING THE DREAM OF HOMEOWNERSHIP A REALITY: AMERICA HITS ALL-TIME HIGH HOMEOWNERSHIP RATE

October 23, 1997

In 1994, President Clinton, along with the National Partners in Homeownership, set a goal for the nation to achieve an all-time high homeownership rate by the year 2000. Today -- a full three years early -- the Census Bureau reported that in the third quarter of 1997 the homeownership rate climbed to its highest level ever. Here are some of the results from the Census report, as well as other housing-sector statistics:

- **Highest Homeownership Rate in American History.** In the third quarter of 1997, the homeownership rate climbed to 66.0 percent from 65.7 percent in the second quarter. *The homeownership rate is now at its highest level ever.* The previous record high was 65.8 percent in the third quarter of 1980.
- **Largest Increase in Homeownership on Record.** After falling from 65.6 percent in the first quarter of 1981 to 63.7 percent in the first quarter of 1993, homeownership is on the rise again. Since the first quarter of 1993, the homeownership rate has increased from 63.7 percent to 66.0 percent today -- that's the largest 4½-year rise in homeownership on record.
- **5.8 Million New Homeowners Under Clinton-Gore Administration.** Since the beginning of 1993, the number of homeowners has increased by 5.8 million. In the third quarter of 1997 alone, there were 462,000 new homeowners, and so far in 1997, there have been 1.3 million new homeowners.
- **Half a Million More African-American Homeowners.** The National Partners in Homeownership is trying to increase housing opportunities for *all* Americans. Since established, there have been 523,000 more African-American homeowners. There is still work to be done: African-American homeownership rate is still far below that of all households (45.8 percent vs. 66.0 percent).
- **Nearly Half a Million More Hispanic Homeowners.** Since the end of 1994, the number of Hispanic homeowners has increased by 463,000, but the Hispanic homeownership rate is still just two-thirds of the overall homeownership rate.
- **1.2 Million More Families Living in Cities Own a Home.** Since the fourth quarter of 1994, the homeownership rate for families living in cities has increased from 48.2 percent to 50.2 percent -- that translates into 1.2 million more families living in cities who own their own home.
- **Record-High Home Sales.** In August 1997, existing home sales were 16 percent higher than in January 1993 (4.3 million vs. 3.7 million at an annual rate) -- existing home sales are now at their highest level on record. [Source: National Association of Realtors]
- **Housing Starts Are Up 24 Percent Since 1993.** Housing starts have increased from an annual rate of 1.2 million in January 1993 to 1.5 million in August 1997 -- that's an increase of 24 percent. [Source: Bureau of the Census.]
- **1.1 Million New Construction Jobs -- Faster Rate of Growth Than Any Administration Since Truman.** After losing 667,000 jobs in construction during the previous four years, 1.1 million new construction jobs have been added since January 1993 -- that's a faster annual rate than any other Administration since Harry S Truman was President. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]

PRESIDENT CLINTON'S ECONOMIC STRATEGY HAS HELPED MAKE THE AMERICAN DREAM A REALITY FOR MILLIONS OF AMERICANS. In 1993, President Clinton put in place a three-part economic strategy: reduce the deficit, invest in the people, and open markets. Lower deficits helped lead to lower mortgage rates, more jobs, and higher family incomes, which -- along with the National Homeownership Strategy -- has led to more affordable homes and the highest homeownership in American history.

