

A large, stylized outline of a house with a gabled roof and a chimney on the left side, serving as a background for the title text.

# National Partners In Homeownership

U.S. Department of Housing & Urban Development  
Administration History Project  
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FIRST YEAR REPORT



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

Dear Mr. President:

The opportunity to own a home is a cherished American tradition. It provides the homeowner with pride, promotes neighborhood vitality, helps create financial security, and stimulates both local and national economic growth. That American dream had been fading since 1981, however, when the national homeownership rate began declining after 46 years of steady growth.

In November 1994, you asked the Department of Housing and Urban Development to create a National Homeownership Strategy that would enable more Americans to buy homes. The mission you gave us spurred the creation of the National Partners in Homeownership, 58 national organizations working to create 8 million new homeowners by the end of the year 2000.

Under your leadership, the economy is healthy and strong. The housing market, which is keenly sensitive to the state of the economy, has benefitted from your policies, which have helped produce low interest rates and 8 million new jobs.

I am pleased to report that the declining trend in the national homeownership rate is being reversed. In 1995, 1.4 million Americans became homeowners, an increase of nearly a full percentage point in the homeownership rate. In fact, this was the largest increase in 30 years and the highest rate in 15 years.

This report marks the first anniversary of the National Partners in Homeownership and outlines the accomplishments we have made thus far together. The work by the Partners in the last year has produced real results. More and more Americans — many who thought they were losing sight of the American Dream — are becoming homeowners.

Sincerely,

A handwritten signature in cursive script, which appears to read "Henry Cisneros".

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## Foreword

On November 5, 1994, President Clinton called for a national effort to raise America's homeownership rate to an all-time high by the end of the century. To reach this goal, Secretary Cisneros led the formation of the National Partners in Homeownership and the development of the National Homeownership Strategy.

The National Homeownership Summit of 1996 commemorates the one-year anniversary of the President's recognition of the National Partners in Homeownership, comprised of 58 national organizations including the Department of Housing and Urban Development (HUD).

This report is a one-year status report on the activities of the Partnership. It is a description, both individually and collectively, of the activities undertaken by HUD and the participating organizations to expand opportunities for more Americans to own their own homes.

### National Partners in Homeownership *"The Key to Homeownership"*

America's Community Bankers	National Association for County Community and Economic Development
American Bankers Association	National Association of Home Builders
American Institute of Architects	National Association of Real Estate Brokers
American Land Title Association	National Association of Realtors
American Planning Association	National Bankers Association
Appraisal Institute	National Community Development Association
Association of Community Organizations for Reform Now (ACORN)	National Community Reinvestment Coalition
Association of Local Housing Finance Agencies	National Conference of States on Building Code Standards
Center for Neighborhood Technology	National Congress of Community Economic Development
Community Development Financial Institutions Fund	National Cooperative Bank
Corporation for National Service	National Council of La Raza
Council of American Building Officials	National Council of State Housing Agencies
Council of State Community Development Agencies	National Fire Protection Association
The Enterprise Foundation	National Foundation for Consumer Credit
Fannie Mae	National Foundation of Manufactured Home Owners
Federal Deposit Insurance Corporation	National Hispanic Housing Council
Federal Home Loan Bank System	National Low Income Housing Coalition
Freddie Mac	National Neighborhood Coalition
Habitat for Humanity International	National Trust for Historic Preservation
Homeownership Opportunities for Women	National Urban League
Housing Assistance Council	Neighborhood Reinvestment Corporation
Local Initiatives Support Corporation	The Social Compact
Manufactured Housing Institute	United Homeowners Association
Mortgage Bankers Association	U.S. Conference of Mayors
Mortgage Insurance Companies of America	U.S. Department of Agriculture, Rural Housing Service
National Association for the Advancement of Colored People (NAACP)	U.S. Department of Energy
National American Indian Housing Council	U.S. Department of Housing and Urban Development
National Association of Affordable Housing Lenders	U.S. Department of Veterans Affairs
National Association of Counties	Urban Land Institute

# Introduction

The opportunity to own a home is a cherished American dream that promotes strong families, community stability, neighborhood vitality, and economic growth. After a period of decline beginning in 1980, the national homeownership rate is on the rise and many Americans can now act on the dream of homeownership.

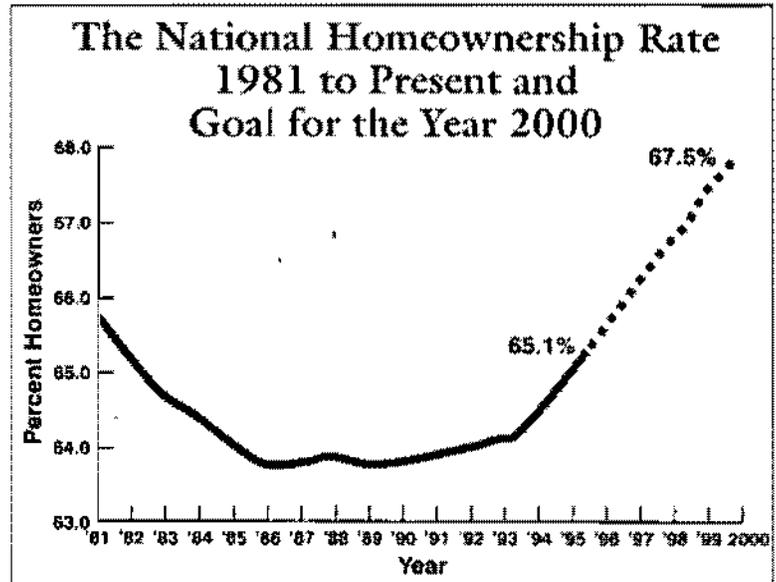
In 1995, the national homeownership rate experienced the largest increase in the past 30 years and is the highest rate in 15 years. Last year alone, 1.4 million Americans became homeowners — an increase of nearly a full percentage point in the homeownership rate. The homeownership rate rose to 65.1 percent, a figure closely approaching the highest rate in history, 65.8 percent in 1980.

The foundation for this performance has been a strong and stable economy fostered by federal efforts to reduce the deficit. The President's National Economic Plan contained sound budget proposals and a realistic plan to balance the budget. This Plan has set the stage for economic expansion and resurgence through the enactment of historic deficit reduction and sound economic policies.

The President's economic policies, which promote sustained economic growth, low inflation, and low interest rates, are essential to ensuring that the average American can afford a home. During this Administration, mortgage interest rates have held steady — in the 7 percent range. A low rate of inflation has provided financial security to families that in different times might otherwise find inflation shrinking their household budgets, or would have faced housing prices escalating out of their reach. The creation of 8 million new jobs in the last three years has increased consumer confidence and assured the housing industry of the viability of the housing market.

These positive economic trends have served to increase market and consumer confidence, and are reflected in new housing starts. Following strong years in 1994 and 1995, single-family housing starts in the first quarter of 1996 were at an annual rate of 1,160,000 homes, showing that the level of activity of the past three years is being sustained.

Supported by the concerted efforts of the Administration and the National Partners in Homeownership, all Americans, including minorities, low-income households, and families living in rural communities, are experiencing the benefits of the upswing in the economy and the housing market. For



**Progress Toward  
National Homeownership  
Goal of 67.5 Percent by the Year 2000**

	Current Rate (1st Quarter 1996)	Previous Rate (4th Quarter 1995)	Rate at the End of 1994
<b>Nation Overall</b>	65.1%	65.1%	64.2%
<b>Minorities</b>	44.3%	44.3%	43.7%
<b>Households With Less Than Median Family Income</b>	49.4%	49.4%	48.6%
<b>Households Under Age 35</b>	57.7%	57.9%	57.1%
<b>Increase in Number of Homeowners Since End of 1994</b>	1,506,000		

Source: Current Population Survey, Bureau of the Census

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example, the number of African-American homebuyers who received conventional loans in 1994 jumped 54.7 percent from 1993. The rate for Hispanics rose 42 percent, and the increase for low-income couples was 27 percent. In non-metropolitan areas, the homeownership rate increased from 71.3 percent in 1994, to 73.9 percent during the fourth quarter of 1995.

## **The National Homeownership Strategy**

To expand upon these favorable trends in homeownership, the National Homeownership Strategy is a call to action not only to restore the homeownership rate to its historic level of 65.8 in 1980, but to exceed it: The Partnership's ambitious goal is to raise the homeownership rate to 67.5 percent by the end of the year 2000, which will result in 8 million additional homeowners.

There is evidence that the efforts of the Administration and the National Partners in Homeownership are starting to take hold. In 1995 alone, Fannie Mae and Freddie Mac purchased loans for over 400,000 first-time homebuyers, an increase both in percentage share of loans as well as volume. Several of the Partners have noticeably increased their assistance to first-time homebuyers. For example, state housing finance agencies report assisting 10,000 more low- and moderate-income first-time homebuyers in 1995 than in 1994. Manufactured housing, which provides an affordable option for new homebuyers, performed well. Shipments and placements of manufactured homes at 340,000 and 306,000, respectively, were the highest since the data was first reported in 1974.

## **Cut the Costs of Buying and Owning a Home.**

Unnecessary production and financing costs and inefficient use of existing resources increase the cost of owning and buying a home. Some of these costs and inefficiencies are hidden from the consumer, but they have a direct impact on a family's ability to buy a home. For some families, despite their ability to be good borrowers, lack of income for downpayment and closing costs are barriers to homeownership. Innovative building techniques and cost-effective housing production methods sometimes have difficulty being adopted.

A successful strategy to promote homeownership must take action to reduce the costs of purchasing, building and rehabilitating homes to make them more affordable. Regulatory barriers that add hidden increases to the cost of housing must be streamlined or eliminated. The costs of mortgage origination, many of them hidden from view of the average consumer, should be reduced. Efficiencies in the origination of mortgages, such as electronic processing and full use of automation technologies, should be adopted. Lower downpayment requirements or flexible underwriting standards make it possible for more Americans to own their homes and should be encouraged. Efficient use of public/private resources and subsidies must be implemented. Innovative building techniques should be showcased and supported.

### ***Guiding Principles:***

*There are four fundamental principles we will follow to achieve the goal of adding 8 million additional homeowners by the year 2000:*

*Maintain a strong economy. In order for the average American to be able to buy and own a home, economic performance must remain strong. New jobs must be created, inflation must be low, and the interest rate on a mortgage must be within reach.*

*Cut the costs of buying and owning a home. Inefficiencies that add to the cost of housing need to be eliminated, and ways to make housing more affordable must be found.*

## Make it Easier to Buy and Own a Home

The home-buying process can be complex and mystifying to the average consumer. Prospective homeowners may not know what they need in order to qualify for a mortgage. Or, a home seeker may be steered away from home-buying due to the complexity of the process. Sometimes, home seekers are told they do not qualify but are not given information on how to qualify.

The Department of Housing and Urban Development and its Partners are committed to making it easier to buy a home. As a result of their efforts many more home seekers across the country no longer hear "no", but "yes". These home seekers are getting assistance through homeownership counseling, education, individualized assistance, home fairs, and expedited processing. These emerging initiatives must continue.

## Expand Opportunities to Own a Home

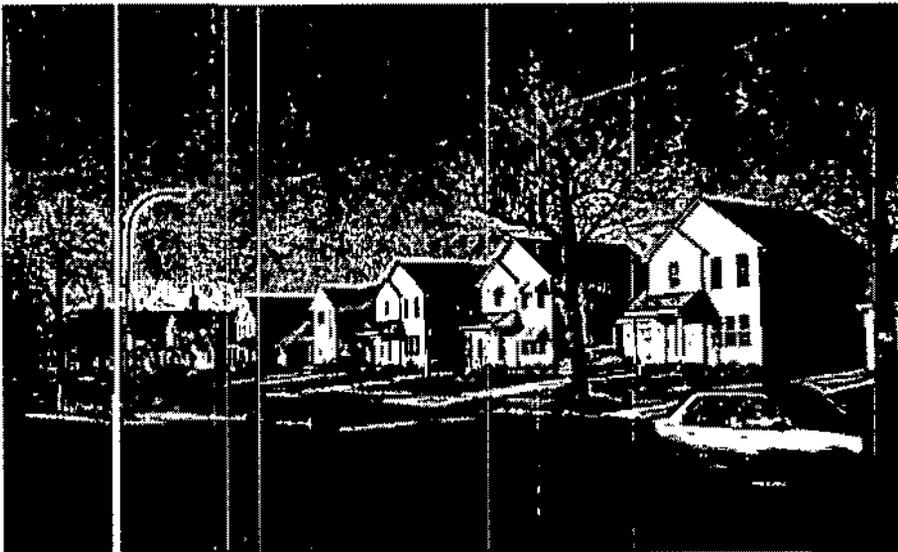
The mortgage credit market in the United States is the most sophisticated in the world. Hundreds of billions of dollars change hands every year. There are people and places, however, that have not received full benefit of public and private resources due to discrimination, false perceptions of investment risk, or lack of opportunities. Racial and ethnic minorities, women, and single heads of households are sometimes locked out of the housing market. Inner cities, some rural communities, and Native American lands require further attention.

It is sometimes mistakenly perceived that investing in these people and communities poses too many risks or too many difficulties. In fact, experience shows that, backed with some understanding and flexibility, an investment in such communities and borrowers is a worthy investment. Homeowners are stakeholders in their communities. A healthy community, in turn, helps the economy and strengthens the social fabric of the nation. The National Homeownership Strategy, therefore, is committed to expanding opportunities for People — including women and minorities — and Places — urban and rural.

*Make it easier to buy and own a home. The complexity in buying a home can be minimized through homeowner counseling and education. Homeowner education also assists new homebuyers in being able to keep and maintain their homes after the mortgage is signed.*

*Expand opportunities to buy a home. People-based and place-based strategies must be put in place to address those families locked out of the housing market due to past discrimination or false perceptions of investment risk in their communities.*

*Working together, the goals of the National Partners in Homeownership will soon become a reality.*



Expanding opportunities for people and places.

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## CHAPTER ONE: Cutting the Costs of Buying a Home

Reducing the cost of building and financing a home can increase the number of families who can become homeowners. A reduction in costs can occur through increased efficiencies in the origination of a mortgage, elimination of paperwork and regulatory barriers, efficient use of public subsidies, and use of innovative technologies and mass production techniques that can reduce both the short and long-term costs of housing production. Recently, Fannie Mae and Freddie Mac, the FHA, and many lenders have aggressively modified downpayment and mortgage underwriting requirements, enabling more Americans to become homeowners.

Historically, FHA insurance has made homeownership possible for first-time homebuyers, inner-city residents, immigrants, and low- and moderate-income families. FHA provides opportunities to potential homeowners that the private market cannot serve. Private lenders make loans they would not otherwise make because FHA will insure the mortgage. To date, over 24 million homeowners have been assisted under FHA. In 1995, 70 percent of the borrowers insured by FHA were first-time homebuyers.

### *Creating A New FHA*

In order for FHA to continue to help American families purchase their homes, however, the FHA's operations needed to be modernized and its programs updated. Working in collaboration with other National Partners, HUD has taken several measures to simplify the FHA single-family insurance program. This streamlining has resulted in increased ease and reduction of the cost of originating FHA loans. Among the notable results of the FHA improvements are:

**FHA HAS CUT THE COST OF A MORTGAGE:** FHA mortgage insurance premiums were reduced by 25 percent in 1994. That means for a \$75,000 mortgage, up-front costs have been reduced by \$563. A 25 percent premium reduction makes a critical difference to low- to moderate-income households, enabling families to obtain a mortgage they could not have otherwise obtained.

**FHA USES NEW TECHNOLOGY TO SPEED SERVICE:** Electronic transmission and other aggressive streamlining now allow lenders and homeowners to be efficiently served. For example, homeowners who prepay their mortgages can receive their premium refund within 14 days, and there is no backlog. This is in sharp contrast to a three-month processing time and a backlog of 86,000 in 1992. One-fourth of FHA claims are now being processed electronically. Processing time has been reduced from 10 days to 3 days, and exceptional cases are now processed in three days instead of six weeks.

**FHA NOW PROVIDES INSURANCE APPROVAL IN HOURS:** To better assist homebuyers by reducing transaction time and eliminating hidden costs, FHA is taking steps to reduce

paperwork and eliminate delays. One way to speed service is through the creation of regional Homeownership Centers. The first center was opened in Denver, Colorado, to serve the Southwest. In the past, it took several weeks to obtain mortgage insurance. The Denver Homeownership Center can now provide insurance within a matter of hours. Additional homeownership centers will become operational this year.

**FHA IS MAKING MORE CHANGES TO REDUCE PAPERWORK:** FHA's ultimate goal is to develop paperless offices, which will allow better use of emerging technological improvements. For example, homeowner inquiries will use "smart" software to determine the nature of the inquiry and respond to the customer. Lenders will be able to process new FHA loans electronically. Changes will be recorded electronically, eliminating the need for manual input, thus reducing costs and freeing staff for customer service.

**FHA'S PARTNERSHIP WITH LENDERS REDUCES HIDDEN COSTS:** The FHA has dramatically modified its interaction with lenders. Improvements in the way FHA does business permits greater use of technology and more closely reflects the conventional marketplace. Lenders can now manage their business without FHA micro-management. These changes, which reduce hidden costs of home financing, have also resulted in an improved partnership between FHA and lenders, now enabling first-time homebuyers, low- and moderate-income borrowers, and minorities to become homeowners.

### *Strengthening the HOME program*

The Home Investment Partnership Program (HOME), which consists of funds allocated by HUD to local jurisdictions, is an important resource for potential first-time homebuyers whose lower incomes may not be sufficient for a downpayment on a home or to carry the full cost of a mortgage. HOME funds are particularly valued by Local Partnerships seeking to stabilize their communities.

With considerable input from key Partners, HUD streamlined the HOME regulations, simplifying re-sale provisions, and achieved some dramatic results. More new homeowners were added under the HOME program than ever before. In the last 12 months, HOME helped an additional 23,296 families become homeowners—almost as many homebuyers as were assisted under HOME in the previous two and a half years.

### *Manufactured Housing: A Valuable Resource*

Over the past year, HUD, other National Partners, consumer representatives, and the manufactured housing industry have made great strides in reaching consensus on manufactured housing standards, improving financing opportunities for manufactured homes and removing barriers to the use of manufactured housing at the local level.

Manufactured Housing is a high quality, affordable housing choice for many prospective buyers. Yet, for many housing providers and homebuyers, manufactured housing is not viewed as a viable option. In 1995, however, 339,601 families became owners of manufactured homes. The Manu-

factured Housing Institute reports that as a direct result of the National Partnership in Homeownership, shipments of manufactured homes in 1995 were up 11.7 percent over the previous year, thereby providing housing for 35,569 additional families. As a result of the Partnership, there is a growing acceptance and appreciation that manufactured housing, properly built and installed, can provide quality housing at an affordable price.

### **Cutting Costs: New Initiatives**

To further reduce the cost of buying a home, HUD and the Partnership are embarking on several new initiatives that will soon begin to have an impact across the country.



An example of high quality manufactured housing.

The recent reforms to FHA are only the beginning. Only by modernizing FHA with new products, strategic alliances with public and private partners, advanced skill levels, market sophistication, lower operating costs, and new technology can FHA better serve the goals of the National Homeownership Strategy. FHA must reach out further to underserved markets, strengthen its financial position to support its pioneering efforts, and participate efficiently in mortgage markets increasingly characterized by technological innovations.

### *Performance-Based Corporation*

FHA must use a variety of approaches to integrate business-like methods into the operations of a government-owned insurance company. Therefore, FHA must be less rule-driven and should be transformed to a performance-oriented model. FHA has committed to becoming one of the model Performance-Based Organizations (PBOs) pioneered by the Vice-President's National Performance Review. This transformation will prepare the FHA to become a Federal Housing Corporation, a government corporation within HUD, that the Clinton Administration has proposed for FHA. The Corporation would have the following features:

- ★ Operational flexibility would be provided in exchange for accountability of outcomes.
- ★ New procurement and personnel procedures would reflect performance-based standards.
- ★ Program participants would be held to performance standards. For example, lenders would be rewarded for loss mitigation measures and lowered loan loss rates. Participation in FHA would be governed by loan performance.

★ Partnerships would reflect the strengths of each partner. The private sector would bring into play efficient servicing and disposition, knowledge of local markets, outreach capacity, and innovative business technology and management. The government would provide credit enhancement, which reduces costs, and public purpose direction.

### *Ginnie Mae's Targeted Lending*

Ginnie Mae provides a guaranty on single-family mortgage-backed securities issued by mortgage companies. In order to cut back on mortgage-origination costs, Ginnie Mae is proposing a "Targeted Lending Initiative" that will provide a reduction on the guaranty fee (currently six basis points) for lenders who participate in targeted markets where opportunities exist to expand homeownership and where the lender addresses certain market impediments, such as financing of lower balance loans. These loans, although important for neighborhood revitalization, are not as attractive to lenders because of their high servicing costs relative to the size of the loan. By reducing the guaranty fee, it is hoped that underserved markets will receive Ginnie Mae financing.

### *Promoting Building Innovations*

The Partnership has made lowering the cost of building new homes one of the strategies for expanding homeownership. Lower production costs translate into more affordable housing prices, making homeownership more accessible to the average family. Toward this end, the Partners have initiated a major new program, "Building Innovation for Homeownership Projects," which showcases cost-effective strategies that also protect the environment. This program will feature single-family dwellings, including detached housing and townhouses, that use innovative technologies such as: innovative framing technologies; energy conservation or renewable energy strategies; resource-efficient and environmentally

The innovative use of steel in residential construction.



sensitive technologies; technologies that increase quality, comfort and durability, or reduce maintenance or life-cycle costs; innovative site infrastructure systems, or innovations in productivity.

In order to recognize these models and disseminate information to others who may wish to adopt these innovative building techniques, the Partners have developed a formal recognition program to showcase these projects around the country as exemplary projects that are putting the best of American technology and innovation into service to increase homeownership. Builders and developers of the award-winning projects will receive formal recognition at a national awards ceremony and will be entitled to use the award designation for marketing and advertising.

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The National Partners in Homeownership are committed to working with the developers of these projects to assure that they are successfully and quickly completed. For example, several Partners and their affiliates stand ready to provide potential financing or support that might not be readily available in the marketplace. In addition, HUD is committed to assure that existing FHA, CDBG, HOME resources and homeownership counseling are made available, as needed.

Through this collaboration it is hoped that innovative, cost-effective technologies that might otherwise take many years to work their way through the various levels of government and the market will be able to more efficiently find their niche in housing production.

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## CHAPTER TWO: Making It Easier to Buy and Own A Home

Recent surveys indicate that 86 percent of all adults prefer to own a home, and two-thirds of all renters prefer to buy a home if they could afford one. Yet, prospective first-time homebuyers often need assistance to understand the homebuying process and what is required to buy and own a home. Housing professionals emphasize the importance of homeownership counseling as a critical factor in a successful homebuying experience.

In response to this need, HUD has launched a Housing Clearinghouse and a Training Program for Housing Counselors. The Housing Clearinghouse will disseminate information, including free resource and referral services, so that counselors and agencies can learn from each other's experience and exchange information on successful approaches. In addition, HUD has sponsored courses conducted by the National Foundation for Consumer Credit, with the assistance of the Neighborhood Reinvestment Training Institute. In 1995, \$6 million was awarded to 240 HUD-approved counseling agencies.

### *Demystifying the Process*

HUD is sponsoring a Homebuyer School in support of increased homeownership and consumer education. The Homebuyer School will hold a series of 30 events across the country to help educate first-time homebuyers, and build awareness of FHA-insured financing opportunities. At all of these events, potential homebuyers may attend consumer education seminars and speak to lenders and real estate professionals in their community.

Throughout the country, the Partners' efforts to assist first-time homebuyers obtain a home has been dramatic. Following are examples of a few initiatives.

- ★ Over one million households have received homebuyer education materials from the Mortgage Bankers Association's campaign, "Head for Home", and 50,000 have attended homebuyer fairs around the country.
- ★ Fannie Mae reports that 300,000 "New Americans" have received home-buying information under its program to reach new immigrants.
- ★ America's Community Bankers has established a Minority Loan Officer Developer School. This school consists of an educational series designed to improve services to minority and underserved groups through education and diversification of the lending work force.
- ★ Nonprofit organizations such as Habitat for Humanity International, Neighborhood Reinvestment Corporation, the National Federation for Consumer Credit, the American Bankers Association, Enterprise, and others, are achieving successful results with homebuyer counseling and other homebuyer preparedness training.



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## Making it Easier to Buy a Home: New Initiatives

There is a growing recognition that homeowner counseling is an important factor in preparing homeowners to assume both the responsibility of buying a home, as well as to successfully maintain it after the mortgage is signed. In 1995, in response to the National Homeownership Strategy, Fannie Mae and the Fannie Mae Foundation conducted a study of the current state of homeowner education and counseling to determine ways to both increase the capacity of education providers and ensure high-quality homebuyer counseling.

### *Homebuyer Counseling*

As a result of the study, Fannie Mae is taking a leadership role in working with the Partners to create a Homeowner Education and Counseling Institute. The Institute's management and operations will be representative of the key participants in homeowner education and counseling: lenders, mortgage insurers, nonprofit and community organizations, real estate professionals, homebuilders, housing finance agencies, and secondary market institutions.

Among the goals of the Institute are:

- to develop a professional certification process for homeowner educators and counselors;
- to establish a core curriculum for homeowner education that combines nationally accepted standards with the need for flexibility;
- to identify and demonstrate the costs and benefits of homeowner education counseling;
- to develop models for self-sustaining education and counseling services; and
- to provide a clearinghouse of information for best practices, supplemented with technical assistance.

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## CHAPTER THREE: Expanding Opportunities to Buy a Home

Like all Americans, groups or communities that have lower homeownership rates due to past discrimination or lack of resources or opportunities want expanded opportunities for homeownership. Demographic data reveal that young families, single-parent households, and minorities have been falling behind in their ability to own their own homes. For these underserved groups, "people-based" strategies are designed to ensure that these prospective homeowners receive assistance. In other situations, certain neighborhoods or geographic areas require targeted and comprehensive assistance, or "place-based strategies". Following are some examples of the progress being made to expand Americans' opportunities to buy a home.

All too often, the various national actors in housing delivery operate independently of one another, with local housing providers left to try to coordinate all of the complex financing and program resources. This lack of coordination can not only lead to increased costs and frustration, but more important, it results in lost opportunities to effectively leverage all available national and local resources. Demonstrating that there is added value to be achieved by working closely together, HUD has entered into partnerships with Fannie Mae and Freddie Mac, which should have dramatic impact on housing delivery, bringing into play the strengths of key national and local partners.

**Freddie Mac.** Freddie Mac is in the process of forming a number of Alliances across the country. These Alliances are structured as legal business contracts in which identified partners agree to take specific actions to create homeownership opportunities in a specific area. The partners include non-profits, Seller/Serviceers, counselors, developers, churches, local governments, and national intermediaries. Alliances will be active in 90 cities by the end of 1996.

Freddie Mac will focus its initial partnering activities with HUD in twenty-two cities in which it has Alliances. A partnership with HUD will create additional opportunities for affordable homeownership and revitalization. Proposed activities also include efforts in Empowerment Zones.

