Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION	
~~001. memo~~	~~To Mack McLarty from Henry Cisneros re: recommendations (2 pages)~~	~~07/01/93~~	~~P5, b(6)~~	733
002a. letter	To Rules Docket Clerk, HUD, from Will Ehrle re: manufactured housing (annotations) (3 pages)	05/11/93	P5	734
002b. fax	To Kelly Crawford from Hal Hunnicutt re: mobile home industry (1 page)	05/13/93	P5	735

COLLECTION:

Clinton Presidential Records
Chief of Staff
Bill Burton
OA/Box Number: 2775

FOLDER TITLE:

[Correspondence with Cabinet - Housing and Urban Development] [2]

2006-0220-F
ry506

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]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

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SENT BY:TEXAS MFD HOUSING ASSN: 5-12-93 : 11:13 :TEXAS MFD HSING ASSN→ 1 501 327 7151;# 3

734

Mack

we need to get Henry to look into this - we have a lot of supporters in this group - should consider their views — B.

TEXAS MANUFACTURED HOUSING ASSOCIATION

P.O. BOX 14428 • AUSTIN, TEXAS 78761

[illegible]

Bc - Hal sent this. He is very upset over this HUD proposed rule

May 11, 1993

MAILED VIA AIRBORNE EXPRESS

Mack - We need to get Henry to look into this - we have a lot of supporters in this group - should consider their views. B

Rules Docket Clerk
Office of General Counsel, Room 10276
Department of Housing & Urban Development
451 Seventh Street, S.W.
Washington, DC 20410

RE: Docket #R-93-1632
FR 3380-P-01

Greetings:

The Texas Manufactured Housing Association strongly opposes the proposed rule as referenced. On behalf of the consumers of Texas and of our membership, I urge HUD not to adopt the proposed rule.

As proposed, the rule is based on certain false assumptions and certainly goes far beyond state and local building codes currently in effect in hurricane zones. Neither the insurers of manufactured homes nor purchaser-money lenders concur with HUD's assumptions that the proposed rule will lower insurance costs and will enhance the financing of manufactured homes in the designated hurricane zones. Manufactured housing would be placed at a significant competitive disadvantage if the proposed rule is adopted *vis-a-vis* single family site-built structures which can be constructed to less stringent state and local building codes.

Query: Why hasn't HUD addressed the issue of wind safety as a part of the minimum property standards for site-built residences insured by FHA Title II? What about wind safety standards for all forms of housing which are constructed or renovated using HUD funds allocated through the various community development and grant programs? Does not HUD have a substantial interest in the safety of the construction of these residential structures?

2215 EAST ANDERSON LANE • AUSTIN, TEXAS • 512/459-1221

It really does appear that HUD is proposing to discriminate against low-cost manufactured housing!

The adoption of ASCE 7-88, exposure C, would not only impact the cost of manufactured homes in Zones II and III but also in Zone I for which HUD has not set forth any analysis for the need for more stringent standards. Thus, tens of thousands of consumers who purchase and install manufactured homes in Zone I would be adversely affected by higher monthly payments, or worse, by not being able to qualify for a loan because of the increased cost without any real basis therefor.

The cost factor and economic impact on consumers for manufactured homes in only Zones II and III has not been calculated by HUD. Industry estimates are that increased costs would range from 28% for low-cost single section homes in Zone II (36% in Zone III) to 19% for multi-section homes in Zone II (25% for Zone III). This impact is very significant because it is estimated that each 10% increase in the cost of homes results in a 24% decrease in sales for various reasons including the inability of many families to pay the increased down payment and to qualify for larger loans.

Another reason why the proposed rule should not be adopted is that the cost impact of the rule will discriminate against the minority population in Zone II in Texas. In 1992, 23.69% (2,434 out of 10,276) of all new manufactured homes were purchased in the counties in Texas which comprise Zone II. Of the 27 Texas counties in Zone II, the minority population in 15 counties exceeds 40% of the total population (including such populous counties as Fort Bend, Harris, Nueces, Victoria, and Cameron). Manufactured housing retailers estimate that over 60% of their sales in these counties are to minority families. Thus, at least in these 15 counties, the proposed rule would have a substantially greater impact on minority families than on the general population.

Finally, more stringent construction standards will not protect against Hurricane Andrew type winds. (How can a 110 mile per hour standard preclude damage or destruction in 160 mile per hour winds?) Also, HUD has no current authority to enforce installation standards but must rely on state and local enforcement. In Texas no building permit is required in Zone II counties except in most municipalities; thus, while the industry would be regulated by the Texas Department of Licensing and Regulation, individuals could purchase homes which were not constructed to hurricane standards and move them into many Zone II areas. This would defeat the effect of increased wind resistant standards and adversely affect the manufacturers and retailers of new manufactured homes without any real benefit to the public.

