

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Participants [for Beyond Affordable Housing] Washington, DC Meetings (partial) (1 page)	5/22/93	P6/b(6)

COLLECTION:

Clinton Presidential Records
 Domestic Policy Council
 Bruce Reed (Subject File)
 OA/Box Number: 21205

FOLDER TITLE:

HUD [Housing and Urban Development]

rs46

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

OPTIONAL FORM 25 (7-00)

FAX TRANSMITTAL

of pages = 28

To Karen Coleman

From Reindra Proctor

Dept./Agency

Phone # 708-0614 x5846

Fax # 456-7028

Fax #

NON 7540-01-317-7308

5009-101

GENERAL SERVICES ADMINISTRATION

U.S. Department of Housing and Urban Development

THE STATE OF THE CITIES 2000

Fourth Annual June 2000

President Bill Clinton
Vice President Al Gore
HUD Secretary Andrew Cuomo



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

June 11, 2000

THE SECRETARY

President William Jefferson Clinton
The White House
Washington, DC 20500

Dear Mr. President:

I am pleased to present *The State of the Cities 2000*. Four years ago, you directed HUD to produce an annual report on the economic and social health of our nation's cities. This year, the first of the new millennium, is a critical year for our nation's future and for the future of cities. Cities, like the rest of America, are enjoying the benefits of the longest and strongest economic expansion in our history.

Since you took office, nearly 4.6 million city residents have gained employment. Unemployment has fallen to 4.8 percent from 8.5 percent. Cities have made impressive gains on the jobs and business front – 8.5 percent growth in jobs and 4.4 percent in new businesses. Homeownership in cities is at an all-time high, at 50.4 percent, and their fiscal health is stronger than it was a decade ago. Yet, despite this record of success, many cities – especially smaller and medium-sized cities – have yet to fully share in the national prosperity. One in eight cities remain "doubly-burdened" – with high unemployment coupled with either population loss or high poverty rates.

This Report documents four megaforges challenging cities at the dawn of this new millennium – the *new, high-tech global economy*, which threatens to create both winners and losers; the *new demography* of an aging and more diverse population and a declining middle class; the *new housing challenge* that is pushing rents up faster than inflation and creating a record shortage of affordable housing, and the *new forces of decentralization* that are consuming land at twice the rate of population growth and creating a spatial mismatch of jobs and housing.

How we respond as a nation and as a people to these megaforges will determine the future of our cities – whether we build on the success most enjoyed in the 1990s or whether cities fall back to the decline of previous decades. This year, in your FY 2001 Budget submission to Congress, you have put forth a comprehensive agenda for our nation's cities and suburbs. It provides many of the tools that cities will use to build affordable housing, create jobs, and meet the urgent needs of the elderly and other city residents.

Seven years ago, you and Vice President Al Gore brought an extraordinary vision and a renewed federal commitment to our cities. It has been my privilege to help you carry out that commitment, and I look forward to working with you and the Congress this year to ensure that cities continue to receive the federal help they need to compete in the global economy of the 21st century.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Cuomo".

Andrew Cuomo

EXECUTIVE SUMMARY

"It is clear that our hopes for the New Economy are really hopes for a better society—one in which we are brought together, not driven apart; one in which we sustain our Earth, not exploit it; one in which we lift up the poor, as well as those of us who are better off; and one in which all communities share in the promise of America's future."

President Bill Clinton
speaking at the
White House
New Economy
Conference
April 5, 2000

America begins the millennium enjoying the longest and strongest economic expansion in its history. Guided by the policies of the Clinton-Gore Administration, the economic boom entered its 111th month in June 2000. During this period, Federal deficits have disappeared, and we have entered an era of record surpluses. A surplus of \$167 billion is projected this year—a dramatic reversal from the \$290 billion deficit in 1992.

Meanwhile, the national unemployment rate hit a 30-year low of 3.9 percent in April. In the 7½ years of the Clinton-Gore Administration, more than 22 million jobs have been created, a substantial portion of them in central cities. Because most central cities have participated in this employment growth, the fiscal health of many cities has improved.

MEGAFORCES SHAPING THE FUTURE OF OUR CITIES

The State of the Cities 2000 Report is part of an annual series in which HUD reports the most recent data on indicators of the social and economic vitality of America's cities and positions the Administration's urban policy agenda to address challenges confronting our cities. It builds on the accomplishments identified in last year's report and presents the continued progress cities have made as well as emerging challenges and opportunities confronting cities as they enter the 21st century.

This year's State of the Cities report identifies four megaforges that are shaping the future of the Nation's cities and presents findings showing their impact.

The first is the **new high-tech, global economy** which has been a driver of recent economic expansion in the United States. New technologies in information and telecommunications—coupled with greater productivity—have produced record economic gains along with new opportunities and risks for the Nation's cities and suburbs.

A second is the **new demography** that is reshaping cities. Major demographic shifts are under way that will have significant

EXECUTIVE SUMMARY

economic, social, and political implications for both cities and suburbs. The Nation is rapidly becoming more ethnically diverse, and at the same time our elderly population is growing dramatically.

A third is the **new housing challenge** that is presenting new threats to housing affordability. With the strong economy have come higher rents and housing prices, in some markets impacting all income groups in both cities and suburbs.

Finally, the fourth is the powerful major trend of continued **decentralization**—the continuing shift of jobs and people to the metropolitan edge—that is threatening the stability of existing communities and the development of new livable, sustainable communities.

These four megaforges frame the challenges for a 21st century urban policy agenda. The State of the Cities 2000 presents the impact of these megaforges in in four major findings for America's cities. These findings utilize new data from HUD's 2000 State of the Cities database (SOCDB), which tracks employment, population, and other demographic trends in more than 300 metropolitan areas.

FOUR MAJOR FINDINGS

Finding #1: The New Economy

Most of America's cities are participating in the New Economy, with high-tech growth driving a new wave of economic prosperity—but at the same time creating both winners and losers. New HUD data find that high-tech employment is growing faster in suburbs than in cities but that the proportion of new jobs that are high-tech is larger in cities than suburbs.

Finding #2: The New Demography

The new demography is multigenerational, multiracial and multiethnic. While an increasing share of residents in both cities and suburbs are getting older, a disproportionate number of the elderly poor live in cities. At the same time, cities and suburbs are becoming more racially and ethnically diverse.

EXECUTIVE SUMMARY

Finding #3: The New Housing Challenge

As increases in the cost of housing surpass the rate of inflation, economic good times are paradoxically creating a housing crisis for many Americans. The economic growth that is pushing up employment and homeownership in most of the Nation's cities is also driving increases in rents more than one- and-a-half times faster than inflation—and creating staggering jumps in home prices as well.

Finding #4: The New Forces of Decentralization

The New Economy's advances in information technology, coupled with rising incomes, population growth, and infrastructure spending patterns, continue to drive residential and business development to the fringe. A new HUD analysis shows accelerating growth in land consumption, which threatens to undermine the quality of life in both cities and suburbs.

EXECUTIVE SUMMARY

PART ONE: FINDINGS—THE IMPACT OF THESE MAJOR TRENDS ON METROPOLITAN COMMUNITIES

Finding #1: The New Economy

Most of America's cities are participating in the New Economy, with high-tech growth driving a new wave of economic prosperity—but at the same time creating both winners and losers. New HUD data find that high-tech employment is growing faster in suburbs than in cities but that the proportion of new jobs that are high-tech is larger in cities than suburbs.

CITIES ARE SHARING IN THE UNPRECEDENTED EXPANSION OF THE NEW ECONOMY

The most recent data show that cities are enjoying new vigor in job growth, drawing closer to suburban growth rates. The number of private jobs sector in central cities has increased dramatically, growing by 8.5 percent between 1992 and 1997. During this period, nearly 2.3 million private sector jobs were created in cities.

Business growth in cities is accelerating, and wage growth in cities surpasses that of their surrounding suburbs. From 1992 to 1994 businesses grew by just 0.7 percent in cities, but from 1994 to 1997 they grew by 3.7 percent—five times the previous rate. Overall however, business growth in suburbs is still twice that of cities.

At the same time, wage growth in cities outpaced that of suburbs. Since 1992, central city wages have grown by 4.8 percent—faster than the suburban rate of 4.3 percent—and the current average wage in cities is now 10.5 percent higher than the average wage in suburbs.

Overall cities had a larger percentage point decline in unemployment rates than suburbs. Since 1992, jobless rates in central cities have fallen by 3.7 percentage points, to 4.8 percent. Suburbs experienced a smaller decline, of 3.2 percentage points, to 3.4 percent in 1999.

Incomes are steadily increasing in cities, and poverty has declined. The economic boom raised urban household income in 1998 to their highest levels since 1990. While all types of households

334 7119
496-3817
3822
Jansky
303 860 9200

EXECUTIVE SUMMARY

throughout the country realized substantial gains in income, household income grew faster in cities (3.5 percent) than in suburbs (2.3 percent) between 1997 and 1998.

A NEW DIGITAL DIVIDE IN HIGH TECH JOBS IS EMERGING BETWEEN CITIES AND SUBURBS.

High-tech growth is a substantial contributor to recent economic gains in cities. High tech jobs account for 27 percent of new employment in cities. The high-tech job growth rate is three times that of overall job growth in central cities. From 1992 to 1997, there was a 27 percent increase in high-tech job growth in cities compared with a 8.5 percent overall job growth.

A new survey conducted by the U.S. Conference of Mayors illustrates the breadth and depth of this high-tech expansion in our cities. More than 80 percent of cities reported significant or moderate growth in high-tech jobs.

The South and the West lead the country in central city high-tech job growth. All regions saw high-tech job gains, but central cities in the south saw high tech jobs grow the most, by 34 percent – followed by 27.2 percent in the West, 21 percent in the Midwest, followed by 19.5 percent in the Northeast.

But there is a new digital divide in high-tech jobs between cities and suburbs. High-tech job growth in suburbs is 30 percent faster than that of cities. Despite the positive gains in high-tech job growth in central cities, suburbs continue to outpace central cities. Most central cities are gaining high-tech jobs, but high-tech jobs in suburbs are, on average, growing 30 percent faster.

FEWER CITIES REMAIN "DOUBLY BURDENED"

Despite the overall dramatic record of job gains, one in eight cities are still "doubly burdened" according to HUD's index of distress. Doubly burdened cities face high unemployment and significant population loss or high poverty rates. This represents a modest improvement over last year, when one in seven cities were in this category. There are 67 cities that have an unemployment rate 50 percent higher than the U.S. rate and either have lost more than 5 percent of their population since 1980 or have a poverty rate of 20 percent or higher. Of these cities, 39 have unemployment rates at least double the national average.

Despite declines, unemployment and poverty still impact cities more than suburbs. Unemployment rates in central cities are still

EXECUTIVE SUMMARY

about one-third higher than the jobless rate in suburbs. Unemployment among minority youth remains unacceptably high at 22 percent in cities. The national poverty rate declined from 13.7 percent in 1996 to 12.7 percent in 1998. Encouragingly, the poverty rate also decreased in central cities during this period, from 19.6 percent to 18.5 percent -- but remains twice the rate of poverty in suburbs.

Finding #2: The New Demography

The new demography is multigenerational, multiracial and multiethnic. While an increasing share of residents of both cities and suburbs are getting older, a disproportionate number of the elderly poor live in cities. At the same time, cities and suburbs are becoming more racially and ethnically diverse.

Overall, population is on the rise, with metropolitan growth continuing at a faster pace in suburbs than in central cities. The 2000 estimated population of 275 million is projected to rise to 350 million by 2030. This projected 75 million more people, half of which will be new immigrants and their children, will drive economic expansion by providing both the demand for goods and services and the labor force to fill that demand. How best to meet these needs while protecting our dwindling open space and environment will pose difficult choices.

CITIES ARE AGING

In 2030, the elderly population will reach 70 million, doubling the current number of elderly Americans. These seniors will comprise 20 percent of the overall U.S. population. Many will age-in-place and remain in the cities or suburbs they have called home for decades. Central cities will continue to house disproportionate numbers of the Nation's seniors who live below or near the poverty line. As these populations of the elderly age-in-place, they will pose special challenges for communities.

SUBURBS AND CITIES ARE BECOMING MORE RACIALLY AND ETHNICALLY DIVERSE

Diversity itself is changing as the traditional divide between blacks and whites blurs into a multiracial, multiethnic society. Cities—historically home to the Nation's newcomers as well as most of its minorities—remain the most diverse. But suburbs are becoming much more heterogeneous as well. Between 1980 and 1998, for

EXECUTIVE SUMMARY

example, the minority share of the population in central cities rose from 34.8 to 47 percent. In suburbs during the same period, the proportion of minorities nearly doubled from 13.4 to 21.7 percent. The proportion of Hispanics rose from 5.3 percent to 9.6 percent in suburbs. The percentage of African-American suburbanites expanded as well, from 6.1 to 7.6 percent.

Immigrants are fueling the new diversity in both suburbs and cities. Immigrants are more likely to live in central cities but are increasingly moving to the suburbs—a distinctly new phenomenon. They have transformed many traditionally ethnic neighborhoods in our major urban centers from homogeneous enclaves to truly multicultural, multiethnic places. In the process, they have reversed the population decline of many cities and at the same time are blurring the ethnic and racial lines between cities and suburbs.

Finding #3: The New Housing Challenge

As increases in the cost of housing surpass the rate of inflation, economic good times are paradoxically creating a housing crisis for many Americans. The economic growth that is pushing up employment and homeownership in most of the Nation's cities is also driving increases in rents more than one-and-a-half times faster than inflation—and creating staggering jumps in home prices as well.

HOMEOWNERSHIP HAS REACHED ALL-TIME HIGHS IN BOTH CENTRAL CITIES AND SUBURBS

Between 1992 and 1999, over 8.7 million households became homeowners as the national homeownership rate reached 66.8 percent in 1999—and rose even higher in the first quarter of 2000 to an all-time high of 67.1 percent. In 1999, homeownership in cities broke the 50 percent barrier for the first time—50.4 percent in 1999 and 51.2 percent in the first quarter of 2000. All racial and ethnic groups have shared in this homeownership boom. As of the first quarter of this year, 45.7 percent of Hispanics and 47.8 percent of non-Hispanic African-Americans, and 54.2 percent of other non-Hispanic minorities are now homeowners.

Nevertheless, important—and unacceptable—homeownership gaps still remain. The homeownership rate in central cities trails substantially behind the suburban rate of 73.6 percent, and gaps between minority rates and the 73.4 percent homeownership rate of whites remains unacceptably large. In addition, as homeownership

EXECUTIVE SUMMARY

has grown, a new problem has arisen, predatory lending, which occurs when lenders, often operating outside of the Federal regulatory structure, are able to engage in lending abuses such as charging excessive up-front fees, high interest rates, and prepayment penalties. Such practices contribute to skyrocketing foreclosures in the subprime mortgage markets, especially in minority and low-income communities.

THE STRONG ECONOMY PARADOX

Paradoxically, the economic growth that is increasing employment and homeownership in most of the Nation's cities also is driving up rents and housing prices for many Americans.

Over the 1997–1999 period, house prices rose at more than twice the rate of general inflation, and rent increases exceeded inflation in all 3 years. For most of the goods and services that Americans routinely pay for—the items that go into the Consumer Price Index (CPI)—inflation has been very low throughout the economic expansion, but not so for the cost of housing. Over the last 3 years, the CPI rose 6.1 percent (just over 2 percent per year). During the same period, rents rose by 9.9 percent and house prices by 16 percent.

The hot high-tech markets are among the highest-cost housing markets. Among the top 10 metropolitan areas that HUD identifies as the hottest high-tech markets, house prices rose more than 18 percent in seven of the ten areas from the end of 1995 to the end of 1999, and by more than 27 percent in three of the ten areas. During the same period, rents increased by more than 20 percent in such high-tech markets as Denver and San Francisco.

Housing affordability is both a central city and a suburban problem. In the late 1980s, both rents and house price increases in central cities lagged behind suburbs. By the late 1990s, however, this pattern changed. Central city house prices appreciated at a rate close to that of suburbs—and rent increases in central cities have been even greater than those in suburbs. In fact, since 1991 rents have risen faster in central cities than in suburbs.

EXECUTIVE SUMMARY

"It is a cruel irony that while most communities are doing very well in this booming New Economy, the better they are doing the more acute their shortage of affordable housing. The stronger the economy, the stronger the upward pressure on rents. Even some of America's strongest regions for business are being 'priced out' of housing by their success."