**Fannie Mae.** As part of the "Trillion Dollar Initiative" it announced in March of 1994, Fannie Mae has opened local Partnership Offices in 22 cities, and will have 25 by the end of 1996. The Partnership Offices facilitate coordination of community lending and outreach activities for Fannie Mae. In each Partnership Office, Fannie Mae has put in place an Investment Strategy whereby Fannie Mae, working with local partners, sets goals for single-family, counseling, outreach, rehabilitation and other actions.

HUD and Fannie Mae have decided to make a concerted effort to enhance the relationship between every Partnership Office and HUD's corresponding State/Area Office. The aim is to facilitate joint activities

### *A Valuable Secondary Mortgage Market Partnership*

that further encourage interaction among local housing and community development organizations in the jurisdiction of both offices, produce initiatives that further the goals of the local community and have results that are measurable. The local initiatives promote alternative uses of HOME, CDBG and Enterprise Community funds and use the Home-ownership Zones and CDBG Neighborhood Revitalization Strategies to result in affordable homeownership, rehabilitation, and mixed-income communities.

### *Spurring Neighborhood Revitalization*

The National Homeownership Strategy places great importance on maintaining existing homeowners in their homes, and assuring this outcome by providing home maintenance assistance. The FHA Title I Home Improvement Program provides funds for roof repair, insulation, alterations, and other home improvements.

In part as a result of emerging public/private partnerships between lenders and others, 1995 had the highest number of Title I loans since 1986, and the highest dollar volume of loans since 1981. During 1995, Title I lenders originated 89,144 property improvement loans for \$1.15 billion. Over 96 percent of the loans were for improvements to single family homes. The number of property improvement loans originated in 1995 represented a 33 percent increase over the previous fiscal year, and the dollar volume of loans in 1995 was 69 percent higher than the previous year. Home Mortgage Disclosure Act data indicates that over half of all Title I property improvement loans are made to low- and moderate-income homeowners.

The FHA 203 (k) insurance program, which allows older homes to be rehabilitated, was streamlined to make it more user-friendly. The 203(k) volume was up 126% from 3,737 cases endorsed in fiscal year 1994 to 8,446 in fiscal year 1995. Indications are that this year's activity will almost double that in 1995.

FHA's Home Equity Conversion Program helps older Americans use their home equity for income enabling them to stay in their homes and use the income for medical or other emergencies. Almost 15,000 seniors have been helped under the program.

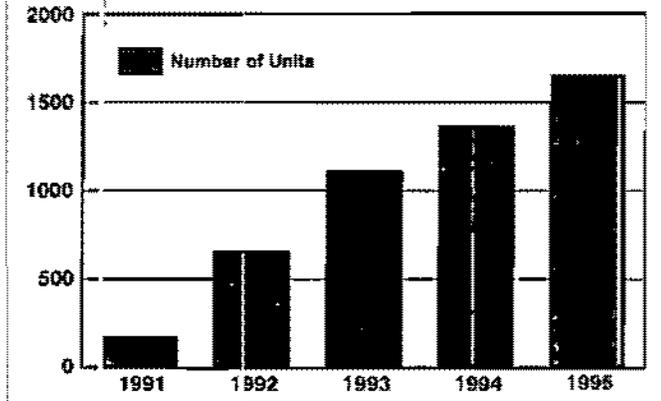
Revised underwriting guidelines will allow working families, single heads of households, new Americans and others with nontraditional sources of income or savings to qualify for FHA insurance each year.

### *Expanding Public Housing Homeownership*

Homeownership can offer personal financial security, assets, and neighborhood stability to public housing residents. HUD has a 25-year history of promoting homeownership opportunities for public housing residents through such programs as Section 5(h), Turnkey Program III, Section 21, and the more recent HOPE I Program.

Almost 25,000 public housing units have been approved for sale, and approvals are pending for an additional 1,200 units. More than half of the units approved have been sold.

### Approval of Section 5(h) Homeownership Units by Year, 1991-1995



### Approval of Homeownership Units by Program, 1968-1996

Program	Units Approved	Approvals Pending	Unit Sold*
Turnkey III	13,875	—	10,000
Section 5 (h)	7,558	1,196	3,500
Section 21	464	—	132
HOPE I	2,675	—	—
<b>Total</b>	<b>24,572</b>	<b>1,196</b>	<b>13,632</b>

\*Numbers are estimates

Although their presence may be little-noted by homebuyers, the two secondary market government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, play a leading and critical role in the single-family housing market. Together, they purchase a majority of the country's single family mortgages. HUD has the responsibility to ensure that the GSEs carry out their public mission, which includes lending to very-low-, low- and moderate-income households and in underserved markets, such as central cities and rural areas. In keeping with the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, HUD established specific affordable housing goals for the GSEs' purchases of single-family loans.

*Helping People  
where they Live*

- ★ In the period between 1993-1995, both GSEs exceeded their low- and moderate-income goal, showing significant progress from 1993 to 1995 in percent of mortgages purchased.
- ★ Both GSEs also increased their purchases of loans to first-time homebuyers. Combined, the two GSEs assisted over 400,000 first-time homebuyers in 1995 — an average increase of almost seven percent over the previous year.

In the final regulations implementing the GSE Goals, HUD raised the low- and moderate-income housing goal for the GSEs to 40 percent for 1995, and to 42 percent by 1997-1999. It is expected that these goals will result in at least \$150 billion of mortgage financing for each of the next four years for low- and moderate-income families who live in communities underserved by the mortgage markets. These are rigorous but feasible goals that will assist more Americans to become homeowners.

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## *Fair Lending Agreements*

Expanding homeownership opportunities to minorities and underserved groups is a key element of the National Homeownership Strategy. Further, HUD has the obligation to affirmatively further fair housing through all of its programs and activities. With the support of the Mortgage Bankers Association, more than 70 mortgage banking firms have signed voluntary, fair lending "best practices" agreements with HUD, or executed them in principle. These agreements commit the firms to expand efforts to minority homebuyers and others who have been underserved in the past. Although most of these agreements are less than a year old, preliminary results show promising outcomes. Illustrative is the experience of Countrywide Funding, which in April 1995, reported that it had increased the number of purchase money loans made to minorities by 217 percent, and to low-income borrowers by 117 percent.

Similarly, the National Association of Realtors reports good progress on reaching a voluntary fair housing agreement, which will be focused on fair housing education, education of realtors, diversity training within the housing industry, and outreach to consumers. A voluntary fair housing agreement is expected to be signed by the end of the year.

## *Serving Women and Minorities*

Individual efforts to assist low- and moderate-income households not only add up, but reveal that lending based upon people-, and place-based strategies is possible.

The Neighborhood Reinvestment Corporation reports that 61 percent of its Neighborworks Campaign for Homeownership participants are minorities, and 44 percent are female heads of households. Almost three quarters of the new homeowners served by Neighborworks are of low- and moderate-income. Similarly, State Housing Finance Agencies raised more than \$8 billion in mortgage revenue bonds to provide mortgage financing for more than 113,000 first-time homebuyers whose average income was less than 80 percent of the area median income. This is an increase of 10,000 over the previous year. An increasing number of borrowers assisted by housing finance agencies are paying downpayments of less than 5 percent. In 1995, the FHLBanks provided AHP subsidies to assist more than 10,000 homebuyers with incomes under 80 percent of the area median income, and since 1990 have assisted more than 36,000 families in this income bracket.

## **Expanding Opportunities: New Initiatives**

### *The Exciting New Homeownership Zone Concept*

Following on the success of the Empowerment Zones, HUD is proposing to support local initiatives consistent with the National Homeownership Strategy: Homeownership Zones will revitalize deteriorating neighborhoods and revitalize communities with hundreds of new homes and homeowners.

HUD's proposed reauthorization legislation and budget appropriations for fiscal year 1997 would create a performance-based pool of \$135 million to assist additional new homebuyers in Homeownership Zones across the country. Under the HOME bonus pool, localities would compete for funds by proposing cost-effective homeownership strategies using a combination of their own resources, private capital and federal program incentives.

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To ensure adequate scale, each participating locality would be required to develop a minimum of 300 homes in a targeted area to successfully compete for federal resources. The program would operate in existing Empowerment Zones or Enterprise Communities, as well as in all communities that presently qualify for mortgage revenue bond programs.

The development of affordable housing in rural areas has many challenges. Small lenders in rural communities are sometimes unfamiliar with subsidized lending. Non-profit community development corporations (CDCs), although experienced with federal programs, may be less experienced working with private sector financing, or require capacity-building to make a substantial contribution. Private foundation funds often are not as readily available in rural areas as they are in urban areas.

To address these needs, the Local Initiatives Support Corporation (LISC) has taken the lead in bringing together a new "National Partnership for Homeownership in Rural America" that will bring together the resources of the Federal Home Loan Banks (FHLBanks) the United States Department of Agriculture's Rural Housing Services (RHS), and 52 rural community development corporations.

This rural partnership is embarking on a demonstration program in nine sites with the expectation that the product will eventually be made available throughout rural America.

The partnership will link approximately \$4.9 million in RHS Section 502 Leverage Loan and Guaranteed Loan Program funds with \$3 million in Community Investment Program (CIP) funds to finance about 110 homes. The RHS funds will provide borrower assistance to low and moderate income homebuyers. The CIP loans will be made through commercial banks and savings associations that are members of eight participating Federal Home Loan Banks. The presence of CIP-financing enables the borrower to take down a fixed-rate mortgage, which is sometimes difficult to secure in rural communities. The lender can either sell the loan on the secondary market, or keep it in its own portfolio. LISC will provide technical assistance to the CDCs as well as financial support through capacity-building or project development grants or loans.

Native American housing conditions on tribal lands are some of the worst in the nation. Historically, housing development on tribal lands has been very difficult, in part a result of general economic conditions, but also because tribal lands cannot be bought and sold on the market. Because Indian land cannot be used for collateral, private financing had been heretofore seen as impossible to secure.

A major Native American Summit by the Partners, held in Window Rock, Arizona, in December 1995, brought together several federal agencies and the private sector. The Partners have sponsored public/private conferences and workshops to face the challenges of lending on Native-American lands.

## *Partnerships in Rural America*

## *Partnerships for Native American Homeownership*

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As a direct result of the National Partners in Homeownership, and the efforts of 25 dedicated Partners, for the first time in history, private mortgage financing is beginning to flow into Native American communities. In fiscal year 1995, over 800 Native American families have received preliminary commitments for private home financing in Indian Country.

The results of this Partnership are demonstrable. Mortgage and title insurance companies have made significant changes to their policies. HUD streamlined its Section 184 and FHA Section 248 insurance programs to encourage private sector financing on Indian lands. Sixty-five Native American tribes in 23 states are now participating in the Section 184 Loan Guarantee Program, and 100 Section 184 loans have closed. In fact, in the last year, there have been ten times more tribal land homes financed under the Section 184 Program than ever before in the entire history of the program. Similarly, twice as many Native American homes have been financed under the FHA Section 248 program as were financed in the previous year.

Fifty-two tribes have passed foreclosure ordinances designed to permit mortgage financing on Indian lands. Notable efforts have included those of the Federal Home Loan Banks. The FHLBank of Seattle, for example, has provided \$560,000 in Affordable Housing Program subsidies to enable low-income Native Americans to own their homes. In the last year, Fannie Mae has introduced several new products directed toward Native Americans on tribal lands and has conducted lender training for lending on Native American lands.

### *Increasing Access to Financing*

Linking with networks of churches and housing organizations across the country, Freddie Mac recently formed a new alliance that will expand home financing to 150,000 low- and moderate-income and minority buyers by the year 2000. The Minority Enterprise Financial Acquisition Corporation (MEFAC) focuses the resources of the 12.7 million members of the National Baptist Convention of America to help 12,000 families become homeowners by the end of 1997. PHH Mortgage Services, one of the largest mortgage bankers, will partner with MEFAC to form and operate a national banking organization.

### **Forming Local Partnerships**

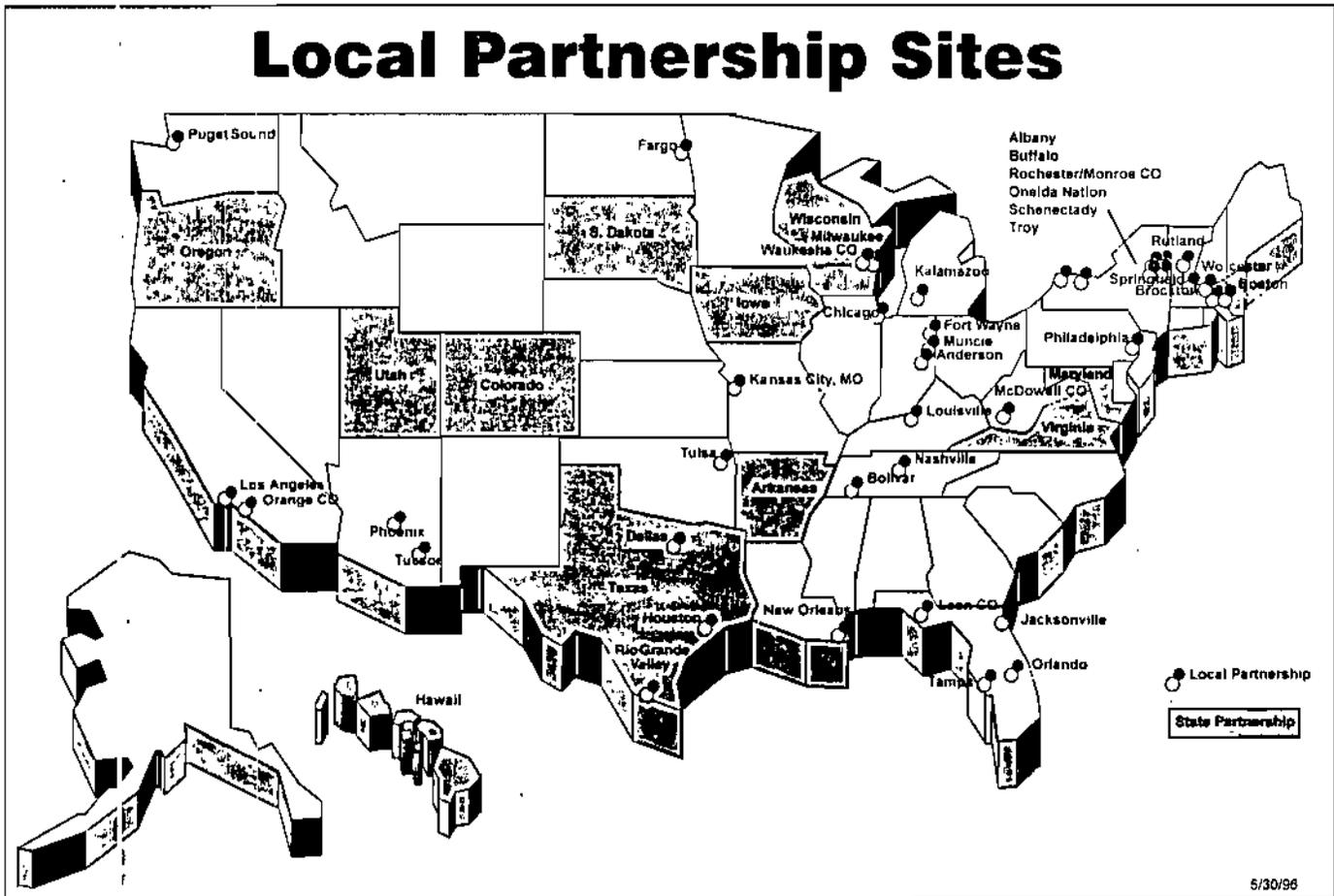
To be effective, a strategy to increase the nation's homeownership rate must be sensitive to the diversity of housing conditions across the nation. In one community, the housing challenge could be one of long-term disinvestment or a concentration of poverty, which requires both a housing and an economic development strategy. Conversely, in another community, the challenge could be an undersupply of affordable housing as a result of local economic growth. In a third community, deteriorating or vacant housing calls for rehabilitation and preservation of the existing housing stock. Across the country there are potentially credit-worthy borrowers that, for a variety of reasons, do not have access to credit, or require assistance in securing homes.

A strategy to address these diverse housing needs must effectively use public and private sector resources at the local level. Following on the success of the national Partners' efforts, and in recognition that there is added value by working together, it was determined to reach out to public and private providers throughout the nation.

Therefore, in the Spring of 1996, the Partnership extended its hand to help and encourage Local Partners In Homeownership. "Local Partnership Tool Kits" were mailed to local jurisdictions and key members of the housing industry all across the nation. A quarterly newsletter, "Keynotes," supported by the Partners and produced by HUD, has a distribution of 23,000. The purpose in this outreach is not to form local partnerships, which is a local activity, but to foster, recognize, and support these local partnerships.

The level of activity and coordination among all levels of government and key members of the housing industry has been unprecedented, and the number of initiatives that have been expanded or initiated as a result of the Partnership is impressive.

As a result of broad outreach, local partnerships are forming at the city, county, and state levels all across America. Over 54 Local Partnerships have formed across the country. This section highlights a few Local Partnerships that will have a direct impact on housing delivery in the years to come.



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## Examples of Local Partnerships

- Los Angeles** A metropolitan-wide partnership, called the Los Angeles Partners in Homeownership, has been formed involving the county, city, Fannie Mae, Freddie Mac, local lenders, HUD, Neighborhood Housing Services, builders and others. Led by the City of Los Angeles Housing Department (LAHD), the Partnership seeks to assist 1,000 low income home buyers each year. LAHD has created a new "Homeownership Unit" and increased homeownership funding six-fold. Special focus is being placed on the use of "home buyer advocates" who work with each prospective buyer to develop a "personalized home buying plan."
- Houston** One of the first requests for formal recognition as a local partnership was received from Homes For Houston, an ambitious public/private partnership led by Houston Mayor Bob Lanier. This partnership is an aggressive and highly visible initiative between the city and leading public, private, non-profit and religious organizations dedicated to positively impact 25,000 homes by the year 2000. Homes For Houston will combine \$150 million in local and federal funding with substantial funding by the private sector and hopes to add \$1.3 billion in affordable housing over the next 5 years.
- Philadelphia** The Philadelphia Partners in Homeownership is notable for the diversity of its 36 partners. A unique feature of the Partners' goals is a focus on vacancy prevention. One third of all homeowners in Philadelphia are elderly, which can result in a community problem with vacant or untended homes. To address this situation, the Partners' long term goal is to enable those seniors interested in remaining in their homes to do so, or, if not, to help seniors transition to alternative living arrangements while preparing potential homebuyers to purchase the vacated homes. A network of senior centers, community development corporations, case managers, housing counselors, elderly counselors, and others are taking charge to help the partnership achieve this goal.
- Chicago** The Chicago Partners for the American Dream has established a goal of increasing homeownership opportunities in communities across Chicago to help 5,000 families become homeowners by the year 2000. The Chicago Partners have formed committees to mirror the strategic areas identified by the National Partners in Homeownership: Finance, Production, Building Communities, Homeownership Education and Counseling, and Raising Awareness.
- Fort Wayne** The Partnership Profile for Fort Wayne, Indiana, is an example of a partnership in a moderate-size city. In 1996, the Fort Wayne Neighborhood Housing Partnership proposes to place 96 homeowners through a Home Purchase Program, which will provide completely financed homes for homeowners receiving homeownership training, and a Lease-Purchase Program. Under the latter, the Partnership's Social Services Committee provides prospective homebuyers with credit and budget counseling and provides a leased home that can eventually be converted to a mortgage from either the Partnership or a private lender.

This local partnership proves that size is no impediment to collaboration. The Homeownership Center, initiated by the Rutland West Neighborhood Housing Services, has brought together numerous partners, including the Vermont Housing Finance Agency, Rural Housing Services, seven banks, the Rutland County Land Trust, and numerous other individuals and organizations to provide a complete finance and service package allowing individuals and families below 70 percent of the area median income to purchase and rehabilitate their homes. Together these Partners will provide homes in 28 small towns in Rutland County. Most of these towns average 1,000 inhabitants.

## Rutland, Vermont

A unique feature of this partnership, one surely to be replicated by others in the future, is the Homeownership Center's Foreclosure Intervention Program. Under this program, the Center provides mediation with lenders and families and offers several alternatives ranging from homeowner counseling to rehabilitation of the property, or recasting of the mortgage with a soft second to make the loan more affordable. The Center's experience is that the benefits of foreclosure prevention exceed the costs.

# hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

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HUD No. 00-32

(202) 708-0685

Full report available on: <http://www.hud.gov/news.html>

FOR RELEASE

Wednesday

February 16, 2000

## **NEW REPORT SHOWS CRIME REDUCTION STRATEGIES WORKING IN PUBLIC HOUSING, BUT RESIDENTS REMAIN TWICE AS LIKELY TO BECOME VICTIMS OF GUN VIOLENCE**

WASHINGTON – Crime is falling in public housing developments around the nation, but the 2.6 million Americans living in public housing are more than twice as likely to become victims of gun violence as the rest of the population, according to a Department of Housing and Urban Development report released today by President Clinton.

The report shows for the first time that an estimated 10 out of every 1,000 residents of public housing are victimized annually by violent gun crimes, compared with 4 out of every 1,000 people in the nation as a whole.

“We’ve succeeded in driving down crime and gun violence around the nation to make families safer, but our job isn’t finished,” President Clinton said. “Now we have an obligation to take common-sense steps that are long overdue to save still more lives and reduce gun violence even further, especially in places hit hardest by this problem.”

“The lives of children in our struggling inner cities are just as precious as the lives of children in our prosperous suburbs,” said HUD Secretary Andrew Cuomo. “This report tells us that HUD needs to do more to reduce gun violence that kills, maims and terrorizes far too many innocent victims in public housing.”

The new HUD study – called *In The Crossfire: The Impact of Gun Violence on Public Housing Communities* – also found that:

- Gun violence poses a threat to public housing residents in cities of all sizes.
- Besides crimes committed with guns, gun accidents and suicides take a heavy toll in public housing and in the rest of the nation.

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U.S. Department of Housing & Urban Development  
Administration History Project  
December, 2000  
DOCUMENT # 46

- Public housing authorities around the country have spent significantly more than \$4 billion in HUD funds on crime reduction and prevention since 1990 to deal with gun violence and other crimes.
- Fear of gun violence and other crime can lead to neighborhood decline.

The United States Housing Act of 1937 established a federal commitment to provide "decent, safe, and sanitary" housing for low-income families. As part of this responsibility, HUD is charged with maintaining secure and livable public housing communities.

HUD provides funding to 3,200 public housing authorities around the nation that run more than 1.12 million units of public housing units in 14,000 developments. Children and senior citizens make up about half the residents of public housing. The average household income of public housing residents is about \$9,500 annually.

Here are the six key findings of the HUD report:

**# 1: Across the nation, public housing has experienced declining crime rates. Indeed, many housing authorities have seen greater reductions in crime rates than the cities in which they are located.** An analysis of detailed crime-trend data for 55 public housing authorities receiving HUD Public Housing Drug Elimination Program funds found that the crime rate declined in two-thirds of the authorities analyzed between 1994 and 1997. Sixty percent of public housing authorities with available data saw their crime rate decline faster than their surrounding municipality. Crime declined in four public housing authorities despite crime rate increases within the surrounding municipality.

**# 2: Despite the overall progress, gun-related crime remains a serious problem in public housing. People living in public housing are over twice as likely to suffer from firearm-related victimization as other members of the population.** There is a strong correlation between income and violent crime; thus, the low-income population in public housing is especially vulnerable to gun violence. Gun violence poses a direct threat to the 2.6 million residents of public housing – including more than 1 million children and 360,000 elderly residents. In 1998, there were an estimated 360 gun-related homicides in 66 of the nation's 100 largest public housing authorities – an average of nearly one gun-related homicide per day. The problem of gun violence, however, is not confined to the largest public housing authorities. In a larger group of more than 550 housing authorities, there were an estimated 296 gun-related homicides in public housing authorities across the country in the first six months of 1999 alone.

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**# 3: Gun violence poses a threat to public housing residents in cities of all sizes. In fact, residents of public housing in smaller and medium-sized metropolitan areas experienced rates of gun violence similar to those in larger metropolitan areas.** According to preliminary analysis of newly available data from the National Crime Victimization Survey, residents of public housing in metro areas of less than 500,000 residents have the same or higher rates of gun violence victimization as public housing residents in larger metro areas with more than 1 million residents. Moreover, public housing residents in smaller-sized metro areas experience higher rates of firearm victimization relative to non-public housing residents in their metro areas than the equivalent ratio for public housing residents in larger metro areas.

**# 4: Beyond crime and violence, firearms are a significant source of physical and financial damage in American communities.** Nationally, there were 18,500 unintentional injuries, 1,400 unintentional deaths, and 17,566 suicides caused by firearms in 1997 alone. While there are limited data available showing similar rates of unintentional injuries, deaths, and suicides in public housing, it is estimated that nearly 200 unintentional injuries occur in public housing communities each year. Numerous examples of accidental shootings and unintended weapon discharges indicate the prevalence of this problem.

**# 5: In response to the growing recognition of the need for improved safety for residents, public housing authorities have spent well over \$4 billion in HUD funds on crime reduction and prevention efforts since 1990.** These expenditures have diverted limited budgets from affordable housing, modernization, and capital needs.

**# 5: The damage imposed by gun violence goes beyond the lives lost and injuries inflicted.** Often, children exposed to gun violence present symptoms of post-traumatic stress disorder similar to those observed in children exposed to war and major disasters. In a recent study of large public housing authorities, one in five residents reported feeling unsafe in their neighborhood. Exposure to gun violence can shatter feelings of safety and security as well.

The HUD study analyzed new crime data from the National Crime Victimization Survey, with data collected by the Census Bureau for the Bureau of Justice Statistics. Data was also extracted from HUD's Public Housing Drug Elimination Program, including narrative reports and HUD's new Semi-Annual Performance Reporting System that examined crime and gun-violence patterns in 100 of the largest public housing authorities.

Cuomo was joined at a discussion of the report today by these people who have experience with gun violence: 1) New York Congresswoman Carolyn McCarthy, whose husband was killed and whose son was seriously wounded by a gunman on the Long Island Rail Road. 2) Baltimore Housing Authority Police Chief Hezekiah Bunch. 3) Namel Norris, 19, and his mother Vanessa, who live in public housing in the Bronx in New York City. Namel Norris was accidentally shot during a party for his sister last year and is now paralyzed from the chest down.

The largest source of federal funding for anti-crime programs in public housing is the Public Housing Drug Elimination Program established by the Anti-Drug Abuse Act of 1988. The program provides funds for a wide variety of anti-drug and anti-crime initiatives, such as: employment of security personnel and investigators; reimbursement of local law enforcement agencies for additional security; resident patrols; drug- and crime-prevention programs; and other measures.

President Clinton's Fiscal Year 2001 budget includes a \$35 million increase in HUD's Public Housing Drug Elimination Program, boosting funding for the program to \$345 million. This funding increase would support:

- **An increase in formula grants** to support local anti-crime strategies, including an increased law enforcement presence, community policing, increased security personnel, coordinated resident patrols, physical security improvements and youth crime prevention programs.
- **The Community Gun Safety and Violence Reduction Initiative.** The initiative, which would be administered by HUD, would fund computerized mapping of gun violence to help law enforcement agencies better protect the public, education and outreach programs to promote responsible safety measures by gun owners, and innovative community activities to reduce both gun crimes and accidents. If Congress approves funding for the initiative, local governments, law enforcement agencies, public housing authorities, and community organizations would be eligible to compete for HUD grants to support gun violence reduction activities in the communities the Department serves.
- **Crime Prevention Through Environmental Design**, which will help public housing authorities incorporate architectural design features in developments to promote safety and security.