Please, let's stop and regroup! The safety of the occupants of manufactured homes is important to the industry, and we would welcome the opportunity to work with HUD and state and local officials in a negotiated rulemaking procedure in the spirit of the Negotiated Rulemaking Act to revise the wind safety standards for manufactured housing. HUD could then also work with state and local officials and other builders on revised standards for FHA insured loans and for federally funded low-cost housing projects.

Sincerely yours,

Will Ehrle
President & General Counsel

WE:df

735

SPIRIT HOMES INC.

DATE: 5/13/93

TO: Kelly Crawford

COMPANY:

FROM: Hal Hunnicutt

NUMBER OF PAGES INCLUDING COVER SHEET: 4

Whatever you do, make sure Bill Clinton reads this— What HUD is planning to do will virtually wipe out the Mobile industry as we know it today. For Christ's sake, what kind of nuts do we have running HUD— a man by the last name of Fuller is doing all the wind zone Regs— He is full of shit!!! Please have Bill read it— It's very important.

CONFIRMATION REQUESTED : ___ YES ___ NO

If he has any questions have him, or someone call for answers

Thanks
Hal

550 AMITY ROAD • P.O. BOX 1207 • CONWAY, ARKANSAS 72032 • PHONE (501) 327-1108 • FAX (501) 327-7151

Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	To Mack McLarty, Bob Rubin, George Stephanopolous, Carol Rasco, Howard Paster from Leon Panetta re: Secretary Cisneros' concerns about the budget (1 page)	11/16/93	P5 736
002. letter	To Leon Panetta from Henry G. Cisneros re: HUD budget (4 pages)	11/12/93	P5 737

COLLECTION:

Clinton Presidential Records
Chief of Staff
McLarty, Mack
OA/Box Number: CF137

FOLDER TITLE:

Dept. of Housing and Urban Development, Hon Henry Cisneros, Secretary

Rhonda Young
2006-0220-F
ry507

RESTRICTION CODES

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

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HUD file

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

THE DIRECTOR

EYES ONLY

November 16, 1993

To: Mack McLarty
Bob Rubin
George Stephanopolous
Carol Rasco
Howard Paster

From: Leon Panetta

Re: Secretary Cisneros' Concerns About the Budget

Attached is a confidential communication to me from Secretary Cisneros setting forth his concerns about the effect of the tight budget guidance under which he labors. He agreed to let me share this with you, but is very concerned that there be no further circulation of the document.

As you become familiar with the fiscal stringency faced by every department, you will be in a better position to weigh Henry's concerns versus those of other Cabinet officers and agency heads. Nevertheless, in the interest of an open flow of argument and discussion, I wanted Henry to feel assured that his views are brought to your attention.

Again, Henry and I feel that his letter must be closely held.

FOR YOUR EYES ONLY
"CLOSE HOLD"

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

November 12, 1993

The Honorable Leon Panetta
Director
Office of Management and Budget
Old Executive Office Building
Washington, DC 20503

Dear Leon:

This letter is intended for you. There will be no copies or distribution except for one copy for my personal file. It is designed to convey concerns to you, not to show HUD's allies how I am fighting for them or to set myself apart from the Administration's budget-cutting strategies. Both of these latter tactics would represent time-worn Washington practices, but I want only to communicate an urgent message to you about HUD's programs and our efforts to meet the OMB mark. If you choose to share this letter with the team at OMB, that is the only distribution it will have and the only potential for leaks, which will hurt us both.

In this first year of the Administration I have traveled to more than 30 major cities across our nation. I have concluded that conditions in America's cities are much worse, more menacing, and more sadly disturbing than anything I expected. Last Sunday afternoon I stood in a garbage-strewn lot between 10 fifteen-story, largely vacant high-rises in Newark, watching drug dealers operate out of abandoned buildings. It was like a descent into the darker regions of Dantes' Inferno; I couldn't help but mourn how too many Americans have to live. I have seen sick homeless people on cold sidewalks, I have seen the spirit-less eyes of exhausted children on drugs, and I have seen young men standing around on street corners in the middle of the day because there are no jobs, there is no training, essentially there is no purpose in our society for them.

I believe we can do something about these conditions. I further believe the President and you want us to try. I believe the American future requires it. But I must tell you honestly that the OMB budget targets are incompatible with what needs to be done. Worse, they threaten to complete the destruction of our inner cities begun under the Reagan-Bush Administration. From them we got 12 years of official disinterest, of hostile philosophy, of denigration of the plight of the unfortunate, and of budgets that pulled away from urban priorities. We in this Administration have ended the disinterest, capped the hostility, and ceased the denigration but our budgets will continue to pull away from the needs of the city. The new targets for HUD set by OMB would essentially straight-line outlays from FY 1996 through FY 1999. Compliance with these targets would have a more devastating impact than the worst of the Reagan budgets.