**HUD Secretary
Andrew Cuomo**

Worst case housing needs are increasing at almost twice the rate of population growth. According to HUD's recent Report to Congress on Worst Case Housing Needs, an all-time record high of 5.4 million very-low-income families* pay more than half their income for housing or live in severely inadequate housing in 1997. Worst case housing needs increased more than three times as quickly for working families than for other very-low income renters. A significant share of families with worst case needs live in suburbs—2.7 million live in central cities compared with 1.8 million in suburbs.

Housing rental assistance and access to homeownership are important solutions to the housing affordability problem.

During this period of economic expansion, rents and house prices have outpaced inflation. In many hot markets, shelter costs are an increasing burden for families. Housing vouchers are a critical step for families in greatest need of rental housing assistance. Increased access to homeownership is another critical solution to the housing affordability challenge. Homeownership can fix monthly housing costs and provide a shield against rising rents, thereby making homeownership an important answer to this problem. In addition, homeownership allows a family to participate in the economic expansion through increases in house prices, but such wealth creation can be realized only if neighborhood trends are favorable. Furthermore, increasing homeownership in central cities is also desirable because of its stabilizing impact on neighborhoods.

* Very-low-income families have incomes below 50 percent of the local metropolitan statistical area (MSA) median; extremely-low-income families have incomes below 30 percent of median MSA income.

EXECUTIVE SUMMARY

Finding # 4: The New Forces of Decentralization

The New Economy's advances in information technology, coupled with rising incomes, population growth, and infrastructure spending patterns, continue to drive residential and business development to the fringe. A new HUD analysis shows accelerating growth in land consumption, which threatens to undermine the quality of life in both cities and suburbs.

Improved information and communication technologies are encouraging the spread of jobs and people to the urban edge. But cities continue to have the inherent advantages of agglomeration—face-to-face contact, accessibility, and an already built-up, amenity-rich infrastructure, which have always been critical to economic growth and are valuable in the New Economy as well.

Cities' share of metropolitan jobs continues to decline. With a robust economy and cheap, open land on the urban fringe, businesses and housing are moving out to the periphery of metropolitan areas. In 1997, 57 percent of metropolitan-area jobs were located in suburbs up from 55 percent in 1992.

Population growth in suburbs relative to their central cities accelerated in the 1990s compared with the 1980s. Between 1990 and 1998, suburban population grew by 11.9 percent, compared with 4.7 percent for central cities. Central cities now house only 38 percent of the U.S. metro population compared with 45 percent in the 1970s.

At the same time, land is being consumed at twice the rate of population growth. Land use grew in the 1990s at approximately two times the rate of the 1950s. Between 1994 and 1997, land consumption in the U.S. grew by 2 percent—but population grew by just 1 percent annually. In all, an average of 2.3 million acres of land are being consumed annually, with a substantial portion for residential development on lots of more than one acre in fringe suburbs or smaller cities.

CONSEQUENCES FOR QUALITY OF LIFE IN CITIES AND SUBURBS

Rapid growth in land use has potentially negative effects on the environment, transportation, and infrastructure of both cities and suburbs. Significant unintended costs for all parts of the

EXECUTIVE SUMMARY

metropolitan area—cities and suburbs alike—accompany the rush to the periphery.

- ◆ **Environmental quality.** As land is developed, water and air quality are degraded. Water pollution results from increases in impervious surfaces. Parking lots, for instance, generate almost 16 times more runoff than a meadow for comparable land areas. Air quality is harmed by automobile emissions from increased driving and decentralized development. Despite cleaner, more efficient cars and stricter regulation of emissions of industrial pollutants, air quality in many metropolitan areas is worsening and raising concerns about public health.
- ◆ **Transportation.** Many suburban residents are experiencing longer commutes and increasing traffic congestion. As metropolitan areas stretch out, Americans are driving more and spending an increasing portion of their productive time in daily commutes. The number of vehicle miles traveled (VMTs) increased sixfold between 1950 and 1993. As a result, household expenditures on transportation are up in many cities—less so in communities with strong public transit systems. In fact, congestion and gridlock are contributing to a resurgence in transit ridership, which in 1999 increased by 4.5 percent—twice the rate of increase of motor vehicle travel.
- ◆ **Infrastructure.** New development at the fringe requires investment in new infrastructure while existing infrastructure in cities is underused. Decentralized and low-density development on the fringe does not capitalize on existing infrastructure capacity that is already present in central cities, creating burdens and costs for both central cities and suburbs. In effect, citizens are paying twice—both to maintain existing infrastructure, and also to build new infrastructure to support new suburban growth.

THE SOLUTION—LIVABLE COMMUNITIES AT THE CORE AND THE EDGE

The creation of livable communities requires reinvestment in the cities, smart growth practices, and regional connections that encourage cooperation among all communities.

- ◆ **Improving public safety and education are keys to livability in our cities.** After years of declining crime rates, the residents of many city neighborhoods have begun to feel safer. Crime is down for the eighth year in a row. But city crime rates are still

EXECUTIVE SUMMARY

"It's not all that complicated. People want neighborhoods with safe streets and good schools. They want good jobs that are not two hours away from home. They want housing they can afford and parks where kids can play. They want to get to work and run errands without spending hours stuck in traffic. They want clean air to breathe and clean water to drink. They want to live in a place that feels like a community."

Vice President
Al Gore

nearly three times those of suburbs. Gun violence remains a real threat to people's safety everywhere, but especially in cities.

Improving school quality is critical to the future of cities. If cities are to compete in the New Economy, they must provide a high quality school system for their youth. In recent years, mayors have made this a top priority. Some are seeing results—test scores are going up in Chicago, Boston, and elsewhere, but the dropout rate in cities on average remains one-and-a-half times the suburban rate.

- ◆ **Local land use/transportation management and planning play important roles in metropolitan development patterns.** A key to more livable communities is compact and mixed-use development, with amenities and open spaces supported by appropriate transportation infrastructure. Inadequate public transit systems limit access to suburban jobs by low-income residents in central cities.
- ◆ **Smart growth in the suburbs.** Smart growth is a cooperative way to rationalize growth, make the most of existing infrastructure, and take advantage of the unique qualities of developed and underdeveloped sections of metropolitan areas.
- ◆ **Strengthening the core is the win-win solution to creating livable regions.** Smart growth includes revitalizing the urban core through brownfields redevelopment, infill housing investments, and new business growth to take advantage of the untapped markets of our inner cities and older suburbs.
- ◆ **The answer to achieving livable communities lies in regional cooperation.** Cities and suburbs are beginning to envision a new template based on regional cooperation and joining forces to address issues that cross local jurisdictional boundaries—transportation, environmental protection, housing affordability, education, concentrated poverty, and economic development. The bottom line, local leaders are learning, is that cities need suburbs and suburbs need cities to prosper in the New Economy.

EXECUTIVE SUMMARY

PART TWO: BUILDING ON SUCCESS—A POLICY AGENDA FOR AMERICA'S CITIES AND SUBURBS

When President Clinton and Vice President Gore took office seven and a half years ago, the Nation was emerging from a period when the future of our cities—and the Federal role in urban policy—was in serious doubt. In an era of devolution, the argument was often heard that the Federal Government should abandon the field to the States, or to local governments.

This Administration has transformed the Federal role in our cities. It recognized, first, that if the Federal Government was to play a constructive role in our cities, the **solutions had to come from the bottom up**, built on creative partnerships between State and local governments and community-based organizations. Second, it recognized that the **Federal Government had to get its own house in order**—by reinventing its programs to be more responsive to local needs. Third, it recognized that stronger efforts had to be made to **work with private markets** in order to create jobs and opportunity in underserved communities. Finally, it recognized that cities and suburbs needed **both people- and place-based solutions** if they were to share in the economic growth of the new century.

The Administration has proposed a policy agenda that incorporates these fundamental principles and builds on the success of the past seven and a half years in expanding economic opportunity, building affordable housing, and creating livable communities in our Nation's cities and suburbs.

KEY COMPONENTS

The Administration's urban agenda is built around the following components:

- ◆ **Help all communities transition to the New Economy.** The President's New Markets Initiative is designed to increase the ability of underserved communities to gain access to the capital and technical expertise they need to take advantage of untapped labor and retail markets, and available land. Several initiatives aimed at bridging the digital divide will enable cities and workers to tap the benefits of new high-technology jobs. These initiatives will close the skills gap and increase economic opportunity for low- and moderate-income communities in the New Economy.

EXECUTIVE SUMMARY

- ◆ **Address the affordable housing crisis that threatens regional competitiveness and family self-sufficiency.** Providing increased assistance for rental housing is critical to reversing the growth of worst-case housing needs and homelessness—particularly in fast growing high-tech communities where economic growth is driving up rents faster than incomes. Closing the homeownership gap for underserved markets and in cities is another important element of the affordable housing crisis. And continuing the transformation of public housing begun two years ago will integrate public housing into the surrounding communities.
- ◆ **Tap into the benefits of diversity and a changing population.** As our Nation grows more diverse, we will need to ensure that housing markets remain open to minorities—both native born and immigrant—through tough enforcement of our Fair Housing laws. The President's One America Initiative put in place a sound foundation for increasing access to capital by minority businesses. And in light of the rapid "graying of America," HUD's Housing Security Plan for Older Americans will expand housing opportunities for our Nation's seniors.
- ◆ **Give cities the tools and resources they need to build safe and livable communities—smart growth on the metropolitan edge and revitalization of the urban core.** To counter the unintended consequences of development, the Administration's Livable Communities initiative aims to foster smart growth throughout metropolitan areas and encourage regional cooperation in efforts such as the preservation of open space and expansion of transportation choices. To strengthen and revitalize the urban core, the Administration is focusing on making streets safer and reducing gun violence, improving public schools, attracting private investment in cities, and supporting public-private and community and interfaith partnerships.

I. HELPING COMMUNITIES ADDRESS THE CHALLENGES OF THE NEW ECONOMY

Over the past seven years, the Clinton Gore Administration has successfully put in place the core ingredients needed for cities to take on the challenges of the new high-tech, information-based economy.

The underlying component of any urban economic agenda must be the continuation of **strong, fiscally prudent economic policies**. The second component is **increased access to capital and credit**

EXECUTIVE SUMMARY

in underserved communities. The third component includes programs and policies that **bridge the digital divide** between those people and communities with access to computers and high-tech skills and those without such access. The fourth component is to **investing in people**—through workforce development, job training and education.

- ◆ **Continue sound fiscal and economic policies of the past.** Between 1980 and 1992, the national debt quadrupled. In 1992, the budget deficit was a record \$290 billion and projected to rise. In 1993, the Congressional Budget Office projected a Federal deficit of \$455 billion in 2000. Instead, the surplus is projected to be \$167 billion—a turnaround of \$622 billion. billion. With a record \$2 trillion surplus projected over the next 10 years, the Administration is committed to continuing its policy of fiscal discipline, while at the same time continuing its investment in people.
- ◆ **Bring private enterprise and capital to distressed areas.** Although America's low-income communities have enormous untapped economic assets, these communities continue to face barriers to developing their business potential. The key barriers are the lack of access to capital and inadequate information for firms about market opportunities in these areas. To help close these information and capital gaps, this year, the Administration is proposing to continue and enhance a number of innovative programs.

The President's **New Markets Initiative** addresses urban revitalization in three ways: through core economic development programs which have proven to be successful, by using financial tools to increase the private capital leveraged by Federal investment, and by increasing the capacity of community-based organizations. The New Markets Initiative is designed to build a network of private investment institutions that will stimulate business investment in poor communities. President Clinton has highlighted the potential of the Nation's New Markets in three separate trips across America to underserved inner-city and rural communities—including Newark, New Jersey; Hartford, Connecticut; the Mississippi Delta, Appalachia, rural Arkansas, and the Pine Ridge Indian Reservation in South Dakota.

On May 23 of this year, President Clinton and House Speaker J. Dennis Hastert reached a landmark agreement on the key elements of the New Markets Initiative including authorization

EXECUTIVE SUMMARY

for America's Private Investment Companies (APIC); authorization for New Markets Venture Capital (NMVC) Firms; and New Markets Tax Credits designed to spur business growth in urban and rural areas; authorization and grant funding for Round II Empowerment Zones (EZs) and authorization of 9 new Round III Zones; expansion of the Round I Wage Credit and Round II Tax Exempt Bond Financing to all 40 EZs; creation of 40 Renewal Communities that will receive targeted tax benefits for businesses to locate in those communities; expansion of the low-income housing tax credit (LIHTC) volume cap from \$1.25 per capita to \$1.75 in 2001, indexing to inflation each year thereafter; acceleration of the increase in the volume cap for Private Activity Bonds; and allowing faith-based organizations to qualify for substance abuse funds. The Administration is now working with Senate leaders to complete enactment of these innovative initiatives to empower the Nation's low- and moderate-income communities.

A cornerstone of the New Markets Initiative is **APIC**, administered by HUD with support from the U.S. Small Business Administration (SBA). Just as America's support for the Overseas Private Investment Corporation (OPIC) helps promote growth in emerging markets abroad, APIC will encourage private investment in this country's untapped markets. The President and the Speaker's agreement authorizes HUD to guarantee up to \$1 billion in low-cost loans to match \$500 million in private investment for a total of \$1.5 billion per year in large-scale investments in underserved communities.

The **New Markets Tax Credit** will help spur \$15 billion in private equity investments and will be available to taxpayers who invest in certain privately managed investment funds and institutions which in turn use these funds to finance businesses locating or expanding in low- and moderate-income communities. The President's budget request for the New Markets Tax Credit will more than double last year's proposal at a cost of \$5 billion over 10 years. These tax credits will help to build a network of private investment institutions to funnel credit equity, and technical assistance to businesses in America's new markets.

The New Markets Initiative Agreement also authorizes SBA's **NMVC firms** that provide a combination of equity venture capital financing and technical assistance to small businesses in low- and moderate-income areas. SBA proposes to fund 10 to 12

EXECUTIVE SUMMARY

firms. The agreement between the President and the Speaker authorizes SBA to guarantee up to \$150 million in loans that will match \$100 million in private equity for a total of \$250 million. SBA will also have the authority to make \$30 million in operating assistance grants to match equivalent private commitments.

The Empowerment Zones and Enterprise Communities (EZs/ECs) Initiative so far has leveraged more than \$10 billion in additional public and private sector investment in community revitalization efforts. President Clinton and Vice President Gore proposed and signed legislation in 1993 that created the first round of EZs and ECs. In January 1999 a second round of EZs were designated by Vice President Gore. Today there are 31 EZs and 104 ECs across the country. The President's agreement with Speaker Hastert, currently pending Senate approval, calls for a third round of EZs, expands the EZ tax incentives, and commits \$200 million in discretionary investment for existing EZs.

The HUD Renewal Communities, a new proposal in the FY2001 New Markets Initiative, will be designated by HUD. These 40 communities (32 urban and 8 rural) will receive targeted, pro-growth tax benefits and regulatory relief. The tax benefits of Renewal Communities would address key hurdles facing small businesses when they are just getting started—raising capital and maintaining cash flow.

Expanded support for **Community Development Financial Institutions (CDFIs)** will stimulate investment in and revitalization of low-income communities by providing financial products and services directly to small businesses and individuals. Since its inception in 1994, the CDFI Fund has made more than \$190 million in awards to community development organizations and mainstream financial institutions. The FY2001 budget seeks \$125 million for CDFIs, a \$30 million increase.

These new and enhanced initiatives will join existing programs with a proven track record in community and economic development—programs such as HUD's **Community Development Block Grants**, **Section 108 Economic Development Loan Guarantee** and HUD's **Economic Development Initiative (EDI)/Community Empowerment Fund (CEF)**. This year HUD is requesting \$100 million in non-earmarked EDI grants, which will be used to create jobs and promote economic development and distressed areas, and those

EXECUTIVE SUMMARY

funds are expected to leverage \$500 million in federally guaranteed, privately issued Section 108 loan funds.

Brownfields—former industrial sites potentially in need of cleanup—represent a special challenge and opportunity for our cities. This year, the Administration is proposing to double HUD's **Brownfields Redevelopment** funding from \$25 million to \$50 million. In addition, the FY2001 EPA budget request includes nearly \$92 million for its **Brownfields Initiative**.