In addition, the President's budget includes a \$280 million national firearms enforcement initiative. The initiative would hire 500 new ATF agents and inspectors to target gun criminals, hire more than 1,000 prosecutors at all levels of government, fund new gun tracing and ballistics testing systems to catch more gun criminals, fund local media campaigns to discourage gun violence, and expand the development of "smart gun" technologies.

The Clinton Administration is also calling for negotiations with gun manufacturers to seek changes in the design, distribution and marketing of guns. If the negotiations fail, the Administration could support a class-action lawsuit by the nation's public housing authorities against the gun manufacturers.

# hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

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HUD No. 00-57  
(202) 708-0685  
<http://www.hud.gov/news.html>

FOR RELEASE  
Saturday  
March 18, 2000

## **HUD PREFERS GUN PURCHASES FROM COMPANIES ADHERING TO CODE OF CONDUCT, CALLS ON MAYORS TO UNITE IN PREFERENCE FOR THE COMPANIES**

WASHINGTON – Housing and Urban Development Secretary Andrew Cuomo today announced he will direct the nation's 3,200 public housing authorities to give preference in their gun purchases to any gun makers that adopt a new code of responsible conduct. The new code, agreed upon Friday by Smith & Wesson and the Clinton Administration, will make guns safer and keep them out of the hands of children and criminals.

In addition to covering gun purchases by housing authorities, Cuomo's directive – to be implemented by regulation – will encourage the authorities to apply the same requirement to private subcontractors that provide security at housing developments.

The agreement was signed Friday by state and local governments along with Smith & Wesson and the Clinton Administration. Purchases by housing authorities will have to be made consistent with all local, state and federal procurement laws and regulations.

In addition, Detroit Mayor Dennis Archer, Miami-Dade County Mayor Alex Penales, and Atlanta Mayor Bill Campbell today joined Cuomo in calling on local governments around the nation to issue the same directive to their police and sheriff's departments.

Action by local law enforcement departments to prefer gun purchases from gun manufacturers that adopt the design and distribution standards would have a major impact. More than a quarter of all firearms sales in the nation are to law enforcement agencies.

"It's in the interest of housing authorities, local governments and the American people to reduce gun violence and save lives, and our agreement with Smith & Wesson will achieve these goals," Cuomo said. "Any company that signs this agreement deserves our support and our business for acting responsibly and in the public interest."

Local and state governments joined Smith & Wesson – America's largest gun manufacturer – and the Clinton Administration in approving the code of conduct Friday. The local governments and the Clinton Administration agreed to drop pending lawsuits against Smith & Wesson as part of the agreement.

U.S. Department of Housing & Urban Development  
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The following local governments have so far approved the agreement: Miami-Dade County, FL; Los Angeles, Inglewood, San Francisco, West Hollywood, Sacramento and Berkeley in California; Bridgeport, CT; Atlanta, GA; Camden, NJ; St. Louis, MO; Detroit, MI; Gary, IN; New Orleans; Newark, NJ. More of the 30 local governments with pending lawsuits against gun makers soon could decide to sign the agreement.

As a result of its approval of the code of conduct, Smith & Wesson will undertake a series of actions. Among these, the company will: 1) Install mandatory gun locks and other child-safety devices on all guns. 2) Introduce "smart gun" technology in all newly designed handguns. 3) Bar gun sales – including gun show sales – without a background check of the buyer. 4) Limit multiple handgun sales. Fifteen local governments and two states have also approved the landmark agreement.

Kevin Marchman, Executive Director of the National Organization of African Americans in Housing, said his group supports the code of conduct agreement and actions that encourage compliance with the code.

"By this brave action, Smith & Wesson has singled itself out for attack by those who choose to shield themselves behind false arguments, rather than accept common sense practices that both protect our children from harm and our rights," Marchman said. "By enforcing new sales practices, Smith and Wesson is acting as a responsible corporate citizen and gun consumers should reward them for this action. We look forward to working with the Administration and HUD in making this gun safety agreement universal."

The agreement was signed for the Clinton Administration Friday by Cuomo and Treasury Secretary Lawrence H. Summers. In addition, the agreement was signed by New York Attorney General Eliot Spitzer and Connecticut Attorney General Richard Blumenthal on behalf of their states. Smith & Wesson President and CEO L.E. Shultz signed the agreement for the company.

The U.S. government will require any additional gun manufacturers joining in the agreement to meet all the requirements set for Smith & Wesson, with the possibility of some additional concessions.

The agreement is the product of negotiations between HUD, the Treasury Department and local governments with Smith & Wesson that were designed to settle lawsuits already filed against Smith & Wesson and to make new ones unnecessary.

The agreement is designed to reduce the toll of gun violence, which annually claims over 30,000 lives and injures another 100,000 people in crimes, accidents and suicides around the nation.

A commission made up of two representatives from local governments, one from states, one from Smith & Wesson and one selected by the U.S. Bureau of Alcohol, Tobacco and Firearms will oversee the agreement.

The Oversight Commission will have the power to notify Smith & Wesson of any gun dealer violations. This notification will trigger penalties against gun dealers by Smith & Wesson and the Commission that could include barring dealers from selling Smith & Wesson products.

Smith & Wesson will also take action, including suspension or termination, against dealers responsible for a disproportionate number of crime gun traces. This provision is designed to focus industry attention on the relatively small number of current dealers that are the source of many guns used in crimes. An estimated 57 percent of guns used in crimes are sold by just 1.2 percent of dealers.

Under the agreement, all guns must have child safety devices, include internal locks, hidden serial numbers and pass stringent performance tests.

Smith & Wesson will also devote 2 percent of revenues to develop "smart gun" technology and will equip all newly designed guns with such technology within three years. "Smart guns" can only be fired by an authorized person, making them useless in the hands of thieves or children who could get hold of guns.

Other provisions of the agreement, which apply to Smith & Wesson and its dealers include requirements that:

- No sales can be made until the buyer passes a background check.
- Guns cannot be marketed to appeal to children or criminals.
- No sales can be made at a gun show unless background checks are performed for all sales.
- A purchaser can take home only one gun at the time of purchase and must wait two weeks to pick up additional guns. This is designed to prevent illegal traffickers from buying large quantities of guns.
- Within six months, packaging of new guns must include a warning on the risk of having a firearm in the home and suggestions for safe storage.
- Gun stores must have a security plan and guns and bullets must be kept locked and separated.
- Gun dealer employees must complete annual training and pass an exam.
- Distributors can only sell to other distributors or dealers that agree to abide by the agreement.
- Smith & Wesson agrees to work with the Bureau of Alcohol, Tobacco and Firearms (ATF) to establish a system for firing each gun it makes and entering digital images of the casings into the National Integrated Ballistics Identification (NIBIN) system and accessible by ATF. This will make it easier for law enforcement to trace bullet casings used in crimes back to the guns that fired them.
- Establishment of a trust fund by Smith & Wesson to implement a public service campaign to inform people about the risk of firearms in the home, proper home storage, the importance of proper disposal and need to reduce gun violence.

# THE PLEDGE

## *COMMUNITIES FOR SAFER GUNS COALITION*

With over 30,000 people killed and several times that number injured by guns each year, ensuring safe communities is our highest priority. Many of these tragedies could be prevented through reasonable distribution and design reforms on the part of responsible firearms manufacturers. As representatives of communities throughout the nation who purchase firearms for public safety purposes, we have a unique ability to express our desire for safety through our procurement choices and a corresponding responsibility to ensure that our choices reflect our concerns.

We therefore pledge to support using as a criterion in our firearms purchasing a consideration of whether companies have agreed – at a minimum – to adhere to a new code of responsible conduct. This code provides for safer gun designs and a distribution system that makes it harder for guns to get into the hands of criminals and children. This consideration will apply only to equipment that meets law enforcement needs, and only to comparable equipment available at a comparable price.

We firmly believe that this pledge will make our communities safer and reduce the awful toll of gun violence in our nation.

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# BuyBack America

let's do it together  
one less gun, one less tragedy

## BuyBack America

## How It Works

## Partners

## Funding the Buyback

## What Happens with the Guns in the Community

## Contact Us

## fact sheet

### What is BuyBack America?

Secretary Cuomo is launching BuyBack America, the largest nationwide campaign to buy back unwanted guns and raise awareness about the importance of gun safety. Already, eighty-four communities from across the country have pledged their commitment to saving lives by signing up to participate in this initiative. Utilizing HUD funds, Public Housing authorities are partnering with local governments, police and sheriff's departments to buy back unwanted guns, taking them off the streets and out of the hands of criminals and children. In exchange for the guns, local officials provide either cash or gift certificates for food, toys, or other goods. Local merchants, who recognize the significant benefits of the initiative, are enthusiastic in their support, donating additional items to people who turn in their guns.

### Why Buy Back Guns?

Public safety is key to economic revitalization and community empowerment, which stand at the center of HUD's mission. Buybacks allow people to take personal responsibility for reducing gun violence and promote safety in their own communities. Taking guns off the streets will help reduce the terrible toll of gun violence. In the United States today—600 deaths and 1,800 injuries occur every week in gun crimes, accidents and suicides. As President Clinton has said, "Every gun turned in through a gun buyback program means potentially one less tragedy."

### How is HUD Helping?

This targeted violence reduction effort is funded through HUD's Public Housing Drug Elimination Program, which is designed to help local communities combat crime in and around public housing developments. Millions in funds have been made available specifically for gun buybacks. The funds are awarded for gun buybacks on a first-come, first-serve basis, to housing authorities who then partner with local governments and police departments to sponsor the buybacks.

### What Happens with the Guns?

All guns purchased with HUD funds are destroyed, unless they are found to be stolen or are needed for ongoing law enforcement investigations. Any stolen weapons collected will be returned to their lawful owners. Local law enforcement agencies will recover, track, and dispose of guns in strict accordance with nationally-defined procedures, such as tracing of guns through the Bureau of Alcohol, Tobacco and Firearms and the National Crime Information Center.

**View the [Published Brochure](#)** (requires a [PDF reader](#))

U.S. Department of Housing & Urban Development  
Administration History Project

December, 2000

DOCUMENT # 68



September 20, 2000

Dear Executive Director:

I am writing to let you know that "BuyBack America," HUD's Gun Buyback and Violence Reduction Initiative, is alive and well, and that public housing agencies (PHAs) still have the opportunity to participate. A more complete description of this initiative is available at [www.hud.gov/buyback](http://www.hud.gov/buyback).

PHAs may still request to program a portion of any available Public Housing Drug Elimination Program (PHDEP) funds to help take unwanted guns off the streets of public housing communities. Through the gun buyback, individuals may turn in firearms to local police departments working in conjunction with PHAs. These guns are usually exchanged for cash, vouchers or gift certificates. (HUD suggests an exchange value of \$50 per firearm.)

Matching funds from HUD are available to PHAs at the rate of \$43 for every \$100 in PHDEP funds that PHAs commit to BuyBack America, as long as those funds remain.

As some of you know, a few Members of Congress inquired about BuyBack America and HUD's use of PHDEP funds for the buyback. Those concerns have been fully addressed. Gun buybacks remain an eligible part of PHDEP. In fact, President Clinton has called on HUD to proceed with the initiative to remove unwanted guns and reduce violence in our communities. I encourage your agency to consider this important violence-reduction tool. In the first few months of the buyback, nearly 20,000 firearms have been removed from America's streets and homes. I invite you to help that number increase by participating in BuyBack America.

The attached document outlines basic steps you need take in order to join the BuyBack America team. As you will see, the requirements are quite simple, so your buyback could take place within a few weeks of your request being submitted to HUD, if you so wish.

In a related matter, HUD has signed an agreement with the Southern Christian Leadership Conference (SCLC) to assist housing agencies with organizing successful gun buybacks. SCLC has worked to organize successful gun buybacks since 1993, and will provide technical assistance to help a limited number of PHAs enhance their gun buyback efforts at no charge. First-time and repeat gun buyback participants should indicate their interest for TA when they submit their requests to participate in the Buyback America.

Thank you for your attention. I look forward to hearing from you.

Sincerely,

*/s/*  
Harold Lucas  
Assistant Secretary

# Federal Register

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Wednesday  
November 3, 1999

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Part VI

## Department of Housing and Urban Development

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Funding Availability; Public Housing Drug  
Elimination Program; Gun Buyback  
Violence Reduction Initiative; Notice

U.S. Department of Housing & Urban Development  
Administration History Project  
December, 2000  
DOCUMENT # 69

**DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

[Docket No. FR-4451-11-05]

**Notice of Funding Availability; Public  
Housing; Drug Elimination Program;  
Gun Buyback Violence Reduction  
Initiative**

**AGENCY:** Office of Public and Indian  
Housing; HUD.

**ACTION:** Notice of Funding Availability  
(NOFA) for Public Housing Drug  
Elimination Program Gun Buyback  
Violence Reduction Initiative.

**SUMMARY:** The purpose of this notice is to affirm that gun buyback initiatives are an eligible activity under the public housing drug elimination program and to provide funding information and program guidelines for gun buyback programs. PHAs may reprogram a portion of their FY 1999 PHDEP grant dollars in order to devote such resources to gun buyback violence reduction initiatives. To encourage PHAs to devote a nationwide total of up to \$10.5 million of their FY99 PHDEP grant funds to gun buyback violence reduction initiatives in cooperation with local law enforcement agencies, HUD through this notice is making an additional \$4.5 million available for gun buyback violence reduction initiatives. This \$4.5 million will be awarded on a first-come, first-served basis to PHAs that submit their reprogramming requests in accordance with this notice to provide approximately an additional \$43 dollars for every \$100 of FY 1999 PHDEP funds reprogrammed for gun buyback violence reduction initiatives.

This notice also provides guidance to PHAs on the use of the additional \$4.5 million of Drug Elimination grant funds that the Department is making available to PHAs to increase the amount available for buybacks and for the development, outreach, technical assistance, training, assessment and execution activities related to the gun buyback violence reduction initiatives. HUD estimates that this initiative has the potential to remove more than 300,000 guns from circulation.

Contained in the body of this document is further information concerning the purpose of the NOFA, applicant eligibility, available amounts, submission requirements, and application processing, including how to apply, and how selections will be made.

**DATES:** Applications may be submitted at any time after publication of this notice. The application due date is December 3, 1999, or until all available

funds have been awarded. Eligible applications that comply with the requirements of this notice will be funded on a first-come, first-served basis to the extent funding remains available.

**ADDRESSES:** To participate in this initiative and apply for funding under this Notice, a housing agency must submit an application to the U.S. Department of Housing and Urban Development, Grants Management Center, 501 School Street, SW, Suite 800, Washington, DC 20024, Attention: Gun Buyback Initiative. Applications may simply consist of a letter of request as long as it contains the information required by this Notice.

**FOR FURTHER INFORMATION CONTACT:** Cedric Brown, Program Analyst, Community Safety and Conservation Division, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 4206, Washington, DC 20410, telephone (202) 708-1197 x.4057. Hearing or speech-impaired individuals may access this number via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339. Also, please see HUD's website at <http://www.hud.gov/pih/legis/titledv.html> for additional PHDEP information.

**SUPPLEMENTARY INFORMATION:**
**I. Authority**

The Public Housing Drug Elimination Program is authorized under the Public and Assisted Housing Drug Elimination Act (42 U.S.C. 11901 *et. seq.*)

**II. Amount Allocated**

Public Law 105-276 (the FY 1999 HUD Appropriations Act) appropriated \$310,000,000 for the Public and Assisted Housing Drug Elimination Program. Of that amount, approximately \$230,750,000 is being made available for PHDEP grants in FY99. Of the total \$310,000,000 appropriated for the Public and Assisted Housing Drug Elimination Program, the FY 1999 HUD Appropriations Act also set aside \$10,000,000 for "grants, technical assistance, contracts and other assistance, training, and program assessment and execution". Approximately \$4,500,000 of this \$10,000,000 set aside amount is being made available under this notice for the development, outreach, technical assistance, training, assessment and execution activities related to gun buyback violence reduction initiatives.

As discussed in this notice, HUD is encouraging PHAs to reprogram a portion of their FY 1999 PHDEP grant funds to implement and operate gun buyback violence reduction initiatives

In cooperation with local law enforcement agencies. Under this notice, HUD will use the \$4.5 million set aside amount described in the paragraph above to match up to \$10.5 million of the \$230,750,000 of PHDEP grant funds that are reprogrammed to implement and operate gun buyback violence reduction initiatives. PHAs may request to use PHDEP funds for gun buyback violence reduction efforts until the established due date, December 3, 1999, or until available funds are exhausted. The Department will no longer approve PHA applications for further gun buyback violence reduction initiatives under this notice after the established due date, December 3, 1999, or after available funds have been awarded.

**III. Background**

With almost one gun for every man, woman and child, America is drowning today in a flood of guns and we're paying a heavy price for this proliferation, particularly in urban areas where much of public housing is located. In 1996, we lost more Americans to gunfire than we lost in the entire Korean War. Currently, over 600 people die in gun-related incidents in the U.S. each week. That's over 30,000 every year. This includes over 1,000 accidental deaths and over 18,000 suicides. Another 100,000 are injured annually in non-fatal shootings.

Our children pay the highest price. The rate of accidental shooting deaths for children under fifteen in the United States is nine times higher than the other 25 industrialized countries combined. And the great increase in suicides among teenagers and young adults in the past four decades has been mostly due to an increase in gun related suicides. Easy access to weapons is the single most overwhelming factor contributing to the high rate of gun deaths and injuries in this country.

In an effort to curtail the hazards of accidental shootings, suicides, the tragedies of domestic violence, the dangers of gun violence, and the devastating effects that often accompany such acts, police agencies and local community organizations around the country have created various types of gun buyback initiatives. Gun reduction efforts operate on the premise that accidental shootings, unintentional injuries, suicides and violent crimes can be reduced in communities if there are fewer weapons available with which to commit such acts. PHAs have an important role to play in the reduction of the number of guns and incidents of gun-related violence in our communities.

HUD is sponsoring the Initiative announced in this notice through its Public Housing Drug Elimination Program to promote the cooperation of PHAs and local law enforcement agencies in conducting gun buyback initiatives aimed at reducing accidental or unintentional shootings, suicides, domestic violence and other forms of gun violence. HUD is inviting PHAs who are recipients of FY 1999 PHDEP funding to reprogram a portion of their PHDEP funding to implement gun reduction initiatives in their localities. To encourage the participation of PHAs in this Initiative, HUD will provide a participating PHA with additional funding to increase the amounts available for gun buybacks and maximize the number of guns taken out of circulation, and for the development, outreach, technical assistance, training, assessment and execution activities related to gun buyback violence reduction initiatives. Funding being made available for this purpose will be equal to approximately 43 percent of the amount of PHDEP funding the PHA devotes to the gun buyback violence reduction initiative.

In addition to reducing the number of accidental shootings, suicides, domestic and gun violence, gun reductions efforts have other positive aspects for housing and community residents such as:

- Raising public consciousness about community safety and soliciting neighborhood participation in crime control efforts.
- Acting as a visible deterrent to criminal activity.
- Increasing police presence in communities.
- Establishing stronger bonds between the community and the police, which might aid in more cooperative crime prevention and crime resolutions.
- Increasing trust in the police on the part of the community.
- Affording the community an active role in the fight against accidental shootings, suicides, domestic violence, violent crimes and firearm related criminal activity.
- Involving community businesses as cosponsors of these programs, which could bring about more resources and publicity in support of the gun reduction efforts.

While these factors and reports of the success of gun buyback initiatives have been sufficiently favorable to encourage HUD to undertake this effort, the total amount of HUD assistance being devoted to this effort under this notice is capped at a total of \$10.5 million in Fiscal Year 1999 (FY99) PHDEP program funding, plus the additional \$4.5 million. HUD will sponsor an

independent assessment of this initial effort to more accurately and objectively determine the effectiveness of such initiatives before expanding this effort further. PHAs and local law enforcement agencies participating in the initiative under this notice may be contacted to participate in this assessment.

#### IV. Application Procedures and Requirements

##### A. General Overview

PHDEP funds are made available to a PHA to be used in a manner consistent with the PHA's PHDEP plan to address drug-related, violent and criminal activity in and around public housing. Therefore, to participate in this initiative, a PHA must reprogram a portion of the funds in its PHDEP plan for gun buyback violence reduction activities. Before funds are awarded under this notice, a PHA will have to submit a reprogramming request for HUD approval. HUD will review each reprogramming request as it is received and upon approval of the request will authorize additional funding at a rate of approximately \$43 for every \$100 dollars of FY 1999 PHDEP funding reprogrammed. This represents an additional 43 percent of funding for the PHA's gun buyback violence reduction. HUD approval will consist of HUD signing off on the reprogramming request and MOU (an executed agreement to carry out the gun buyback initiative) between the PHA and the local police, and having HUD amend the PHDEP grant award to the PHA to support the gun reduction effort.

Because of the security issues involved, the gun buyback activities must be conducted by the local law enforcement agency. The FY 1999 PHDEP funds for this gun reduction initiative fall under the categories of eligible PHDEP activities of "programs designed to reduce use of drugs in and around public or federally assisted low-income housing projects, including drug-abuse prevention, intervention, referral, and treatment programs", as provided in 42 U.S.C. 11903(a)(6) and, under appropriate circumstances, reimbursement of local law enforcement agencies for additional security and protective services, as provided in 42 U.S.C. 11903(a)(2). Funds for buyback activities may not be drawn until the grantee has executed an agreement or Memorandum of Understanding for the additional law enforcement services. The full amount of PHDEP funds that are reprogrammed should be used for the actual buyback costs. HUD also strongly recommends that the additional

43 percent of funding made available be used for gun buyback costs to maximize the number of guns taken out of circulation.

In addition to the use of reprogrammed FY 1999 PHDEP funds and the additional funding made available under this NOFA, PHAs may and are encouraged to use funding from other sources, such as contributions from local government or the private sector, for their gun buyback/violence reduction initiatives. PHAs may, for example, negotiate with businesses in the community that vouchers exchanged for guns under the initiative provide an additional discount or value increase when redeemed at that business. PHAs and local law enforcement agencies are also strongly encouraged to seek out and obtain community cooperation and resources to leverage the costs of the development, outreach, technical assistance, training, assessment and execution activities related to the initiative, because a community-wide effort is likely to have the greatest positive impact.

##### B. Eligible Applicants

PHAs that are (1) recipients of FY 1999 PHDEP funding, (2) devoting a portion of that funding to gun buyback violence reduction initiatives, and (3) implementing their gun buyback initiatives in cooperation with local law enforcement agencies, as evidenced by letters of intent and executed agreement, may apply for a portion of the additional \$4,500,000 TA funding under this notice.

##### C. Amount of Funding Per Applicant

Consistent with this notice, HUD will permit a PHA to reprogram up to \$500,000 of its FY 1999 PHDEP funding to gun buyback violence reduction initiatives. In addition to the amount reprogrammed, PHAs will receive an additional amount of funding equal to approximately 43 percent of the FY99 PHDEP dollars devoted to the gun buyback initiative.

##### D. Eligible Activities

Police conducting the buyback activity should accept for buyback firearms as defined under Federal, State or local law. The Federal law definition of a firearm is found at 18 U.S.C. 921(a)(3). In deference to local conditions and judgments, HUD will consider a wide range of gun buyback violence reduction activities, in accordance with the following:

1. *Form of buyback exchange.* HUD encourages these initiatives to offer gift certificates, food vouchers, certificates for merchandise such as toys, or other

incentives of value to those who turn in guns, in addition to or in place of cash payments.

2. *Amount of value per exchange.* HUD suggests value equivalent to \$50 of the HUE assistance provided to be offered for each gun exchanged. Additional value in the form of discounts or extra merchandise made available by businesses participating in the initiative may also be offered.

3. *Site of gun buyback activities.* While PHDEP activities must be planned to reduce drug-related, violent and criminal activity in or around the premises of public housing, perpetrators of gun violence are frequently non-resident predators of public housing. Gun buyback activities, therefore, do not need to be conducted on the PHA premises in order to be effective. However, it is anticipated that the gun reduction effort will have a noticeable impact on reducing the number of guns and the risk of unintentional shootings in the homes and communities of public housing residents.

4. *Disposal of guns.* Once the police collect the weapons from the buyback initiatives, the guns must be destroyed so as not to be put back into use or circulation, unless law enforcement needs call for another action, such as preservation of a gun as evidence or a determination of whether a gun was stolen or used in the commission of a crime. If a gun is determined to be stolen, it must be returned to its lawful owner. Guns may not be resold or exchanged for value, except in connection with their destruction and conversion to scrap; however, a gun determined to be a curio or relic under 27 CFR 178.11 may be donated to a State or Federal museum. Local law enforcement agencies will be required to include the following recovery, tracing and destruction procedures in their disposal of firearms obtained under this initiative:

(a) Certain firearms defined under the National Firearms Act (NFA), 26 U.S.C. 5845(a), e.g., short-barreled shotguns, generally must be registered with the Bureau of Alcohol, Tobacco, and Firearms (ATF). Local police will consult with the ATF where NFA firearms are surrendered in a buyback program;

(b) Local police will conduct a search of each surrendered firearm in the National Crime Information Center (NCIC);

(c) Where available, local police will test each surrendered firearm using an automated ballistics information system such as IBIS or DRUGFIRE;

(d) Where appropriate, certain surrendered firearms should be traced.

For example, firearms possessed in violation of local law or ordinance, NFA firearms, firearms with an obliterated serial number, or firearms that are determined by local law enforcement to be associated with crime must be traced where possible.

#### *E. Application Submission Requirements*

Each application for funding under this notice must include the following:

1. A written statement briefly describing which activities in the PHA's PHDEP plan would be reprogrammed, and the resulting reprogrammed amount of FY 1999 PHDEP funding to be used for the gun buyback reduction activities;

2. A brief description of the proposed gun buyback initiative, including the gun recovery, tracing, and destruction procedures that will be followed, in accordance with the requirements and guidelines of this notice;

3. *Letters of intent.* A letter of Intent signed by the chief of the local law enforcement agency to conduct the gun buyback initiative in accordance with the description submitted, and a letter of intent from the chief executive officer (generally the mayor or county executive) of the unit of local government for the jurisdiction indicating the cooperation and support of the local jurisdiction.

#### *F. Award Process*

As HUD receives applications, it will log them in by date and time. HUD will notify each PHA applicant that it is eligible to reprogram its PHDEP funds in the amount indicated in the application until a total of \$10.5 million of FY 1999 PHDEP funding has been designated eligible for reprogramming. Before additional funds are awarded, the PHA will be required to submit its formal programming request describing which activities in the PHA's PHDEP plan are being reprogrammed, and the reprogrammed amount of FY 1999 PHDEP funding to be used for the gun buyback reduction activities. The PHA must also submit an executed agreement with the local law enforcement agency to conduct the gun buyback initiative in accordance with the description in the reprogramming request. Upon approval of the PHA's reprogramming request and executed agreement, HUD will award the additional 43 percent of funding through an amendment to the PHDEP grant agreement. All grants to PHAs and their sub-grants to local law enforcement agencies are subject to the applicable administrative requirements for grants of 24 CFR part 85, including the monitoring and reporting program performance requirements of § 85.40

and the financial reporting requirements of § 85.41.

## V. Certifications and Findings

### *Environmental Impact*

This notice does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

### *Paperwork Reduction Act Statement*

The information collection requirements for the Public Housing Drug Elimination Program were submitted to the Office of Management and Budget for review under the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and have been assigned OMB control number 2577-0124. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid control number.