- **Homes More Affordable Under Clinton-Gore Administration.** According to data from the National Association of Realtors, homes have been more affordable during the Clinton-Gore Administration than during any other Administration since Richard Nixon was President. [Source: Based on data from the National Association of Realtors]
- **Cut Deficit 87%.** In 1992, the deficit was \$290 billion -- a record dollar high. This year, the deficit is projected to fall to \$37 billion -- the lowest deficit in 24 years. [Source: OMB]
- **Lowest Mortgage Rates in 30 Years.** Experts -- such as Alan Greenspan, *Business Week*, and *Fortune* -- agree that the deficit reduction from the President's 1993 Economic Plan led to a drop in long-term interest rates. Mortgage rates have averaged just 7.8% under President Clinton -- lower than under President Reagan (12.8%), President Bush (9.5%), or any Administration since Lyndon Johnson was President. [Source: Department of Treasury, Office of Economic Policy.]
 - **Alan Greenspan, Federal Reserve Board Chairman, 1/31/94:** "The actions taken last year to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long-term interest rates."
 - ***Business Week*, 5/19/97:** "Clinton's 1993 budget cuts, which reduced projected red ink by more than \$400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological innovation and rising productivity."
 - ***Fortune*, 10/3/94:** "[President Clinton's 1993] economic plan helped bring interest rates down, spurring the recovery."
- **Lower Mortgage Rates Saved Families Thousands.** According to the *New York Times* and *Money* magazine, lower interest rates under the Clinton-Gore Administration have saved the 10 million families who refinanced their home mortgages \$1,000 to \$2,000 per year, on average. [Source: *New York Times*, 8/3/96; *Money*, 8/96]
- **13.2 Million New Jobs.** The home-building community looks to the job-formation rate in planning housing production levels. Under President Clinton and Vice-President Gore, the economy has added 13.2 million new jobs -- a faster annual rate of job growth (2.5 percent per year) than *any* Republican Administration since the Roaring 1920s. [Source: Bureau of Labor Statistics.]
- **Unemployment Down to 24-Year Low.** In 1992, the unemployment rate was 7.5 percent. In September 1997, the unemployment rate was down to 4.9 percent -- as low as it's been in 24 years. [Source: Bureau of Labor Statistics.]
- **Typical Family Income Up \$2,169 since 1993.** Since President Clinton's Economic Plan passed in 1993, median family income has increased from \$40,131 in 1993 to \$42,300 in 1996 -- that's a \$2,169 increase in income, adjusted for inflation. From 1988 to 1992, median family income fell \$1,795, adjusted for inflation. [Source: Bureau of the Census.]
- **Consumer Confidence As High As It's Been In Nearly 30 Years.** The Conference Board's

measure of consumer confidence has more than doubled since President Clinton was elected. Consumer confidence is now as high as it's been since 1969. [Source: The Conference Board]



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

EK/POW/
JOSE/

September 24, 1997

MEMORANDUM

TO: ERSKINE BOWLES, CHIEF OF STAFF
FROM: SECRETARY ANDREW CUOMO *AC*
SUBJECT: UPCOMING EVENTS

As you know, we make every effort to offer all of our significant events to the White House. As you are aware, our topics are often not viewed as politically attractive. We will keep trying. We have some upcoming events that may interest you:

- **Fair Housing for the 21st Century** This set of initiatives could be announced when the President is speaking on the "One America" initiative this Thursday in Little Rock, at next week's meeting of the Advisory Council on Race, or at a later date.
 - *Housing discrimination cases.* As early as this week, HUD will be taking action on a handful of housing discrimination cases. These cases, on their own, represent incredibly egregious acts of discrimination against American families and are exactly the kind of *wrong* the President is trying to *right* with his "One America" initiative.
 - *Doubling the number of enforcement actions.* Collectively, the cases we plan to announce will also signal HUD's renewed commitment to fair housing across the country. At the direction of the President, HUD has pledged to double the number of its fair housing enforcement actions from 1,085 to 2,170 by the Year 2000.
 - *Grants for Fair Housing (FHIP grants: \$15 million).* These grants fund nonprofits that promote and enforce fair housing across the country.

- **Celebrating the Highest Homeownership Rate in History.** During the week of October 20th, we will release our quarterly homeownership report. It is possible that we will reach an all-time high homeownership rate of 67.5%. In addition to this being a major national news story, it will fulfill – three years early -- the President's 1994 pledge to achieve the highest homeownership rate in the country's history by the Year 2000. This means that we will have provided the dream of homeownership to eight million more Americans.
- **Fighting Crime and Drugs (Drug Elimination grants: \$250 million)** Over 500 communities will receive HUD grants to fight crime in their public housing authorities. While the majority of our 3,400 public housing authorities provide safe and decent housing, some are infested with illegal drugs. These funds empower the locally-run housing authorities to *stop* crime by hiring additional security and to *prevent* crime by educating youngsters. As the chair of the Crime Prevention Council, Vice President Gore along with the Attorney General awarded these grants in May and received significant press coverage.
- **Grants for the Elderly and Disabled (202 and 811 grants: \$715 million).** These grants are often the only source of funding to build housing that meets the needs of elderly and disabled Americans across the country. These will be provided to dozens of communities.
- **The Next Generation of Public Housing (HOPE VI grants: \$487 million).** HUD is well on its way to fulfilling the President's commitment to transform America's public housing by demolishing 100,000 of the nation's worst public housing units by the Year 2000 while providing new housing opportunities for low income Americans. These grants are critical to making that commitment a reality, allowing us to tear down the bad projects and build new livable homes that fit within the fabric of our communities. We will be awarding funding in nearly 20 cities.
- **"Officer Next Door" Campaign.** To encourage police officers to live in the communities they serve and to provide homeownership opportunities for these valued public servants, the President in late June announced that HUD homes will be available to them at a 50% discount in distressed communities. The goal is to benefit as many as 1,000 officers. We can arrange an event to highlight the first officer benefiting from the program in Washington, DC. At this point, we anticipate that the 10 largest police organizations/unions in the country will endorse the program. This concept has already received significant positive press.