- ◆ **Bridging the Digital Divide.** To help make access to computers and the Internet as universal as the telephone, the Clinton-Gore Administration is proposing a comprehensive initiative to bridge the digital divide and create new opportunity for all Americans. The Administration's FY2001 budget includes proposals to broaden access to technologies such as computers, the Internet, and high-speed networks; provide people with the skilled teachers and the training they need to master the information economy; and promote online content and applications that will help empower all Americans to use new technologies to their fullest potential.

To increase private-sector involvement in bridging the digital divide, the Administration proposes \$2 billion over 10 years in tax incentives to encourage private-sector donation of computers, sponsorship of community technology centers, and technology training for workers. The Administration has a \$150 million **Teacher Training Initiative** to help train all new teachers entering the workforce to use technology effectively in the classroom.

The Administration's digital divide initiative also includes \$100 million to create up to 1,000 **Community Technology Centers** in low-income urban and rural communities and \$50 million for **Public-Private Partnerships for Home Access** to expand computer and Internet availability for low-income families, and more than \$100 million is proposed for USDA loans and grants to finance **broadband access** in rural areas. HUD is also proposing to expand its successful **Neighborhood Networks** centers in public and assisted housing. These centers provide computer access to residents combined with training and other educational programs. Over 500 are already in place, and another 500 are slated over the next year. Learning high-tech skills is the key to securing high-wage jobs in the New Economy. These

EXECUTIVE SUMMARY

initiatives will provide new opportunities for increasing these skills in low and moderate income communities.

- ◆ **Expand economic opportunity for individuals and families.** The Administration is proposing to strengthen several initiatives to help families and individuals move into the economic mainstream.

The Administration continues to develop a variety of creative initiatives to **help families move from welfare to work and make work pay for low-income families.** Expansions in the Earned Income Tax Credit (EITC) included in the President's 1993 Economic Plan are making work pay for 15 million low-income families, including former welfare recipients. In 1998, the EITC lifted 4.3 million families out of poverty. The Administration's budget proposes a nearly \$24 million plan to expand the EITC, providing as much as \$1,200 in additional tax relief to an estimated 6.8 million working families.

The Department of Transportation's **Access to Jobs** initiative helps communities design innovative transportation solutions, such as van services, to help former welfare recipients and other low-income workers get to work. In May 1999, Vice President Gore awarded \$71 million of these funds to 179 communities in 42 States, and the Administration have proposed doubling the funding for FY2001 to \$150 million. Over the past 2 years, HUD and the entire Administration has worked with Congress to secure 110,000 new housing vouchers to help welfare recipients and hard-pressed working families move closer to job opportunities and to get and keep jobs. This year, the Clinton-Gore budget included 120,000 new housing vouchers, including 25,000 proposed **Welfare to Work Housing Vouchers**, to help welfare recipients and hard-pressed working families move closer to job opportunities. And the **Welfare-to-Work and Work Opportunity Tax Credits** provide tax incentives to encourage businesses to hire long-term welfare recipients and other disadvantaged individuals. Because of the President's leadership, the 1997 Balanced Budget Act included \$3 billion in FY1998 and FY1999 for Welfare-to-Work grants to help States, tribes, and local communities move long-term welfare recipients and certain noncustodial parents into lasting, unsubsidized jobs. The Administration's FY2001 budget will give grantees an additional 2 years to spend Welfare-to-Work funds, ensuring that roughly \$2 billion in existing resources continues to help those most in need. The Administration's budget also proposes \$255 million

EXECUTIVE SUMMARY

for a new **Fathers Work/Families Win** initiative to provide competitive grants to business-led State and local workforce boards that work in partnership with community-based organizations and agencies administering child support, welfare reform, food stamps, and Medicaid.

Education and training have been a cornerstone of the Administration's agenda since 1993. In FY2001, the Administration seeks to build on these efforts and also to offer new initiatives to improve the educational and training opportunities needed for a strong economy and healthy communities. The Administration proposes to **turn around failing schools** by calling on States and school districts to identify and turn around their worst-performing schools—or shut them down. To address the mounting repair bill for the Nation's aging schools—estimated at more than \$100 billion—the Administration's proposed FY2001 Department of Education's budget includes \$1.3 billion for a new **School Renovation program** and nearly \$25 billion over 2 years in tax credit **School Modernization Bonds**. And the Administration is proposing to expand **Qualified Zone Academy Bonds**, which will offer tax credits equal to 50 percent of the amount of corporate sponsorship payments made to a qualified zone academy, public library, or community technology center that is located either in or near an EZ or EC, or that has at least 35 percent of its students eligible for free or reduced price lunches.

II. ADDRESSING THE AFFORDABLE HOUSING CRISIS IN OUR CITIES

Ironically, those markets with the highest economic growth often face the most severe housing shortages, which affect both low-income and middle-income residents, who find it increasingly difficult to obtain housing they can afford. The Administration is proposing a series of initiatives in FY2001 that will expand affordable housing opportunities for hundreds of thousands of families left behind in the New Economy.

These initiatives build on HUD's efforts under Secretary Cuomo to reform and restore public trust in the Nation's affordable housing programs. As a result of these reforms, HUD is back in the housing business—improving access to affordable rental housing, expanding homeownership opportunities, meeting special needs, and promoting and enforcing Fair Housing.

EXECUTIVE SUMMARY

- ◆ **Improving the affordability and quality of rental housing.** HUD has two main engines for making rental housing affordable: the Section 8 program, which subsidizes rents, enabling low-income families to rent privately owned housing; and public housing units owned and operated by local Public Housing and Tribal Housing Authorities.

Two years ago, HUD got back into the housing business with 50,000 new vouchers focused on moving families from welfare to work. Last year, 60,000 new incremental housing vouchers were approved by Congress. In addition to contract renewals for all existing Section 8 contracts, this year HUD is requesting \$690 million for 120,000 new vouchers—the largest such increase since 1981.

Two years ago, Congress enacted landmark bipartisan public housing legislation that brought working families into public housing without sacrificing our historic commitment to low-income and very-low-income persons. HUD's FY2001 budget continues our efforts to transform public housing with \$3.2 billion in operating grants and almost \$3 billion in capital grants for needed modernization. The Administration is also requesting \$625 million in FY2001 for HOPE VI, an increase of \$50 million over 2000 for this nationally acclaimed program that creates attractive mixed-income communities in place of distressed public housing.

- ◆ **Producing new housing.** For the first time since 1984, HUD will get back in the business of producing affordable housing to assist needy families in areas where affordable rental units are in short supply.

The Administration is proposing 10,000 new **Housing Production Vouchers** that will encourage the construction of at least 40,000 units of mixed-income housing.

Over the past decade, the **LIHTC** and **HOME** programs have been instrumental in creating hundreds of thousands of affordable housing units. The recent bipartisan agreement between President Clinton and Speaker Hastert will increase the cap on the LIHTC from \$1.25 to \$1.75 per capita and index the credit for inflation thereafter. This proposal would help to create an additional 150,000 to 180,000 units of affordable housing over the next 5 years for low-income families. The HOME block grant program helps construct, renovate, and acquire housing in low-income areas as well as provide tenant-based rental

EXECUTIVE SUMMARY

assistance to low-income families. The HOME and LIHTC programs may be used in conjunction with each other to make housing more affordable to lower income households.

During FY2001, the Federal Housing Administration (FHA) proposes to expand the use of its **Multifamily Insurance Programs** to create new housing affordable to the lowest-income Americans. FHA will also encourage the mixed-use development—commercial space alongside new housing that makes for more effective, stable, and walkable neighborhoods.

- ◆ **Expanding affordable homeownership.** For most American families, buying a home is the most important financial transaction they will make. While homeownership in our cities is at an all-time high, it still lags significantly behind the overall national rate. Several HUD programs are devoted to enabling Americans to close this gap.

For FY2001, the Administration is requesting that FHA be allowed to **increase the availability of single-family home insurance**, through individual loans of up to \$252,700. Also, in FY2001, FHA is proposing to develop a **new hybrid adjustable-rate mortgage (ARM)**, a more affordable product to be added to its single-family mortgage products. This new product will enable FHA to help 55,000 additional families become homeowners.

- ◆ **Homeless assistance and meeting special needs.** Over the past 4 years, funding for HUD's Continuum of Care has grown by approximately 45 percent—from \$823 million in 1998 to a proposed \$1.2 billion in FY2001. This year's request represents a \$180 million increase over last year.

III. ADDRESSING THE NEEDS OF A CHANGING POPULATION

- ◆ **Building One America.** The President has led the Nation in an effort to become One America in the 21st century: a place where we respect others' differences and, at the same time, embrace the common values that unite us. The President, the Administration and the One America Advisory Board were actively involved in public outreach efforts to engage Americans across the Nation in this historic effort. President Clinton appointed Robert B. (Ben) Johnson to follow up on his work as Director of the White House Office on the President's Initiative for One America, and has proposed \$5 million to support the Department of Justice's

EXECUTIVE SUMMARY

Citizens Academies and One America dialogues to promote and facilitate discussions on racial diversity and understanding.

- ◆ **Promoting and enforcing Fair Housing.** HUD is charged with enforcing the Fair Housing Act, which bars discrimination in housing on the basis of color, national origin, family makeup, religion and sexual orientation. Two major HUD programs are designed to attack housing discrimination through the Fair Housing Act—the Fair Housing Assistance Program (FHAP) and the Fair Housing Initiatives Program (FHIP). In FY2001, HUD's fair housing programs are proposed at \$50 million, a \$6 million (or 14 percent) increase over 2000—\$5 million for FHIP and \$1 million for FHAP.
- ◆ **Fairness for immigrants.** The President worked with Congress to correct the most egregious impacts of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. As a result, almost 1 million people will be able to proceed with legalizing their immigration status under the former standards of immigration law and not the new, stricter, and more burdensome standards enacted in 1996. The President has also made naturalization a top priority of the Immigration and Naturalization Service in order to continue fostering legal immigration while combating illegal immigration. In addition, the Administration fixed several provisions of the 1996 Welfare Reform law by restoring eligibility for health, disability, and nutrition assistance to hundreds of thousands of legal immigrants. The Administration's budget this year builds on this progress by restoring additional assistance to legal immigrant children, pregnant women, and certain elderly and disabled individuals.
- ◆ **Housing security for the elderly.** Recent decades have seen a monumental shift in America's population, with our elderly citizens leading longer, healthier, and more active lives—a shift that will only accelerate in coming decades. The challenge now is to meet the housing needs of this rapidly expanding population. In FY2001, the Administration proposes to strengthen housing programs for the elderly by increasing funding to \$779 million—\$69 million more than in 2000.

EXECUTIVE SUMMARY

IV. BUILDING SAFE, HEALTHY, AND LIVABLE COMMUNITIES

Increased economic growth in some areas may actually be undermining the livability and quality of life in communities at the fringe of metropolitan areas. Therefore, among the biggest challenges facing the Nation's urban regions is the need to sensibly manage growth. By cooperatively working to improve their livability and quality of life, cities and suburbs can create the context for economic redevelopment.

- ◆ **Encouraging smart growth.** The Administration's **Livable Communities Initiative** aims to help citizens and communities by preserving green spaces that promote clean air and clean water, sustain wildlife, and provide families with places to walk, play, and relax; easing traffic congestion by improving road planning, strengthening existing transportation systems; expanding the use of alternative modes of transportation; and fulfilling its obligation to be a good neighbor in America's communities.

Specific initiatives that are designed to assist communities in becoming more livable include **The Lands Legacy Initiative**, which builds on America's commitment to its natural environment through the preservation of our public lands and national treasures, and through partnerships with States and local communities to protect open spaces and natural resources. The FY2001 budget proposes to double last year's funding, for a total of \$1.4 billion. HUD's **Regional Connections Initiative**—proposed at \$25 million this year—will encourage communities to work across city/suburb jurisdictional boundaries and jointly address their shared interest in sensible growth. **The FY2001 President's budget proposes Federal tax credit bonds that will help communities clean up abandoned industrial sites, preserve green space, create or restore urban parks, and protect water quality.**

- ◆ **Expanding transportation choices.** To help ease traffic congestion, the Department of Transportation budget for FY2001 proposes \$6.3 billion for public transit, a 9 percent increase over FY2000. In addition to funding for public transit, the Administration is proposing \$1.6 billion for the **Congestion Mitigation and Air Quality Improvement Program** to help communities meet the requirements of the Clean Air Act, as well

EXECUTIVE SUMMARY

as \$52 million—50 percent above 2000—for the **Transportation and Community and System Preservation Pilot**.

- ◆ **Making communities safer.** Since 1993, America has experienced the longest continuous drop in the crime rate on record. Violent crime rate has fallen 27 percent since 1993, and the overall crime rate is the lowest in 25 years. Yet gun-related violence still poses a major threat: More than 30,000 people are killed and about 100,000 are injured by guns each year in the United States.

To help keep crime at record lows, the FY2001 budget proposes \$1.3 billion for the President's **21st Century Policing Initiative** including \$650 million to keep more police on the streets through the **Community Oriented Policing Services (COPS)** program, which is on course for funding up to 150,000 officers by the end of 2005. HUD's \$30 million **Community Gun Safety and Violence Reduction Initiative** will help address the critical issue of gun violence in and around the communities HUD serves. Under the **Gun Buy-Back and Violence Reduction Initiative**, HUD is authorizing public housing authorities, working with local police departments, to use a portion of their Drug Elimination Grant funding to reduce the number of guns in their communities by purchasing them from their owners. The **Officer Next Door Program** provides incentives for police officers to live in the communities where they work by offering a 50-percent discount on the purchase of HUD-owned foreclosed properties in locally designated revitalization areas.

- ◆ **Empowering communities through public-private and faith-based partnerships.** For FY2001, HUD is proposing a new \$20 million **Community and Interfaith Partnerships Initiative** to help community and faith-based organizations in their efforts to supply affordable housing, create economic opportunity, promote the goal of fair housing, and increase the effectiveness of such HUD programs as Section 8 vouchers.

June 3, 1997

copies for: Elena Kagan
Paul Weinstein
Tom Freedman
Jonathan Prince



Bruce,
This is an outline for a HUD
report that we would release at
the Conference of Mayors this month.
Hopefully, the President's speech would
reinforce the report and vice versa.
I'll follow up with Jonathan if
that's okay.

Office of the Secretary
U.S. Department of Housing and Urban Development

Thob
Sch

DRAFT OUTLINE

STATE OF THE CITIES REPORT

I. INTRODUCTION: In January 1997, the President asked a simple question, "How are the nation's cities doing?" (Optional)

II. 1970-1990 -- Decades of Decline

From 1970 until 1990, the nation's cities became poorer and many became smaller. The rate of poverty increased, the rate of crime increased, education rates fell and the quality of life declined. During the 1980's, employment in suburbs increased at twice the rate of central cities. Only 11 of the 30 largest cities in 1970 had more people in 1990 than in 1970. Overall suburbs grew four times faster than central cities. In addition, the rate of violent crimes doubled from 1970 to 1990. Federal Government had done little to help. The urban future was dim.

III. 1990's -- Cities Doing Better

Overall, cities in the '90's are rebounding. After the 1990-91 recession, the economic resurgence has helped revitalize cities. The United States is now in the sixth year of a remarkable economic expansion. Over 12 million new jobs have been created since January 1993. For the first quarter of 1997, the economy grew at an exceptional annualized rate of 5.8 percent, and unemployment dropped below five percent for the first time in 24 years.

Generally, city officials are quite optimistic about their ability to maintain current levels of service without raising additional revenues. However, there are problems.

- A. Bigger does not mean better. While cities overall are doing well, the results are mixed among different cities in different regions of the country. A notable exception to the resurgence are larger cities: only half of the ten largest cities have more employed residents today than in 1990.
- B. Progress is relative. Cities have not progressed at the same rate as suburbs. Since 1970, the number of employed city residents has risen at a rate only half as rapid as the United States as a whole and barely one-third of the rise for suburbanites. Central city population grew by almost 2 million between 1990 and 1994. But, while the U.S. as a whole has gained 12 million jobs since 1990, suburbs have gained the lion's share.
- C. Workforce/skills mismatch. To aggravate the urban employment situation, there is a mismatch between the urban workforce and the jobs that are being created in cities. Of the new service jobs being created, cities are creating less than 20% and suburbs more than 80%. At the same time suburban communities are creating more of the low-skilled jobs, they house more high-skilled workers.
- D. Concentration of Poverty. While the rate of poverty is down, the concentration of poverty in central cities is up. Today, 45 percent of the nation's poor live in cities, up from 38 percent in 1970. At the same time, the central city poverty rate increased from 14 percent in 1970 to 21 percent in 1995.