### *Federalism, Executive Order 12612*

The General Counsel, as the Designated Official under section 6(a) of Executive Order 12612, Federalism, has determined that the policies contained in this notice will not have substantial direct effects on States or their political subdivisions, or on the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the various levels of government. Specifically, the notice seeks to encourage the undertaking of a specific eligible activity under the Public Housing Drug Elimination Program, and does not impinge upon the relationships between the Federal government and State and local governments. As a result, the notice is not subject to review under the Order.

### *Catalog of Domestic Assistance Number*

The Catalog of Domestic Assistance number for the Public Housing Drug Elimination Program is 14.854.

Dated: October 28, 1999.

Harold Lucas,

Assistant Secretary for Public and Indian Housing.

[FR Doc. 99-28956 Filed 11-2-99; 8:45 am]  
BILLING CODE 4210-33-P

# NEWS

**Department of Housing and Urban Development – Andrew Cuomo, Secretary**

**Department of the Treasury – Lawrence H. Summers, Secretary**

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HUD Public Affairs (202) 708-0685

Treasury Public Affairs (202) 622-2960

HUD No. 00-56

Summary of agreement on <http://www.hud.gov/news.html>

FOR RELEASE

Noon Friday

March 17, 2000

## **CLINTON ADMINISTRATION AND STATE AND LOCAL GOVERNMENTS REACH BREAKTHROUGH GUN SAFETY AGREEMENT WITH SMITH & WESSON**

WASHINGTON – The Clinton Administration and state and local governments today reached a breakthrough agreement with America's largest gun manufacturer – Smith & Wesson – under which the company agrees to make major changes in the design, distribution and marketing of guns to make them safer and to help keep them out of the hands of children and criminals.

The agreement requires Smith & Wesson to: 1) Install mandatory gun locks and other child-safety devices on all guns. 2) Introduce "smart gun" technology in all newly designed handguns. 3) Bar gun sales – including gun show sales – without a background check of the buyer. 4) Limit multiple handgun sales.

The agreement was signed for the Clinton Administration by Housing and Urban Development Secretary Andrew Cuomo and Treasury Secretary Lawrence H. Summers. Deputy Treasury Secretary Stuart Eizenstat and Deputy Attorney General Eric Holder participated in the announcement of the signing.

In addition, the agreement was signed by New York Attorney General Eliot Spitzer and Connecticut Attorney General Richard Blumenthal on behalf of their states.

Representatives of cities and counties that have filed lawsuits against gun manufacturers also approved the agreement, pledging to drop their lawsuits against Smith & Wesson in exchange for the company's landmark reforms. Cities and counties initially signing the agreement were: Miami-Dade County, FL; Los Angeles, Inglewood, San Francisco and Berkeley in California; Bridgeport, CT; Atlanta, GA; Camden, NJ; St. Louis, MO; Detroit, MI; and Gary, IN. More could sign in the future.

Smith & Wesson President and CEO L.E. Shultz signed the agreement for the company.

The U.S. government will require any additional gun manufacturers joining in the agreement to meet all the requirements set for Smith & Wesson, with the possibility of some additional concessions.

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The agreement is the product of negotiations between HUD, the Treasury Department and local governments with Smith & Wesson that were designed to settle lawsuits already filed against Smith & Wesson and to make new ones unnecessary.

"This is a historic agreement that will save lives," Secretary Cuomo said. "Smith & Wesson has acted responsibly and in the best interests of the American people by agreeing to adopt common-sense measures to reduce gun violence across the country."

"As a result of this breakthrough agreement, fewer parents will have to bury their children," Secretary Summers said. "The agreement is a great example of the public and private sectors coming together to move the country forward on what is our most critical public safety issue."

The agreement is designed to reduce the toll of gun violence, which each year claims more than 30,000 lives and injures another 100,000 people in crimes, accidents and suicides around the United States.

A commission made up of two representatives from local governments, one from states, one from Smith & Wesson and one selected by the U.S. Bureau of Alcohol, Tobacco and Firearms will oversee the agreement.

The Oversight Commission will have the power to notify Smith & Wesson of any gun dealer violations. This notification will trigger penalties against gun dealers by Smith & Wesson and the Commission that could include barring dealers from selling Smith & Wesson products. Smith & Wesson will also take action, including suspension or termination, against dealers responsible for a disproportionate number of crime gun traces. This provision is designed to focus industry attention on the relatively small number of current dealers that are the source of many guns used in crimes. An estimated 57 percent of guns used in crimes are sold by just 1.2 percent of dealers.

Under the agreement, all guns must have child safety devices, include internal locks, hidden serial numbers and pass stringent performance tests.

Smith & Wesson will also devote 2 percent of revenues to develop "smart gun" technology and will equip all newly designed guns with such technology within three years. "Smart guns" can only be fired by an authorized person, making them useless in the hands of thieves or children who could get hold of guns.

Other provisions of the agreement, which apply to Smith & Wesson and its dealers include requirements that:

- No sales can be made until the buyer passes a background check.

- Guns cannot be marketed to appeal to children or criminals.
- No sales can be made at a gun show unless background checks are performed for all sales.
- A purchaser can take home only one gun at the time of purchase and must wait two weeks to pick up additional guns. This is designed to prevent illegal traffickers from buying large quantities of guns.
- Within six months, packaging of new guns must include a warning on the risk of having a firearm in the home and suggestions for safe storage.
- Gun stores must have a security plan and guns and bullets must be kept locked and separated.
- Gun dealer employees must complete annual training and pass an exam.
- Distributors can only sell to other distributors or dealers that agree to abide by the agreement.
- Smith & Wesson agrees to work with the Bureau of Alcohol, Tobacco and Firearms (ATF) to establish a system for firing each gun it makes and entering digital images of the casings into the National Integrated Ballistics Identification (NIBIN) system and accessible by ATF. This will make it easier for law enforcement to trace bullet casings used in crimes back to the guns that fired them.
- Establishment of a trust fund by Smith & Wesson to implement a public service campaign to inform people about the risk of firearms in the home, proper home storage, the importance of proper disposal and need to reduce gun violence.

Guns manufactured and sold to the military and law enforcement agencies will be granted an exception to the safety features mandated by the new agreement, if the military or law enforcement agencies certify the need.

HUD and the Treasury Department entered the negotiations with Smith & Wesson after President Clinton said his Administration could support a class action lawsuit by the nation's 3,200 public housing authorities that would be designed to reduce gun violence in public housing and nearby areas. About 3 million low-income people live in public housing.

Cuomo said months ago that HUD would seek to help negotiate a settlement to achieve the objectives of such a lawsuit.

Gun violence is a major problem in the nation's public housing developments, which are often located in neighborhoods with the highest crime rate in a community. In the nation's 100 largest public housing authorities alone, there are an estimated 10,000 gun crimes each year and an average of more than one murder per day by gunfire.

Other parts of the Clinton Administration's gun safety agenda include:

-more-

- A \$280 million national firearms enforcement initiative that is part of the President's proposed budget. The initiative would hire 500 new ATF agents and inspectors to target gun criminals, hire more than 1,000 prosecutors at all levels of government, fund expanded crime gun tracing and ballistics imaging systems to catch more gun criminals, fund local media campaigns to discourage gun violence, and expand the development of "smart gun" technologies.
- A \$30 million Community Gun Safety and Violence Reduction Initiative that President Clinton proposed in his Fiscal Year 2001 Budget. The initiative, which would be administered by HUD, would fund computerized mapping of gun violence to help law enforcement agencies better protect the public, education and outreach programs to promote responsible safety measures by gun owners, and innovative community activities to reduce both gun crimes and accidents. If Congress approves funding for the initiative, local governments, law enforcement agencies, public housing authorities, community organizations, and other groups would be eligible to compete for HUD grants to support gun violence reduction activities in the communities the Department serves.
- Gun buyback programs around the nation funded by HUD. So far this year nearly \$2.6 million in HUD funds have been awarded for buybacks of about 50,000 guns in 80 cities.

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# 30 YEARS LATER A FAIR HOUSING REPORT

APRIL 1998



SECRETARY ANDREW CUOMO  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1968-1998 — CELEBRATING 30 YEARS OF FAIR HOUSING IN AMERICA

## **DOUBLING ENFORCEMENT ACTIONS UNDER THE FAIR HOUSING ACT**

In 1997, the Department, in support of President Clinton's One America Program; embarked on an exciting new initiative: to double, by year 2000, the number of Enforcement Actions taken by the Department during the President's first term in office. During the President's first term, the Department accomplished 1,085 Enforcement Actions.<sup>1</sup> By the end of Fiscal Year 2000, the Department had accomplished more than 2,200 Enforcement Actions, a truly stunning achievement when viewed in the light that there was not a diminution of productivity with respect to our other competing statutorily-mandated responsibilities.

The accomplishment of the above goal was the result of the implementation of a comprehensive action plan developed and implemented by the Department's Office of Fair Housing and Equal Opportunity (FHEO). In general, the plan revolved around several broad categories: (1) more effective Fair Housing Act complaint processing; (2) creative utilization of technology to enhance Fair Housing Act complaint productivity; and (3) identification of potential circumstances for resource redistribution and the reallocation of FHEO staff and other resources toward Fair Housing Act enforcement. A summary description of some of the plan's activities is set out below:

- \* A Business Process Redesign (BPR) was created and instituted that addressed procedures in the broad areas of technology and management, complaint intake, complaint investigation, human resource management, and communication planning.
- \* An FHEO BPR Case Processing Team developed and implemented new procedures for streamlining the investigation of jurisdictional complaints through an investigation complaint tracking system.
- \* An FHEO Complaint Conversion Team was created. This team developed and assured the implementation of standards that guaranteed sufficient documentation was made during the initial claim/assessment stage, after the receipt of a complaint, to establish jurisdiction, and identify jurisdictional complaints for possible early resolution (Conciliation/Enforcement Agreements). This team also participated in the development of training to

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<sup>1</sup> Enforcement Actions consist of enforcement agreements between the respective parties in a Fair Housing Complaint (Complainant/Respondent); the subsequent enforcement of any such agreement because of a breach; Fair Housing Act complaints where the Department has issued a charge against the respondent; and Fair Housing Act complaints that the Department has referred to the U.S. Department of Justice for processing.

implement new Intake/Assess procedures and coordinated these procedures with the Department's Fair Housing Assistance Program agencies.

- \* Technical guidance materials for implementing the new "ASSESS" process were prepared and distributed to the FHEO Field Offices.
- \* Specific timeframes for completing each stage in complaint processing were developed. Also, specific accomplishments under these timeframes were incorporated in FHEO staffs' and managers' performance evaluation standards.
- \* FHEO developed computerized systems for monitoring and tracking Fair Housing Act complaint investigations. This computerized system improved front-line staffs' monitoring and review capability, and ultimately resulted in significant improvements in the timeliness and quality of case processing because it allowed continual supervisory direction and highlighted specific benchmarks necessary for successful resolution.
- \* On a revolving basis, select staff were reallocated to the investigative and enforcement component of FHEO, and all FHEO Field Office staff were, where possible, cross-trained to enable Field Office Directors the flexibility to make staff adjustments based on enforcement considerations.
- \* Grantees under the Fair Housing Initiatives Program's Private Enforcement Initiative were tasked with filing legitimate Fair Housing Act complaints with FHEO, which were then investigated by FHEO investigators.

**Outcome/Goal:**

Double enforcement actions by the end of calendar year 2000

**Measure:**

121% increase in number of enforcement actions  
as compared to the level at the end of FY '97

**Data Source:**

TEAPOTS Title VIII Case Activity Report

**Unit:**

Enforcement actions [comprised of charges, referrals to DO], enforcement agreements,  
and TROs (temporary restraining orders)]. Report number of enforcement actions taken  
each month, not the percentage increase in actions  
taken.

**Goal Type:**

Year-to-Date (YTD)

**Data Entered By:**

Field Office; data generated by FHEO HUB

**Frequency:**

Monthly

**Results:**

Level of enforcement actions at end of FY 1997:	1085
Number required to achieve doubling:	2160
Number of enforcement actions accomplished:	2329

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# **Promoting Fairness in Public Housing**

**March 2000**



**Secretary Andrew Cuomo  
U.S. Department of Housing and Urban Development**

## FOREWORD

President Clinton calls on us to build "One America" – an America where opportunity and success are within reach of all our citizens. An America where no one is denied an opportunity to build a better life because of race, color, national origin, religion, sex, family status or disability.

We at HUD believe that nothing embodies the spirit of "One America" more than our nation's founding commitment to help low-income families find a decent and affordable place to live. The message of the 1937 public housing act was simple: housing assistance should generate real opportunity for families struggling up the ladder into our economic mainstream; and every American, regardless of race or income, should have the same opportunity to succeed.

And yet while most of our nation's public housing has successfully offered that opportunity, too often our housing assistance, particularly when provided through subsidized housing developments, has fallen far short.

For decades, public housing developments were built in predominately low-income, minority neighborhoods. By design, this meant a community's most affordable, subsidized units were concentrated in areas that were more dilapidated, higher in poverty, lower in political power, and more poorly supported by necessary public services. At the same time, higher income families may have been directed to certain buildings, or families that spoke Spanish – or English -- were segregated from one another.

While we have recognized our mistakes, and tearing down our worst complexes, replacing them with vibrant, mixed-income communities, we must do more. Despite our efforts as a nation to combat segregation and prejudice, discrimination – particularly housing discrimination -- remains with us. And too often, it's one of the 3 million families housed through America's own public housing programs who falls victim to discriminatory treatment – because of the color of their skin or the job they hold.

Residents of public housing, like all Americans, deserve to live free from discriminatory treatment. The Public Housing Reform Act, signed by President Clinton 1998, contained two key elements to help us reach that goal. First, it provided requirements regarding admissions to assure families living in public housing would not be segregated by income or race. Second, for the first time, the Act called for Public Housing Authorities (PHAs) to be held accountable to the same standard to which HUD holds itself: to "affirmatively further" fair housing.

With the issuance of this revised rule, we are strengthening our resolve to promote opportunity and equality, and moving another step closer to One America. Fulfilling the expectations outlined in the Public Housing Reform Act, today, we specify exactly the standards we expect Public Housing Authorities to meet in order to break down

concentrations of poverty and affirmatively further fair housing within our public housing program and our Section 8 voucher program which provides low-income families with financial assistance for decent, safe, and sanitary housing.

Beginning today, no agency will be allowed – by intent or default – to concentrate very low-income families in some buildings and higher income families in others. With this rule, we will begin to reverse this course by determining the average income of buildings and the income of tenants who live within them, and then better balancing the mix of higher income families and lower-income families.

Further, PHAs will be required to prepare and carry forth plans that protect the civil rights of families and affirmatively further fair housing to reduce concentration by race or national origin. These efforts to provide the full range of housing opportunities may include directed marketing effort to attract families of diverse backgrounds, enhanced consultation and information for applicants, and providing new amenities and services in developments.

Taken together, these renewed expectations puts us on a new path in our nation's housing policy – a path of opportunity for all hardworking families, regardless of income or background.

PROMOTING FAIRNESS  
IN  
PUBLIC HOUSING

March, 2000

Over 50 years ago, the Housing Act of 1949 articulated a national commitment to a "decent home and suitable living environment for every American family." This key component of the American Dream also helped motivate the enactment of the Nation's first public housing program, in 1937: the law envisioned public housing as a way to help families ranging in income and background to climb the economic ladder.

Unfortunately, the reality of housing assistance, particularly when provided through subsidized housing developments, has often fallen short of the dream, and public housing has presented unique and significant challenges in this regard.

For decades, many of the Nation's cities and towns sited public housing developments in predominantly low-income, minority neighborhoods. Discriminatory local political processes thus concentrated a large share of the localities' most affordable, subsidized rental units in geographic areas that tended already to be older, more dilapidated, higher in poverty, less politically powerful, and more poorly supported by public services than other areas. The results of discrimination in the siting of public housing have been sadly predictable: opportunity denied, racial and economic isolation perpetuated, and a mountain of civil rights litigation.

In seeking now to help public housing residents gain better access to the economic mainstream, there is another historical challenge, besides siting decisions made decades ago, that must be overcome. Over the years, a second local practice – discrimination in the process of deciding which families would go to which housing projects or receive Section 8 rental subsidies (vouchers) – compounded the problem of concentrating the poorest families in the least desirable housing situations. In some cases, relatively higher-income families might have been directed to higher-income, "better" buildings in better neighborhoods; or similar discrimination might have been practiced on the basis of racial or ethnic background. In other cases, local actions might have been undertaken to counteract discriminatory siting and "steering" practices over the years.

The Public Housing Reform Act, which President Clinton signed into law in 1998, was historic legislation designed to counteract past problems in providing public housing. It is the most comprehensive overhaul of public housing since the program's commencement, and it also overhauls the Section 8 voucher program (in which families receive financial assistance to rent private apartments). Together, these two programs house approximately 3 million families.

The Public Housing Reform Act contains two key elements which further the commitment of President Clinton and Vice President Gore to "One America," where families are not segregated by income or race:

- First, the Act contains provisions regarding public housing admissions, authored principally by HUD Secretary Cuomo, to ensure that families living in public housing will not be separated geographically by income.
- Second, for the first time, the Act applies a legal requirement directly to public housing authorities (PHAs) that had previously been applicable just to HUD. That requirement is for PHAs – the administrators of public housing and vouchers – to “affirmatively further” fair housing.

As a result of the Public Housing Reform Act, PHAs will now be required to prepare and carry out plans that protect the civil rights of families and affirmatively further fair housing to reduce the concentration of residents by race of national origin.

Until this point, however, HUD’s strongest recourse in ensuring that PHAs were providing fair housing was the Title VI review process. In this process, HUD can initiate a review to ensure that a PHA is complying with the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color or national origin in programs and activities receiving Federal financial assistance. If the review uncovers a violation of the Civil Rights Act, HUD negotiates a voluntary compliance agreement (VCA) to remedy the discriminatory actions.

And, it must be acknowledged, HUD has itself also been the subject of successful lawsuits claiming, in general, that it did not adequately counteract discriminatory practices on the part of individual housing authorities. When such instances have been brought to light, HUD has acknowledged its role and worked diligently to remedy the injustice that has taken place.

On the following pages are examples of legal actions – both reviews initiated by HUD and lawsuits that indicated wrongdoing by HUD. They illustrate both examples of unacceptable practices in siting projects and steering clients, and what we feel are appropriate responses by HUD.

**Section I. Title VI Reviews By HUD and Resulting Voluntary  
Compliance Agreements**

## **Pinellas County, Florida**

Upon initiating a Title VI Review of the Pinellas County Housing Authority (PCHA), HUD found that the Housing Authority had been excluding African Americans from predominantly white developments, and was making residents with disabilities pay for their own accessibility-related improvements, including wheelchair ramps – even though PHAs are responsible for these costs. Since 1987, only four African American elderly families had lived in the Housing Authority's two developments for elderly tenants; HUD also found a pattern of residential segregation at two of the developments for families of all ages.

The Pinellas County Housing Authority in Florida signed a voluntary compliance agreement to end housing discrimination uncovered by HUD. The agreement commits the housing authority to take a series of actions over a five-year period to ensure that the Authority's minority and disabled residents receive the same treatment, housing options, and level of services as majority residents. The Housing Authority has agreed to help move African American residents to predominately white housing and to reimburse residents with disabilities for improvements they made to their units.

### **Additional Background**

In 1997, HUD initiated a compliance review and found that African American residents of the PCHA's elderly and low income public housing developments were being discriminated against because of their race: that they were subjected to a racially hostile environment at the PCHA's Lakeside and Heatherwood housing developments; that the PCHA segregated residents by race at its two family developments, Rainbow Village and French Villas; and that residents of the predominately African-American Rainbow Village development were treated differently from other residents. The complaints also alleged that the PCHA discriminated against African Americans applicants in its Section 8 Rental Housing Program.

On December 30, 1997, after an extensive investigation, HUD resolved the complaints by negotiating a voluntary compliance agreement with the PCHA. Under the agreement, the PCHA must undertake the following actions, among others:

- Adopt and publish a policy statement condemning racial discrimination, racial harassment, and retaliation, and prove that it has notified all staff and residents about the policy.
- Develop written procedures for investigating incidents of racial harassment occurring on its properties that include notification of law enforcement agencies.

- Offer two individuals identified during the investigation the opportunity to apply for a Section 8 Certificate or Voucher on a priority basis, and pay for their moves and security deposits.
- Fill all vacant public housing units with transfers of other PCHA tenants.
- Overhaul its Section 8 waiting list procedures, together with HUD, to ensure that they are fair.
- Distribute to African American residents at Rainbow Village a letter informing them that, as a result of the Summer 1997 compliance review, they are being offered the following housing options: (1) if they are non-elderly families, a transfer to French Villas or an opportunity to apply for placement on the Section 8 waiting list, or (2) if they are elderly or disabled, a transfer to Heatherwood, Lakeside Terrace, or French Villas, or an opportunity to apply for placement on the Section 8 waiting list.
- Cease charges to residents for lawn care services.
- Provide meeting space for tenants and organizations.

### **Galveston, Texas**

This case was filed in July, 1996, by six African-American residents of Galveston public housing against various Galveston entities, including the housing authority. It was complicated by the fact that HUD's office of Fair Housing had not completed its investigation of a number of complaints and a related compliance review in a timely way; and so HUD itself also became a defendant in the case.

The plaintiffs argued that the United States, through HUD and predecessor agencies, had approved Galveston's siting of all four of its multi-family public housing projects in neighborhoods that today are "predominantly minority with a high concentration of low income persons" and other undesirable characteristics, such as proximity to "storage tanks, industrial uses, and vacant and abandoned buildings."

Subsequent to the filing of the lawsuit, HUD investigators found that African-American residents in the Galveston, Texas Housing Authority were segregated in four housing developments. GHA entered into a voluntary compliance agreement with HUD designed to address the segregated conditions at housing developments and to provide for expanded housing choices for tenants and applicants. It requires that the Galveston housing authority:

- Use the net proceeds of the sale of a particular property to develop desegregative housing opportunities for tenants of, and applicants to, its public housing and Section 8 voucher programs.
- Build or acquire 48 units of housing to replace units that were to be sold or demolished under the HOPE I program.
- Work with city officials and community leaders to ensure that bias will not be a determining factor in the location, placement or siting of housing they develop.
- Locate at least 70% of any additional housing in areas outside of minority concentration.
- Develop and submit to HUD a Housing Mobility Plan designed to provide counseling to applicants and participants in the Section 8 program.
- Provide one apartment in each family development for the residency of at least one police officer at below-market rate.
- Work with the city to develop an agreement that will improve police protection.
- Contact local banks, savings and loans, and mortgage companies to develop a program to facilitate homeownership.
- Work with the city to develop an agreement to provide free bus or van transportation to residents enrolled in training programs.
- Review its admissions and continued occupancy policy to determine the appropriateness of including a preference for working families or for families engaged in training programs.
- Employ or appoint a complaints administrator who will work with any residents who have complaints.

In addition, HUD entered into a consent decree that requires that it do the following:

- To the extent possible, provide technical assistance to the Galveston housing authority to improve its understanding of the eligibility and application requirements for relevant HUD programs.
- Issue a formal "determination of no reasonable cause" regarding purported violations of the Fair Housing Act alleged against the City's former mayor.

- For seven years, allow any application from Galveston for resources to create decreed-mandated housing to qualify for any funding preferences for desegregative or court-ordered housing that may exist under HUD programs.

As a result of the voluntary compliance agreement, the housing authority has significantly modified its policies – to the extent that, recently, it won a HUD Best Practices Award.

### **Biloxi, Mississippi**

A HUD investigation found that the Biloxi, Mississippi Housing Authority discriminatorily steered African-Americans and Vietnamese housing applicants to three of its nine housing developments and limited the participation of Vietnamese families in its Section 8 housing program. In the three Biloxi buildings that were in the best area and were maintained at the highest level, the population was mostly white, whereas conditions were unacceptable (waist-high grass, exposed asbestos, lead-based paint) in the buildings occupied entirely by minority residents. The Biloxi Housing Authority signed a voluntary compliance agreement to end housing discrimination uncovered by HUD investigators.

As part of the voluntary compliance agreement, the housing authority agreed not to discriminate in the future. It also agreed, among other things, to:

- Notify all minority residents in the development that segregated conditions would be addressed, that tenants would be eligible to transfer to other developments, and that the housing authority would pay all moving and occupancy costs.
- Establish a fund of up to \$10,000 to compensate residents who were discriminatorily charged for maintenance work on their units.
- Adopt and implement uniform Admissions and Continued Occupancy Policies and a Tenant Selection and Assignment Plan.

### **Blakely, Georgia**

In February, 1998, HUD investigators established that the Blakely housing authority was discriminating against its applicants and tenants by assigning and segregating them based on race. African-American applicants were routinely skipped over so that whites – who applied later – could be assigned to all-white projects, while the African-American applicants were then assigned to sites with only or predominantly African-American residents. Furthermore, in a new building originally designated for families, the housing

authority illegally assigned for residence only white tenants who were elderly and/or disabled.

To remedy the violations, the Blakely housing authority signed a voluntary compliance agreement that requires it to select and assign applicants and to transfer tenants, based strictly on the date and time of their application, to the first appropriately-sized unit – regardless of the location of the housing development.

### **Kaplan, Louisiana**

A HUD investigation that ended in August, 1997 found that the Authority maintained racially-segregated developments; steered African-American applicants and white residents to separate developments; clustered tenants by race in its mixed-race developments; provided a lower level of maintenance for the sites with African-American residents; granted residents at the white developments special privileges (such as pets and gardens); and charged African-American tenants extra and erroneous maintenance fees.

The Housing Authority of the City of Kaplan, Louisiana signed a voluntary compliance agreement designed to end segregated housing patterns and discriminatory practices at its housing developments. The agreement includes a commitment on the part of the housing authority to implement a comprehensive desegregation plan, which will include the availability of transfers to reduce segregation at developments and outreach initiatives to the city's African-American community to obtain more minority applicants. It also contains a commitment to equalize maintenance services and to provide compensation to African-American residents who were charged unlawful maintenance fees.

## **Section II. Lawsuits Brought Against HUD**

### **Washington Park Lead Committee, Inc. v. EPA, HUD et al. (Portsmouth, Virginia)**

HUD recently settled a public housing civil rights and environmental case brought against HUD, EPA, the Portsmouth Redevelopment and Housing Authority, the City of Portsmouth, and Pneumo Abex Corporation. The Lawyers Committee for Civil Rights filed this case in 1998 on behalf of the plaintiffs, the Washington Park Lead Committee, and four individual tenants living in the Washington Park public housing complex in Portsmouth, Virginia.

Washington Park is a public housing complex situated next to an EPA Superfund site. HUD was brought into this case in August, 1999, when the plaintiffs alleged that Washington Park was built in the early 1960s as a segregated project to provide "Negro housing." They also alleged that HUD (and its predecessors), along with the local defendants, established a racially segregated dual housing system in Portsmouth, and that this segregation was a direct result of HUD's policies, including both its site approval policies for the locations of housing projects and its policies regarding tenant selection and assignment plans. The plaintiffs demanded that the defendants end the continuing segregation of Washington Park and the "conditions, features and effects" of that segregation, including exposure to environmental hazards.