Please contact me at your earliest convenience to let me know if you would like to work together on any or all of these events.

cc: John Podesta, Sylvia Mathews, Thurgood Marshall, Jr., Ann Lewis, Bruce Reed, Rahm Emanuel

Hunting - general

AND

PPC - Keep up on



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

M E M O R A N D U M

TO: ERSKINE BOWLES, CHIEF OF STAFF
CC: DON BAER, DIRECTOR OF COMMUNICATIONS
RAHM EMANUEL, SENIOR ADVISOR TO THE PRESIDENT
KATHRYN HIGGINS, CABINET SECRETARY
RON KLAIN, CHIEF OF STAFF TO THE VICE PRESIDENT
MIKE MCCORRY, PRESS SECRETARY
BRUCE REED, DOMESTIC POLICY COUNCIL
DOUG SOSNICK, COUNSELOR TO THE PRESIDENT
GENE SPERLING, COUNCIL OF ECONOMIC ADVISORS
MELANNE VERVEER, CHIEF OF STAFF TO THE FIRST LADY

FR: ANDREW CJOMO
RE: PLANNED UPCOMING HUD EVENTS
DATE: 5/5/97

For your information, please find a list of planned upcoming HUD events which the White House may be interested in participating in.

Anti-fraud, Waste, Abuse and Crime:

- Announcement with the Attorney General (and possibly General McCaffrey) on HUD's aggressive initiative to "Get Tough" on drug dealers, gangs and violent criminals in public housing. This effort will highlight anti-crime efforts in 12 of the largest cities in the country. (Scheduled for June 3.)
- Announcement of HUD's campaign to "Get Tough" on public housing authority personnel who have defrauded the government or abused their positions of trust. This event will feature HUD's do-barring of around 25 people from doing business with the government in the future. (Scheduling TBA.)
- Announcement of "One Strike and You're Out" for bad landlords. HUD is changing language in its contracts with Section 8 landlords which will allow HUD to terminate existing contracts the moment a bad landlord is found civilly liable or convicted of a criminal felony.

cc: Bruce R. Swathlow P

Bruce / Swathlow -

I've marked the ones that seem most interesting to me. (1) The crime announcement seems a natural for our participation. What are they actually doing? (2) The civil rights initiative could fit very well into our broader race agenda - I suspect discrimination is nowhere more prevalent than in the housing area. (3) The lead paint issue fits into a 0-3 agenda, since this is probably the most dangerous of all environmental risks to children. My

cc: JP
EK
TF

JP -
I think
EK is right.
We should
integrate the
more into
our world.
Let's
talk it over
BT

cc: EK



- Announcement with DOJ of efforts to combat civil rights abuses implicating housing issues. HUD is working to identify and build strong cases in the south and in the West. In addition, other possible areas which HUD is considering taking strong action against include: 1) predatory lending (i.e. lending at high rates to minorities); and 2) exclusionary zoning (i.e. using zoning laws to exclude minorities from being able to reside in certain neighborhoods). (Scheduling TBA.)
- Announcement of enforcement actions (e.g. civil fines) against landlords who failed to comply with recently enacted lead paint removal and disclosure laws. (Scheduling TBA.)
- Rolling announcements of HUD's Get Tough on bad landlords campaign. It is anticipated that every couple of weeks HUD will announce a range of enforcement actions taken against bad landlords pursuant to our decision to focus oversight resources in this area. (Scheduling TBA.)

Increasing Homeownership Opportunities and Promoting Community:

- Announcement of HUD's "Homes for Peace Officers" plan. This plan will make available at a 40% discount 3,000 government owned, single family houses in the country's 25 largest cities for police officers and firefighters. This program is designed to promote the concept of having peace officers live in the communities in which they work. (Scheduled for the week of May 12-16.)
- Announcement during Homeownership Week of the creation of low interest loans administered by GINNEMAE to facilitate homeownership opportunities for police officers and teachers who agree to live in the communities in which they work. (Scheduled for May 19-23.)