IV. Challenges Ahead

The failure of cities, to keep pace with the rest of America, the jobs/skills mismatch, the plight of larger cities, the concentration of poverty is then compounded by the challenges of welfare reform and immigration.

- A. Welfare reform. Welfare reform will require jobs for the millions moving off AFDC. It is expected that we will need 3 million jobs for people coming off welfare in cities. These jobs are needed over the next 2 to 3 years. However, over the past 3 years -- even with the strong economy -- we only created employment for 2 million people in central cities. This challenge will highlight the fact that more jobs are being created in the suburbs while more poor are living in the cities. This problem is exacerbated by the fact that the low-skilled jobs are located in the suburbs and the high-skilled jobs in the cities. The larger cities--which are not doing as well to begin with--will face the greatest challenges.
- B. Immigration. The 1980's saw the highest rate of immigration since the early 1900's, exceeding nine million immigrants. However, the increase in immigration over the next decade is forecasted to exceed even that mark. The vast majority of new immigrants settle in the nation's "gateways": cities such as Boston, New York, Miami, Chicago, Los Angeles and San Francisco. Immigration brings special challenges and opportunities. It brings new energy, talent and resources. It also challenges educational systems, i.e., the Los Angeles school system now hosts 75 different languages. The urban economies will also need the new jobs to employ these workers--on top of the new welfare workers.

V. Our Agenda

The Clinton Administration anticipates these challenges and has crafted a comprehensive agenda to address them. By principle, we have moved away from top-down Federal programs which dictated local action and bred dependency--to bottom-up empowerment initiatives which foster independence. The specifics include a second round of empowerment zones, welfare to work, EITC, homeownership, Brownfields, Pell and Hope scholarships, and first and foremost, a balanced budget to keep the economy strong.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

HUD

JUN 11 1997

MEMORANDUM

To: Erskine Bowles
Frank Raines

cc: John Koskinen
Josh Gotbaum
Sylvia Mathews
Vicki Radd

From: Michael Deich ^{MD}
Steve Redburn

Subject: Briefing from Secretary Cuomo on HUD's Management Plan

On Monday, Secretary Cuomo will brief you on his plan to correct long-standing management deficiencies by changing both HUD's organizational structure and the way in which HUD does business. The plan is both sweeping and detailed, touching all parts of the agency. More than a reorganization plan, it seeks to change the basic culture of the agency and address some of the specific management weaknesses that have been identified by the HUD Inspector General, the GAO, the National Academy of Public Administration, and OMB. Some of the proposed changes can be implemented under current law; others would require enactment of legislative changes recently proposed by the Administration.

Although we believe that the plan could be strengthened further, we are impressed by the logic and practicality of the proposed changes. In our judgment, many of HUD's most informed critics are likely to agree that the plan, *if implemented*, would gradually but very substantially improve HUD's performance. We recommend that you offer both your support for the plan and any assistance he may need in seeing through its implementation.

Major Elements in HUD's Plan

(1) Clarify lines of authority and integrate administrative functions across program offices. To a substantial degree, the operations of previously autonomous program offices will be brought under a central chain of command. In addition, similar administrative functions that have been performed separately by each of the major program offices will be merged into one of three joint centers: one center will handle grants administration; another will process Section 8 rent subsidy payments; and a third will standardize assessment procedures for both public housing authorities (PHAs) and privately owned, federally subsidized housing projects.

(2) Modernize and integrate financial management systems. The lack of integrated, reliable financial systems has been a major weakness at HUD, contributing to many other problems. Although budgets for information systems have increased, major gaps remain. HUD's management plan will elevate the CIO position to one reporting directly to the Secretary, revamp the IT organization, and integrate major IT decisions into the Department's overall budget process. In addition, HUD will hire Treasury's Center for Applied Financial Management to conduct a 90-day review of all HUD financial systems and then to manage the delivery of new integrated systems under a very ambitious 15-month schedule. HUD staff are now working to address concerns raised by OMB about the speed of the proposed implementation schedule for IT investments.

(3) Create a new enforcement division. The enforcement functions previously performed by separate program offices will be combined into a single enforcement division. The new division will:

- *Take action against troubled local public housing authorities (PHAs).* PHAs that receive failing scores from the new assessment office will be referred to one of the enforcement division's two "troubled agency recovery centers." Under the Administration's recently proposed housing legislation, the PHAs would have one year to correct problems or be remanded automatically into either judicial or administrative receivership.
- *Oversee a large-scale cleanup of privately owned, but FHA-insured and HUD-subsidized multifamily projects.* Of the 30,000 private, multifamily projects that receive HUD low-income (Section 8) rent subsidies and/or have FHA-insured mortgages or other HUD financing, at least 5,000 and possibly as many as 7,500 are financially troubled. With the help of private contractors, the enforcement division will undertake an RTC-like operation that will either turn around or dispose of all troubled projects within three years. *HUD's use of contractors is likely to be politically controversial.* In many instances, HUD will have to balance the interests of owners and lenders against the interests of tenants and communities. We believe that HUD will be able to use private contractors successfully in an enforcement role only if HUD first clarifies further the contractors' responsibilities and authorities. HUD and OMB will begin next week to work out the needed clarifications.

- *Sanction grantees who fail to comply with program requirements.*

(4) Establish a performance-based system for program managers. Program managers at HUD often have not been held responsible for the financial integrity or results of their programs. The management plan calls for correcting this fundamental structural problem by running HUD more "like a business." HUD will redefine managers' responsibilities and incentives. Monitoring, auditing, and personnel evaluations will be revised. The budget office will be brought under the CFO, who will have a strengthened role relative to program offices in ensuring financial integrity and assessing risks for new programs. To link budget, performance measures, and program delivery, the CFO will oversee a new integrated information system for financial and performance monitoring and reporting.

(5) Make field offices "customer-friendly". As administrative and enforcement functions are consolidated elsewhere, HUD's field offices will be transformed into storefront "service centers" for communities. Field office personnel will receive special training in finance, real estate, economic development and community affairs/media relations. Field offices will support the creation of integrated community service plans and will provide feedback to HUD central offices from communities and other customers.

Issues Not Addressed in HUD's Plan

Restructuring FHA and Ginnie Mae as Performance-Based Organizations (PBOs). HUD previously has supported Administration proposals that would have restructured both FHA's mortgage credit program and Ginnie Mae as PBOs. In response to a request from OMB, HUD will soon provide a new PBO proposal for Ginnie Mae. HUD remains skeptical, however, about the political prospects for restructuring FHA as a PBO. In our view, however, HUD's plan to downsize FHA dramatically is more likely to succeed if FHA's slimmed-down mortgage credit operations are allowed the personnel and procurement flexibilities of a PBO. We continue to discuss the issue with HUD.

Need for further programmatic reforms. The management plan contain no new legislative proposals to change the programs for which HUD is responsible. Yet existing federal housing programs have given rise to a multiplicity of labor-intensive relationships between HUD and numerous local governments, housing authorities, private property owners, and others. Successfully managing these relationships may require not only internal reforms at HUD, but also more fundamental changes in the structure of the programs themselves. We expect to resume this broader policy discussion as part of OMB's review of the strategic plan and in the 1999 budget process.

POSSIBLE TALKING POINTS

- If this plan is implemented, I believe that it will significantly affect not only HUD's performance, but also the willingness of Congress and the public to support HUD's mission.
- I want to help this plan succeed. Is there any specific way that I can help you implement the plan?
- In the past, HUD has proposed managing FHA's mortgage program as a Performance-based Organization (PBO) that would operate more like a business but remain accountable to the Secretary for results. Would you consider embracing this proposal as part of your new management plan?
- Critics of HUD often argue that the agency's management problems stem in part from the multiplicity of programs and missions that it undertakes. Could you identify any programmatic reforms that might simplify and reduce HUD's management burden?

This Day is From Cuomo

BACKGROUND ON "HUD 2000 MANAGEMENT REFORM PLAN"

On June 17th, 1997 HUD will unveil a bold and sweeping management reform plan. We have developed this plan over the last six months, working with "change agents" throughout the Department and with input from outside experts, including Ernst & Young, David Osborne (author of Reinventing Government) and James Champy (co-author of Reengineering the Corporation).

Responding to Change: Since the 1980s, HUD has been criticized by the Congress and its own Inspector General for failing to modernize operations and for being susceptible to waste, fraud, and abuse. HUD is, in fact, the only *entire* federal agency designated by the General Accounting Office as "high-risk". Despite significant improvement in the last few years, HUD remains a symbol of inept government; this plan puts HUD on a new track and aims to restore public trust in the agency.

Revitalizing HUD's Mission: Getting HUD's house in order requires us to focus on two missions:

- Mission #1: Empower people and communities to help themselves.
- Mission #2: Restore the public trust by demonstrating competence.

Reinventing HUD's Management: The plan's changes can be clustered around six core reforms:

- Unify the Department by consolidating common business functions. Currently, each program office works independently, creating duplication and confusion. Where it is needed, we will also privatize using outside experts. HUD will also consolidate or eliminate many programs.
- Modernize and integrate HUD's 87 separate, and often dysfunctional, financial management systems. Implement Department-wide Secretary Cuomo's award-winning ATM-like "mapping" software that allows communities to see the impact of HUD funding in their area.
- Create a new Enforcement Division and "Public Trust Officers" focused on cracking down on waste, fraud, and abuse and better monitoring HUD's programs and stock of 10 million housing units. Also create a consolidated Assessment Center from which HUD, for the first time ever, will do a comprehensive assessment of its public and assisted housing portfolios.
- Recruit a new generation of community leaders and provide them training at a top university to become "Community Builders" – the new face of HUD helping empower communities.
- Create systems to measure the performance of HUD employees, programs, and operations.
- Change HUD from a top-down bureaucracy to a bottom-up, customer-friendly organization by consolidating routine work into back-office processing centers and opening "store-front" neighborhood service offices from which "Community Builders" can serve communities.

While we reduce staff from 10,500 employees to 7,500, restructure our operations, and dramatically consolidate and eliminate HUD programs, our long-term budget will continue to rise through the Year 2000 – which means the new HUD will truly be doing more with less – getting a greater portion of our resources out of Washington and into America's communities.



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

December 20, 1995

MEMO TO: Bruce Reed
FROM: Henry Cisneros
RE: Continuing Reinvention of HUD

As you know, we have been working on the continuing reinvention of the Department of Housing and Urban Development. The central thrust of our plan has been to create a "right-side up" department that is organized to put community partnerships in the forefront of its work. The reorganization we propose is particularly necessary in light of the very tough budget environment. Because our mission and methods are changing, we propose changing the agency's name to the U.S. Department of Homes and Communities.

This paper may be more than you want to read about HUD, but some of the ideas in it about how the Federal government relates to communities may be useful to you in broader ways. I'd appreciate your thoughts on whether in your opinion these concepts ought to guide the Department's 1997 budgeting and transformation.

Have the most restful holidays you can - thanks!

I'd welcome your advice on the basic directions in this plan. I am uncertain, for example, about the name change - I'd like your thinking on it. I hope the themes in this document may have broader usefulness in the FY-97 messages, State of the Union, and 1996 positions.

*Chris
Collins*



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

Card:
HUD
THIS IS THE
MOST INNOVATIVE
THOUGHT HUD HAS
GIVEN TO REINVENTION
SINCE WE'VE BEEN
HERE... TO BAD
IT DIDN'T COME
DECEMBER 5, 1994 SOONER.
CROSS
PROPOSAL IS
CONSOLIDATION
OF HUD
PROGRAMS INTO
3 BLOCK
GRANTS
BY
YEAR 2000
- P.W.

TO: Robert Rubin
FROM: The Secretary

The President's priority from the beginning of his Administration has been to increase economic opportunity for all Americans. The latest economic figures show that his program is working. However, many poor and working Americans are not participating in the revitalization of the economy.

HUD traditionally has had as its constituency the poorest of the population and the nation's disadvantaged communities. We have been reflecting for some time about how to focus the mission of this agency so that it serves as a positive economic force for these individuals and communities. Only when families have income and opportunity can other aspects of their lives be stabilized. Without a healthy and stable living environment, families cannot prosper; babies cannot be nurtured; children cannot learn in school; and parents cannot develop job skills and contribute to society.

Our conclusion is that it is possible for HUD to be a force that provides growth, opportunity and prosperity to communities and the people who live in them. Today HUD is perceived as an agency that subsidizes failed solutions to urban processes. With a change in approach, the federal government can be an investor in local efforts to provide decent, affordable housing and community-based economic development. And we can provide hope for poor and middle class people who have watched their quality of life diminish even while they play by the rules.

We propose that the President charge us to dramatically re-cast the mission of this agency. As a symbol of this new day, I recommend that the agency be re-named the "Department of Community Investment and Housing."

We would focus on three major goals:

- **Clinton Federalism:** States and localities, working through a myriad of public and private partners and with the support of citizens, know best how to set community and housing priorities and make them a reality. Consequently, we propose a plan that would result in the consolidation of all our grant programs into a flexible, performance-based, entrepreneurial system where

states and localities are given two checks annually, one to address housing needs and another to stimulate community-based economic development activity that creates jobs for the poor and middle class.

By merging over a dozen major programs, streamlining rules and regulations, and substituting performance goals, we would devolve responsibility to states and localities, holding them accountable for results. We would use state-of-the-art technology to make this information available to the general public so they can see where and how their funds are being spent.

We would craft a strong, but simple, test of performance. For the housing block grant, we would require that all funds benefit low- and moderate-income persons, with preference for persons who are working or ready to work, and insist that fair housing rights be guaranteed. We would measure states and localities on how well they house large families, elderly, disabled and homeless people, and enable first-time homeowners. For the community economic development program, we would measure how many jobs for lower-income people are produced and how many businesses in disadvantaged communities are created.

- **Transform Public Housing Into Opportunities for Individual Empowerment:** There may be no greater illustration of our failure to use our resources to improve individuals than our public housing program. Too many people are forced to live in warehouses where society's worse dysfunctions thrive. We will change this, in part by changing how we deliver housing and in part by requiring residents to play by the rules.

In a several stage process, we would get the federal government out of the business of public housing. First, we would de-regulate all public housing authorities. Those that are not performing well would be turned over to states and localities, or HUD would step in to turn them around. Housing authorities would demolish failed high rises, relocate residents through vouchers, and give preference to those who are working or prepared to work. Over time we would consolidate public housing funds and, ultimately, add these funds to the housing block grants we provide to states and localities. At that point, housing authorities would be expected to compete with nonprofit housing providers, for-profits and others in the community to use federal funds to provide housing.

Public housing would also become an opportunity, not a right. Able-bodied residents would be expected to contribute to the upkeep of their developments and participate in other community services. Evictions proceedings for troublesome residents would be streamlined and expedited. Residents would be screened to reward those who play by the rules.

- **Reinvent HUD:** In a emblem of a new approach to government, we would

transform our housing insurance funds into a government-owned corporation. In the sixty years since it was created, the Federal Housing Administration (FHA) has helped over 21 million American families become homeowners. By employing proven business approaches, the federal government would reclaim its reputation of providing housing insurance for first-time homebuyers, minorities, new immigrants and others who have historically been unable to realize the American dream and affordable rental housing through partners at the local level. And we will fulfill this important public purpose using modern financial tools and practices that will enable us to operate in a cost-effective manner.

This new Department of Community Investment and Housing would continue to fulfill its core mission of providing housing and economic opportunity. The difference is we would do it in a way that values performance over process, and recognizes that states and localities know better than Washington how to steer their destinies.

I believe that mayors and governors would find this new approach particularly appealing. New York City, for example, could receive close to \$2 billion, using this new approach. Mayors and governors decry unfunded mandates. This approach is unmandated funds. The strings we attach to these two checks would be kept to a minimum. In return for removing a restrictive, inefficient bureaucracy, we will expect results -- jobs for people willing and ready to work, homeownership for the middle class, affordable apartments that are of sound quality, fewer and fewer homeless people on our streets, safe harbors for our elderly, housing opportunities for disabled men and women, and approaches that eliminate discrimination and provide real choice for people.

Finally, this Department of Community Investment and Housing would have significant impact on the federal budget, beginning in fiscal 1996, with the first major steps toward this comprehensive consolidation and refocusing of our mission. We estimate that the size of this agency could eventually be cut by at least 35 percent over time. Given the efficiencies we think this two-program block grant approach will achieve, we believe the overall investment to states and localities could be cut as well, to assist the Administration in achieving budgetary targets in the years ahead.