The settlement provides for the relocation of the residents of Washington Park and the demolition of the housing complex, along with provisions to alter the land use to commercial and industrial zoning. HUD will also provide \$128,000 to be used for mobility counseling, to acquaint tenants with housing opportunities in areas with which they may not be familiar.

### **Adker v. HUD (Miami, Florida)**

In 1998, in a major step toward providing expanded and improved housing opportunities for the low-income citizens of Miami-Dade County, Florida, HUD settled a public housing civil rights case brought by the Lawyers Committee on Civil Rights on behalf of former, current and future African-American public housing tenants.

The plaintiffs claimed that Miami-Dade County and HUD violated their rights by restricting African-Americans to public housing projects in poor condition in predominantly minority neighborhoods, while reserving Section 8 tenant-based and Moderate Rehabilitation programs for other groups (primarily Hispanics). HUD was alleged to be liable for its continued funding of these programs, approval of various practices, and inadequate enforcement.

The settlement also includes several provisions designed to improve and desegregate the County's public housing developments. Dade County has committed to enhance the

services provided public housing residents and to improve the surrounding neighborhoods. Members of minority groups now mostly using Section 8 will be offered mobility counseling and incentives to encourage them to try family public housing. Applicants will be able to state preferences for particular developments, and group moves will be available. In addition, the agreement calls for the creation of a fair housing center, which will be primarily responsible for much of the mobility counseling, as well as for offering clearinghouse-type services available to all low-income families and for conducting outreach to potential Section 8 landlords in neighborhoods with lower concentrations of poverty.

### **Sanders v. HUD (Pittsburgh, Pennsylvania)**

This case was brought by the Lawyers Committee on Civil Rights in 1988 on behalf of African-American residents in, and applicants for, public housing operated by the Allegheny County Housing Authority. The suit is against HUD, the Allegheny County Housing Authority, the Redevelopment Authority of Allegheny County, and Allegheny County, Pennsylvania, and alleges discriminatory housing policies.

The parties agreed to a settlement in December, 1994. The settlement is designed to desegregate public housing and increase housing opportunities in the private housing market. The settlement requires, among other things:

- Equalization of conditions in all public housing.
- 100 scattered site units of replacement public housing to be located in non-minority neighborhoods.
- Improvement in the conditions in the neighborhoods surrounding minority impacted public housing.
- Operation of a housing mobility program.
- Preference for minority applicants to receive units in predominately white, privately-owned, assisted housing.
- 450 desegregative vouchers for use by minorities in non-minority neighborhoods.

### **Christian Community Action v. Cuomo (New Haven, Conn.)**

This case involved a charge that HUD, by both its action and inaction, illegally

segregated the predominantly-minority tenant population of New Haven public housing by causing the residents to live primarily in minority-concentrated areas of New Haven. The plaintiffs sought to prevent HUD from allowing the Housing Authority of New Haven to replace 366 units of demolished public housing in minority-concentrated areas. A settlement agreement involving HUD, the Housing Authority of the City of New Haven, and the plaintiffs was approved in July, 1995.

Under the settlement, HUD agreed, among other things, to :

- Require the housing authority to develop all replacement public housing units outside areas of minority concentration.
- Provide funding to give 458 families Section 8 certificates and vouchers to enable them to move to neighborhoods outside areas of minority concentration.
- Provide funding for a Section 8 mobility counseling program and a clearinghouse for low-income rental listings.
- Investigate the discriminatory effects of any residency preferences used by public housing authorities in the New Haven area.

#### **Hawkins v. HUD (Omaha, Neb.)**

A class of residents of public housing projects in Omaha, Nebraska sued HUD, the Omaha Housing Authority, and the City of Omaha in February of 1990, alleging discrimination in the siting of public housing units in racially impacted areas, and for tenant selection and assignment policies which the residents claimed had prevented them from being able to live in integrated communities. In addition, the plaintiffs claimed that the housing authority had maintained public housing unequally, with the units in identifiably African-American projects receiving lesser maintenance services than units in majority-White projects.

The parties entered into a settlement agreement in January, 1994. It provides for:

- Demolition and replacement with scattered site development of three of Omaha's obsolete public housing projects.
- A mobility counseling program and 100 Section 8 certificates to be used in non-segregated areas.
- Inspections of a sample of 5% of the assisted housing units in Omaha for compliance with Housing Quality Standards.

The mobility counseling plan established under the settlement, known as "Project Jericho," has a successful track record in affording housing opportunities outside the minority residential area in Omaha.

#### **Holtman v. HUD (Minneapolis, Minnesota)**

This case involved a broad-ranging charge that HUD, by both its action and inaction, illegally segregated the predominantly-minority tenant population of Minneapolis-area public and Section 8 housing, by causing that population to live primarily in a single minority-concentrated area of Minneapolis. A consent decree was entered in April, 1995.

Under the settlement, HUD agreed, among many other things, to:

- Approve the Minneapolis Public Housing Authority's demolition of 770 units of public housing now located in minority-concentrated areas of Minneapolis, and provide funding for the creation of 770 replacement public housing units sited primarily outside of areas of minority and poverty concentration.
- Provide 900 Section 8 certificates/vouchers to be used either for relocation of persons displaced by demolition or to provide mobility opportunities primarily for public housing residents.
- Provide \$1,850,000 for a Section 8 mobility program and a clearinghouse for affordable rental housing listings.
- Investigate all residency preferences employed by local HUD-assisted housing providers in selecting tenants, to determine whether application of any such preferences is resulting in discrimination against minorities.

#### **Horner v. Chicago Housing Authority and HUD (Chicago, Ill.)**

On April 4, 1995, the parties entered into a consent decree, which covers a six-year, five-phase, comprehensive plan for the revitalization of the Horner development and the surrounding community within the northwest side of Chicago. The decree prescribes the rehabilitation, demolition, and replacement of certain Horner public housing dwelling units under a defined timetable.

#### **NAACP, Commerce Branch v. City of Commerce, HUD et al. (Texas)**

This case was filed by the NAACP, Commerce Branch, in 1988 against HUD, the Commerce housing authority, and the City of Commerce alleging racial discrimination in the public housing and Section 8 programs. In August 1995, the Court found the

defendant parties liable and ordered that various remedial measures be undertaken. These included affirmative measures to desegregate the public housing projects, undertaking various physical improvements within and around the public housing developments, including the installation of air conditioning in all units, and the conversion of some elderly units into family units. All remedial measures were completed in 1999.

#### **D'Agnillo v. HUD (Yonkers, NY)**

This case is an outgrowth of the United States v. Yonkers desegregation case. In 1985, the Court in Yonkers found the City of Yonkers to have intentionally restricted public housing almost exclusively to southwest Yonkers, an area of heavy minority concentration, and to have committed violations of the civil rights laws in its administration of the Section 8 program. Under a 1988 consent decree, Yonkers agreed to create 800 units of affordable housing, at least 700 of which would be located outside southwest Yonkers. With limited exceptions, HUD's current responsibilities are confined to the review and clearance various assessments performed.

#### **Young v. Cuomo (Texas)**

The plaintiffs in this 1980 class action are African-American applicants for, and residents of, public housing in East Texas. They alleged that HUD knowingly maintained a system of segregated housing in a 36-county area of East Texas. While there are now 70 public housing authorities in the 36-county area, none of the housing authorities are included in the lawsuit as parties.

In 1985, the Court found that HUD had knowingly maintained a system of segregated housing in the 36-county area. In 1987, while an appeal was pending, HUD and the plaintiffs reached an agreement to limit the scope of the case and class of plaintiffs to all African-American residents of, or applicants for, public housing in the 36-county area. In 1988, the Court compelled HUD to require each of the 70 PHAs to implement race-conscious tenant selection and assignment plans and to provide all class members with a series of notices of desegregative opportunities in all HUD-assisted housing in East Texas.

After unsuccessful settlement discussions between HUD and the plaintiffs in 1990, the Court issued an order requiring, among other things, that HUD develop desegregation plans or assertions of unitary status for each of the PHAs. By June 1991, HUD had complied. Plaintiffs objected to the plans and unitary status assertions, alleging that their proposed actions fell short of the 1990 order's requirements. In 1994, after reassessment of the 1990 plans and unitary status assertions by the new Administration, HUD filed its revised East Texas Comprehensive Desegregation Plan (Plan), which proposed additional East Texas desegregation initiatives. HUD also filed plan amendments for all 70 PHAs which incorporated the Plan's proposed initiatives. On March 30, 1995, U.S. District

Judge William Wayne Justice issued a Final Judgment and Decree which, with some modifications, incorporated HUD's 1994 Plan.

The final judgment requires HUD to undertake numerous physical improvements within PHA sites and in their surrounding neighborhoods, to implement a housing mobility program for class members, and to require the PHAs to implement various tenant selection and assignment procedures designed to speed desegregation of PHA sites. Physical improvements must be fully funded by 2002, and desegregation of all PHA sites must be achieved by 2005. HUD is currently implementing the requirements.

#### **Thompson v. HUD (Baltimore, MD)**

The plaintiffs, present and future residents of public housing in Baltimore, represented by the ACLU, sued HUD and the Housing Authority of Baltimore City for allegedly establishing and perpetuating a system of segregated public housing in Baltimore. A partial consent decree in this case between HUD, the Housing Authority and City of Baltimore, and the plaintiff class, was reached in April, 1996. The partial settlement resolves issues related only to five projects, including the four worst public housing high-rises in the city, located near downtown Baltimore. The partial settlement requires their demolition and redevelopment. It also requires that HUD provide over 1,300 Section 8 certificates and funding for mobility counseling and supportive services to enable public housing residents to move out of racially and economically impacted neighborhoods and into non-impacted areas. A portion of the case remains unresolved.

The Baltimore housing authority hired a mobility counselor in September 1998 to assist the families in moving to non-impacted areas. The effort was relatively slow in getting started during 1999, but is now fully operational.

As of January 2000, three of the four high-rise sites have been demolished. All of them were or are being redeveloped under the HOPE VI program. The first project to be redeveloped, the former Lafayette Courts, was completed in early 1998. The new development, called Pleasantview Gardens, consists of a mixture of public housing and homeownership townhouse units. The second project demolished, Lexington Terrace, is currently being redeveloped under HOPE VI as a mixed-income project with a homeownership component. Murphy Homes was demolished in July 1999, although redevelopment of the site has been delayed. HABC was awarded a HOPE VI grant for the last of the four high rise developments, Flag House Homes, in September 1998. Redevelopment plans are proceeding and demolition of the existing structures is scheduled for July 2000.

#### **Walker v. HUD (Dallas, Texas)**

This case was filed in 1985 by African-American tenants and applicants to assisted housing administered by the Dallas Housing Authority. Plaintiffs contended that HUD,

the Dallas housing authority and the City of Dallas intentionally segregated them through discriminatory administration of assisted housing programs. HUD admitted violating its obligation to affirmatively further fair housing.

Both the Dallas housing authority and the City of Dallas were found liable for intentional discrimination and executed consent decrees with the plaintiffs. In April 1996, the District Court issued a remedial order affecting HUD. The order requires 3,205 additional new public housing or Section 8 units to be provided in predominantly white areas over the next ten years. The order also states that HUD has authority to increase the housing authority's operating subsidy above formula levels, and requires HUD to initiate complaints against all suburbs that refuse to sign cooperation agreements with the housing authority to develop public housing in those locations. The order also requires HUD to convene a task force with other federal agencies; to provide incentives for desegregation in competitive programs; and to produce an equalization plan and schedule for achieving these improvements. between Dallas housing authority public housing and privately-owned HUD-assisted housing in predominantly white areas. The term of the order is ten years, but it places the burden on HUD to show that it has eradicated vestiges of segregation to the extent practicable in order to terminate the Court's jurisdiction.

#### **Comer v. Cuomo (Buffalo, NY)**

This case, which was initially filed in 1989, challenged a wide variety of allegedly discriminatory actions in the public housing and Section 8 programs in the City of Buffalo and surrounding areas of Erie County, New York. Plaintiff classes, consisting of minority applicants for and residents of Buffalo housing authority public housing, sought to improve and equalize physical conditions at developments, and to "desegregate" the PHA by increasing non-minority tenancy and reducing racial clustering.

In addition, plaintiffs sought to modify the housing authority's tenant selection and assignment program. They alleged that the housing authority had become racially segregated as a result of a mechanism that allowed public housing applicants to select certain projects in which they might be housed. Although the practice was discontinued many years ago, plaintiffs asserted that it caused the racial stratification of the projects and had other remaining effects. Furthermore, the plaintiffs alleged that the housing authority engaged in steering and maintained predominantly white and black projects in a disparate fashion. They also claimed that HUD knew about, but ignored or condoned, these and other discriminatory practices by BMHA.

The plaintiffs also challenged the Section 8 Program, which gave a preference to applicants who either lived or worked in predominantly white communities.

In August, 1996, a settlement was reached under which HUD agreed to:

- Provide 450 Section 8 certificates to relocate tenants who live in public housing projects with units that will be demolished or reconfigured; and an additional 300 Section 8 certificates for desegregative purposes.
- Pay for and establish a Community Housing Center to assist minority class members to obtain housing.
- Provide 800 Section 8 certificates for minority applicants who were affected by the residency preference.

The settlement also called for Buffalo to provide annually, for five years, \$1,400,000 for the redevelopment of a state-subsidized public housing development, and \$100,000 for the Community Housing Center; and to use a revised Tenant Selection Assignment Plan for both admissions and transfers to desegregate public housing.

**Commock v. Melrose Housing Authority/United States v. Melrose Housing Authority (Melrose, MA)**

This litigation began with a suit brought in 1993 by the Department of Justice on behalf of an African-American applicant to a Section 8 tenant-based program.

The settlement agreement called for HUD, among other things, to provide 10 vouchers to the Melrose Housing Authority for African-American applicants passed over due to the prior residency preference policy, and pay \$1,750 in attorney's fees. The Melrose Housing Authority agreed to conduct outreach to minorities in reopening its waiting list, and pay \$15,000 in damages.

**Latinos United v. Chicago Housing Authority and HUD (Chicago, IL)**

The complaint alleged that HUD knowingly allowed policies, practices, and other actions of the Chicago Housing Authority to illegally limit the access of Latinos to Section 8 benefits, resulting in extremely low rates of Latino representation among program participants and waiting lists in relation to the representation of Latinos among eligible Chicago residents. A consent decree involving HUD and the plaintiffs was approved by the Court in July, 1995.

Under the Consent Decree, HUD agreed to provide 500 Section 8 vouchers for use by eligible Latino applicants. HUD also agreed to provide \$1.1 million in funding for mobility counseling and outreach.

**Robinson v. HUD (St. Paul, MN)**

This case was settled in July, 1996. The complaint alleged that HUD knowingly acquiesced in and, in some instances, approved various practices of the St. Paul housing authority that illegally limited the participation of African-Americans and Latinos in the family public housing and Section 8 programs. This resulted in lower rates of African-American and Latino program participants than the representation of African-Americans and Latinos on PHA waiting lists and in the income-eligible population. Under the settlement, HUD agreed to provide funding for 200 vouchers to be awarded to families currently living in St. Paul public housing. HUD also agreed to provide \$75,000 in mobility counseling funds to assist the recipients of the vouchers in locating housing.

**Etheridge v. Housing Authority of the City of Galveston, et al. (Galveston, TX)**

Please see the earlier discussion of this case.

PRESIDENTIAL LIBRARY  
Office of Policy and Program Evaluation Submission

Introduction

This memorandum responds to the request for information for inclusion in the a Presidential Library commemorating the Clinton Administration. The Office of Policy and Program Evaluation (OPPE) was asked to provide data on our policy work regarding Fannie Mae and Freddie Mac oversight.

In response, we have provided copies of proposed and final GSE rules, and a memorandum of understanding regarding GSE oversight. In addition, we are providing written summaries discussing our role in developing these instruments.

Proposed GSE 1995 Rule

On February 16, 1995, HUD published a proposed rule on implementing the provisions of the Federal Housing Financial Safety and Soundness Act of 1992 (FHEFSSA). Among other things, FHEFSSA established new fair lending requirements for the government sponsored enterprises (GSEs) under which the Secretary must, by regulation, prohibit the GSEs from discriminating in the mortgage purchases. FHEFSSA also required the Secretary to:

- require the GSEs to submit data to assist the Secretary in investigating whether a mortgage lender has failed to comply with the Fair Housing Act and the Equal Credit Opportunity Act (ECOA);
- obtain and make available to the GSEs information from other regulatory and enforcement agencies on violations by lenders of the Fair Housing Act and ECOA;
- direct the GSEs to take remedial action against lenders found to have engaged in discriminatory lending practices in violation of the Fair Housing Act or ECOA; and
- periodically review and comment on the underwriting and appraisal guidelines of each GSE to ensure that such guidelines are consistent with the Fair Housing Act and FHEFFSA.

In response to this mandate, FHEO, in conjunction with HUD's Office of General Counsel, drafted proposed fair lending regulations for implementing FHEFSSA and drafted preamble language soliciting input from commenters.

#### Final 1995 GSE Rule

On December 1, 1995, HUD published a final rule implementing FHEFSSA's requirements of the GSEs regarding lending discrimination. FHEO worked in conjunction with the Office of General Counsel in developing these provisions of the final preamble and final rule. The work entailed analyzing the comments received on the proposed rule, consulting with Federal banking supervisory agencies, weighing the alternatives, and drafting the final language. The resulting rule:

- prohibits discrimination by the GSEs in their mortgage purchases;
- requires the GSEs to submit data to assist the Secretary in investigating whether a mortgage lender has failed to comply with the Fair Housing Act and ECOA;
- requires the Secretary to obtain and make available to the GSEs information from other regulatory and enforcement agencies about fair lending violations;
- directs the GSEs to take various remedial actions against lenders found to have engaged in discriminatory lending practices; and
- provides for periodic review and comment on the GSEs' underwriting and appraisal guidelines to ensure their consistency with the Fair Housing Act and with FHEFSSA.

#### Memorandum of Understanding (MOU) with Regulators

FHEO spearheaded the development and clearance of a Memorandum of Understanding with the Federal banking supervisory and enforcement agencies implementing the fair lending provisions of the HUD's final 1995 GSE Rule. The MOU specifies procedures for the submission and dissemination of information from the regulators to the Secretary and to the GSEs. Also, in cases where a lender has been found to have violated the Fair Housing Act or ECOA, the MOU provides for the Secretary to solicit and

fully consider the views of the lender's regulator before directing any remedial action by a GSE against a lender. The MOU went into effect on June 30, 1997.

#### Proposed 2000 GSE Rule

In 1998, HUD began considering additional rulemaking for the GSEs. FHEO proposed within the Department that the forthcoming rule prevent the GSEs from receiving affordable housing goals credit for purchases of predatory loans. Such a provision would discourage these purchases, which disproportionately harm minority borrowers. FHEO drafted and championed preamble language soliciting comment on such a provision. After input from other HUD divisions, the language, as modified, was included. HUD published the proposed rule on March 9, 2000.

#### Final 2000 GSE Rule

On \_\_\_\_\_, 2000, FHEO published a final rule governing affordable goals credit for GSE purchases of "high cost" mortgages. The rule sets forth three different categories of these mortgages. For mortgages falling into two of the categories, no goals credit will be awarded. The Secretary would have discretion in awarding goals credit for loans falling into a third category. Minorities disproportionately receive high cost mortgages, making the issue one not only of consumer protection but of civil rights as well. Accordingly, FHEO weighed in on the development of this final rule with a view towards discouraging liquidity for loans that may adversely and disproportionately harm minority applicants.

[NOTE - THIS FINAL RULE IS NOT YET PUBLIC. IT IS EXPECTED TO BE MADE PUBLIC SOMETIME THE WEEK OF OCTOBER 23, 2000, BUT BEFORE ANY STATEMENT SUCH AS THIS IS MADE AVAILABLE ON A NON-CONFIDENTIAL BASIS, IT MUST BE CONFIRMED THAT THE RULE HAS GONE OUT. A HARD COPY OF THE FINAL RULE CAN BE PROVIDED AT THAT TIME.]

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AND

THE OFFICE OF THE COMPTROLLER OF THE CURRENCY

THE FEDERAL DEPOSIT INSURANCE CORPORATION

THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

THE NATIONAL CREDIT UNION ADMINISTRATION

THE OFFICE OF THRIFT SUPERVISION

THE FEDERAL TRADE COMMISSION

CONCERNING

IMPLEMENTATION OF SECTION 1325 OF THE FEDERAL HOUSING ENTERPRISES

FINANCIAL SAFETY AND SOUNDNESS ACT OF 1992

ARTICLE I: PURPOSE AND AUTHORITY

A. This Memorandum of Understanding (MOU) between the U.S. Department of Housing and Urban Development (HUD) and the above-listed agencies (the Agencies) establishes procedures for implementing Section 1325(2)-(5) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. § 4501 et seq.) (Act) and its implementing regulations (24 C.F.R. Part 81, subpart C). The Act charges HUD with programmatic oversight of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (collectively the GSEs), which entails several specific responsibilities.

B. Under Section 1325 of the Act, HUD is required to obtain information from the GSEs to assist in Fair Housing Act and Equal Credit Opportunity Act (ECOA) investigations. When the information is requested on behalf of one of the Agencies, HUD

will convey the request to the GSE, and when received, convey it to that Agency. HUD is also required to provide information to the GSEs from the Agencies regarding violations of the Fair Housing Act and certain violations of ECOA. In addition, HUD is required to direct the GSEs to take one or more remedial actions against lenders found to have engaged in discriminatory lending practices in violation of the Fair Housing Act or ECOA.

C. To accomplish these purposes and to fulfill the goals of the Act and its regulations, the parties hereto agree to cooperate and abide by the following provisions of this MOU.

#### ARTICLE II: REQUESTS FOR GSE INFORMATION

A. The Act requires the GSEs to submit information to HUD, upon HUD's request, to assist HUD and the Agencies in investigating whether any lender with which a GSE does business has violated the Fair Housing Act or ECOA.

B. An Agency exercising its authority under Section 704 of ECOA may direct a request for information from the GSEs to HUD under the Act. The requests must reasonably detail the information sought. Promptly after receiving a request from the Agency, HUD will convey the request to the GSE(s) designated by the requesting Agency. Promptly after receiving the requested information from the designated GSE(s), HUD will convey the information to the Agency. The handling of requests and subsequent handling of the information shall be carried out in accordance with any applicable laws regarding privacy and proprietary information.

C. The information requested to assist in investigations may include, but is not limited to, the following:

- (1) information about loans sold to the GSEs by the lender under investigation;
- (2) information about loans sold to the GSEs by lenders that operate in the same or similar geographical area as the lender under investigation;
- (3) information to compare data from loans purchased by the GSEs from the lender under investigation with data on the demographic composition of census tracts;
- (4) information on representations and certifications to the GSEs by the lender under investigation; and
- (5) information on GSE business practices, underwriting guidelines and appraisal standards.

D. The sources of GSE information to respond to requests may include, but need not be limited to, data from the GSEs' established data systems. The GSEs need not own the information requested; it is sufficient that they are privy to and collect it. Generally, the Agencies will seek existing and available data and information and will not request information from the GSE(s) that is readily available from other sources or that would require the GSE(s) to seek additional information from lenders.

### ARTICLE III: INFORMATION FROM THE AGENCIES

A. Under the Act and HUD's regulations, HUD must obtain information from the Agencies regarding violations of the Fair Housing Act as well as certain violations of ECOA, and provide this information to the GSEs. The ECOA violations about which Agencies should furnish information to HUD are those that involve discrimination with respect to the availability of credit in a residential real-estate-related transaction, where there is either more than a single ECOA violation by the lender or where the ECOA violation could also be a violation of the Fair Housing Act.

B. At least quarterly after the effective date of this MOU, the Agencies will provide HUD with copies of final adjudications, judicial decisions and orders (comprised of nonconfidential documents such as stipulated orders) regarding these violations. For purposes of this MOU, the FTC will provide such information when the Commission has filed a complaint against the offending party in an administrative or judicial proceeding that has resulted in the issuance of a final order that is effective and legally enforceable against that party. Each Agency will submit ECOA decisions respecting the lenders they regulate.

C. When HUD requires additional information from the Agencies regarding decisions, HUD will submit such requests in writing to the Agencies and the Agencies will provide such information as permitted by law. Time frames for responding to these requests will be agreed upon between the Department and the Agencies on a case-by-case basis.

D. The Agencies may voluntarily provide to HUD information they possess, where such information is readily available, about violations by lenders of State and/or local fair housing/lending laws.

E. This MOU shall not be interpreted to require the Agencies to submit to HUD confidential supervisory information or information otherwise restricted from disclosure under the Right

to Financial Privacy Act or other law or agreement. When such information is requested by HUD pursuant to this MOU and the information is determined by an Agency to be confidential or otherwise restricted from disclosure, the Agency shall inform HUD of the basis for its determination.

#### ARTICLE IV: REMEDIAL ACTIONS

Under the Act, HUD is required to direct the GSEs to take remedial actions against lenders that have been found to have engaged in discriminatory lending practices in violation of the Fair Housing Act or ECOA pursuant to a final adjudication on the record and an opportunity for a hearing under Subchapter II of Chapter 5 of title V, United States Code. To facilitate this function:

A. Following a final adjudication against a lender for violating ECOA or the Fair Housing Act, HUD shall consider the appropriate remedial action(s) to be taken against the lender by the GSEs. In determining the appropriate remedial action(s), HUD shall, prior to directing any such action(s), solicit and fully consider the views of the Agency responsible for the safety and soundness regulation of the subject lender as to whether the contemplated action(s) would threaten the lender's financial safety and soundness.

B. To effect paragraph A, HUD will provide to the Agency the following information: (1) a copy (or reasonable description) of the proposed notice of remedial action setting forth the date on which the notice is to be issued, the proposed remedial actions, and the date such remedial actions are to commence; and (2) a copy of each Fair Housing Act or ECOA decision on which the proposed remedial action is based. If requested by the Agency, HUD will make reasonable efforts to provide or assist the Agency in obtaining additional information.

C. HUD will transmit the information described in paragraph B to the Agency, and that information shall be received by the Agency, at least seventy (70) calendar days prior to HUD's planned issuance of the notice of remedial action. The parties agree that if the process for consultation under this MOU is completed prior to the end of the 70 day period, HUD may issue a notice of remedial action prior to the end of such period.

D. If the Agency determines that the proposed remedial action(s) for a subject lender will threaten the financial safety and soundness of such lender, the Agency's determination must: (1) be in writing, (2) be signed by the Agency head or designee, (3) provide the basis for the determination, and (4) be received

by HUD within sixty (60) calendar days after HUD's transmittal of information to the Agency in accordance with paragraph B. The determination shall also include a recommendation for alternative remedial action(s) that should be considered by HUD that would not threaten the financial safety and soundness of the lender. Time limitations may be extended by agreement of the parties.

E. It is understood that HUD will proceed with issuance of the notice of remedial actions as proposed, if the Agency does not provide a written determination to HUD that the proposed remedial action(s) would threaten the financial safety and soundness of a Federally-insured lender within sixty (60) calendar days of HUD's transmittal to the Agency of information in accordance with paragraph D.

F. If the Agency determines, in accordance with paragraph D, that the proposed remedial action(s) will threaten the financial safety and soundness of the subject lender, HUD shall develop alternative actions that would not threaten the financial safety and soundness of the lender, as determined by the Agency, and which would accomplish the goals of the Act, as determined by HUD. Any revised remedial action proposed by HUD shall be subject to prior review by the Agency in accordance with the provisions of this article. However, review of revised remedial actions shall occur on a priority basis no later than the time frames set forth herein.