I must argue that we need more resources, not fewer, to do this job. I know that the imperatives of continued deficit reduction dictate that we must trim spending along with the rest of the government, but HUD is one of the few agencies whose constituency is primarily the poorest of Americans. And as we have set our priorities for the next few years --

* to reduce homelessness,
* to fix the most distressed public housing,
* to make homeownership more affordable,
* to blunt unfair and discriminatory housing practices, and
* to empower community-based solutions

-- you could say that it all adds up, in a phrase, to a predisposition toward the poor, toward those most in need. Unlike other budget trade-offs you will have to make, when you cut our programs it is not a technological research program or a piece of military hardware but actual living, breathing, poor people for whom life will get harder.

I know that many people believe that many HUD programs are broken. In many cases they are right. That is why we are re-inventing, streamlining, consolidating, coordinating, redesigning, reconceptualizing, and questioning with a vengeance. The President has given us a team of experienced, talented people and we are hard at work to make HUD's programs work. Chris Edley, Steve Redburn, and Ken Ryder know we are open to ideas on both program improvements and fundamental redesigns.

I also know that people believe HUD is incapable of effectively using the resources it has, based on past performance. We are making solid progress on the mismanagement and neglect which resulted in clogged pipelines and slow spend-out rates.

The attached pass-back to OMB is divided into four sections. The first section (Attachment A) describes the distinctive vision and policy framework that underlies our budget decisions. This vision -- developed over the course of the past 10 months -- places priority on HUD programs that accomplish three objectives: individual empowerment and transition, community revitalization and fair housing. It also recognizes and acts upon the need to fundamentally transform the way our agency does business.

The second section (Attachment B) provides a narrative summary of our FY 1995 proposals as submitted in final form.

The third section (Attachment C) spells out adjustments to our original submission because of Congressional Appropriation levels and new information. It also complies with your request and sets forth those reductions and eliminations which I can in good faith recommend. Even with these changes, we are still $18.8 billion in budget authority -- and $19.5 billion in outlays -- over the 5-year marks.

The final section (Attachment D) acknowledges the proposals OMB has sent to us which would reach the mark. Let me make clear, they are a way to reach the mark. But I cannot in my professional judgement or good conscience recommend them. We will work with OMB staff to further evaluate each proposal, but in the attached passback I have provided our analysis in layman's terms for each and set forth the dilemmas each poses.

For example:

* Does the President want to cut CDBG, the only remaining block grant for mayors and governors?

* How do the massive proposed cuts in our homeless programs affect our stated first priority, about which we receive regular comments directly from the President?

* Given that HUD has no discretionary funds, how do we make the $500 billion contribution to the Empowerment Zones effort without a line item for that purpose?

* How extensively does the proposed cut in housing vouchers cripple our efforts to use vouchers to leverage private capital, move people to homeownership, house the disabled, and move people to opportunities?

* Do cuts in the Flexible Subsidy program result in lower appropriations in the short-run but raise costs to the Federal government by raising the cost of property disposition and increasing the number of new defaults?

* How badly does cutting by two-thirds our fair housing request curtail our public commitments to vigorously combat mortgage lending and redlining bias?

* Don't proposals such as counting food stamps as income for rent calculation or outright increases to 35% of income paid as rent in public housing take money away from precisely the population least able to pay and go counter to our efforts to set up new incentives for upward mobility?

We agree we can make the mark; OMB's proposals do it. The result is destructive.

HUD must do its job better by orders of magnitude. It is not good enough to simply build a better organization or better programs. We must reverse the trajectory of social disintegration in America's cities and communities. That is the way the team at HUD interprets the job.

We will work with you in your frustrating, heart-wrenching task. Please remember that it is too easy to dismiss unpleasant reminders of how many Americans live with the conclusion that HUD's programs are "broken" and therefore that the meat axe is justified. Please listen for the philosophies that tried mightily to destroy programs for the poor in the 1980's rearticulated now in the language of deficit-reduction. Please remember the effects when you choose between admittedly worthy programs across the government and the needs of the poorest Americans. We can help them - working together -- to transition to a better life.

Sincerely,

Henry

Henry G. Cisneros

Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION	
001a. memo	To Jack Quinn from Dawn Chirwa re: Virginia Housing Development Authority (2 pages)	04/11/96	P5	738
001b. letter	To Walter Dellinger from Nicolas P. Restinas re: Virginia Housing Development Authority (draft) (2 pages)	nd	P5	739

COLLECTION:

Clinton Presidential Records
Counsel's Office

OA/Box Number: CF858

FOLDER TITLE:

Housing and Urban Development 95

Rhonda Young
2006-0220-F
ry509

RESTRICTION CODES

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

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HUD

THE WHITE HOUSE

WASHINGTON

April 11, 1996

MEMORANDUM

FOR: JACK QUINN

FROM: DAWN CHIRWA DHC

CC: STEVE NEUWIRTH

SUBJECT: Virginia Housing Development Authority

Following is a brief summary of an issue which has arisen concerning the Virginia Housing Development Authority (VHDA), a state agency. The VHDA originates mortgage loans that are insured by the Federal Housing Administration (FHA) at the Department of Housing and Urban Development and loans which are guaranteed by the Department of Agriculture's Rural Housing Services (RHS). VHDA recently changed its eligibility criteria to effectively deny VHDA-issued mortgage loans to unmarried and unrelated joint applicants. This change appears to be directed at same-sex couples, but has obvious ramifications for co-habiting heterosexual couples as well.