The attached chart demonstrates how the department could step-by-step shrink from dozens of disparate, duplicate programs to 10 programs in fiscal 1996 and ultimately three programs in fiscal 2000.

I welcome your thoughts and the opportunity to advance bold changes that reflect your priorities.

DEPARTMENT OF COMMUNITY INVESTMENT AND HOUSING

Current	FY 1996	FY 1998	FY 2000
Public and Indian Housing PIHH Development PH Major Reconstruction PH Outraged Housing PIHH Modernization PH Vacancy Reduction	Public and Indian Housing PIHH Capital Fund PIHH Operating Subsidies	Public and Indian Housing PIHH Fund Section 8 Rental Assistance	FHA Corporation Housing Block Grant Economic Development Block Grant
PIHH Operating Subsidies Community Partnership Against Crime PH Child Care Tenant Opportunity Program Family Investment Centers Family Self-Sufficiency Coordinators Public Housing Coordinators Youth Apprenticeship	Section 8 Rental Assistance FHA FHA Corporation	FHA FHA Corporation	
Section 8 Certificates Section 8 vouchers	Housing Quality Fund	Housing Quality Fund	
PH Loan Guarantees Native American Finance Service Org.	CPD	CPD	
FHA FHA single family authorities National Homeownership Fund Housing counseling FHA multifamily authorities perman fund certificates FHA manufactured housing FHA hospital insurance Flexible Subsidy Section 8 Loan Management Set-Aside Service Coordination Elderly Housing (202) Housing for the Disabled (811) Congregate Housing Services	CDBG HOME Homeless Block Grant Fair Housing Fair Housing Enforcement	CDBG HOME Fair Housing Fair Housing Enforcement	
CPD CDBG Historically Black Colleges Work Study Program Joint Community Development Community Outreach Partnership Centers			
Economic Development Initiative Colonias HOMB			
Shelter Plus Care Section 8 SRO Emergency Shelter Grants Supportive Housing Safe Havens Rural Homeless Section 8 Certificates for the Homeless Housing Opportun. for Persons w/ AIDS Section 8 Certificates for AIDS			
Fair Housing Fair Housing Initiatives Program Fair Housing Assistance Program Section 8 certificates for Persons with Disabilities			

EXECUTIVE OFFICE OF THE PRESIDENT

06-Dec-1994 10:47am

TO: Gene B. Sperling

FROM: Paul R. Dimond
National Economic Council

CC: Christopher F. Edley, Jr
Sheryll D. Cashin
Paul J. Weinstein, Jr

SUBJECT: HUD

Gene,

As you know, Secretary Cisneros has sent a proposal to totally transform HUD into three basic funding streams and mission: a quasi-independent FHA Corporation, a Housing Block Grant, and an Economic Development Block Grant. Although a five-year transition is proposed to get to this structure, this basic outline of reorganization makes basic sense to me. There are still, however, serious budget and policy issues that we need to clarify and explore:

1. What is the business of the FHA corporation -- is it retail or is it partnering with other mortgage lenders and GSE's? Some combination? How do we reduce the risks of federal liability for FHA actions?
2. In the Housing Block Grant, what are the criteria of performance that will drive the current system of PHA's and project-based subsidies to more-market-driven programs (including e.g., vouchers, with time limits for self-sufficiency?; tearing down dysfunctional public housing?)
3. In the economic development block grant what are the criteria of performance that will drive the mayors to leveraging the funds with private investment rather than using the money to muscle projects alone or to defray the costs and assuage the pleas for city/social services? How does this fit with the overlapping programs of Commerce (EDA) and EPA (revolving water and sewer, superfund, brownfield) and the similar economic development programs of Agriculture? What is the role and relationship, if any, to regional/state infrastructure and economic development banks (and to CD banks?)
4. Finally, there are major budget implications, issues, and options that need to be spelled out. Chris, I think it's time to think about what is in the pipeline for the next five years, as well as pending now, so that we can begin to get a better handle on the real orders of magnitude of the choices here: can you include this in your ongoing review now (or get HUD to do it?)

In sum, I think this is a major stride forward in terms of direction and reinvention. But basic policy issues and choices remain that may require your

attention. My recommendation is that Chris take the lead in the budget process, but include us in the discussions as we move along over the next ten days. Chris has been most helpful in stimulating HUD (and I've been cheerleading on the side with Cuomo, Stegman, and Katz).

If my suggestions raise any questions don't hesitate to speak up.

Dimond aka Paul



Syji → Rev. Jackson ✓
Walt Whitman - Cook ✓

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

April 8, 1994

Walt Whitman - Cook

MEMORANDUM TO: The President

FROM: *Henry Cisneros*
Henry Cisneros

The purpose of this memorandum is to apprise you of HUD's work with the Reverend Jesse Jackson and with All-Pro defensive end Reggie White and his newly-created National Society of Nehemiah.

Reverend Jesse Jackson

Since Mack McLarty and I met with Reverend Jackson last December, HUD has been developing a closer working relationship with him. One recent example of this new relationship was a meeting last month at HUD between Rev. Jackson and all of HUD's Assistant Secretary-level staff to discuss HUD and Administration priorities, including the Crime Bill. I do not believe we can alter his unyielding opposition to the "three strikes and you're out" provisions. He regards them as racially loaded, but he was surprised to learn the full extent of the youth, recreational, training, and job programs which you have included in the most recent versions. For your information, he uses the interesting and appealing rhetorical device of rejecting "three strikes and you're out" in favor of "four balls and you're on." (Ball One - youth guidance programs; Ball Two - well funded education; Ball Three - job training; Ball Four - Employment.)

Last week, Rev. Jackson, along with the Vice President, Secretaries Reich and Espy, Director Lee Brown, Attorney General Reno, Eli Segal, and Bob Rubin, delivered a plenary address before more than 2000 housing and community development activists and state and local officials at HUD's national community development conference, "Building Communities: Together." He spoke very personally about his experiences growing up in public housing and the importance of role models, the grassroots nature of the civil rights movement, and the importance of grassroots leadership for community empowerment today.

We will work closely with Rev. Jackson on HUD's plans to co-manage the D.C. Public Housing Authority with Mayor Kelly. And we are together mapping out an approach to building a network of church-based non-profits who can serve as HUD's building blocks

for housing, youth programs, and other community development programs in selected cities. We will keep you posted.

Reggie White - National Society of Nehemiah

On the same theme of religious institutions in community building, I recently traveled to Mobile, Alabama, to meet with the creators of a church-based network of community development corporations, the National Society of Nehemiah. The Society is led by Reggie White, an ordained minister and All-Pro defensive end for the Green Bay Packers, and John Smith, the former Mayor of Prichard, Alabama, and currently an engineering professor at the University of Wisconsin-Madison. I am very impressed with the professionalism, administrative safeguards, and clear expression of purpose of the leadership team. Reggie White is especially impressive in his religious commitment to poor communities and his public message. He is a charismatic figure who should be invited to share the podium with you on an appropriate occasion when you announce community development initiatives at the White House. His message would resonate as an athlete, celebrity and sincere community-builder.

The Society is creating a network of CDCs in the following cities: Detroit, Kansas City, Mobile, Philadelphia, Knoxville, Orlando, Miami, Charlotte, New York, Dallas, and Chattanooga.

They are a classic example of the type of group which will benefit from the National Community Development Initiative, our partnership with seven foundations to build CDC capacity for low income housing development. The Society is part of a larger White and Smith initiative called the "Crusade to Emancipate the Inner City" which will include an organization to establish and manage community development banks.

Their work is a good example of the kind you described in your Memphis speech last October. We will work to tie them into our existing and proposed efforts, including the empowerment zone/enterprise communities and the community development financial institutions.

CC: The Vice President
 Mack McLarty
 George Stephanopoulos
 Christine Varney
 Carol Rasco
 Bob Rubin
 Jack Quinn
 Marcia Hale
 Alexis Herman

**QUICK REFERENCE TO HUD PERSONNEL
CLINTON ADMINISTRATION**

Position	Name	Telephone
Secretary	Henry Cisneros	(202) 708-0417
Deputy Secretary	Terrence Duvernay	(202) 708-0123
Chief of Staff	Bruce Katz	(202) 708-2713
Assistant Secretary for Community Planning and Development (CPD)	Andrew Cuomo	(202) 708-2690
Assistant Secretary for Housing/FHA Commissioner	Nick Retsinas	(202) 708-3600
Assistant Secretary for Public and Indian Housing	Joe Shuldiner	(202) 708-0950
Assistant Secretary for Fair Housing and Equal Opportunity	Roberta Achtenberg	(202) 708-4252
Assistant Secretary for Administration	Marilynn Davis	(202) 708-0940
Assistant Secretary for Policy Development and Research (PD&R)	Michael Stegman	(202) 708-1600
Assistant Secretary for Congressional and Intergovernmental Relations	Bill Gilmartin	(202) 708-0005
Assistant Secretary for Public Affairs	Jean Nolan	(202) 708-0980
Assistant Secretary for Federal Housing Enterprise Oversight	Aida Alvarez	(202) 708-9892
Director of the Office of Special Actions	George Latimer	(202) 708-1547
Inspector General	Susan Gaffney	(202) 708-0430
General Counsel (Designate)	Nelson Díaz	(202) 708-2244
Chief Financial Officer (Designate)	Edward DeSeve	(202) 708-3532
Special Assistant to the Secretary	Marc Weiss	(202) 708-2632

HUD Address: 451 Seventh St., S.W., Washington, D.C. 20410

REPORT FROM THE FIELD:

Chicago Association of Neighborhood Development Organizations

Ted Wysocki, Executive Director of the Chicago Association of Neighborhood Development Organizations (CANDO), attended the NNC Forum and brought members up-to-date on his organization's activities.

Before beginning his report, Wysocki commended NNC for the "substance of the discussions" at the monthly forums. "With all of the literature that passes my desk, I make sure that the NNC newsletter is always reading to and from work. So it makes my top ten list of what I try to read every month."

Wysocki reported that CANDO is supporting and monitoring five national legislative initiatives because of their potential impact on Chicago:

(1) **National Community Economic Partnership Act.** CANDO feels that HUD "might be a nice home" for this program and has been encouraging President Clinton to consider the Act as a key component in making Empowerment Zones work.

(2) **Empowerment Zones.** CANDO supports the concept of a tax credit for nonresidential real estate in communities. There are a number of communities that are willing to form partnerships with community development corporations, Wysocki said, and a tax credit for community development can be a key financial tool not only for industrial and commercial real estate in communities, but also for other nonprofit building activities such as day-care facilities.

(3) **Abandoned Land Reuse Act.** In Chicago, Wysocki said, "our distressed communities are filled with contaminated properties and you cannot redevelop community development real estate without cleaning up these properties. We will be considering these lands to lay follow unless there are some new funds to do that." This legislation provides another way for HUD to become involved in community economic development, he added.

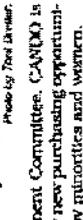
(4) **Community Development Financial Institutions Initiative.** CANDO has been advocating that federal funds should go to nonprofits and community development corporations.

(5) **Small Business Lending.** Wysocki predicted that the issue of small business and minority business lending will be tied to small business loan disclosure and this will be part of the larger Community Reinvestment Act package in the future.

In addition to CANDO's legislative agenda, Wysocki described some of the 15-year-old organization's pro-

grams. Its first focus was on commercial real estate businesses in older neighborhood shopping districts.

In the early 1980s, CANDO designed a facade repair program that has been very successful in encouraging neighborhood investment. \$4 in private funds have been leveraged for every CDBG dollar. Minority and women business development has been a primary program area for CANDO.



Ted Wysocki, Executive Director of CANDO.

Through its Minority Women Business Development Committee, CANDO is involved in trying to identify new purchasing opportunities for businesses owned by minorities and women.

Over last year, CANDO has been concentrating on the dilemma of finding surety bonding for minority contractors. Wysocki explained that "the whole opportunity for minority firms to bid on new jobs is great, but there's a catch: 22 that you can't get the financing if you can't get the surety bonding. There's really been a difficulty with the insurance industry in that area."

CANDO has been the major advocate in Chicago for industrial development. Wysocki said, "This includes advocating for more infrastructure investment in industrial areas, the development of new industrial parks in the city, job training, modernization, a whole range of industrial issues that we feel are critical to finding jobs for low- and moderate-income people in Chicago."

Other areas of CANDO's community economic development activities include arranging business financing through the Small Business Administration's 508 program; developing building partnerships through the Community Reinvestment Act; particularly providing small business and mixed-use financing; and micro-lending through a self-employment loan fund.

In addition, CANDO also is involved, along with other groups, in monitoring how Chicago spends its capital on infrastructure—what the city is putting back into the neighborhoods in terms of streets, public transportation, and other issues.

Wysocki said CANDO is involved in the Community Arts and Development Group which is trying to en-

courage community arts groups to work with community development organizations and look at providing centers for these communities, in some cases multifunctional and in others focused on the culture of that community.

Wysocki chairs the long-range task force of The Chicago Initiative, which was formed after the Los Angeles riots. Last year 26 corporations raised \$2.6 million that was used for summer programming, and \$2 million was raised for this summer. "I was among those men the community development perspective who said 'that's great, but we think that everybody playing midnight basketball would rather be in bed because they have a job tomorrow morning. And that there are other issues about redeveloping our communities,'" Wysocki said.

Finally, Wysocki reported that The Chicago Initiative hopes to start a pilot project by the end of the year through which they will make six grants to neighborhood-based groups working in their own local collaborations to encourage economic, community, and family development. These grants would be used to expedite existing plans or to start the planning process. "We are challenging Chicago's foundations and corporations over the next five years to come up with somewhere between \$5 million and \$10 million to become actively engaged with at least 12 neighborhoods that are literally rebuilding themselves. We hope this will include eventually equity grants, our own local version of the federal EHS/OCS program."

In closing, Wysocki extended an invitation to NNC members to call CANDO, the next time they visit Chicago and arrange a visit to one of the local community development organizations.

For additional information on CANDO's program, contact Wysocki at (312) 639-7171.

Continued from page 4.

Community Economics in Springfield, Massachusetts, and Springfield Preservation and Restoration in Jacksonville, Florida. One organization renewed its membership: National Crime Prevention Council.

Ally also returned Forum attendees that NNC has a \$50,000 challenge grant from the Surdna Foundation and is seeking sources of new money that can match it. She noted that new membership dues can be applied to the match.

ANNOUNCEMENTS

Kevin Kelly of the National Congress for Community Economic Development (NCCED) announced that the National Employee Benefits Consortium has created a retirement program with Metropolitan Life of New York for community-based organizations. The Consortium includes the following NNC members: Center for Community Change, Development Training Institute, Enterprise Foundation, Local Initiatives Support Corporation, NCCED, National Council of La Raza, and Neighborhood Reinvestment Corporation. For additional information contact Kelly at (202) 234-5609.

JOB ANNOUNCEMENTS

ENTERPRISE FOUNDATION (EF) has initiated a search for candidates for two senior positions: (1) PRESIDENT AND CHIEF OPERATING OFFICER and (2) VICE PRESIDENT FOR COMMUNITY SERVICES. Duties: (1) provide direction, vision, and oversight to EF's programs, including housing services, community services, and communications; work with the CEO and Treasurer to produce EF's annual work program and budget and review performance; produce an updated Five-Year Plan annually and work closely with the Long Range Planning Committee of the Board of Trustees to review progress; serve on EF's Loan Review Committee, making decisions on loans made by EF; (2) design and implement systems that link social services to housing programs and projects developed by EF's subsidiaries and network of neighborhood groups; develop innovative national approaches to the provision of community services and community building that will advance the field in these areas; oversee technical assistance to groups providing special needs housing for homeless people; technically and financially assist development and implementation of community services and infrastructure projects. Qualifications: (1) extensive knowledge of low-income housing and community development, including federal, state, and local housing programs; 10 or more years of experience in business, economic, and community development; as well as a record of government housing organization, as well as substantial experience in running a large organization; good oral and written communication skills; bachelor's degree with strong academic planning, real estate, economics, finance or business; (2) extensive knowledge of the social services delivery system in the federal, state, and local levels, with special emphasis on special needs housing; 10 or more years of progressive responsibility in the management of social services delivery or community care respon-

communities in the United States (an applicable graduate degree may substitute for one year of experience); thorough understanding of real estate development processes and principles; project development, project financing and construction; management of multi-family and single-family projects; extensive knowledge of federal and local government programs and regulations with an emphasis on the use of CDBG, HOME, HOPE, and Neighborhood program funds; familiarity with nonprofit agencies; computer literacy with proficiency in word processing, spreadsheet, and database software; strong oral and written communication skills; bilingual capability (English/Spanish) preferred. Salary: dependent on qualifications. Send resumes, three references, and salary history and requirements to: Maurice Fillescoche LEADC, 1786Columbus Rd., N.W., #3, Washington, D.C. 20004; (202) 588-5102; FAX (202) 588-5204.