G. HUD shall provide the Agency with a copy of a written notice of remedial action(s) on or before the date of issuance.

#### ARTICLE V: INTERAGENCY LIAISONS

Within 30 calendar days of the date this MOU takes effect, each Agency will advise HUD, and HUD will advise each Agency, in writing of the Agency or HUD official selected to receive transmittals made pursuant to Articles II, III, and IV of this MOU.

#### ARTICLE VI: EFFECT ON EXISTING MOU

This MOU shall not be construed to supersede or contravene the terms of or impair the implementation of the 1991 "Memorandum of Understanding between Department of Housing and Urban Development and the Federal Financial Institution Examination Council (FFIEC) Member Agencies." That MOU remains in full force and effect.

ARTICLE VII: OTHER CONSULTATION

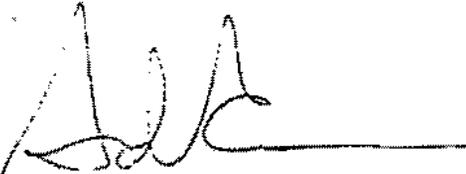
Consultation concerning the implementation of this MOU shall occur at any time upon request of any of the Agencies or the Office of GSE Oversight in HUD's Office of Housing. The parties agree to confer as needed to assess the implementation of this MOU.

ARTICLE VIII: MODIFICATION AND EFFECTIVE DATE

This MOU becomes effective immediately upon execution by the last signatory and may be modified with the consent of the parties.

ARTICLE IX: RIGHTS OF THIRD PARTIES

This MOU does not confer rights upon third parties.



Name: Andrew Cuomo  
Title: Secretary  
Agency: Department of Housing and Urban Development

JUN 10 1997

Date

Andrew C. Hove

6/26/97

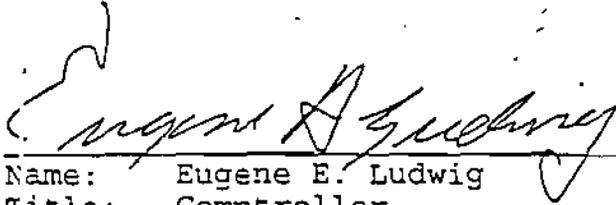
Name: Andrew C. Hove  
Title: Chairman  
Agency: Federal Deposit Insurance  
Corporation

Date



6/19/97  
Date

Name: Robert Pitofsky  
Title: Chairman  
Agency: Federal Trade Commission



Name: Eugene E. Ludwig  
Title: Comptroller  
Agency: Office of the Comptroller  
of the Currency

Date

Norman E. D'Amours

6-30-97

Name: Norman E. D'Amours  
Title: Chairman  
Agency: National Credit Union  
Administration

Date

*Laurence H. Meyer*

6-23-97  
Date

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Name: Laurence H. Meyer  
Title: Governor  
Agency: Board of Governors  
of the Federal Reserve  
System



6-17-97

Date

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Name: John F. Downey  
Title: Executive Director, Supervision  
Agency: Office of Thrift Supervision

# HUD NEWS

Department of Housing and Urban Development -- Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

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HUD No. 00-9  
(202) 708-0685  
<http://www.hud.gov/news.html>

FOR RELEASE

6 p.m. Sunday  
January 16, 2000

## **CUOMO ANNOUNCES NEW CAMPAIGN AGAINST HOUSING DISCRIMINATION, AND CHARGES HATE GROUP LEADER WITH MAKING ILLEGAL DEATH THREATS**

ATLANTA – U.S. Housing and Urban Development Secretary Andrew Cuomo today announced a public awareness campaign to help people fight back against housing discrimination. He also charged a hate group leader in Philadelphia with violating the Fair Housing Act for making death threats against a fair housing advocate on his Internet web site and in a television interview. **(CHARGE DESCRIBED ON NEXT PAGE).**

Speaking at the Martin Luther King, Jr. Service Summit at Georgia State University in Atlanta to mark Monday's celebration of Martin Luther King Day, Cuomo said HUD is stepping up efforts to make people aware of their rights under the Fair Housing Act. The Act bars housing discrimination on the basis of race, color, religion, sex, disability, family status and national origin. It covers the sale, rental, financing and advertising of almost all housing in the nation.

Cuomo said HUD's new public awareness campaign will distribute thousands of booklets around the country, and deliver public service announcements to radio and TV stations about the Fair Housing Act. HUD will also provide more information about housing discrimination on its Internet site. HUD's fair housing material is in both English and Spanish.

The new campaign will urge people who believe they've been harmed by housing discrimination to file complaints with HUD by calling **1-800-669-9777, TDD 1-800-927-9275** or on the Internet at **[www.hud.gov/hdiscrim.html](http://www.hud.gov/hdiscrim.html)**

"Housing discrimination is outrageous, intolerable and illegal, but many people aren't aware they can fight back if they become victims," Cuomo said. "Our message to everyone targeted by housing discrimination is simple: HUD is on your side. We will help you to exercise your legal right to live anywhere you can afford and to tear down barriers of discrimination."

Cuomo said HUD's ongoing fight for fair housing honors the memory of Dr. King, who worked for years to win passage of the Fair Housing Act. Congress paid tribute to the civil rights leader by passing the Act just six days after his assassination in April 1968.

U.S. Department of Housing & Urban Development  
Administration History Project  
December, 2000  
DOCUMENT # 76

HUD has doubled its fair housing efforts under Cuomo. Cuomo said HUD will be able to increase its efforts to combat housing discrimination even further if President Clinton's new budget request for a 14 percent increase in funding for HUD's Office of Fair Housing and Equal Opportunity is approved.

The President announced in his national radio address on Saturday that he will seek \$50 million for HUD's anti-discrimination office in the Fiscal Year 2001 Federal Budget – up from \$44 million the current fiscal year, \$40 million in FY 1999, and \$30 million in FY 1998.

The increased funding for HUD's civil rights efforts is part of a budget request of \$695 million for civil rights enforcement in all federal agencies that the President is seeking in his FY 2001 Budget – a 13 percent increase. The President, citing the need to do all we can to build One America, also called for immediate passage of the Hate Crimes Prevention Act.

"The greatest tribute we can give Dr. King today is to carry on his work," Cuomo said. "President Clinton's new budget does this, by stepping up efforts throughout the federal government to bring Dr. King's dream of a better America closer to reality."

### **NEW CHARGES ANNOUNCED IN DEATH THREATS**

Announcing HUD's latest fair housing case, Cuomo said that Ryan Wilson of Philadelphia and the hate group he runs – ALPHA HQ – have been charged by HUD with violating the Fair Housing Act. The charge stems from threats posted on Wilson's Internet web site and made by him in a TV interview against fair housing advocate Bonnie Jouhari.

Jouhari, who is white, worked at the Reading-Berks Human Relations Council in Reading, PA, at the time the threats were made in 1998 and was also chairperson of the Hate Crimes Task Force for Berks County, PA.

The charge filed by HUD against Wilson says he violated the Fair Housing Act by threatening Jouhari to stop her from working to help enforce the Fair Housing Act. Jouhari's job was to help housing discrimination victims file complaints under the Act.

"Tragically, this case shows that the racism and the terrible discrimination that Dr. King fought so hard to abolish remain alive and well, and have even moved into cyberspace," Cuomo said. "Our fight against these evils continues today, whether along our backroads, main streets, or the information superhighway of the Internet."

Wilson's web site carried Jouhari's picture, labeled her a "race traitor" and said: "Traitors like this should beware, for in our day, they will be hung from the neck from the nearest tree or lamp post." The site also carried an animated picture of Jouhari's office being blown up by explosives.

The web site, which is no longer on the Internet, had the URL of [www.alpha.org/stateofhate](http://www.alpha.org/stateofhate)

Wilson also stated on his web site that Jouhari had a "mongrel" daughter – a reference to the fact that while Jouhari is white, her daughter's father is black.

In addition, HUD has a videotape of a television interview in which Wilson responds to the question "Would you ever hang her (Jouhari) from a tree?" with the reply: "In our time, yes."

Because she feared for her life and for the life of her 16-year-old daughter, Jouhari and her daughter fled the Reading area and moved to another state after the threats on the Internet site.

The charge against Wilson carries civil penalties of at least \$22,000, plus monetary compensation to Jouhari. The compensation would cover damages, humiliation, mental distress and loss of housing rights for the victim if an Administrative Law Judge rules against Wilson. If either side chooses to take the case to federal court, punitive damages could be awarded.

Wilson has provided no defense to HUD, and has not responded to attempts to interview him about the allegations or conciliate the case. However, Wilson admitted to the FBI that he indeed put the images of Jouhari on the web site and wrote the captions. Wilson also told the FBI he created the images of the Human Relations Council building burning, but said he did not advocate the blowing up or burning of the building.

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December, 2000

DOCUMENT # 77

# hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

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HUD No. 00-62  
(202) 708-0685  
<http://www.hud.gov/news.html>  
2000

FOR RELEASE  
3 p.m. Thursday  
March 23,

## **CUOMO ISSUES POLICY DIRECTIVE TO INCREASE RACIAL AND ECONOMIC INTEGRATION OF PUBLIC HOUSING**

WASHINGTON – Housing and Urban Development Secretary Andrew Cuomo today issued a policy directive designed to break down concentrations of public housing residents by race and income and increase racial, ethnic and economic integration in public housing developments where 1.3 million families live.

Under the policy, known as deconcentration, the nation's 3,200 public housing authorities will house residents with different income levels in the same buildings and apartment developments. This will prevent a concentration of the poorest families in certain buildings and developments, as well as a concentration of families with somewhat higher incomes in other buildings and developments.

Cuomo's policy directive ending public housing segregation also promotes integration by requiring public housing authorities to ensure that their admissions policies "affirmatively further fair housing to reduce racial and national origin concentrations." These efforts may include: 1) Marketing of public housing in particular neighborhoods to families from groups that don't typically live in those neighborhoods. 2) Providing more consultation and information about housing opportunities to applicants for public housing. 3) Providing more supportive services and amenities to public housing developments to make them more attractive to new residents.

Joining Cuomo at today's announcement to express support for the deconcentration policy were: Southern Christian Leadership Conference President Martin Luther King III; Congressman Silvestre Reyes of Texas, Chair of the Congressional Hispanic Caucus; Congresswoman Eva M. Clayton of North Carolina, representing the Congressional Black Caucus; Congresswoman Stephanie Tubbs Jones of Ohio, Chair of the Congressional Black Caucus Fair Housing Task Force; Christopher Kui, Executive Director of Asian-Americans for Equality; Kevin Marchman, Executive Director of the National Organization of African Americans in Housing; and Executive Directors of housing authorities from around the country.

"Segregation is an ugly part of our past that has no place in the 21st century," Cuomo said. "If we are ever to become the One America envisioned by President Clinton and achieve Martin Luther King's dream of justice and equality, we need to come together as neighbors and not remain apart."

The One America commitment made by President Clinton and Vice President Gore says that "the federal government should lead the way in word and deed" in ensuring that families not be segregated by race or income.

Under the new deconcentration policy, which HUD will implement through a regulation, housing authorities will be required to annually classify buildings and prospective tenants by incomes. This new directive will not permit the concentration of relatively low-income families in some buildings and higher income families in other buildings. Instead, authorities will be required to fill vacancies in lower-income buildings with higher income residents and, similarly, vacancies in its higher-income buildings with lower-income applicants.

In order to achieve income deconcentration, housing authorities will be allowed to temporarily skip particular families on their waiting lists.

No families currently in a public housing unit or receiving a Section 8 rental assistance voucher will lose assistance as a result of HUD's new policy.

If a housing authority fails to reduce concentrations of particular groups or create new segregation, HUD will move to challenge the housing authority's civil rights certification under the Civil Rights Act of 1964 and/or the Fair Housing Act of 1968. If a housing authority refuses to accept a voluntary compliance agreement to make needed changes, HUD can reduce aid to the authority or – under the most extreme circumstances – seek to take control of the management of the housing authority.

Also at today's press conference, Cuomo released a report called *Promoting Fairness in Public Housing*, which summarizes HUD's recent efforts to combat segregation in public housing.

The report cites a number of instances in which HUD found that housing authorities were segregating public housing. It also includes cases in which HUD was named as a party in lawsuits charging housing discrimination. For example:

- In 1997, the Biloxi, Mississippi housing authority was found to have steered African American and Vietnamese applicants to just three of its nine public housing complexes and included no Vietnamese households in its Section 8 rental assistance program.
- The Kaplan, Louisiana housing authority in 1998 was found to have maintained racially segregated complexes. The housing authority also provided lower maintenance but charged higher maintenance fees in its African American complexes. In addition, the authority permitted white residents to have pets and gardens, but denied the privilege to minority residents.
- All 14 units of a housing complex newly-completed by the housing authority in Blakely, Georgia went to white residents. Not one of the seven vacancies that occurred later was offered to a black applicant.

In all three cases cited above, HUD has negotiated voluntary compliance agreements with the housing authorities to remedy the practices.

The new deconcentration policy issued by Cuomo today is the latest in a series of efforts HUD has undertaken to achieve racial, ethnic and economic integration in public housing.

For example, HUD is providing housing authorities with new Section 8 rental assistance vouchers to give families the opportunity to secure market-rate housing in residential neighborhoods throughout a city, rather than in the immediate environs of a public housing complex. President Clinton has requested 120,000 new Section 8 vouchers in his Fiscal Year 2001 Budget.

The Public Housing Reform Act, signed into law by President Clinton in 1998, allowed housing authorities to admit more families of somewhat higher income than in years past.

Historically, two factors have led to income and racial segregation in public housing.

- Many communities placed public housing developments in predominantly low-income, minority neighborhoods. These neighborhoods tended to concentrate a large share of a locality's most affordable rental housing in neighborhoods that were more dilapidated, higher in poverty, less powerful politically and, often, poorly supported by public services.
- Compounding the problem is a practice by which some housing authorities, upon opening new public housing complexes or providing Section 8 rental assistance vouchers, target families of particular racial or socioeconomic backgrounds, while ignoring others who might benefit as much from the programs.

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# hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

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HUD No. 00-66  
(202) 708-0685  
<http://www.hud.gov/news.html>

FOR RELEASE  
Thursday  
March 30, 2000

## **HUD ANNOUNCES RECOMMENDED REVISIONS TO MODEL BUILDING CODES \*Changes Expected to Increase Housing Choice For People With Disabilities\***

WASHINGTON -- Housing and Urban Development Secretary Andrew Cuomo today announced that HUD has issued its final review of four model building codes. The review was intended to determine how the four codes might be revised to better comply with the Fair Housing Act, thereby ensuring that more apartments and condominiums are built to be accessible to people with disabilities.

"I am pleased that HUD has been able to work with the model code, home building industry and disability advocacy organizations to make it easier for builders to comply with the Fair Housing Act. It helps us create something we all want -- increased housing opportunities for people with disabilities," Cuomo said.

The Final Report is intended as a review only for the purpose of providing technical assistance, and does not impose any new requirements on builders, nor does it endorse any particular model code. Even though it has issued this Final Report, HUD continues to work with the model building code organizations, the building industry and disability advocates to further refine recommended model building code language and to develop additional code language that reflects changes needed.

A HUD-commissioned study has found that if builders comply with the Fair Housing Act during construction, their dwelling-unit costs rise by only about one-half of one percent. However, remodeling a building that has already been constructed can cost a great deal more.

Local governments use these "model" codes, developed by private organizations, as a starting point for adopting their own building and safety codes, taking into consideration needs particular to their location, such as climate or proximity to earthquake fault lines. Building inspectors for these local governments issue construction and occupancy permits based on compliance with these codes.

-more-

U.S. Department of Housing & Urban Development  
Administration History Project  
December, 2000  
DOCUMENT # 78

As part of its continuing education and technical assistance to the building industry, HUD agreed to review existing model building codes to determine where they did not meet the design and construction requirements of the Fair Housing Act. The House of Representatives Committee on Appropriations in 1999 also asked for a report. The Final Report, sent to Congress this month and shared with the industry, advocates and the public, also makes recommendations on where the codes could be changed to be consistent with the Act.

The Final Report of the HUD Review of Model Building Codes can be viewed on HUD's web site at [www.hud.gov/fhe/modelcodes/](http://www.hud.gov/fhe/modelcodes/)

Organizations and individuals representing code officials, disability advocates, architects, home builders, the multi-family housing industry, and model codes have come out in support of HUD's Final Report (see attached quote sheet).

The Fair Housing Act, enacted in 1968, was amended in 1988 to outlaw housing discrimination against people with disabilities, among other things. In 1989, HUD issued its regulations implementing the Act's design and construction requirements to make sure that apartments and condominiums were accessible for people with disabilities, especially those who use wheelchairs. In March 1991, after consideration of extensive public comment from architects, developers, builders, persons with disabilities, and other interested groups, HUD published the "Fair Housing Accessibility Guidelines," which set forth specific guidelines for designing dwelling units consistent with the Act.

The Fair Housing Act applies to all dwelling units in apartment buildings built for first occupancy after March 13, 1991, which have an elevator and four or more units. If the building has four or more units but does not have an elevator the law applies to all ground floor units. The Act requires that:

- Public and common areas must be accessible to persons with disabilities
- Doors and hallways be wide enough for people in wheelchairs
- Routes into and through the unit be accessible
- Light switches, electrical outlets, thermostats and other environmental controls be accessible
- Bathroom walls are reinforced to allow later installation of grab bars, and
- Kitchens and bathrooms are usable by people in wheelchairs.

In its final report, HUD reviewed the following private-sector codes and standards reflected in the Uniform Building Code, 1997 edition (UBC); the Standard Building Code, 1997 edition (SBC); the BOCA National Building Code, 1996 edition (BNBC); and, the International Building Code (IBC). HUD originally was asked to look at the IBC's 1997 draft code. Once the review was underway, the Department agreed to undertake a limited review of the proposed IBC 2000 when it became available during the review process.

Although HUD since 1989 has been providing education and technical assistance on the design and construction requirements of the Fair Housing Act, it became clear that more guidance on the requirements would be useful. Many builders contend that they are only aware of their local building code requirements. Working to ensure that the local building code requirements are consistent with the accessibility requirements of the Fair Housing Act will significantly increase the number of units that are properly constructed to be accessible to people with disabilities.

The Fair Housing Act bars housing discrimination on the basis of race, color, religion, sex, disability, family status and national origin. The Act covers the sale, rental, financing and advertising of almost all housing in the nation. Fair housing investigations are conducted by HUD investigators, state and city agencies working with HUD, and private fair housing groups that receive HUD funds.

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People who believe they've been harmed by housing discrimination can file complaints with HUD by calling 1-800-669-9777, TDD 1-800-927-9275 or on the Internet at [www.hud.gov/hdiscrim.html](http://www.hud.gov/hdiscrim.html)

##

# hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

HUD No. 00-277

(202) 708-0980

<http://www.hud.gov/news.html>

FOR RELEASE

Tuesday

October 3, 2000

## CUOMO ACTS TO DEFEND CIVIL RIGHTS

*HUD takes over Beaumont Housing Authority and announces Fair Housing Grants*

WASHINGTON -- Reiterating a commitment to a no-compromise policy against civil rights violations and housing discrimination, Housing and Urban Development Secretary Andrew Cuomo today announced that he has sent a 10-person team from Washington to begin the takeover of the Beaumont Housing Authority in Beaumont, Texas.

The U.S. District Court for the Eastern District of Texas issued an order permitting the takeover on September 28, 2000.

The takeover is a result of chronic violations of civil rights laws dating back several decades. The latest actions which triggered the takeover were uncovered by HUD in January of 2000 during a review of actions taken by the Beaumont Housing Authority to address ongoing problems. Those problems included the improper sales of public housing properties; failure to use public housing funds to benefit low-income families; failure to conduct proper annual audits; and failure to keep records required to assess compliance with civil rights laws.

This is the latest effort in HUD's nationwide crackdown against civil rights violations and housing discrimination ordered by President Clinton as part of the One America Initiative.

"In the past three years, HUD has doubled the number of cases we have taken to ensure that civil rights violations and housing discrimination are stamped out in every corner of this nation," said Cuomo. "The civil rights guaranteed by our Constitution, federal laws and regulations are non-negotiable. Our actions in Beaumont are aimed at ensuring equal opportunity for the residents of Beaumont – but they also send a clear message to every housing authority in the nation – that HUD has zero tolerance for these types of abuses."

Cuomo made the announcement during a telephone news conference where he was joined by

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civil rights activist and the Executive Director for the Texas Human Rights Commission, William Hale.

The special team from Washington will be setting up meetings and working with residents and the Housing Authority to accomplish a smooth transition.

The takeover became necessary after repeated attempts to reach agreement with Beaumont Housing Authority's management were unsuccessful. As a result of the judge's order, HUD has entered into a contract with the neighboring Port Arthur Housing Authority to manage the Beaumont Housing Authority.

Beaumont Housing Authority was lagging far behind for many years in developing desegregated housing opportunities – such as the use of Section 8 vouchers to move residents away from areas of racial concentration, and developing new housing units in non-minority areas.

"Civil rights deferred are civil rights abridged," said Cuomo.

Despite its failures to provide these opportunities, the Beaumont Housing Authority financed a separate moderate to high-income development called Lexington on the Lake at the same time it reduced its housing assistance to lower-income families by improperly selling public housing to investors, real estate agents and other ineligible buyers.

A review by the East Texas Fair Housing Services Center, a non-profit group established to help families find desegregated housing, concluded that the Beaumont Housing Authority impeded the creation of desegregated housing opportunities throughout the area, known as the Golden Triangle.

Texas Human Rights Commission Executive Director William Hale echoed those concerns. "The Commission, whose governing body is composed of six Commissioners appointed by Governor Bush, is committed to fair and effective enforcement of the Texas Fair Housing Law which is substantially equivalent to the Federal Fair Housing Law. Based on HUD's investigation, the Beaumont Housing Authority has failed to comply with an order issued by a U.S. District Court. The Commission fully supports HUD's actions to bring the Beaumont Housing Authority into compliance as it did with the Orange County Housing Authority in Vidor, Texas, during 1992 and 1993."

The Beaumont Housing Authority also repeatedly failed to turn in documentation that would allow HUD to determine if it was complying with civil rights laws.

In 1992, HUD authorized \$10.6 million to the Beaumont Housing Authority to develop 150 public housing units that subsequently were later required to provide desegregated housing opportunities. To date, only 100 units have been identified, and of those, many have not been made available to minority tenants.

Under the new arrangements being put in place as a result of HUD's takeover actions, the new administrators of the Beaumont Housing Authority will be required to develop new housing units in non-minority areas.

The Port Arthur management will also be directed to increase the availability of housing open to minority residents by completing work on scattered-site housing in non-minority areas so families can move in.

The takeover will also mean increased accountability and record-keeping, which has been a failure in the past.

Today's action is the eighth takeover carried out by HUD, and is the latest in scores of fair housing and civil rights actions that HUD has taken across the country. HUD previously took over housing authorities in San Francisco, CA; Wellston, MO; Lafayette, LA; New Orleans, LA; Chicago, IL; Camden, N.J.; and Orange County, TX.

Some 3,700 cases involving the enforcement of fair housing laws have been filed since the beginning of the administration.

Examples of recent actions brought by HUD and its fair housing partners concerning civil rights laws include:

- July 2000 - More than \$1 million in damages awarded to Pennsylvania fair housing advocate Bonnie Jouhari and her teenage daughter who received death threats from a hate-group leader via the Internet. Jouhari was a fair housing specialist in Reading, PA, who was harassed for her advocacy of fair housing issues and because her daughter was biracial. In May 2000, HUD won another victory for Jouhari from Roy Frankhauser, a self-described chaplain of the Ku Klux Klan, who agreed to pay damages and penalties and apologize for his threatening and harassing behavior in 1998. He also agreed to display a HUD fair housing poster outside his house, broadcast HUD fair housing public service announcements as part of his "White Forum" public access television show, and attend HUD approved sensitivity training.
- July 2000 - A California landlord accused of offering homeless women reduced rent in return for sexual favors agrees to pay \$195,000 to settle a housing discrimination lawsuit. Landlord Kamal Lal was charged with seeking out women at the Modesto Inn homeless shelter and offering them reduced rent or other benefits in return for sexual favors. Lal was also barred from establishing contact with his former, current and future tenants, was required to hire a professional management company to run his rental properties, and was required to attend fair housing training.

- May 2000 - \$21 million settlement in favor of 24 Hispanic farm workers in Riverside, Calif., who were targeted by selective and discriminatory enforcement of health and safety regulations. The families had complained that Riverside County was targeting Hispanic-owned and occupied mobile home parks for selective and discriminatory enforcement of its codes. The families also alleged that the county improperly tried to evict some of them from their homes in three mobile home parks. The settlement provided \$747,000 to the families and \$16.1 million in loans and grants to Riverside for the creation of greater housing opportunities for 2,000 poor farm workers in Southern California.

### **Fair Housing Grants Announced**

Meanwhile, Cuomo also today announced the national release of \$17 million in grants to groups in 57 cities to help fight against housing discrimination.

"Housing discrimination is illegal and intolerable, and HUD is working to end it across the nation" Cuomo said. "We want everyone to understand that HUD will help them uphold their legal right to live in any home and in any neighborhood they can afford."

The grants, which are given to public and private fair housing groups as well as to state and local agencies, will be used to educate the public and housing industry about discrimination laws, to promote fair housing, and to investigate allegations of housing discrimination.

Cuomo noted the competition for today's grants was tough, with 197 applications seeking more than \$50 million in assistance.

HUD has in recent years increased its enforcement of the Fair Housing Act. Cuomo noted, however, that HUD efforts to combat housing discrimination will stagnate if Congress fails to provide the increased funding requested by President Clinton. The President has asked Congress for \$50 million for HUD's anti-discrimination office, a 14 percent increase above this year's \$44 million. Neither the House of Representative nor Senate version of the HUD 2001 budget includes any new funding for fair housing programs. The legislation awaits final Congressional approval.

Below is a breakdown of Fair Housing Initiatives Program (FHIP) grants awarded by state:

Alabama - \$899,946	Montana - \$300,000
California - \$1,255,412	Nebraska - \$451,009
Delaware - \$85,097	Nevada - \$300,000
Florida - \$1,265,072	New Jersey - \$194,861
Hawaii - \$399,252	New York - \$550,000
Idaho - 298,970	North Carolina - \$533,555
Illinois - \$718,966	North Dakota - \$299,999
Indiana - \$448,491	Ohio - \$798,907
Kansas - \$81,563	Oregon - \$589,977
Kentucky - \$899,999	Pennsylvania - \$150,000
Louisiana - \$300,000	Rhode Island - \$229,273
Maryland - \$212,114	Tennessee - \$299,921
Massachusetts - \$649,999	Texas - \$1,059,514
Michigan - \$127,500	Vermont - \$449,703
Minnesota - \$496,282	Virginia - \$138,409
Mississippi - \$298,100	Washington State - \$800,000
Missouri - \$418,106	Wisconsin - see Hawaii details
Nationwide grant - \$1,000,000	

Additionally, a total pool of \$20 million for the Fair Housing Assistance Program has been awarded. This money is used by state and local governments in partnership with HUD to fight housing discrimination.

The Fair Housing Act bars housing discrimination on the basis of race, color, religion, sex, disability, family status and national origin. The Act covers the sale, rental, financing, insuring and advertising of most of the nation's housing.