Others:

- Announcement of HUD's Homelessness legislation. This event will highlight our legislative agenda for dealing with the homeless. (Scheduling TBA.)
- Announcement of HUD's management reform plan. (Scheduling TBA.)
- Announcement of HUD's work to date on helping to rebuild African-American churches which had been burned down. (Scheduling TBA.)

understanding is that HUD's efforts have been quite deficient in this area. Is it turning around? (4) we've talked about the "homes for police officers" idea; I think I like Tom's ~~idea~~ version better. (5) What's in the homelessness legislative?

In general—then guys are going to be active. Does it make sense to get them in here once every couple of weeks or so to discuss what they're doing (as we do for health, welfare, education, etc., but perhaps less often)?

January 21, 1997

*file:
Housing
generally*

TO: Bruce Reed
Elena Kagan
FROM: Molly Brostrom
RE: "My" Issues/Exit Memorandum

I wanted to give you general ideas on some of the issues on which I have worked while at the Domestic Policy Council and where I think it is important for DPC to remain involved. Attached are background and more specific thoughts for anyone who continues work in these areas.

Homelessness. At the request of the President, the Interagency Council on the Homeless became a working group of the Domestic Policy Council in 1993 (funded and housed at HUD). I think it is important to continue White House involvement with the ICH for a couple of reasons: 1) There is no other White House connection for advocates and providers. 2) The ICH is a useful body for interagency coordination and without White House involvement, the ICH will become another arm of HUD and will lose other agencies' involvement.

On the latter reason, there is increasing interest on the Hill and among advocates on ensuring that other agencies (HHS in particular) play a larger part in providing supportive services for the homeless (Lazio circulated a draft homeless bill last session that would turn HUD's Shelter-Plus-Care program into a rental assistance block grant to states). In addition, with increasing consolidation of homeless programs in the last couple years, it is increasingly important that "mainstream" programs (training, education, health care) reach out to and serve the homeless -- the ICH can press for and monitor this aspect.

Housing. The affordable housing needs in this country are critical -- and they play a key part in the success of moving people from welfare-to-work -- yet have received little White House attention. I think this is an area where DPC should continue and should increase its involvement: new housing policy ideas are needed and HUD is developing some that could benefit from White House backing. At the very least, a White House contact for advocates and interest groups is important.

A couple of specific items:

-The interest in providing Habitat access to surplus property should be monitored. Rep. Lazio's public housing bill contains a provision that would accomplish this -- HUD and HHS are supportive; they are working on amendments that would improve the Title V process. But GSA and OMB (the GSA side) are reluctant. The President has indicated he would like this proposal to happen.

-Nic Retsinas' Office for Housing at HUD is developing a Homeownership Tax Credit proposal that seems promising and for which they are looking for an advocate at the White House. The proposal would aim to increase homeownership among households with incomes below the national median by making investors eligible for a

\$9900 tax credit that potential low/moderate income homeowners could use towards the downpayment or mortgage. I passed on further information to Paul Weinstein.

Veterans. The Interagency Veterans Policy Group was created in 1994 to provide a forum for interagency work on veterans issues and for White House communication with veteran service organizations. DPC has been the lead, but it is co-chaired with us by Cabinet Affairs and Public Liaison with OMB involvement. I don't think continued DPC involvement is critical. I do think it is important for one office to take the lead and I would suggest Cabinet Affairs with OMB providing substantive support. I believe the IVPG has played an effective role in giving access to VSOs and thus muting criticism.

Seniors. With Chris and Jen/Pauline covering Medicare and Medicaid, and NEC and OMB the primary contacts on Social Security and pensions, the other seniors issues are relatively minor (the Older Americans Act is up for reauthorization this year--these programs are very important to senior groups--Bill White of Public Liaison and Ken Apfel's shop can cover).

I do think, however, that there is potential for a DPC person to work with HHS/Administration on Aging at looking at ways the federal government can work with states and localities to prepare for an aging population. Initiatives outside Medicare and Social Security are important and can divert attention from those two sticklers.

I hope this is useful, and I wish you the very best in your work at the Domestic Policy Council.

HOMELESSNESS

Interagency Council on the Homeless

Background The Interagency Council on the Homeless was created by the Stuart B. McKinney Act in 1987 to create a forum for interagency work on homeless issues. In 1993, when Congress did not refund the ICH, President Clinton asked that it become a working group of the DPC. HUD agreed to staff and house it; HUD, HHS, and VA serve as co-chairs; 18 agencies are members.