ASSOCIATION OF COMMUNITIES FOR REVENUE NOW (ACORN) seeks a DEVELOPMENT DIRECTOR. Duties: maintain relationships with existing national funders and develop new sources of national funding; write and edit proposals, timely reports, and other updates to funders; provide fund-raising assistance to organizers in ACORN's 50 local offices. Qualifications: experience in fund raising and proposal writing. Salary: dependent on experience. Positions can be based either in Washington, D.C., or in Brooklyn, New York. Send resume to Steven Kost, ACORN, 845 Flatbush Ave., Brooklyn, New York 11226; (718) 680-0700; FAX (718) 693-3867.

HARTFORD AREAS RALLY TOGETHER (HART) has several positions available for COMMUNITY ORGANIZERS. For additional information contact HART, Job Search, 669 Park St., Hartford, Connecticut 06103. (860) 525-3449; FAX (860) 525-7799. DEADLINE: AUGUST 31.

CENTER ON BUDGET AND POLICY PRIORITIES (CBPP) seeks a SENIOR WRITER for its Development Office. Duties: write and edit foundation grant proposals and reports. Qualifications: significant experience as a development writer; familiarity with grant-making foundations and corporations; social processing skills (especially West Point 5.1); strong proof-reading skills; experience writing about poverty issues. Salary: \$30,000 - \$40,000. Send resume to Development Office, CBPP, 777 N. Capitol St., N.E., #795, Washington, D.C. 20002; (202) 498-1080.

BOSTON AGING CONCERNS YOUNG & OLD UNITED (BAC-YOU) is recruiting candidates for three positions on its resident services staff: (1) Evening Resident Services Coordinator (full-time; \$21,000 - \$25,000); (2) Weekend Resident Services Coordinator (part-time; \$10 - \$12/hour); and (3) House Manager (part-time position). For additional information contact BAC-YOU, 67 Newbury St., Boston, Massachusetts 02116; (617) 266-2257; FAX (617) 266-9311.

ability working with social service providers in a housing community; good oral and written communication skills; bachelor's degree (postgraduate degree in social work, community organizing, or public administration strongly preferred). Salary: (1) and (2) dependent on qualifications. Send resume to EF, 500 Arlington City Blvd., Columbia, Maryland 21044; (301) 964-1230.

NEIGHBORHOOD REINVESTMENT CORPORATION (NRC) seeks a LEGISLATIVE REPRESENTATIVE. Duties: assist in developing annual strategy of providing information to and adequately educating members of Congress and their staffs on NRC's work; establish and maintain relationships with key staff members on Congressional legislative, authorization, and budget committees; facilitate meetings for NRC's Executive Director or appropriate corporate officials with members of Congress or their staffs; coordinate responses to requests for information originating from Congress or relating to legislative issues; monitor legislative issues impacting NRC and its network of public/private resident partnerships; draft testimony for submission to Congressional committees; respond to questions and requests from legislators; provide assistance to Neighborhood Works programs in coordinating event participation with members of Congress or their staffs. Qualifications: thorough knowledge of the structure and organization of Congress and the legislative process; knowledge of, or preferably experience in, community development, neighborhood revitalization or community organization; experience in establishing and maintaining extensive contacts with Congressional offices and committees; excellent oral and written communication skills; bilingual ability (Spanish/English) preferred. Salary: \$52,500 depending on qualifications. Send resume to Human Resources, NRC, 1325 G St., N.W., #800, Washington, D.C. 20005; (202) 370-2400.

LATINO ECONOMIC DEVELOPMENT CORPORATION (LEDC) of Washington, D.C., seeks an ASSISTANT DIRECTOR FOR HOUSING DEVELOPMENT. Duties: assist in identification and analysis of potential project sites; secure development and permanent financing from a variety of public and private sources for the development of affordable housing; prepare and update proposals for corporate programs and project-specific development design and implement monitoring and evaluation reports for ongoing assessment of the progress of the housing activities; identify and manage project consultants and technical contracts as needed; follow emerging trends in affordable housing financing. Latino housing conditions and needs, and affordable housing legislation and regulation; develop and maintain professional contacts with a broad network of housing developers, financial institutions, local government agencies, national/trade unions, and other potential resources. Qualifications: minimum of three years of experience in developing cost-profit development of affordable housing projects in Latino

February 4, 1993

**HUD/DPC/NEC Meeting
Topics for Discussion**

1. Economic Stimulus

- a. \$2 billion CDBG (Attachment A)
- b. Public Housing Modernization Acceleration (Attachment B)
- c. HOME streamlining (Attachment C)
- d. \$150 million Supportive Housing (homeless) (Attachment D)

2. FY 1994 Budget

HOME Funding (+ \$1.1 billion)
100,000 vouchers (+ \$1.5 billion)
Urban Crime (+ \$150 million)
Cleanup (+ ?)

3. Homelessness

Executive Order (Attachment E)
Military Base Closure
Property Disposition
Consolidation of McKinney programs
End welfare hotels
Link housing + supportive services
Washington D.C. Partnership

4. Urban Legislative Package

- a. Crime/Safety (Attachment F)
- b. CD Banks
- c. Enterprise Zones
- d. Moving to Opportunities
- e. Labor/Youth Employment
- f. Technical Corrections

5. Miami/South Dade

HUD Status Report (Attachment G)

6. Los Angeles

7. Reinventing Government

8. Inter-Departmental Coordination

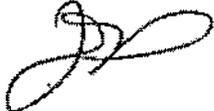
Task Forces/Working Groups

9. DPC Staff

Should HUD detail civil service staff?

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

JAN 29 1993

MEMORANDUM FOR: Bruce Katz, Chief of Staff, S FROM: Donald I. Patch, Acting Deputy Assistant Secretary for
Grant Programs, CG

SUBJECT: Status of Hurricane Assistance for South Florida

Attached is a summary of the status of housing assistance provided to residents in South Florida in response to Hurricane Andrew. HUD's approach has been to concentrate its efforts on the long-term recovery needs and not duplicate the role performed by FEMA.

Representatives from the State of Florida had the impression that HUD has not been forthcoming in assisting the recovery effort. HUD has, however, taken a number of actions that are responsive to requests for assistance. For example, in response to a request for technical assistance, the Department allowed communities to use ten percent of emergency funds allocated to the HOME program for technical assistance.

In general, property insurance and supplemental funds from FEMA covered the replacement cost of public housing, single family, and multifamily FHA insured properties damaged by the hurricane. Additional funds are not required for FHA insured properties. A Bush Administration proposal to reprogram \$100 million in the Supplemental Appropriations Act for the development or acquisition cost of public housing, (including modernization of existing public housing) was approved by OMB in the closing days of the previous administration. The current status of this proposal is unclear. It may need to be resubmitted to Congress by President Clinton.

In September, 1992, the Office of Housing recommended legislation that would provide permanent authority for the Secretary to waive any provision of any statute or regulations that would facilitate the obligation and use of such assistance and was not inconsistent with the overall purpose of the statute or regulation. The waiver authority was turned down by OMB. The Office of Housing has since proposed emergency waiver authority for several Housing programs.

For further information, please call Sal Sclafani at 708-2032.

Attachment

STATUS OF HURRICANE ANDREW ASSISTANCE FOR SOUTH FLORIDA

Housing-FHA

- o Numerous administrative waivers have been granted in recognition of the devastation caused by the disaster and the Department has detailed many key staff to expedite assistance to residents and businesses in the affected areas. These changes allow more processing by private lenders under the Direct Endorsement program, expanding the number of available appraisers for new loans, increasing the forbearance periods for certain HUD-held loans, and raising the allowable mortgage credit ratio for single family homes from 41% to 43%.
- o Individuals whose residences were destroyed are eligible for 100 percent financing under the 203(h) mortgage insurance program for disaster victims.
- o HUD has agreed to a waiver allowing dwellings which are located in the disaster areas which were completed less than one year ago to be eligible for mortgage insurance under FHA's 203(k) program. The residence need only to have been completed and occupied for eligibility under 203(k).
- o The Supplemental Appropriations Act provided an additional \$13.8 million in the FHA General and Special Risk Account for Florida. These funds will enable HUD to insure 65,000 mortgages and loans for the acquisition, construction, and rehabilitation of single homes and multifamily housing.
- o Fifty two of the 105 FHA insured or subsidized housing projects experienced storm damage and more than 4,000 units received serious damage. HUD estimated damage to those units at \$62 million. The Department has identified \$5.4 million in Flexible Subsidy funds and \$4.5 million in Loan Management Set Aside funds to meet repair needs and revenue losses of existing projects not covered by insurance proceeds other sources. This will remove impediments to the replacement of FHA insured or subsidized units and prevent defaults in these projects. HUD expects to make the funds available through the FY 1993 NOFA, which is scheduled for publication in February, 1993.
- o HUD is prepared to make FY 1993 Section 202 and 811 funds available to the disaster areas on a targeted basis through the FY 1993 NOFA, which is scheduled for publication in March, 1993.
- o HUD published a NOFA making \$500,000 of housing counseling funds available in the Florida and Louisiana areas impacted by the hurricane on January 21, 1993.

- o Upgrading the South Florida HUD Office located in Coral Gables from a Category C to a Category A Office will provide the full range of services in this area. Category C offices only process single family actions with all multifamily processing handled in Jacksonville. Funds for the upgrade have been provided by Congress and it is being implemented within HUD.

Section 8 Rental Vouchers

- o Through the Dire Emergency Supplemental Appropriations Act of 1992, ten thousand two-year rental vouchers (\$171 million) were targeted to south Florida.
- o A total of \$32 million was transferred from FEMA to HUD on October 23, 1992; Headquarters allocated \$28 million to the Jacksonville Field Office on October 27, 1992. Additional funds will be transferred when the initial \$32 million is placed under lease/housing assistance contract.
- o The PHA has received 4,000 applications for the two-year vouchers since October 28, 1992. As of January 19, 1993, the PHA issued 2,550 rental vouchers. With these vouchers, 600 families have found housing, and 1,950 families are still in search of suitable housing.
- o The 120 day maximum term allowed for some participants to search for rental housing will expire soon. Headquarters plans to approve a regulatory waiver to allow PHAs to extend this term for an additional 120 days to give families time to search for housing.

Public Housing Modernization

- o A Bush Administration proposal to reprogram \$100 million for the development or acquisition cost of public housing, (including modernization of existing public housing) was approved by OMB in the closing days of the previous administration. The proposal may need to be resubmitted to Congress by President Clinton.
- o Dade County HUD estimates the cost of rehabilitating damaged units to standards at \$57 million. They have used some current modernization money for repairs. Aetna has offered a \$27 million settlement which has not been accepted. The Jacksonville Field Office has estimated Aetna should pay about \$35-40 million.
- o FEMA has offered \$250,000 for site improvements. No other money has been provided. Dade County HUD and the Jacksonville Office will continue to negotiate with both Aetna and FEMA for additional funds. There should be better estimates of unmet modernization needs in about 60 days.

- o Modernization needs not met by insurance proceeds or FEMA funding may be provided to Dade County HUD based upon its submission of an application for emergency modernization funds. A total of \$75 million in emergency modernization funds is available nationwide.

FHEO Task Force Activities

- o A FHEO Task Force was created within two weeks of the hurricane to educate the public about their rights and resolve fair housing complaints filed by persons who were looking for replacement housing. Thirty-five complaints have been closed and twelve are expected to close in the next several days. Thirty-two complaints are at various stages of processing.

HOME Investment Partnerships

- o HUD allocated \$50 million in HOME Disaster Relief funds to the State of Florida and eligible communities in Florida on December 11, 1992. Up to 10 percent of each grant can be used planning the rebuilding of damaged areas and obtaining technical assistance. Grant agreements have been signed with the State of Florida, Dade County, and Homestead.

Community Development Block Grants

- o The Office of Community Planning and Development is preparing a report on the need for a special fund, through the Community Development Block Grant program, to restore housing that was damaged or destroyed by the hurricane and for hazard mitigation. The draft report concludes a special fund is needed to assist (1) low income homeowners who do not have the capacity to repay SBA disaster loans and (2) landlords who do not find it is economically feasible to rebuild or restore because existing disaster assistance programs do not provide adequate assistance to reconstruct damaged rental units.

Homeless Programs

- o Prior to the hurricane, HUD awarded about \$9 million in homeless grants to the Miami area. HUD has committed part of a competitively awarded technical assistance grant with Price Waterhouse to assess how the State Plan is implemented for Miami.

Small Business Administration

- o SBA has provided Florida residents more than \$204 million in disaster loans for the restoration of residential structures.

Federal Emergency Management Agency

- o FEMA provided over 5,000 Florida homeowners approximately \$20 million in grants to repair of minor damage to residential structures and \$80 million under the federal flood insurance program.
- o FEMA also provided 3,400 mobile homes in areas of Florida where no rental housing is available and it is not possible to quickly repair homes with home repair grants from the temporary housing program.

US Department of Agriculture

- o The Supplemental Appropriations Act provided approximately \$9 million to Florida for housing repairs in rural areas.

FY 93 Funding for South Florida

<u>Program</u>	<u>Recipient</u>	<u>\$</u>
CDBG (FY 93)	State of Florida	26,424,000
	Dade County	19,420,000
	Broward County	7,400,000
	Hialeah	4,506,000
	Miami	12,571,000
	Miami Beach	2,534,000
HOME (FY93)	State of Florida	9,806,000
	Dade County	3,543,000
	Broward County	1,524,000
	Miami	3,493,000
	Miami Beach	1,209,000

Economic Stimulus Proposal
Community Development Block Grants

SUMMARY:

Provision of additional funds to entitled communities and States for the purpose of stimulating the economy throughout a broad sector of the nation by funding needed improvements to housing, public facilities and services that can be carried out within a short period of time.

FY93 APPROPRIATIONS:

Current appropriation for FY93 is \$4.0 billion, the full amount authorized for the year under the Housing and Community Development Act of 1974, as amended

PROPOSAL:

Provide \$2.0 billion additional funds, to be allocated among entitled cities and counties and to States for use in nonentitled areas. The allocation would use the same entitlement configuration and formulas as that employed in allocating the funds previously appropriated for the program for FY1993. Tight deadlines would be established for applying for the grants, and for committing and expending the funds. Amounts not applied for or committed by the deadlines would be rescinded. Amounts not expended by the deadline would be deducted from the FY1995 allocation for the applicable State or community. Basic program rules would apply to the use of the funds, with the following exceptions aimed at enabling the communities to apply the funds to immediate needs with greater flexibility: lift the current restrictions that apply to buildings for the general conduct of government; raise the current percentage limit on public services from 15% to 50%; and, lower 70% requirement on the overall use of funds for the principal benefit of lower income persons from 70% to 50%. In developing the legislative proposal, some other program requirements might also be modified if determined to hinder the timely application and use of the funds.

STIMULATIVE EFFECT:

Based on the assumption that communities would use the funds for activities similar to recent trends, but that some deviation would be likely to reflect the unique aspects of this proposal, and assuming that all of the funds are actually put to use by the communities, it is estimated that this proposed program would result in an additional number of jobs ranging between 65,000 and 80,000 nationally.

1993 Economic Stimulus Package
Community Development Block Grants

Key Events

Within 10 days of enactment:	HUD notifies communities and States of fund allocation amounts and program requirements
Within 45 days of notification:	Communities and States must submit statement and required certifications Statement for communities must show the activities they will use the funds for; statement for States must show how they will distribute the funds
Within 10 days of receipt of statement:	HUD will issue grant agreement making funds available
Within 90 days of grant award:	States must commit funds to nonentitlement communities
Within 90 days after grant award by HUD or State:	Communities must have funds under contract locally
By 9/30/94:	Communities must complete expenditure of funds
Fiscal Year 1995:	Any funds that remain unexpended on 10/1/94 will be deducted from the community's CDBG allocation for FY95

Key Features

Amount: \$2.0 Billion

Allocation Method: Will use the standard CDBG entitlement criteria and formulas

Eligible Uses: Standard eligibility rules, with two exceptions: public services limit will increase from 15% to 50%; and, the usual restrictions against assisting buildings for the general conduct of government will be lifted

National Objectives: Each activity will still be required to meet one of the three CDBG national objectives, but the overall 70% benefit to low/mod income persons will be reduced to 50%

Timing Constraints: States and communities must meet certain deadlines for application, and for commitment and expenditure of funds

Consequences: Funds not applied for or committed by the applicable deadlines would be rescinded (returned to the Treasury); funds not expended by the deadline would be applied against the State's or community's 1995 CDBG allocation

Department of Housing and Urban Development
February 3, 1993

DRAFT

**Public Housing Modernization Acceleration
Background Memo**

HUD is undertaking several steps to accelerate the obligation and expenditure of two existing appropriation areas for the Public Housing Modernization program -- \$3.1 billion appropriated in FY93 and \$6 billion appropriated in years prior which has not been spent. Additionally, the cumulative impact of all actions to be taken should result in significant acceleration of future public modernization appropriations.