Fair housing investigations are conducted by HUD investigators, state and city agencies working with HUD, and private fair housing groups that receive HUD funds. HUD has committed over \$37 million to 67 fair housing centers around the country to assist in fighting housing discrimination.

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*Note to editors: Anyone who believes they have been harmed by housing discrimination can file a complaint with HUD by calling 1-800-669-9777, TDD 1-800-927-9275 or on the Internet at [www.hud.gov/hdiscrim.html](http://www.hud.gov/hdiscrim.html)*

*Additional note to editors: Attached to this release are summaries of each of the FHIP grants announced today.*

**Summary of the Immigrant Outreach: Reconozcalo! and Bilingual Public Service Announcements**

The Fair Housing Act prohibits discrimination in housing based on race, color, religion, sex, national origin, handicap (disability, including AIDS) or familial status (including children under the age 18 living with parents or legal custodians; pregnant women and people securing custody of children under 18).

The U.S. Department of Housing and Urban Development 's Office of Fair Housing and Equal Opportunity recently implemented two initiatives to educate individuals whose primary language is not English on the protections afforded by the Fair Housing Act: Reconozcalo! and a series of Public Service Announcements (PSAs).

Through the Reconozcalo! initiative, bilingual brochures, foto novelas and posters that contain basic information on rights under the Fair Housing law and on how to report unfair housing practices were produced. English as a Second Language (ESL) classroom materials, including lesson plans, were also developed and distributed to ESL teachers. Seminars to introduce and explain the Reconozcalo! materials were held in three different cities- -Houston, Miami and Los Angeles.

The second initiative is the development of several PSAs, which provide information about discrimination that is prohibited by the Fair Housing Act. One series of the PSAs, done by well-known actor, Edward James Olmos, is completed. One of these PSAs is in Spanish. Another series of PSAs, targeting members of the Pacific Islander/Asian community, is being developed.

As a result of these two initiatives, residents and citizens of the United States, who may not have been aware of the protections afforded by the Fair Housing Act, are now being educated about their rights under this law.

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# ¡RECONÓZCALO!

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**SALES**



*Lo siento, no puedo alquilarle el apartamento. ¡Para vivir en mi edificio usted necesita hablar inglés! ¿Cómo me voy a entender con usted?*

## ¡Reconózcalo!

Una guía para defender sus derechos  
contra la discriminación en la vivienda

**Recognize It!**  
A guide to defend your rights  
against housing  
discrimination

## Summary of HUD's Model Building Codes Review

Between Fall 1998 and Spring 2000, the Department of Housing and Urban Development undertook a review of four model building codes to identify variances in each code from the accessibility requirements of the Fair Housing Act. Since 1992, the Department has jointly worked with several model building code organizations, including the Council of American Building Officials (CABO) and the Board for Coordination of Model Building Codes (BCMC) on proposed model building code language that would reflect the design and construction requirements of the Fair Housing Act.

In 1997, CABO, three model building code organizations, and several building industry organizations contacted the Department to discuss, among other items, the importance of incorporating the design and construction requirements of the Fair Housing Act into three model building codes and into the draft International Building Code, which was slated for completion in 2000. The Department met with representatives of these groups along with representatives of disability advocacy organizations and indicated its willingness to review the codes and then convene a public meeting at a later date to share the results of that review.

In late December 1997, CABO submitted to the Department a matrix that compared four building codes to the Fair Housing Act's design and construction requirements. In the fall of 1998, the Department awarded a contract to Steven Winter Associates, Inc., (SWA) to analyze the matrix and to identify those sections of the codes which did not meet the requirements of the Act, regulations, and the Fair Housing Accessibility Guidelines. The Department also requested that SWA draft recommendations on how each identified variance could be corrected to conform with the Act, the regulations, and the Guidelines. The four model building codes are as follows:

National Building Code, Building Officials and Code Administrators International (BOCA) 1996 edition;

Uniform Building Code (UBC), International Conference of Building Officials (ICBO) 1997 edition; .

Standard Building Code (SBC), Southern Building Code Congress International (SBCCI) 1997 edition; and

International Building Code First Draft (IBC), International Code Council (ICC) November 1997; Proposed International Building Code 2000, International Code Council (IBC-2000) Chapters 10 and 11, Appendix to Chapter 11, and Section 3407 (1999).

The Department and SWA completed their review of the four model building codes and on October 26, 1999, the Department published in the Federal Register a notice soliciting public comments on its draft report and draft policy statement. On November 10, 1999,

the Department held a public meeting to listen to comments on the draft report and draft policy statement. The Department solicited written comments as well.

The Department carefully considered the comments it received, revised its report in response to those comments and issued its Final Report of HUD Review of Model Building Codes on March 23, 2000 in the Federal Register. The Final Report and its policy statement provide technical assistance to building code organizations and officials regarding the accessibility provisions of four model building codes and identify variances between the model building codes and the requirements of the Act, the Department's implementing regulations, and the Fair Housing Accessibility Guidelines.

The Final Report is intended as a review only for the purpose of providing technical assistance, and does not impose any new requirements on builders, nor does it endorse any particular model code. Even though it has issued this Final Report, HUD continues to work with the model building code organizations, the building industry and disability advocates to further refine recommended model building code language and to develop additional code language that reflects changes needed.

Although HUD since 1989 has been providing education and technical assistance on the design and construction requirements of the Fair Housing Act, it became clear that more guidance on the requirements would be useful. Many builders contend that they are only aware of their local building code requirements. Working to ensure that the local building code requirements are consistent with the accessibility requirements of the Fair Housing Act will significantly increase the number of units that are properly constructed to be accessible to people with disabilities.

The Department remains committed to the goals of increasing housing opportunities for persons with disabilities and of providing guidance to the home building industry on the accessibility requirements of the Act.



OFFICE OF THE ASSISTANT SECRETARY  
FOR FAIR HOUSING AND EQUAL OPPORTUNITY

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-2000

October, 2000

### HUD's FAIR HOUSING ACTIVITIES

- An increase in the fair housing budget from \$30 million in 1998 to \$40 million in 1999. In FY 2001, the Department obtained \$46 million for fair housing activities, representing the best fair housing budget ever.
- Introduced a \$21.0 million comprehensive nationwide audit to test for and evaluate housing discrimination in urban, suburban, and rural communities.
- Brokered the largest civil rights settlements with several leading financial institutions which resulted in billions made available for loans to minority and low-income home buyers.
- Commissioned the Urban Institute Study, "What We Know About Lending Discrimination," which details the discrimination many minorities face at multiple stages of the lending process.
- Helped a fair housing group to obtain a \$100 million judgment against Nationwide Insurance for discrimination against persons of color.
- Brought one of the first Fair Housing Act complaints against acts of hate committed via the Internet.
- Is funding \$1 million in training and technical assistance for architects, builders, and advocates on the Fair Housing Act's design and construction requirements.
- Brought a race discrimination case against a Richmond, Virginia apartment complex resulting in a \$480,000 settlement, including a victim's relief fund, based on three charges issued by HUD.
- Prepared and both published in the Federal Register and posted on HUD's website a Final Report of HUD Review of Model Building Codes and their incorporation of the Fair Housing Act and its regulations.
- Established M.O.U.'s with the Department of Justice on hate crimes and with the Internal Revenue Service on tax credit violations under the Fair Housing Act.
- Established HUD's first National Fair Housing Testing Conference, an event that brought together over 300 civil rights advocates from HUD, the Department of Justice, and private sector groups.
- Created a cultural diversity training program under an agreement between HUD and the National Association of Realtors (NAR).
- Redesigned FHEO's Title VIII housing discrimination complaint process, which earned a Hammer award from Vice President Al Gore.

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- Increased fair housing outreach activities to immigrant populations by incorporating that goal in the FHIP portion of the 1999 SuperNOFA. As a result, several FY 1999 FHIP grants went to organizations which will work to ensure that immigrants are part of the fair housing mainstream.

## HUD Accomplishments in Fair Housing Enforcement

In response to President Clinton's One America Initiative, Secretary Cuomo was directed to double the number of enforcement actions brought against perpetrators of housing discrimination by the year 2001. An enforcement action is where a positive conclusion to a complaint of housing discrimination has been reached. An enforcement action can provide victims of housing discrimination with housing, monetary damages, and other forms of relief.

Secretary Cuomo has vigorously accepted this challenge by significantly increasing the number of enforcement actions in an effort to advance the right of all Americans to live where they choose without fear or intimidation.

As a result of the Secretary Cuomo's commitment to fair housing, the number of enforcement actions has increased significantly. Attached are two documents (30 Years Later A Fair Housing Report, and Promoting Fairness in Public Housing) which identify HUD's success stories since the inception of the Fair Housing Act. Other examples of recent successes at HUD include the following cases:

- In August 2000 HUD issued a report detailing a number of potentially troubling activities by Elgin, Illinois municipal employees that may indicate that the City had breached a September 1999 agreement with HUD to end discriminatory practices when inspecting Hispanic-owned or occupied homes for occupancy code violations. The report summarized a two-month review of city inspection practices from October 1999 through March 2000. HUD found evidence that suggested: questionable justifications for warrants; disparate application of room dimension requirements; disparate treatment regarding definition of sleeping rooms; disparate notification and re-inspection processes; disparate treatment regarding appeals; inconsistent application of the BOCA codes. The city was given an opportunity to respond. The report was issued after a compliance review of an October 1999 Voluntary Compliance Agreement (VCA) between the City of Elgin and HUD. The City of Elgin denied any wrongdoing on the part of their employees and settled the case with the VCA. The complaints were filed with HUD by seven Hispanic families who alleged that between October 1998 and May 1999 City officials targeted Hispanic families for selective enforcement of occupancy standards designed to limit the number of people living in a home.
- The owners and managers of a North Little Rock, Arkansas apartment complex were charged with housing discrimination for refusing to rent to a biracial couple with a young child. The complaint was filed by the couple who moved to Arkansas from Texas when the wife was promoted to a new job. The wife, who is white, was told over the telephone that a 3-bedroom unit was available. When she and her spouse, who is African-American, went to see the apartment the next day, however, they were told by the manager that there were no 3-bedroom units available. Investigators interviewed a number of witnesses who corroborated the couple's story. An African American co-worker was told that no units were available. A white co-worker was shown and offered a vacant 3-bedroom apartment. HUD issued the charge in August of 2000.
- Tara and Randy Upton filed a complaint against the owners of the Hillgate Apartments of East Moline, IL because they were told by the apartment manager that their policy was "no wheelchairs". Mr. Upton is disabled and uses a wheelchair. When the Uptons inquired about an apartment at Hillgate, they were told that wheelchairs were not allowed because "doorways are not wheelchair accommodating." Mrs. Upton is deaf and used a TTY relay service to make the phone calls. HUD was provided with transcripts of the conversations confirming the Uptons' account. The owners of Hillgate Apartments denied discriminating against the Uptons. They told HUD investigators that the "no wheelchairs" policy was in place because the building was built in the 1960s and therefore not required to be

handicap accessible under the 1988 Fair Housing Acts amendments. However, the Act does not permit landlords to discourage individuals with disabilities from applying to rent apartments. Under the Act, the landlord must permit a tenant with a disability, at the tenant's expense, to make reasonable modification to the premises to enable the tenant to fully use and enjoy the dwelling. The case was charged in July 2000.

- In May 2000 HUD announced a landmark \$21 million settlement of housing discrimination complaints filed by 24 Hispanic farm worker families. The funds will provide greater housing opportunities for 2,000 poor farm worker families in southern California. The 24 families said in their complaints filed with HUD that Riverside County, CA, targeted Hispanic-owned and occupied mobile home parks for selective and discriminatory enforcement of its health and safety code and regulations. The families also alleged that the county improperly attempted to evict some families from their homes in three mobile parks in Perez, Mora and Hernandez in the Coachella Valley. Under the settlement, negotiated by HUD under the Fair Housing Act, Riverside County agreed to make nearly \$16.1 million in loans and grants for community-wide projects, and agreed to pay about \$747,000 to the 24 farm worker families. Some of the Riverside County funds will come from the County's annual HUD assistance. Riverside County also agreed to make policy and procedural changes to its code enforcement process and provide fair housing training for code enforcement staff. Riverside County admitted no wrongdoing in the agreement with HUD and the families.
- Carole Hernandez, a white female, and her companion, Gilbert Wright, African American, filed a complaint of discrimination against Thomas Nail of Stark, Florida alleging that he used racial slurs and intimidating tactics against them because they are a biracial couple. Hernandez rented a two-bedroom single-family home from Nail on a month-to-month basis. She alleged that Nail began using racial slurs and epithets when he realized that Mr. Wright was a frequent visitor. Hernandez also alleged that Nail asked specific questions about items in her daughter's bedroom which made her worry that he had entered her home when she wasn't there. She feared for her safety. Once, after Wright had visited, Nail allegedly told Hernandez that he "...could not understand why a white woman would want to lay up with a nigger." The couple began to meet secretly and at odd hours to avoid contact with Nail. Wright said he even hid in a closet whenever Nail came around. HUD issued the charge in May 2000.
- Bonnie Jouhari, a fair housing advocate who worked at the Reading-Berks Human Relations Council in Reading, PA was threatened over the Internet by Ryan Wilson of Philadelphia, PA. Wilson, who runs a hate group called ALPHA HQ, placed Jouhari's picture on his web site and labeled her a "race traitor" and displayed an animated picture of Jouhari's office being blown up by explosives. HUD issued a charge of discrimination against Wilson in January of 2000.
- Keith Toto, a deaf man from New York, filed a complaint against Space Hunters, Inc., a service that provides prospective renters with a list of rooms for rent by owners, for refusing to help him find housing. Toto, who called Space Hunters using the services of a relay operator, said that the person who answered at Space Hunters said the company did not serve people with disabilities, used an obscenity when questioned about it, and hung up. The President of Space Hunters told HUD investigators that he did not have time to deal with relay operators and it was his policy not to talk with them. HUD issued a charge of discrimination in January of 2000.
- The Fair Housing Council of Northern New Jersey assisted HUD in investigating Space Hunters for racial discrimination after the manager used a racial epithet against a HUD employee. Testers sent out by the group discovered that the manager of Space Hunters tried to steer him towards certain neighborhoods and referred to African Americans using derogatory terms. A charge of discrimination was issued in this case in January, 2000.

- On the day after Ann Lightsey, a white grandmother, moved to the second floor apartment of Laura and Agustino Craveiro's West Islip, NY home, she alleged she was told to move out of her apartment because she planned to occasionally care for her three year old biracial grandson. A charge of discrimination was issued in this case in November, 1999.

The Fair Housing Act bars housing discrimination on the basis of race, color, religion, sex, disability, family status and national origin. The Act covers the sale, rental, financing and advertising of almost all housing in the nation. Fair housing investigations are conducted by HUD investigators, state and city agencies working with HUD, and private fair housing groups that receive HUD funds.

December, 2000

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identifier, to  
k@hcf.a.gov, or call the Reports  
Office on (410) 786-1326.  
Comments and  
inquiries for the proposed  
regulation collections must be mailed  
within 30 days of this notice directly to  
the desk officer: OMB Human  
Resources and Housing Branch,  
Attention: Allison Eydt, New Executive  
Building, Room 10235,  
Washington, DC 20503.

August 29, 2000.

Burke III,

Reports Clearance Officer, HCPA Office  
for Information Services, Security and  
Policy Group, Division of HCFA  
Standards.

100-23224 Filed 9-8-00; 8:45 am

OJE 4120-03-P

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-3482-N-09]

### Requirements for Notification, Evaluation and Reduction of Lead- Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Notice of Transition Assistance

AGENCY: Office of the Secretary, HUD.

ACTION: Notice of transition assistance.

**SUMMARY:** This notice describes the transition assistance that will be provided in connection with implementation of HUD's new requirements for notification, evaluation and reduction of lead-based paint hazards in federally owned residential property and housing receiving federal assistance ("Lead Safe Housing Regulation"). The Lead Safe Housing Regulation was published in the *Federal Register* on September 15, 1999, and becomes effective on September 15, 2000. To make certain that adequate service providers exist throughout the country to carry out lead-based paint hazard evaluation and reduction activities safely and effectively, and to target available resources to housing which places children most at risk, HUD has developed a transition assistance policy with three components.

First, HUD is authorizing a six-month transition period for program participants in jurisdictions which notify the Department by November 15, 2000, that they lack the capacity to implement one or more provisions of the Lead Safe Housing Regulation. Second, post-1960 properties occupied by children under six receiving only

tenant-based rental assistance will be provided a twelve month transition period. Third, properties receiving federal rehabilitation assistance greater than \$25,000 that are occupied by the elderly, where no child under six resides or is expected to reside, will be provided a twelve month transition period. No submission by a jurisdiction is required in order for program participants to take advantage of the second and third transition assistance components. All three components are discussed in more detail in the **SUPPLEMENTARY INFORMATION** section of this notice.

#### FOR FURTHER INFORMATION CONTACT:

Lead Paint Compliance Assistance Center, Office of Healthy Homes and Lead Hazard Control, Department of Housing and Urban Development, 451 7th Street, SW, Room P-3200, Washington, DC 20410-0500, 1-800-HUD-1012 (1-800-483-1012) (this is a toll-free number). Persons with hearing or speech impairments may access this number via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339.

#### SUPPLEMENTARY INFORMATION:

##### Background

Congress mandated the reduction of lead-based paint hazards in federally owned residential property and housing receiving federal assistance in the Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X of the Housing and Community Development Act of 1992) (Pub. L. 101-550; 106 Stat. 3897; 42 U.S.C. 4851 *et seq.*), which amended the Lead-Based Paint Poisoning Prevention Act (Pub. L. 91-605; 84 Stat. 2078; 42 U.S.C. 4801 *et seq.*). HUD published the Lead Safe Housing Regulation implementing Sections 1012 and 1013 of Title X in the *Federal Register* at 64 FR 50140 on September 15, 1999. This regulation becomes effective on September 15, 2000.

The Lead Safe Housing Regulation applies advances in the scientific understanding of childhood lead poisoning in the rehabilitation, treatment and maintenance of federally owned residential property and housing receiving federal assistance under a wide array of programs. The regulation also increases the quantity of testing, home maintenance, repair or rehabilitation work that must be performed in a lead-safe manner. In most areas of the country, the Department believes there is an adequate supply of trained contractors and licensed (certified) personnel to do the work required. However, in certain

areas, the market for the services required under the regulation may not yet have reached the point where the requisite expertise is reasonably available for all programs and all requirements of the regulation.

Recognizing that gaps in capacity may exist, the Department believes that to protect children from lead poisoning in federally owned residential property and housing receiving federal assistance, the Lead Safe Housing Regulation must become effective as scheduled on September 15, 2000. Under this notice, the Department is providing program participants with a short transition period during which the geographic areas lacking capacity to comply with the Lead Safe Housing Regulation can build that capacity and resources can be focused on the housing stock with the greatest need. During this transition period, program participants in jurisdictions qualifying for the transition assistance will not be expected to comply with the relevant requirements of the Lead Safe Housing Regulation for certain identified programs. Working in partnership with organizations of housing providers and childhood health advocates, HUD will provide funds for nationwide training of clearance technicians, maintenance workers, rehabilitation workers, program staff and others. HUD will also create a Lead Paint Compliance Assistance Center to respond to requests for training assistance from jurisdictions which have inadequate capacity. The Department will provide funds to defray the costs of testing for lead-based paint and lead-based paint hazards, including clearance testing and risk assessments in the housing choice voucher program, clearance testing for properties receiving federal rehabilitation assistance and inspections and risk assessments for HUD's project-based programs. HUD is issuing program specific administrative notices to all program participants describing the sources of funding available for lead-based paint inspections and other testing, and related training.

#### Transition Assistance

##### Component 1—Assistance for Jurisdictions With Inadequate Capacity

For program participants in a particular jurisdiction to qualify for transition assistance based on inadequate capacity to carry out specific requirements of the Lead Safe Housing Regulation, the chief elected official of the jurisdiction, or a senior official designated to act on his or her behalf (such as the official who signs the Annual Consolidated Action Plan

submitted to HUD for the jurisdiction), must submit a Statement of Inadequate Capacity to HUD. A jurisdiction is defined for purposes of this notice as a CDBG Entitlement Grantee or for non-entitlement areas, the State CDBG Grantee or Indian Tribe. If the jurisdiction is the State, the statement must be signed and submitted by the agency head who signs the State Annual Consolidated Action Plan submitted to HUD and by the agency head responsible for the EPA-authorized lead-based paint certification program (if the State has an EPA-authorized lead-based paint certification program). If the jurisdiction is an Indian Tribe, the statement must be signed and submitted by the chief official of the Indian Tribe and by the individual responsible for the EPA authorized lead-based paint certification program (if the Indian Tribe has an EPA-authorized lead-based paint certification program). The statement submitted by a State may cover all or part of the CDBG non-entitlement area of the State. The Statement of Inadequate Capacity should be circulated to and reviewed by local officials with responsibility for housing and public or environmental health in the State or locality.

The Statement of Inadequate Capacity must be submitted to: David E. Jacobs, Deputy Director, Office of Healthy Homes and Lead Hazard Control, U.S. Department of Housing and Urban Development, Room P-3202, 451 7th Street, SW, Washington, DC 20410-0500.

Specifically, the jurisdiction must indicate in the Statement of Inadequate Capacity that trained, licensed (certified) or accredited personnel or firms are either not available in sufficient numbers or are not available at a reasonable cost to make it practicable to comply with the Lead Safe Housing Regulation between September 15, 2000, and March 15, 2001. The statement must indicate the specific requirements, as well as the particular programs or types of assistance covered by the Lead Safety regulation for which capacity to comply does not yet exist. If the jurisdiction's claim of inadequate capacity is based on unreasonable cost, the statement must be documented by an analysis of actual bids. A sample Statement of Inadequate Capacity which HUD recommends jurisdictions use will be available on the HUD lead website at [www.hud.gov/lea](http://www.hud.gov/lea).

This Statement of Inadequate Capacity from a jurisdiction must be received by HUD no later than November 15, 2000. At the same time the statement is submitted to HUD, a copy of this statement must also be

submitted to the State agency responsible for the lead-based paint certification program or to the regional EPA office if EPA is operating the lead-based paint certification program directly.

The jurisdiction is required to submit a Transition Implementation Plan with its Statement of Inadequate Capacity no later than December 15, 2000, explaining how the jurisdiction will take the necessary steps to ensure that an adequate supply of personnel or contractors will be available by March 15, 2001. Failure to submit the plan by December 15, 2000, will result in the rescission of the transition assistance.

The plan must include the following: (1) An assessment of actual existing capacity and the additional number and type of personnel that need to be trained and/or certified; (2) how training will be obtained; (3) how assisted housing with the greatest risks and greatest opportunity to control lead-based paint hazards will be prioritized using existing personnel or contractors; (4) how coordination with the State agency responsible for certification of lead hazard control personnel will be achieved; and (5) a schedule of activities that will enable the jurisdiction to obtain compliance as rapidly as possible, but no later than March 15, 2001. Jurisdictions must agree to make the Transition Implementation Plan publicly available. Transition Implementation Plan Guidance will be available on the HUD lead website at [www.hud.gov/lea](http://www.hud.gov/lea).

If the Statement of Inadequate Capacity from a jurisdiction meets all of the requirements set out in this notice, the Department will conclude that program participants in the jurisdiction lack the capacity to undertake safely and responsibly the evaluation and reduction of lead-based paint and lead-based paint hazards under the Lead Safe Housing Regulation and that transition assistance is needed to build capacity. The Department will publish in the Federal Register and make available on the HUD lead website at [www.hud.gov/lea](http://www.hud.gov/lea) a list of the jurisdictions that have applied for transition assistance. HUD will conduct periodic audits of these Statements of Inadequate Capacity and may rescind transition assistance based on a false statement of inadequate capacity.

Jurisdictions that lack capacity will not be required to comply with the affected requirements of the Lead Safe Housing Regulation during a transition period beginning on September 15, 2000 and ending on March 15, 2001. During this transition period, program participants will continue to comply

with HUD's lead-based paint regulations that were effective before September 15, 2000. If there remains a lack of capacity of trained or licensed (certified) professionals to conduct activities under the Lead Safe Housing Regulation at the end of the transition period, the jurisdiction must provide for HUD approval supplemental documentation in the form of an updated Transition Implementation Plan to justify an extension of the transition period consistent with their Annual Consolidated Action Plan schedule.

*Component 2—Phase In Period for Post-1960 Properties Receiving Tenant-Based Assistance.*

HUD will provide a one year transition period—until September 15, 2001—for all properties built after 1960 receiving only tenant-based assistance that are occupied by a child under six. During this transition period, program participants will continue to comply with HUD's lead-based paint regulations that were effective for this program before September 15, 2000. To receive this transition assistance, no submission by a jurisdiction is required.

*Component 3—Phase In Period for Elderly-Occupied Properties Receiving Federal Rehabilitation Assistance Greater Than \$25,000.*

HUD will provide a one year transition period—until September 15, 2001—for all properties receiving federal rehabilitation assistance greater than \$25,000 that are occupied by the elderly, where no child resides or is expected to reside. During the transition period, program participants will comply with the requirements in the Lead Safe Housing Regulation for federal rehabilitation assistance between \$5,000 and \$25,000. To receive this transition assistance, no submission by a jurisdiction is required.

Dated: September 5, 2000.

Andrew Cuomo,

Secretary.

[FR Doc. 00-23188 Filed 9-8-00; 8:45 am]

BILLING CODE 4210-37-P

**DEPARTMENT OF THE INTERIOR**

**Bureau of Indian Affairs**

**Indian Gaming**

**AGENCY:** Bureau of Indian Affairs, Interior.

**ACTION:** Notice of approved Tribal-State Compact.

**SUMMARY:** Pursuant to Section 11 of the Indian Gaming Regulatory Act of 1988

This document contains the following: (1) a Transition Strategy to Implement HUD's Lead Safe Housing Regulation [24 CFR Part 35]; (2) a sample Statement of Inadequate Capacity to Comply with the Lead Safe Housing Regulation [24 CFR Part 35] including lists of (a) HUD Lead-Based Paint Grantees, (b) EPA-Administered Lead-Based Paint Accreditation and Certification Programs, (c) States Authorized by EPA to Administer Lead-Based Paint Accreditation and Certification Programs; and (3) Transition Implementation Plan Guidance.

**Transition Strategy to Implement HUD's Lead Safe Housing  
Regulation  
[24 CFR Part 35]**

**Summary**

HUD has developed a transition strategy to implement the new Lead Safe Housing Regulation which becomes effective on September 15, 2000. This transition strategy will be published as a notice in the Federal Register. The new regulation applies advances in the scientific understanding of childhood lead poisoning to the rehabilitation, treatment, and maintenance of federally owned residential property and housing receiving federal assistance under a wide array of programs. The evaluation and control of lead-based paint hazards required under the new regulation requires expertise and training to be done safely and effectively. In certain areas around the country, however, the market for the services required under the rule may not yet have reached the point where the requisite expertise is reasonably available.

Recognizing that appropriate expertise is necessary for the new regulation to offer the protections it should, HUD has developed a transition strategy to achieve the full implementation of the rule. The strategy has three parts: First, a short transition assistance period during which those geographic areas lacking capacity to comply with the rule can build that capacity and resources can be focused on housing stock with the greatest need; Second, training assistance to those jurisdictions that need help building their capacity; Third, direct funding to reduce the costs of complying with the rule.