The FHA has received a request from a Democratic member of the VHDA Board that the FHA determine whether VHDA's current eligibility regulations violate the Equal Credit Opportunity Act (ECOA), which prohibits discrimination in the provision of mortgage loans on the basis of marital status, and thereby jeopardizes VHDA's continued participation in the FHA and RHS home loan programs. The National Housing Act empowers HUD to impose sanctions against mortgage programs which violate ECOA, including the withdrawal of FHA insurance for mortgage loans. In addition, RHS regulations require participating loan programs to comply with ECOA provisions.

However, due to exemptions included in ECOA for certain state programs, the application of ECOA's non-discriminatory requirements to the VHDA program is unclear. HUD thus proposes to request guidance from OLC on this legal issue. HUD's draft request to OLC is attached. Agriculture may also request an opinion from OLC independently, but they have not yet decided whether to do so.

There is a strong possibility that OLC will conclude that VHDA eligibility criteria violate ECOA and that ECOA exemptions do not apply to VHDA. If OLC does arrive at this conclusion, HUD, certainly, and Agriculture, possibly, will take action challenging VHDA's continued participation in their programs, a move which has the potential to become politically controversial, impacting as it will on a state's attempt to prevent same-sex couples from participating in a state-administered benefits program.

On the other hand, there appears to be a strong consensus within HUD that the appropriate course at this juncture is to request a legal opinion from OLC on this issue rather than leave it undecided. And, the Civil Rights Division at Justice is already conducting a preliminary inquiry into whether or not to take action against VHDA for violating ECOA. An OLC opinion would thus help clarify this issue for a number of interested agencies.

At this point, unless you feel strongly otherwise, I believe that we should not object to HUD's plan to request guidance from OLC. I will, of course, continue to closely monitor this situation and keep you informed of OLC's progress. If you feel that additional steps should be taken at this point, please let me know as soon as you are able. I have promised to discuss this matter again with Sara Rosen at HUD **tomorrow -- Friday, April 12.**

Attachment

DRAFT

Walter Dellinger
Assistant Attorney General, Office of Legal Counsel
U.S. Department of Justice
10th Street and Constitution Avenue, NW
Washington, D.C. 20530

Dear Mr. Dellinger:

The Virginia Housing Development Authority (VHDA) recently adopted a change to its regulations that effectively denies loans to unmarried and unrelated joint applicants. VHDA originates loans that are insured by the Federal Housing Administration (FHA). (A copy of the policy language is enclosed.) FHA received an inquiry concerning whether VHDA's change of policy affected VHDA's continued participation in the FHA mortgage insurance program.

The National Housing Act empowers FHA's Mortgagee Review Board (MRB) to impose sanctions, include withdrawal of approval, on any mortgagee found to be violating the Equal Credit Opportunity Act (ECOA). HUD asked the Federal Reserve for guidance in evaluating whether actions taken under the new VHDA policy violate ECOA. (A copy of my letter to the Federal Reserve and the response are enclosed.) The guidance provided, however, is not determinative of the issue, as the Board does not determine whether state programs qualify for the exemption under ECOA for special purpose credit programs.

Therefore, I hereby request an opinion from the Department of Justice's Office of Legal Counsel on whether actions taken under the new VHDA policy violate ECOA. I would be grateful if you would let me know when I might expect to receive a reply. If you have any questions about this request, please feel free to call me or my Special Assistant, Sarah Rosen, both at (202) 708-3600.

I appreciate your assistance in this matter.

Sincerely yours,

Nicolas P. Retsinas
Assistant Secretary for Housing -
Federal Housing Commissioner

Enclosures

cc: Deval L. Patrick, Assistant Attorney General for Civil Rights, DOJ
Maureen Kennedy, Administrator, Rural Housing Services, USDA
Keith R. Pedigo, Director, Loan Guaranty Service, VA
Nelson Diaz, General Counsel, HUD

Betsy Julian, Acting Deputy Assistant Secretary, Fair Housing and Equal Opportunity, HUD
Jodie Bernstein, Director, Bureau of Consumer Protection, FTC
Griffith L. Garwood, Director, Division of Consumer and Community Affairs, FRB