These actions will expedite planned, but stalled, physical improvements to Public Housing. They reflect the President's and Secretary's commitment to improving the quality of life of residents of Public and Indian housing and to increasing the supply of housing for low-income people.

Modernization Program

The Comprehensive Grant program and Comprehensive Improvement Assistance program (CIAP) were created by Congress to ensure that existing public housing developments are preserved and remain in good condition. The Comprehensive Grant program is allocated to all large Public and Indian Housing Authorities (PHAs) -- those with 250 or more units -- by formula grant. The CIAP is opened to competition to all PHAs with less than 250 units. Both groups must provide HUD with plans to rehabilitate one or more of their developments.

In previous fiscal years, the Department delayed releasing appropriated funds for the modernization program until the end of the fiscal year. The Department intends to take the following actions to accelerate the delivery of the funds and ultimate economic impact from funded activity:

* Early approval of funds. HUD is issuing a Notice and cover letter to Executive Directors of PHAs giving them the option of submitting their Comprehensive Plans and Annual Statements immediately, rather than the scheduled spring and early summer dates. HUD also will undertake actions to decrease substantially the time between application submission and drawdown of funds. This will make funds directly available as early as June, rather than the standard September date, to PHAs whose applications have been approved.

* Early submission of long-term plans. HUD is encouraging PHAs with 250 or more units to exercise the option of early submission of Annual Statements covering two year periods instead of one-year periods. Such two-year Annual

Statements give PHAs greater flexibility in shifting work items among years and will curtail the need for public hearings before expenditure of additional funds.

* Development of Acceleration Action Plans in each Regional Office. Secretary Cisneros is directing each HUD Regional Administrator to, within 30 days, determine the total amount of pre-1990 funds that remain unobligated by PHAs in each Region, assess the reasons why such funds are unobligated, and initiate action to expedite the obligation and expenditure of these funds. Such action may include revised, accelerated target dates for expenditure of funds, as well as other steps recommended by the Regional Office for dealing with specific regional impediments to obligation of funds.

* Accelerated Review of the Program. The Secretary is directing HUD's Office of Public and Indian Housing to initiate a review of additional activities that can be implemented which will accelerate other stages of the FY93 process. This will also involve examination of all aspects of the program, including items such as current public hearing requirements and reporting procedures, with the intention of reducing processing times wherever possible for FY94 and subsequent years.

These actions to accelerate expenditure of funds are expected to provide considerable stimulus to the construction industry. For example, the FY93 funds available under the grant program amount to approximately \$3.1 billion. In addition, the net impact of the above steps should provide acceleration of the availability of FY94 funds by up to six months.

DRAFT

Department of Housing and Urban Development
February 3, 1993

HOME PROGRAM IMPROVEMENTS
BACKGROUND MEMORANDUM

The HOME Investment Partnership Program was enacted in 1990 to provide funds to states, local governments and Indian tribes to increase the supply of housing for low income persons. HOME funds are allocated on a formula basis (60% to localities, 40% to states, with a 1% set-aside for Indian tribes) and are used to provide tenant-based rental assistance, assistance to first-time homebuyers, property acquisition, new construction, reconstruction, moderate and substantial rehabilitation, and other activities.

While proposed and interim regulations for HOME were issued in 1991 and a NOFA was published in January, 1992, only four percent of HOME funds have been committed by participating jurisdictions (PJs) and only two percent have been expended. In fact, two-thirds of the 435 PJs have not yet set up their first project. Local officials and housing providers have also expressed increasing frustration with the program's complexity.

It is recommended that the President direct the Secretary to take the following steps to (a) reduce public confusion, (b) simplify program requirements, and (c) expedite expenditure by PJs of the \$1.5 billion in FY92 funds already obligated by HUD and the \$1 billion in FY93 funds for which a NOFA was published last week.

Short-Term Actions

* Regulatory changes. The Secretary will direct HUD to publish by April 1993 significant regulatory changes to increase PJ flexibility in implementing the HOME program. These changes will be designed to:

** Modify the regulations to clarify that a PJ may use up to 10 percent of HOME funds initially obligated to it each fiscal year for administrative and planning costs, regardless of the year(s) in which the funds are spent. Housing constituency groups have expressed considerable concern with the restrictiveness of the current regulation.

** Remove caps in high-cost areas on the value of eligible single-family properties. Deletion of reference to the Section 203(b) FHA mortgage limits in the current regulations will permit housing to qualify

as affordable housing under the program even if the initial purchase price or after rehabilitation value is between the FRA mortgage limits and 95 percent of the area's median purchase price.

** Simplify and make more equitable calculation of income-eligibility for low-income homeowners. By excluding the value of equity in the homeowner's principal residence from calculation, elderly individuals who are house-rich but income-poor will be treated more fairly. In addition, rehabilitation programs in many communities in New England, the capital region, and the West Coast, which have been severely limited by this restriction, will be facilitated.

** Eliminate the definition of "affordability" for resale of first-time homebuyer properties so as to permit PJs to establish their own criteria which reflect local factors.

** Provide PJs with increased flexibility to adopt other legal mechanisms, besides deed restrictions, to ensure long-term affordability of HOME projects.

** Permit the HOME program to commit funds for certain activities prior to undergoing an environmental review. These exemptions, which are consistent with NEPA and the related environmental laws, will both facilitate HOME expenditures and provide consistent treatment between the HOME and CDBG programs.

* Accelerated issuance of added regulations. Several recent statutory amendments to the HOME program are not self-executing. HUD will publish rules for public comment by March and will explore options for moving directly to an interim rule, given the time-sensitive nature of these provisions.

* Reduced confusion through improved public information. HUD will issue in March a notice to PJs explaining the applicable environmental review requirements and highlighting exemptions and options already available to PJs. In addition, a strategy will be developed to improve public understanding of the program, make available guidebooks on model programs, and outline the administration's steps to streamline its operation.

* Rapid approval and targeting of technical assistance funds. HUD will take the necessary steps to award the remaining unused \$5.5 million in technical assistance funds by the end of the fiscal year, with the bulk of such funds committed by the end of June. In addition, HUD will develop plans to focus direct technical assistance resources on 35 key PJs which account for

nearly half of all funds and whose performance is critical to HUD efforts to accelerate HOME expenditures.

Legislative Actions

* HOME statute modifications. The Secretary will undertake an evaluation of potential statutory modifications to the HOME program that could accelerate its implementation. More immediately, the Secretary will work to enact technical changes that could facilitate HOME program implementation, e.g. permitting states to delegate environmental reviews.

* Streamlining of conflicting program requirements. The Secretary will propose provisions to streamline conflicting program requirements, e.g. by bringing into conformance HOME and CDBG eligibility requirements and other provisions. A task force within HUD's Community Planning and Development office will complete its analysis within six months.



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

February 4, 1993

MEMORANDUM FOR: Leon Panetta, Director
Office of Management of Budget

FROM: Henry G. Cisneros, The Secretary

SUBJECT: Proposed \$150 Million Appropriation for
Supportive Housing for the Homeless in the
President's Economic Stimulus Package

To follow-up on our discussion last Thursday, below is additional information regarding our proposal that you include \$150 million for the Supportive Housing Program for the homeless in the President's economic stimulus package. As we have discussed, eligible activities under the Supportive Housing Program include construction and rehabilitation of facilities, operating costs and services (including job training and job placement) for homeless persons.

In order to ensure that a significant portion of these funds are actually spent within six months of the appropriation, HUD will take the following steps:

(a) HUD will establish a first-come first-served procedure for awards, rather than awarding funds through the standard national competition. This will require appropriation language overriding the existing statutory requirements for the program.

(b) Only those projects that are deemed ready for quick implementation will be selected. Because of this emphasis on project readiness, the vast majority of applications can be expected to come from experienced, well-established organizations assisting homeless persons in the larger metropolitan areas. They should be best equipped to increase rapidly the scope of their homeless assistance activities.

(c) As soon as the economic stimulus program is announced, HUD will contact potential applicants in areas which have significant homeless populations (e.g. the nation's 25 largest cities as well as other areas). HUD will identify a team of specialists to work with interested applicants on preparing their applications for immediate submission shortly after the appropriation is made.

Page 2
Leon Panetta

HUD then expects to be able to make final awards to initial applicants as early as 40 days after the enactment of the appropriation, with all awards expected to be made within 75 days.

The impact of these awards should be felt quickly, since almost all of the funds can be expected to be awarded directly to private nonprofit organizations. However, HUD will further maximize the immediate impact of the awards by providing a preference for projects proposing major rehabilitation, since rehabilitation projects can be expected to begin spending their funds within 30 to 45 days of award, with the entire rehabilitation amount expected to be expended within three to four months of award. Based on previous program experience under which approximately 25 percent of award dollars have typically been spent on rehabilitation, such a preference could increase the amount of rehabilitation projects to 40 or perhaps 50 percent of the total. In addition, approximately 20 percent of the remaining funds (e.g. for operating costs and services) can be expected to be expended within the first year.

Based on Commerce Department information on the number of jobs generated by an infusion of \$1 million into the economy, approximately 5,250 new jobs will be created by this \$150 million supplemental appropriation. Moreover, job training and other employment related activities will help homeless persons secure jobs. In addition to generating jobs, this supplemental appropriation will assist many thousands of the most needy persons living in major urban areas.

Inclusion of a supplemental Supportive Housing appropriation will also underscore both the President's commitment to addressing the problems of homelessness and his desire to focus on programs which invest in America's cities and its people. Please let me know if any additional information would be helpful.

Community Partnerships Against Crime
(COMPAC)

Problem Statement

Local officials, housing authorities and HUD share the responsibility of providing safe and decent housing for public housing residents. Housing in many areas suffers from rampant crime which may include gangs or drug dealers imposing a reign of terror on local residents. The increase in crime activity has not only led to fear and acts of violence against residents but also to a deterioration of the physical environment resulting in substantial government expenditures.

Crime is no longer limited to the largest cities of America. The problems of crime and drugs have spread to the smaller cities and suburbs. Federal Bureau of Investigation data show significant increase in violent crimes against persons and crimes against property since 1985 in both large and small urban areas.

Program Response

The "quality of life" for the residents of any community is defined and maintained locally. The most successful programs demonstrate that local people are best positioned to respond and solve crime related security and social issues. It's at this level values and attitudes can be influenced and changed to help eliminate crime from neighborhoods. For public housing, local people include, housing authorities, residents, local officials and service providers.

Acknowledging crime as a moral, socio-economic and legal issue requires all sectors of the community to collaborate in the development of comprehensive plans which address housing management, enforcement and prevention strategies.

The program should focus resources to the greatest assessed need; be flexible enough to respond to the circumstances in each given community; provide a cost effective funding option; and establish standards for enforcement which establish, define and/or clarify the roles of local officials, enforcement personnel, housing authorities and residents.

Funding should be provided to housing authorities to focus on the following activity areas:

- o Enforcement Support should be expanded through the reimbursement of local law enforcement agencies, additional security and protective services. Contracts should be negotiated at the local level among city officials, police departments, housing authorities, security staff and residents for the provision of enforcement and security services. Agreements should

include services to be provided by each entity; and the authority they have or do not have in execution of their specified responsibilities. Services must be above and beyond services to be provided by the Cooperative Agreement. All enforcement/security personnel should meet minimum training, licensing and certification standards.

- o Community Policing has been an effective tactic in gaining control in crime ridden neighborhoods. The provision of police officers to specific neighborhoods on a consistent basis builds relationships with residents thereby increasing information exchange which deters and prevents crime. Residents become less fearful of reporting crime and therefore participate in solutions to confront crime problems. Foot or bicycle patrols, police substations in public housing, community relations officers and other techniques which put the officer in more direct contact with the community have demonstrated results in reducing crime statistics.
- o Crime Prevention efforts are essential which include residents as the focal point of services and as participants in crime solutions. Activities may include resident patrols, neighborhood watches or other crime prevention efforts. Resident participation is necessary in sustaining security in public housing developments. Efforts should be made for the training and employment of residents in appropriate enforcement and prevention activities. Greater volunteer partnerships should be encouraged with Volunteer Action Centers, VISTA and the Peace Corps.
- o Youth Initiatives should recognize public housing youth as an essential resource in solving community problems. Their enlistment can in itself be good prevention programming. Youth can be coaches in recreational programs, peer mentors, and leaders in community solution action planning. More emphasis should be placed on training, education, recreation, career planning, employment, substance abuse education and prevention. Youth programming should provide the opportunities, skills and information needed for youth to make appropriate life style choices and offer a deterrence to gang activity.
- o Resident Services Programs provide comprehensive resident services to effectively intervene and prevent crime activities in public housing populations. Services may include job training, educational programs, treatment or other appropriate social

services which address the contributing factors of crime. Services should include substantial resident participation in jobs created by the Department's \$5 billion capital improvement program.

- o Management Activities will be allowable, up to 25% of the requested grant, for improved lease enforcement (including expanded legal staff to take cases to court), upgraded management presence on-site (especially nights and weekends), additional maintenance presence, and vacancy reduction efforts.
- o Physical Security Hardware costs such as surveillance systems would be allowable up to 15% of the grant.

The role of HUD is to provide support which fosters creativity and reinforces success. Support services should include program funding, technical assistance, training, information dissemination and evaluation. Appropriate responsibilities would include:

- o Development of a standardized assessment tool to be used in the initial application to demonstrate need and to serve as a baseline to track and evaluate outcome measures.
- o Drafting of model contracts between housing authorities, police departments, security contractors, and residents for the provisions of enforcement services.
- o Ensuring local entities discharge the obligations of the Cooperative Agreement by providing comparable services to the residents of public housing.
- o Development and delivery of technical assistance, training and information services to share and promote effective programs.
- o Training and coordination of HUD's Regional and Field Office staff to facilitate program policy consistency.
- o Issuing evaluation contracts for an objective review of program effectiveness which incorporates the tracking of baseline data.

Funding Structure

Housing authorities should submit plans for comprehensive crime suppression, intervention and prevention strategies. Since it takes time to hire and adequately train additional security staff, develop new programs and implement them to the degree that

they can be evaluated for effectiveness, plans should cover a five year strategy cycle. Like the modernization program, there should be two funding "pots":

- o Eighty percent would be allocated based on a needs assessment formula to housing authorities with the most severe crime problems; and,
- o Twenty percent would be distributed to other housing authorities on a competitive basis.

Funds would initially be awarded based upon four selection criterion, which include: the demonstrated need; the quality of the security plan; the capability of the applicant to carry out the plan; and resident participation in defining objectives, specifying services, implementing programs and tracking performance.

A standardized assessment tool would be developed as a baseline measure to determine need. The assessment would include such factors as:

- o Crime figures such as calls for service, arrest records, officer complaints and other appropriate data.
- o Collection of management indicators which may be used to track security impact (vacancy rates, vandalism costs, insurance application data, etc.).
- o On-site reviews to observe crime activities and to document what types of variables are contributing to crime; how and when are crimes committed; who is committing the offenses; and the impact of crime activity on resident safety.
- o Surveys to document the residents and surrounding community members perception of the crime problem.

After initial awards have been made, funding will continue for four consecutive years contingent upon an annual performance review. Each participating housing authority will submit a Performance Report documenting lease enforcement, vacancy reduction, maintenance efforts, program performance and a comparison of baseline data from the assessment tool. Based on their own program analysis, housing authorities may also choose to submit appropriate program changes for the upcoming year.

Resource Justification

It is impossible to quantify the amount of funding necessary to respond to the crime and related social issues within public

housing communities. The need and appropriate response varies from community to community. One community may need a extensive law enforcement effort, while another's needs may focus on creating youth programs to deter gang activity.