HUD will provide more than \$100 million to help communities develop the capacity to perform the testing and lead-safe work practices required by the new rule and to defray the costs of complying with the rule. HUD will meet regularly with the affected and interested parties to support implementation of this transition strategy. HUD will work

with this group to more precisely estimate the cost of all the lead-based paint hazard reduction or elimination required in HUD-assisted programs throughout the country as new information becomes available.

To facilitate the transition, HUD will establish the following transition assistance periods:

- **For jurisdictions that lack adequate capacity.** HUD will authorize a six-month transition assistance period for program participants in jurisdictions which notify HUD, by November 15, 2000 through a Statement of Inadequate Capacity, that they lack the capacity to implement one or more provisions of the new rule;
- **Post-1960 properties** occupied by young children receiving only tenant-based rental assistance will have a twelve month transition assistance period; and
- Properties receiving federal rehabilitation assistance greater than \$25,000 that are **occupied by the elderly**, where no child resides or is expected to reside, will have a twelve month transition assistance period.

To help build capacity HUD will:

- **Fund nationwide training** for clearance technicians, maintenance workers, rehabilitation workers, and program staff with industry partners and
- **Create a Lead Paint Compliance Assistance Center** to respond to requests for training assistance from areas which are unable to comply.

To help reduce the costs of complying with the rule HUD will:

- **Provide \$84 million to fund the costs of testing** including clearance testing and risk assessments in the housing choice voucher program, clearance testing for properties receiving federal rehabilitation assistance, and inspections and risk assessments for HUD's project-based programs.

## Background

Congress mandated reduction of lead-based paint hazards in federally owned residential property and housing receiving federal assistance in 1992. On September 15, 1999, HUD promulgated a final rule applying advances in the scientific understanding of childhood lead poisoning. The new HUD regulation significantly increases the quantity of testing and home maintenance, repair, or rehabilitation work that must be performed in a lead-safe manner. In an effort to ensure that sufficient numbers of trained persons are available in all disciplines needed to implement the rule, HUD has focused its transition strategy on the need for trained or certified individuals to perform the work required by the rule in certain areas and the costs of complying with the rule.

## Transition assistance period

In order to assist those geographic areas where capacity is underdeveloped, HUD will authorize a transition assistance process targeted to those areas. This policy has the dual benefit of identifying local training needs to implement the rule, and requiring implementation where capacity currently exists.

Under the transition assistance process, a jurisdiction (CDBG entitlement grantee, for non-entitlement areas the State CDBG grantee, or Indian Tribe) which provides a statement to HUD that it lacks capacity would be given six months from the effective date of the rule (September 15, 2000) to address any capacity problems in their locality. Additional time may be granted at the end of six months, in accordance with the Annual Consolidated Action Plan schedule, in particular areas where the initial transition assistance period has not yet yielded sufficient capacity. During the transition assistance period, the lead-based paint regulations that were in place before September 15, 2000 will remain in effect.

For example, a jurisdiction that states that the supply of clearance (sampling) technicians, inspectors and risk assessors is inadequate for a particular program or type of assistance will include this information in the statement to HUD. This will eliminate the need to comply with the clearance requirement of the new lead-based paint rule for that particular program or type of assistance as indicated in the jurisdiction's statement. HUD will use this information to target appropriate compliance assistance to build the requisite capacity during the transition period.

To qualify for the transition assistance period, a jurisdiction must submit a Statement of Inadequate Capacity signed by the Chief Elected Official (or senior official designated to act on his or her behalf, such as the official who signs the Annual Consolidated Action Plan submitted to HUD for the jurisdiction) to HUD by November 15, 2000. HUD will conduct periodic audits of these Statements of Inadequate Capacity and may rescind transition assistance based on a false statement of inadequate capacity. If the jurisdiction is the State, the statement is required to be signed and submitted by the agency head who signs the State Annual Consolidated Action Plan submitted to HUD and by the agency head responsible for the EPA-authorized lead-based paint certification program (if the State has an EPA-authorized lead-based paint certification program). If the jurisdiction is an Indian Tribe, the statement is required to be signed and submitted by the chief official of the Indian Tribe and by the individual responsible for the EPA-authorized lead-based paint certification program (if the Indian Tribe has an EPA-authorized lead-based paint certification program). The statement submitted by a State may cover all or part of the CDBG non-entitlement area of the State. The Statement of Inadequate Capacity should be circulated to and reviewed by local officials with responsibility for housing and public or environmental health in the State or locality. A copy of the statement is also required to be sent to the State agency responsible for the lead-based paint certification program or to the regional EPA office if EPA is operating the lead-based paint certification program directly.

The statement must include the following:

- A statement of the lack of capacity for the particular program(s) or type(s) of assistance to meet specific requirements of the rule;
- An analysis of actual bids submitted, if the claim of inadequate capacity is based on the lack of reasonably priced contractors in the jurisdiction;
- Steps that will be taken by the jurisdiction to address capacity;
- A statement acknowledging that the lead-based paint regulations that were in place before September 15, 2000 will remain in effect during the transition assistance period; and
- All other items detailed in the attached sample Statement of Inadequate Capacity.

The jurisdiction is required to submit a Transition Implementation Plan with its Statement of Inadequate Capacity, or no later than December 15, 2000, explaining how the jurisdiction will take the necessary steps to ensure that an adequate supply of personnel or contractors will be available by March 15, 2001 (See Transition Implementation Plan Guidance attached). Failure to submit the plan by December 15, 2000 will result in the rescission of transition assistance.

HUD will also establish a transition assistance period for certain properties based on the age of the property or occupancy by elderly persons as follows:

- There will be a 12-month transition assistance period for all post-1960 properties receiving only tenant-based rental assistance that are occupied by young children. During the transition assistance period, these properties will be required to follow the current lead-based paint regulations.
- There will be a 12-month transition assistance period for properties receiving federal rehabilitation assistance greater than \$25,000 that are occupied by the elderly (where no child resides or is expected to reside). During the transition assistance period, these properties will be required to comply with the new rule's requirements for properties receiving federal rehabilitation assistance between \$5,000 - \$25,000.

#### *Other Policy Clarifications*

- In the case of federal rehabilitation assistance, HUD does not require that an elderly occupant be relocated, provided that informed consent is obtained from the occupant.
- Clearance and safe work practices are not required in all federally-assisted housing if the amount of deteriorated paint is less than the de minimis area specified in the new rule at 24 CFR 35.1350(d).
- The 5 day period requiring relocation at 24 CFR 35.1345(a)(2)(iv) of the new rule applies to a single interior room, but not necessarily the entire interior of a dwelling.

## Capacity Building

To improve infrastructure and local capacity, HUD will provide technical assistance to program participants and others. HUD will target resources to those areas that have submitted a Statement of Inadequate Capacity. Significant training has already been provided and additional training is planned. A website and toll-free hotline will be established to disseminate information about training course offerings. Specifically, the following training and technical assistance activities will be supported by HUD:

- **Clearance:** To help meet the clearance requirements of the regulation, the Department will pay \$1.262 million to train 50 accredited, geographically-dispersed Training Providers and 5,000 Clearance Technicians. These training providers will receive financial incentives to encourage end-users in their states to be trained as Clearance Technicians. Clearance Technicians may include HQS inspectors and other local personnel, such as rehabilitation specialists and program staff. The course will be offered free of charge.
- **Maintenance Workers/TBRA Owners:** To ensure adequate capacity to perform safe maintenance, rehabilitation activities and interim controls required by the regulation, the Department will pay \$1.5 million to train tenant-based owners, their maintenance workers and other interested parties in lead safety. This is in addition to existing training activities offered through HUD lead hazard control grantees, health departments and others. HUD will contract with national training providers to carry-out the nationwide training activity. By partnering with industry groups, HUD will make the course available to thousands during national conferences and other ongoing training opportunities. HUD will work with state and local governments to ensure that the training courses are consistent with State/local regulations.
- **Targeted Training:** In addition to the baseline training provided above, HUD will use \$10 million to establish a Lead Paint Compliance Assistance Center. The Center will serve jurisdictions that lack capacity, as evidenced by their transition period Statement of Inadequate Capacity, in specific disciplines. For example, if a jurisdiction lacks clearance technicians, HUD would initiate a

training course in the area to increase the number of trained clearance technicians.

#### Funding Clearance Testing and Inspections

HUD will make a total of \$84 million available to defray the costs of inspections and other testing.

- HUD will dedicate \$59 million to pay for inspections and risk assessments in project-based housing, allowing HUD, for the first time, to have a complete assessment of its project-based stock. HUD's Real Estate Assessment Center (REAC) will arrange for a "bulk buy" of these inspections and assessments, which will lower the total cost of compliance by more than \$27 million in the first year alone. An Office of Housing notice providing detailed instructions will be issued shortly.
- Properties receiving other types of assistance, such as CDBG/HOME, or TBRA will also be able to take advantage of REAC's low cost "bulk buy" rate when paying for their own inspections.
- HUD will make \$14 million available for clearance testing and risk assessments in units receiving tenant-based rental assistance (\$10M for clearance; \$4M for risk assessments). These funds will be made available to PHAs through new administrative fees provided by HUD to PHAs. For each tenant-based unit clearance tested, a PHA may claim reimbursement of \$150 for the initial clearance test. For each tenant-based unit for which a risk assessment is done, a PHA may claim reimbursement of \$350. The PHA will follow regular budgeting procedures and year-end statement procedures to access these special administrative fees. An Office of PIH notice providing detailed instructions will be issued shortly.
- HUD will also make \$11 million available for clearance testing in properties receiving federal rehabilitation assistance. HUD will reimburse entitlement grantees based on a management information system report (i.e. IDIS) or a separate report to HUD that documents the number and cost of all clearance activities paid for by the grantees. HUD has determined that this amount will be sufficient to pay for clearance testing in all these properties. An Office of CPD notice providing detailed instructions will be issued shortly.

**Statement of Inadequate Capacity to Comply with the Lead  
Safe Housing Regulation [24 CFR Part 35]**

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Date: \_\_\_\_\_

David E. Jacobs, Deputy Director  
Office of Healthy Homes and Lead Hazard Control  
U.S. Department of Housing and Urban Development  
451 Seventh Street, S.W., Room P-3206  
Washington, DC 20410

Dear Mr. Jacobs:

Subject: New HUD Lead-Based Paint Regulations

The U.S. Department of Housing and Urban Development (HUD) promulgated a new regulation on September 15, 1999 (64 FR 50140) establishing requirements for notification, evaluation and reduction of lead-based paint hazards in federally owned residential property and housing receiving Federal assistance (Lead Safe Housing Regulation). The Lead Safe Housing Regulation, which is at 24 CFR Part 35, takes effect on September 15, 2000 at which time all affected parties must comply. A transition assistance process has been established to accommodate situations where trained contractors and licensed personnel, qualified to carry out required lead-based paint activities, are unavailable or not available at a reasonable cost in the jurisdiction. If the chief elected or appointed official of the local government, State or Indian Tribe, or a senior official designated to act on his or her behalf, such as the official who signs the Annual Consolidated Action Plan submitted to HUD for the jurisdiction, makes a statement of inadequate capacity to HUD by November 15, 2000, HUD will conclude that the jurisdiction is not required to comply with the Lead Safe Housing Regulation during a transition assistance period which begins on September 15, 2000 and ends on March 15,

2001. If the claim is based on unreasonable cost, such request must be documented by an analysis of actual bids.

The \_\_\_\_\_ hereby  
(jurisdiction of general local government, State or Indian Tribe)  
states the following:

1. As of the date of this letter, the types of trained, licensed (certified) or accredited personnel or firms checked below are either not available in sufficient numbers or are not available at a reasonable cost in this jurisdiction to make it practicable to comply with the lead-based paint hazard evaluation and reduction requirements of the Lead Safe Housing Regulation.

(Check services that apply. If different designations are used in your State, please check those that most closely correspond.)

- Interim controls workers trained in accordance with the new HUD requirements at 24 CFR §35.1330(a)(4).
- Trained or certified lead paint sampling technicians or clearance technicians
- Certified lead-based paint inspectors or risk assessors.
- Certified lead-based paint abatement supervisors.
- Trained or certified lead-based paint abatement workers
- Other personnel or firms (specify) \_\_\_\_\_

It is recognized that there are a number of HUD assisted programs covered by 24 CFR Part 35 and the availability of trained or certified staff may affect one requirement in one program or type of assistance and not the requirements in another program or type of assistance. Capacity does not exist to comply with the following requirements in the following programs or types of assistance:

2. The Local or State government or Indian Tribe acknowledges:

(a) that the cost of training staff and contractors in skills necessary to comply with the rule or to obtain certification to satisfy the requirements of Federal or State lead-based paint requirements is an eligible expense under the Community Development Block Grant (CDBG) program and the Home Investment Partnerships (HOME) program;

(b) that the Lead Listing, which is a State-by-State listing of firms providing certified lead-based paint personnel, including inspectors, risk assessors,

abatement supervisors, and abatement workers, can be accessed via a toll-free telephone number (1-888-LEADLIST) or an Internet web site (www.leadlisting.org);

(c) that assistance in determining what lead-based paint personnel are required and in identifying trained and/or certified firms or personnel can be obtained from HUD lead-based paint hazard control grantees, the State agency responsible for certifying lead-based paint personnel, or (for States that do not have an EPA-authorized program) the U.S. Environmental Protection Agency (see attached listing of Lead-Based Paint Grantees and State and EPA offices).

(d) that a wide variety of training courses are available through the HUD website (www.hud.gov/lea), including: courses on lead-safe work practices for renovators, remodelers, and maintenance personnel developed in collaboration with the National Apartment Association, the National Association of the Remodeling Industry, the National Environmental Training Association and others; a course on clearance testing procedures, developed with the Environmental Protection Agency; a web-based training course on visual assessment of paint condition; and training programs on the Lead Safe Housing Regulation for HUD assisted housing, such as Section 8 housing and housing receiving funds from the Community Development Block Grant program and others.

(e) that the transition period ends on March 15, 2001. And that if at the end of the Transition Period, there remains a lack of capacity by trained or licensed professionals to conduct activities required by the Lead Safe Housing Regulation, the jurisdiction will provide documentation, for HUD's consideration, to justify an extension of the transition period consistent with their Annual Consolidated Action Plan schedule.

3. The \_\_\_\_\_ [Local or State government or Indian Tribe] will take the necessary steps to ensure that an adequate supply of personnel or contractors will be available no later than March 15, 2001 so that the jurisdiction can comply with the requirements of the Lead Safe Housing Regulation at that time. These steps will be explained in the Transition Implementation Plan which will be submitted to HUD by December 15, 2000 at the latest. The plan must include the following: (1) an assessment of actual existing capacity and the additional number and type of personnel that need to be trained and/or certified; (2)

how training will be obtained; (3) how assisted housing with the greatest risks and greatest opportunity to control lead-based paint hazards will be prioritized using existing personnel or contractors; (4) how coordination with the State agency responsible for certification of lead hazard control personnel will be achieved; and (5) a schedule of activities that will enable the jurisdiction to obtain compliance as rapidly as possible, but no later than March 15, 2001. The jurisdiction agrees to make the plan publicly available.

4. A copy of this statement and the Transition Implementation Plan will be sent to the State agency responsible for the lead-based paint certification program or to the regional EPA office if EPA is operating the lead-based paint certification program directly at the same time it is sent to HUD.

5. The \_\_\_\_\_ [Local or State government or Indian Tribe] will take the necessary steps to ensure that this statement and the Transition Implementation Plan will be circulated to and reviewed by local officials with responsibility for housing and public or environmental health in the State or locality.

6. Between September 15, 2000, and March 15, 2001, the local or State government or Indian Tribe will comply with the relevant requirements of the HUD lead-based paint regulations that were effective before September 15, 2000. It will also comply with the parts of the new Lead Safe Housing Regulation covering prohibited methods of paint removal (at 24 CFR 35.140) and occupant protection (at 24 CFR 35.1350).

I hereby state that trained, licensed (certified) or accredited personnel or firms are either not available in sufficient numbers or are not available at a reasonable cost in \_\_\_\_\_ [Local or State government or Indian Tribe] to make it practicable to comply with the lead-based paint hazard evaluation and reduction requirements of the Lead Safe Housing Regulation, between September 15, 2000 and March 15, 2001.

Sincerely,

\_\_\_\_\_  
(signature of chief elected or appointed official of the jurisdiction of general local government, State or Indian Tribe, or a senior official designated to act on his or her behalf)

typed name of official of the jurisdiction of general local government,  
State or Indian Tribe, or a senior official designated to act on his or her  
behalf)

\_\_\_\_\_  
(title)

\_\_\_\_\_  
(If the jurisdiction is a State or Indian Tribe, signature of individual  
responsible for the EPA-authorized lead-based paint certification program  
(if the State or Indian Tribe has such a program)

\_\_\_\_\_  
(typed name of individual)

\_\_\_\_\_  
(title)

# HUD NEWS

Department of Housing and Urban Development -- Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

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HUD No. 00-227  
(202) 708-0685  
<http://www.hud.gov/news.html>

FOR RELEASE  
Thursday  
August 24, 2000

## **HUD ANNOUNCES \$105 MILLION TO HELP COMMUNITIES PROTECT CHILDREN FROM THE DANGERS OF LEAD**

WASHINGTON - Housing and Urban Development Secretary Andrew Cuomo today announced a comprehensive multimillion dollar program to further help communities protect children from the dangers of lead poisoning.

HUD will provide \$84 million to conduct lead testing in federally funded, low-income housing and more than \$20 million to train additional inspectors and other workers, including maintenance and renovation specialists, to carry out HUD's new lead safety regulations that take effect on September 15.

"Every family deserves to live in a home safe from the dangers of lead," Cuomo said. "Since 1992, HUD has committed over a half a billion dollars to lead-safety programs in more than 200 cities. Today, we are expanding our commitment, by helping to ensure that all communities have access not only to affordable housing, but housing that is lead-safe."

Lead poses a serious health risk, particularly to children, and can cause permanent damage to the brain and other organs. In the U.S., nearly a million children under the age of six suffer from lead poisoning. Children from low-income families are five times more likely to suffer from lead poisoning and minority children are disproportionately affected.

Lead poisoning has been linked to juvenile delinquency and behavioral problems. Research shows that children with elevated blood lead levels are seven times more likely to drop out of school and twice as likely to lose a few years in language acquisition.

-more-

U.S. Department of Housing & Urban Development  
Administration History Project  
December, 2000  
DOCUMENT # 86

HUD's new lead safety regulations address the latest scientific evidence that suggests most children who suffer from lead poisoning are exposed to invisible lead dust that is released when paint is peeling, damaged or disturbed. Lead dust settles on floors and other surfaces where it can easily come into contact with children's hands or toys and into their mouths.

Today's announcement will help communities expand the necessary infrastructure to comply with the new regulations. The new program will provide the first comprehensive inspection of all housing developments receiving federal project based assistance that were built before 1978, the year lead-based paint was banned for residential use. These funds will also help defray the costs of risk assessments and clearance testing in privately owned, low-income units. Risk assessments are conducted to determine whether lead hazards are present in a home. Clearance testing is the process used to declare housing lead-safe.

The funding will provide training in communities where there is a need for more inspectors and workers who are skilled in the proper handling of lead. This will increase the number of people who are qualified to conduct testing and treatment requirements of the new HUD regulations by more than 5,000 clearance technicians and thousands of maintenance and rehabilitation workers.

"This is a major step towards ensuring communities have the capacity to deal with a problem that threatens the health and futures of far too many children," Assistant Secretary for Housing, William Apgar said. Apgar headed up the Department's extensive efforts to develop the implementation strategy for the new rule.

During the first five years, HUD's new lead safety regulations are expected to protect more than two million children living in federally funded housing units from lead exposure.

Dr. Mohammad N. Akhter, executive director of the American Public Health Association said, "We commend Secretary Cuomo and HUD for developing stronger and more effective lead safety regulations and for providing the funding necessary for efficient implementation. As a result of these actions, many children whose health might have been affected by lead exposures will be able to live healthy and productive lives."

In addition to today's announcement, HUD continues its national public awareness initiative, *The Campaign for a Lead-Safe America*. This effort is designed to educate parents, landlords, homeowners and contractors to the dangers of lead-based paint.

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U.S. Department of Housing and Urban Development

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### **National Groups Support HUD's Lead Safety Efforts**

"This win-win approach will set the nation on a road to substantial progress toward eliminating the scourge of childhood lead poisoning. The rule itself, while limited to housing assisted in whole or in part by HUD programs, also sets feasible standards that private owners can use to address lead hazards that may exist in their housing."

-- **Cushing N. Dolbeare, Founder National Low Income Housing Coalition and member of CDC Advisory Committee on Childhood Lead Poisoning Prevention**

"Families should not be forced to choose between safety and affordability. We applaud HUD's commitment to making publicly-assisted housing lead-safe, which is a good investment that will pay dividends many times over."

--**Gregg Haffley, Deputy Director of the Health Division of the Children's Defense Fund**

"We are encouraged by HUD's commitment of substantial new resources to help cities and states build capacity to address lead paint hazards. We are determined that safeguards be put in place as soon as possible to protect children still at risk."

--**Don Ryan, Executive Director of the Alliance To End Childhood Lead Poisoning**

"We applaud HUD's substantial commitment of resources to communities across the country to increase the availability of trained personnel to carry out the regulations. By building capacity at the local level, HUD will not only promote lead safe work practices where federal dollars are concerned, but set a laudable standard for all housing rehab, renovation and maintenance."

-- **Chandra Western, Executive Director of the National Community Development Association**

"The National Center for Lead-Safe Housing applauds HUD for providing financial and technical assistance to cities, counties and states to help them build capacity to implement the regulation and thereby control the lead-based paint hazards to which children in their areas are exposed."

--**Nick Farr, Executive Director, National Center for Lead-Safe Housing**

-more-

U.S. Department of Housing & Urban Development  
Administration History Project  
December, 2000  
DOCUMENT # 87

"NAHRO believes that the department has made a tremendous effort to work with the industry in developing a plan that implements this rule in a fashion that is sensitive to the various needs of local communities and the fiscal constraints that exist to address this issue. This agreement is an example of how both the department and industry are working together to solve local problems. We fully appreciate the efforts put forth by Secretary Cuomo, Assistant Secretary Bill Apgar and the HUD Staff in developing a strategy that will protect children."

**--Julio Barreto, Director of Legislation and Program Development National Association of Housing Redevelopment Officials**

"HUD is sending a clear message that where federal funds are used, children should not be placed at risk to lead paint hazards. Coupled with this message, HUD is delivering much needed resources to communities nationwide to ensure that all of the housing programs it funds produce affordable lead-safe units."

**--Janet Phoenix, MD, MPH, Manager of Public Health Programs, Environmental Health Center of the National Safety Council**

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# hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

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HUD No. 00-252  
(202) 708-0685  
<http://www.hud.gov/news.html>

FOR RELEASE  
Sunday  
September 24, 2000

*Cuomo says grant to City of LA will help refurbish 350 low-income housing units*

## **\$5.5 MILLION IN HUD GRANTS WILL PROTECT CALIFORNIA CHILDREN, FAMILIES FROM DANGERS OF LEAD AND OTHER HOME HAZARDS**

LOS ANGELES – U.S. Housing and Urban Development Secretary Andrew Cuomo today announced a total of \$5.5 million dollars in grants to protect families from the dangers of lead and other safety and health hazards in their homes.

Cuomo made the announcement at the Bryson Family Apartments where he awarded to the City of Los Angeles a \$3 million grant to help protect children and their families by removing lead-based paint from privately owned low-income housing. Cuomo also awarded \$1 million through the Healthy Homes initiative to the Esperanza Community Housing Corp., to correct other safety and health hazards in homes. In addition, the Child Abuse Prevention Council of Sacramento was awarded a \$1.5 million Healthy Homes Initiative grant.

Cuomo announced the funding during the first day of a three-day swing through 20 California cities. Joining Cuomo in making the award to the city was Congressman Xavier Becerra and Bobken Simonian, the city's Director of Housing Development.

Specifically, the Los Angeles will refurbish 350 low-income housing units that have high lead levels, and expedite the work in units occupied by children with elevated blood lead levels. The City will also train 130 lead inspectors/assessors, contractors and workers in lead control.

"Too many children are being robbed of their futures by exposure to lead," Cuomo said. "I pledge that HUD will do everything it can to prevent children and families from suffering the sad consequences of this insidious, yet preventable disease."

Nearly one million U.S. children younger than six years old have elevated blood lead levels considered unhealthy by the Centers for Disease Control and Prevention (CDC). Young children, often exposed to lead from contaminated dust, soil and paint chips, face the greatest risk because their developing nervous systems are particularly vulnerable.

Lead poisoning has been linked to reduced intelligence and attention span, hearing loss, stunted growth, reading and learning problems and behavior difficulties. Children with elevated blood lead levels are seven times more likely to drop out of school and twice as likely to have problems in developing language skills. Children from low-income families are five times more likely to suffer from lead poisoning. Minority children are disproportionately affected.

Cuomo said that these grants are used by communities for many purposes, including testing children's blood to determine lead levels; inspecting and testing homes for lead hazards; temporarily relocating families during lead control work; providing community education and outreach; providing job training for lead hazard control workers; and collecting and analyzing data on lead hazards.

Congressman Xavier Becerra said, "I congratulate Secretary Cuomo and HUD for taking yet another step towards building stronger communities. Los Angeles families can now breathe a little easier knowing their children will grow up in safe and lead free homes."

Though banned from use in all homes in 1978, lead-based paint can still be found in many older homes and apartments.

On September 15, a new HUD lead paint regulation took effect that will protect an estimated 1.4 million children living in federally owned or assisted housing. To help states and cities comply with the new regulation, HUD committed nearly \$105 million to train workers in lead safety and pay for testing required by the rule.

The Environmental Protection Agency and the CDC jointly fund a toll-free Hotline - 1-800-424-LEAD - to give callers information in English and Spanish about lead hazards and about disclosure requirements for people selling and renting homes.

More information on lead is also available on the HUD website at [www.hud.gov](http://www.hud.gov).

A HUD Healthy Homes grant was awarded to the Los Angeles-based Esperanza Community Housing Corp., which received about \$1 million to increase detection and reduce incidents of lead poisoning and other ailments, and increase collaboration between public and private agencies. The group will target 1,700 area homes and collect family health and housing data and conduct blood lead testing of 900 target area children under the age of 6.

Also awarded under the Healthy Homes Initiative was \$1.5 million to the Child Abuse Prevention Council of Sacramento (CAPCSAC). The group, along with the American Lung Association of Sacramento-Emigrant trails, University of California-Davis Medical Center, Sacramento County Department of Health and Human Services and Sacramento County Office of Education, will implement the California Alliance for Prevention Healthy Homes Initiative to integrate education and outreach on prevention and control of lead poisoning and asthma. AmeriCorps members recruited from the community will make home visits to over 4,400 families with children below the age of 5 and provide Healthy Homes information through family resource centers.

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Cuomo will deliver the keynote address in Los Angeles on Monday at *Creating Partnerships for Renewed Hope*, a HUD-sponsored conference that will bring together community and faith-based organizations, public officials and business leaders. Cuomo's trip concludes Tuesday in Los Angeles at *Closing the Gap: Investing in America's Communities*, an economic development conference that will focus on effective strategies, tools, and resources for creating partnerships that address the needs of America's distressed communities.

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