Status. The ICH issued "Priority Home! The Federal Plan to Break the Cycle of Homelessness" in 1994. Budget and legislative changes in 1995-6 have stymied full implementation of the plan. In the last couple of years, activity on the Council has been minimal as agencies' focus has been on preserving funding. A current focus is developing and providing technical assistance on models for homeless assistance to people with multiple diagnoses (substance abuse, mental health, HIV).

Follow Up. The ICH mission should be redefined/clarified. In the past, the Council had funding for field staff and provided the opportunity for networking and information dissemination among providers and advocates across the country. In conjunction with the changing role of government, the Council is evolving into more of a technical assistance resource -- an improved home page and newsletter could help in maintaining contact with providers in the field.

The membership of the Council should be slimmed down -- many of the agencies are peripherally involved on homeless issues. Thought should be given to having rotating leadership of the Council (might make HHS and VA take more responsibility).

Another area needing attention is follow up on outreach and service to the homeless among "mainstream" programs. As individual homeless programs are consolidated/folded into mainstream programs, these programs should address how they will reach this population (perhaps agencies could include a "Homeless Impact Statement" in budget submissions). There also should be better coordination between ICH policy ideas and agency budget submissions.

Lazio Homeless Bill

Rep. Lazio is expected to introduce a homeless bill that would dramatically change current homeless assistance. It would change HUD's Shelter-plus-Care competitive grant program to a block grant with 70% going to states for rental assistance and 30% as a flexible grant to localities and states. Concerns voiced by advocates include: would dismantle continuum-of-care efforts which are making progress on improving coordination; turns homeless programs to states who have been for the most part inactive on this issue; and the demand is not there yet for 70% of assistance in the form of rental assistance.

National Survey of Homeless Assistance Providers and Clients

The Provider and Client surveys are completed. Data analysis by the Urban Institute is beginning; reports are expected in the fall of 1997 and spring of 1998.

Contacts:

Jacque Lawing, HUD--708-0270 x4348

Fred Karnas, Acting Dir., Interagency Council on the Homeless--708-1934 x4621

George Ferguson, ICH--708-1480

Nan Roman, National Alliance to End Homelessness--638-1526

Katherine Meredith, OMB (homelessness)--X54988

HOUSING

Public Housing Reform.

Background. Agreement could not be reached last session on public housing reform, in part because of the extreme nature of some of the Republican proposals, such as opening of income targeting to families with little or no severe housing needs and elimination of rent protection.

Status. HUD is in the process of submitting public housing reform legislation to the Hill that would make permanent many of the temporary reforms we pushed in the last couple budget bills. Specifically, the bill would:

- Give funding flexibility to PHAs and encourage mixed-finance developments;
- Permanently repeal the one-for-one replacement requirement for public housing;
- Make permanent PHA authority for ceiling rents and earned income disregards;
- Facilitate the sale of public housing to families through conduit organizations;
- Expand powers for dealing with PHAs in substantial default;
- Streamline Section 8 tenant-based assistance by eliminating "take-one, take-all," 90-day notice, and endless lease requirements;
- Improve authority for families to use Section 8 assistance for homeownership; and
- Expand coverage of Drug Elimination Act to include other types of crime in addition to drug related crime.

Follow-Up. In the past, low-income housing advocacy groups have been concerned that HUD will too readily compromise with Republicans on important protections for tenants/low-income people. I think it is important for the Administration to remain firm on keeping limited housing assistance targeted and available (e.g. maintain affordability protection) for families most in need. White House involvement may be important in demonstrating this commitment.

Habitat/Federal Surplus Property

The interest in providing Habitat access to surplus property should be monitored. Rep. Lazio's public housing bill contains a provision that would accomplish this -- HUD and HHS are supportive; they are working on amendments that would improve the Title V process. But GSA and OMB (the GSA side) are reluctant. The President has said he is supportive of making this happen.

Homeownership Tax Credit

Nic Retsinas' Office for Housing at HUD is developing a Homeownership Tax Credit proposal that seems promising and for which they are looking for an advocate at the White House. The proposal would aim to increase homeownership among households with incomes below the national median by making investors eligible for a \$9900 tax credit that potential low/moderate income homeowners could use towards the downpayment or mortgage. Further information passed on to Paul Weinstein.

Welfare Reform Interactions

Concerns: 1) families losing income -- immigrants, food stamp recipients -- will have greater difficulty paying rent; 2) housing rent policies do not welfare-to-work efforts (e.g. without earned income disregards, 30% of income rent requirement can be work disincentive; 3) reduced funding for housing assistance (less affordable housing)

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