Within Public and Indian Housing funded programs, there are several resources which address security and social programs to promote safe and decent housing. Analysis of these various funding sources was reviewed to estimate funding levels for this program. The recommended annual funding level of COMPAC would be \$275 million in grants to housing authorities. An additional \$25 million would be made available to HUD for the development of an assessment tool; provide technical assistance, training and information dissemination; and to conduct national program evaluation. The program would abolish the existing Public and Indian Housing Drug Elimination Program and the Youth Sports Program.

The Public and Indian Drug Elimination Program (PHDEP) during FY 1992 awarded \$140.5 million in grants to 427 successful applicants. Funding supports activities from increased law enforcement and security efforts to the development of treatment and youth prevention programs. An additional 60 applicants requesting \$14.5 million which received passing scores but were not granted awards because funding ran out. Because of the competitive nature of the grant procedures, there were also applicants who had received funding in prior years but were not funded in continuation efforts.

Competition for the Youth Sports Program (YSP) was even greater. A total of 487 applications were received for a combined funding round of FY 1991 and FY 1992 which totalled \$15.75 million. Of these only 148, or one in three were funded, leaving an additional 187 applicants requesting \$19 million with passing scores which were not funded. Funding can be used for the development and implementation of all kinds of youth program activities, including the construction of facilities.

Comprehensive Modernization grants improve the physical condition of existing public housing stock and upgrade the management and operation of the developments. During FY 1991, an estimated \$45 million funded physical security efforts. Data was not collected on related social programs.

Of the FY 1991 Operating Subsidy funds provided to housing authorities, there was approximately \$105 million allocated for security purposes. Once again, information on related social programs was not collected. Operating subsidies are paid to housing authorities to cover their operating deficits (reasonable operating expenses and utility costs less rents chargeable to tenants). In considering funding of a new program, resources should not replace operating budget funding but should in fact

supplement this resource. In cases where activities, such as a Housing Authority Police Force, were included in the 1973 "base year" new funds should not be allowed to cover these expenses. In other cases where security related expenses have in fact replaced what had previously been maintenance or other expenses they may be eligible expenses under a new funding source.

Combining eligible applicants from the above four listed programs, generates a annual demand for \$340 million in security related expenses. This includes all security related funds within Operating Subsidy.

The Council of Large Public Housing Authorities, the National Association of Housing and Redevelopment Officials, and the Public Housing Agencies Directors Association jointly published the report Security, Crime and Drugs in Public Housing: A Review of Programs and Expenditures in August 1992. This report estimates security related costs at \$276 million annually.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Participants [for Beyond Affordable Housing] Washington, DC Meetings (partial) (1 page)	5/22/93	P6/b(6)

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Bruce Reed (Subject File)
OA/Box Number: 21205

FOLDER TITLE:

HUD [Housing and Urban Development]

rs46

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(u)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

Participants in Washington, DC meetings - May 19th - 22nd, 1993**Beyond Affordable Housing - A Collaborative:**

Housing For All, Inc.
Casey Coates-Danson, CEO
11718 Barrington Ct. #104
Los Angeles, CA 90049
(310)459-9422
(310)454-8830 FAX
DOB 02/12/37
SS# [REDACTED]

Paul/Donsia

This meeting is set for
3:30 p.m., Thursday,
May 20, in Bruce's office.

Affordable Neighborhood Housing Corporation
Arnold Stalk, Executive Director
5084 Campos Road
Woodland Hills, CA 91364
(818)999-2525
(818)999-0041 FAX
DOB 06/27/54
SS# [REDACTED]

Beyond Shelter
Tanya Tull, Executive Director
4032 Wilshire Blvd., Suite 508
Los Angeles, CA 90010
(213)252-0772
(213)480-0846 FAX
DOB 03/22/43
SS# [REDACTED]

Beyond Shelter
JoAnne Yokota
4032 Wilshire Blvd., Suite 508
Los Angeles, CA 90010
(213)252-0772
(213)480-0846 FAX
DOB 02/10/49
SS# [REDACTED]

Beyond Affordable Housing - A Collaborative

Housing For All, Inc.

Factory Built Modular Multi-Family Housing

Private for-profit factory which constructs affordable modular housing utilizing advanced technology and a patented structural system to fabricate housing prototypes in an assembly line factory.

Highly skilled and unskilled permanent jobs are created from within the community and the factory is located adjacent to the affordable housing sites.

Affordable Neighborhood Housing Corp.

A Non-Profit Model

Non-profit Developer which works with local community based non-profit organizations to develop affordable housing models.

The stated goal and objective is to be a catalyst in the community and to "spin-off" the developments which will allow Affordable Neighborhood Housing Corp. to replicate its model in other communities.

Joint venture partnerships are formed which empowers and trains local non-profits to develop future housing and mixed use commercial/residential.

Beyond Shelter

A Nationally Recognized Service Enriched Model Agency

On Site Support Services for all residents including:

- Crisis intervention
- Survival skills
- Money management
- Family and individual counseling
- Legal advocacy
- Parenting education
- Liaison with schools
- Child abuse intervention and prevention
- Job development/training
- Job placement
- Health care referrals
- Monitoring and follow-up

Women And Minority Business Resource Center

Working In The Community With The Community

Interfacing with community based non-profit organizations to develop affordable housing and mixed-use commercial residential developments.

Creating job training programs from within neighborhoods where the affordable housing will be constructed.

Developing a business plan for the Beyond Affordable Housing collaborative.

Beyond Affordable Housing - A Collaborative

Housing For All, Inc. (HFA)

Casey Coates-Danson, CEO

~~10345 Olympic Blvd, 2nd Floor~~ 11718 BARRINGTON CT #104

Los Angeles, California 90064-49

(310) ~~282-0477~~ FAX (310) ~~282-5183~~
459-9422 454-8830

Affordable Neighborhood Housing Corporation (ANHC)

Arnold Stalk, Executive Director

P.O. Box 198

Woodland Hills, California 91365

(818) 999-2525 FAX (818) 999-0041

Beyond Shelter

Tanya Tull, Executive Director

4032 Wilshire Blvd., Suite 508

Los Angeles, California 90010

(213) 262-0772 FAX (213) 480-0846

The Women and Minority Business Resource Center (WMBE)

Althea Mitchell, CEO

700 State Drive, Suite 136

Los Angeles, California 90037

(213) 744-2027 FAX (213) 744-2034

Introduction

There is a housing crisis in Los Angeles. With an estimated 35,000 homeless people living in the streets of Los Angeles, the city is the homeless capital of the United States. Approximately 1/3 are families with small children. Additionally, thousands of people in Los Angeles live in garages and sub-standard dwellings. The root cause of homelessness is the lack of affordable housing, low wages and a decreasing job market. Since the civil disturbances in South Central Los Angeles, these conditions have further deteriorated. Beyond Affordable Housing is committed to the development, design, construction and management of attractive, affordable modular housing to meet these critical needs.

Beyond Affordable Housing - A Collaborative

This unique collaborative brings together four organizations for the development of quality, affordable (subsidized) multi-family housing for the segment of the population in the Los Angeles area who need assistance in finding appropriate housing, support services, job training and employment. Beyond Affordable Housing shall assist neighborhood and economic development in the first targeted area which shall be South-Central Los Angeles.

This collaborative brings together a group of highly skilled and experienced people with a demonstrated track record for delivering and providing services for housing and employment in the Los Angeles area. This group will collaborate with community based non-profit organizations in the area of civil disturbance (such as members of the Coalition of Neighborhood Developers). Beyond Affordable Housing will serve as a catalyst in the development of multi-family housing which will be owned by these organizations. The housing system will consist of factory produced three-dimensional modules. It shall involve community ownership, while providing employment opportunities and job training for the community.

Housing For All, Inc. (HFA) (private for-profit)

HFA will establish a factory in the area of civil disturbance to manufacture affordable three-dimensional modular multi-family housing. The HFA system has been approved by the State for use in any city in California and exceeds the requirements of the Uniform Building Code, resulting in stronger structures. It consists of permanent two and three story housing construction that is a more economical, efficient, faster and stronger way of building aesthetically pleasing, humanistically scaled, multi-family housing that will blend well within existing residential neighborhoods. Each development will be custom designed for its unique site. The housing system is completely flexible in its planning and has resulted in award winning designs. It has been successfully used before in areas such as Oakland and Compton, California, and has provided housing for over 2,500 people. The factory will employ skilled and unskilled workers from the impacted communities who will work under the auspices of a union agreement. They will receive job training and acquire transferable skills. In addition to other community based ownership, long term employees will have an opportunity to acquire a meaningful ownership interest in the Corporation.

Affordable Neighborhood Housing Corporation (ANHC) (private non-profit)

ANHC is a unique and innovative organization headed by individuals who have been providing badly needed affordable housing for previously homeless and low income children, adults and seniors for the past 10 years. ANHC utilizes City, County, State, Federal and private foundation funding sources to develop multi-family housing on scattered sites in residential neighborhoods with ample open space for gardens and

p4

protected children's play areas in courtyards which allow parents to easily observe the children. This will be accomplished in joint-venture with the neighborhood organization owners. ANHC will be involved with site acquisition, obtaining financing, and coordinating site planning, architectural design, and construction. ANHC shall also assist neighborhood organizations in the coordination of property management and social services in collaboration with Beyond Shelter. Initial developments include special needs housing models for low income families and senior adults.

Beyond Shelter (private non-profit agency)

Beyond Shelter is an innovative, nationally recognized organization that serves homeless families with children under eighteen. The agency assists the families out of the emergency shelter system and relocates them into permanent housing in residential neighborhoods. It then provides transitional support for up to one full year to help them stabilize. Beyond Shelter also develops service enriched permanent housing for low-income families. It would design the on-site supportive services package of the housing, as well as any off-site or employer related social service programs, such as child care, parenting education, job development training, health care, etc. Beyond Shelter shall also sometimes collaborate with ANHC in the development of new multi-family housing that Beyond Shelter would then own.

The Women and Minority Business Resource Center (WMBE) (private non-profit)
WMBE's goal is to create employment and stimulate economic growth in Southern California's low income and minority communities. It shall provide three primary services to the Collaborative. 1. Management Assistance Program: development of an overall business plan and work plan; identification and recruitment of minority management and construction workers for AMC and minority sub-contractors and suppliers. 2. Job Training Program for the factory: accessing job training funds; identifying unskilled workers and programming job readiness skills training. 3. Business Network Systems: interfacing community organizations such as the Coalition of Neighborhood Developers, residents and leaders with Beyond Affordable Housing - A Collaborative to insure that the needs and interests of the community are addressed.

p5

**A Brief Resume of
The People of Beyond Affordable Housing (in alphabetical order)**

* **Casey Coates-Danson** is co-founder and vice-president of American Oceans Campaign (AOC), a non-profit organization she and her husband Ted Danson established in 1987 to provide a national response and advocacy group for protection of the oceans. With offices in Santa Monica, California, Washington, D.C. and the Pacific Northwest, AOC is working to influence national and international policy for ocean protection.

Coates-Danson also served as a board member of No Oil, Inc., a local group that successfully blocked Armand Hammer from drilling oil off the coast of Santa Monica by a referendum on the ballot in 1987, and maintains a position on the Board of Directors of Woods Hole Oceanographic Institute. She formerly managed the Los Angeles-based Actors Institute.

An environmental designer, Coates-Danson is currently developing affordable housing in South Central Los Angeles and a solar village in New Mexico. She received her B.F.A. in environmental design from Parsons School of Design, graduating with honors in 1975, as well as an A.S. degree from Lasell Jr. College.

Coates-Danson's latest design project is a solar-powered family home in Los Angeles that is sufficient for both electricity and hot water needs. The modern-style home will have a solar electric system, north-facing skylights, walls without windows, a drought-resistant garden and a lap pool with solar hot-water collectors. Coates-Danson and her family reside in Los Angeles.

~~**John Fisher AIA** received his Bachelor and Masters degree of Architecture from Carnegie Institute of Technology and was a Fulbright scholar in Finland. John has had 31 years of experience as a registered architect and as a principal of his own architectural firms where he has designed over 5,000 units of housing, much of it affordable for lower income families in communities such as Oakland, Harlem, Compton and Watts. John holds 3 patents for industrialized housing systems and has helped establish factories for the systems including 3 community owned facilities. John has also taught at UC Berkeley, UCLA and was Dean of the School of Architecture at Syracuse University. His work has been published nationally and internationally and has won many awards including 7 AIA design awards.~~

Joel Jacobson is a partner in the business management firm of Breslauer, Jacobson, Rotman & Sherman. He is a Certified Public Accountant who graduated from UCLA with honors in 1961. He became certified in 1963. Joel began his career with Haskins & Sells where he was employed until he joined Jerry Breslauer in 1969. He is a Registered Investment Advisor and serves as the financial advisor for Housing For All.

Althea Mitchell has ten years of experience working with homeless and high risk populations, 13 years of experience in small business development, 5 years as a member of the National Association of Securities Dealers, 3 years experience in developing training programs and 3 years of experience in business and community resource cable television publications. As co-founder and CEO of WMBE Resource Center, Ms. Mitchell has developed working relationships with over 35 small business and community organizations as well as departments within federal, state and county agencies. Ms. Mitchell serves on the board of directors of a number of non-profit and for profit organizations as well as an advisory board member to a 50 million dollar community development fund. Her immediate goals include continuing her education to obtain a PhD in marketing through UCLA Graduate School of Management.

Arnold and Michelle Stalk are co-founders of Affordable Neighborhood Housing, a non-profit housing corporation dedicated to the development of affordable housing for previously homeless, very low and low income families.

Mr. and Ms. Stalk are also partners in the architectural firm of STALK + STALK, are co-founders of L.A. Family Housing Corp. and teach architectural design at the Southern California Institute of Architecture (SCI-ARC).

Affordable Neighborhood Housing develops special needs housing for families caught in the vicious cycle of poverty. Initial developments include housing for homeless families with children with AIDS, scattered site housing within residential neighborhoods and modular housing to be built in conjunction with the Beyond Affordable Housing A Collaborative.

Arnold and Michelle Stalk have a demonstrated track record with the design and management of emergency shelters, transitional housing, permanent rental housing and home ownership for low income families in Los Angeles and have worked extensively with the city of Las Vegas to replicate their work with affordable housing. They have a demonstrated commitment to the community.

~~Lols Starr, a Housing Development Associate for Beyond Shelter, received her B.A. at CSUN and an M.A. in Urban Planning from Pepperdine University. She has more than twelve years experience with a local redevelopment agency and the Los Angeles Area Office of H.U.D. in community planning development relocation requirements and housing programs. As a result, Ms. Starr has an excellent working relationship with local management and field representatives of H.U.D. and a strong commitment to and knowledge of community development and affordable housing. Her extensive experience includes the preparation of plans for the allocation of fifty million dollars in housing subsidy funds for the H.U.D. Los Angeles Area Office and advising and monitoring block grant programs in communities throughout the Southwest.~~

* Tanya Tull, executive director and founder of Beyond Shelter, is a nationally renowned housing and homeless activist. In addition to founding Beyond Shelter, she has also established Para Los Ninos (For the Children) which serves 800 homeless and transient families per year, and the L.A. Family Housing Corporation which develops safe decent and affordable housing for families with children, emergency shelters and transitional housing. Most recently Ms. Tull also founded and is a consultant to A Community of Friends, a three year old non-profit community development corporation creating "supported" permanent housing for the homeless and "at risk" mentally ill as a national model. She created Beyond Shelter in 1988 to assist homeless families with children out of shelters and into permanent housing, job training, child care and other support services. The agency is also developing a number service-enriched, permanent and affordable multi-family housing projects in Los Angeles. She has received much recognition for her work over the years including five national awards. She received an Honorary Doctorate in Social Science from Whittier College in 1992.

~~Jo Anne Yokota is a housing development and land planning consultant associate of Beyond Shelter. Ms. Yokota received her B.A. from the University of California Santa Barbara. She has had extensive previous experience as a planner for the Ventura County Planning Department, as a Santa Barbara County Planning Commissioner, as a development Analyst for the California Coastal Commission, as a policy analyst for the State Department of Housing and Community Development and as a Development Manager and Division Manager for the Century Freeway Housing Program. She has also served as a Housing Consultant for the Community Development Commission of Los Angeles County. Ms. Yokota's vast expertise has emphasized affordable low- and moderate-income housing developments including project management, financing and government approvals.~~