

Originally Processed With FOIA(s):

S

FOIA Number:

S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Backup Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13693
Folder ID Number: 13693-008

Folder Title:
National Association of Realtors 11/10/89 [OA 6270][1]

Stack:

G

Row:

26

Section:

19

Shelf:

4

Position:

6

Alfonzo W

home

714

596

2993

Amy Ficklin
455-3011

Cochran Gardens
Urban Women Inc.

Photocopy - Pissommi

JOHN B. BLOUNT, JR.
Division Vice President
Congressional Affairs

NATIONAL ASSOCIATION OF REALTORS®

777 14TH STREET, N.W.

(202) 383-1120

WASHINGTON, D.C. 20005-3271

Mobile Phone (202) 374-4440

year of our Lord nineteen hundred and eighty-nine, and of the Independence of the United States of America the two hundred and fourteenth.

George Bush

[Filed with the Office of the Federal Register, 11:39 a.m., November 13, 1989]

**Remarks to the National Association of Realtors in Dallas, Texas
November 10, 1989**

Thank you, Ira. I know I speak for everyone here today when I salute you for serving so ably as the president of the National Association of Realtors. And my best wishes to your successor, Norm Flynn. And let me also recognize—rerecognize, if you will, the man who is doing such wonderful work, bringing vision to HUD, putting through the tough new reforms that ensures that his agency serves people in need, my outstanding Secretary of HUD, Jack Kemp. I am so proud he's with me here today. And of course, an old friend and a fine Member of Congress who traveled down on Air Force One with Barbara and Jack and me today, Dallas' own Congressman Steve Bartlett. And of course, I'm delighted that the mother of the Texas Rangers boss is here today, my wife, Barbara, the "Silver Fox."

Before going into my main remarks, let me just say a word about the momentous events in East Germany. I was moved, as you all were, by the pictures of Berliners from East and West, standing atop the Wall with chisels and hammers, celebrating the opening of the most vivid symbol of the Iron Curtain. And then today, just on the plane coming down, I read a report where 18 new border crossings would be made in the Wall in the near future. And to be honest with you, I doubted that this would happen in the very first year of this administration. Twenty-eight years after the desperate days of 1961, when tanks faced off at Check Point Charlie and that terrible barrier was built—now the East German Government has responded to the wishes of its people. And while no one really accurately predicted the speed of the changes under-

way in Eastern Europe—and certainly I didn't—but last May, right here in Texas, over at Texas A&M, I noted hopeful, indeed, remarkable signs of a Soviet break with the cycles of the past. And I called upon the Soviet Union to support self-determination for the nations of eastern and central Europe and to tear down the Iron Curtain. And now we're seeing it happen. And when I visited Poland and Hungary in July, I sensed that historically important events there held the seeds for even more dramatic change.

And this played a big part in the decision last July made, really, at the G-7 meeting in Paris. On the way back, I proposed a face-to-face meeting with President Gorbachev before next spring's summit. And the Malta meeting, given recent events, takes on, I think, even more importance than when I conceived the idea 3½ months ago.

The changes in recent months make clear that the process of reform initiated by the Eastern Europeans and supported by Mr. Gorbachev and by America and by our allies is real, offers us all much hope, and deserves our continued encouragement. We're living in fascinating times, and we will seize every opportunity to contribute to lasting peace and to extend democracy. And in doing so, I will conduct the foreign policy of this great country with the prudence that these fascinating times, times of change demand—and with the imagination. The 1980's has been the decade of American renewal. And I believe that around the world, the 1990's will inevitably be the decade of democracy.

Ira mentioned to me that my speech is a special occasion for this association, and I said I was honored. And then Ira said, "Well, it's not often that we're addressed by someone who lives in public housing." [Laughter] And you know something: Barbara and I get just as emotional about it today as the day we first walked in there. The truth is, I am not a real estate wizard. When I was elected to Congress—and I get reminded about this by Barbara—when I was elected to Congress in 1966, we needed to make housing arrangements up in Washington. We were in Houston. And at that time, Senator Al Simpson's father, Milward Simpson, was retiring and moving back to

Wyoming. So, I bought the Simpson house, sight unseen over the telephone. And when we got to Washington, there were just two problems: We found out right away that the house wasn't quite big enough for our family, and we found out when we put the place up for sale that it wasn't worth quite as much as we paid for it. [Laughter] And that's my claim to fame in your business. I'm the only person who ever lost money in Washington real estate in the last 20 years. [Laughter] Ira, where the hell were you when I needed you? [Laughter]

But few people have done more for the real estate industry than Barbara and I have. We've moved 28—this is true—we have moved 28 times in our 44 years of marriage. [Laughter] You ought to be smiling. Now, I know what you're thinking: What a dream client my family would make for any realtor. [Laughter] In fact, [Director] Dick Darman over at OMB is calculating the commissions we've paid over the years, measured as a percentage of the gross national product. [Laughter]

But I came here today to lay out a comprehensive agenda to help bring basic shelter and affordable housing within reach of millions of Americans, and I call it America's HOPE, Homeownership and Opportunity for People Everywhere.

But before I tell you about HOPE, I want to speak for just a minute about the single most important factor in helping millions of Americans realize the American Dream: the economy. Because the truth is, there is no better housing policy than a growing economy. And we've got one, one that provides jobs and wages and opportunities for advancement—long-term interest rates that open ownership opportunities to hundreds of thousands of first-time home buyers because every drop in interest rates makes it possible for more families to buy that home they want. And I pledge that my administration will vigorously support the mortgage-interest and property-tax deductions. These deductions encourage home ownership, and they are vitally important to our overall economic prosperity.

And all signs point to continued strength in the economy. November marks the 84th month of economic expansion—the longest peacetime expansion on record. And here's one statistic that really hits home: mortgage

rates are down from almost 14 percent back in November of '82 to less than 10 percent today. And my goal and Jack's goal, the goal of our entire administration—to pursue policies that will bring them down even further.

Of course, part of any responsible economic policy is getting our fiscal house in order. And I want you to know that my administration is hanging tough for a responsible budget, with real deficit reduction, no smoke and no mirrors. We don't like sequestration; no one does. But we'll have to live with it if we have to and if it's the only way to rein in spending and bring that deficit down to the Gramm-Rudman target. I'm ready to sign a budget bill whenever Congress is ready to strip off all those costly extras and add-ons hidden away in those omnibus spending bills.

We're getting down to the wire, and I'm optimistic—optimistic that my administration and the Congress can agree on a responsible budget; optimistic that we'll see more and more Americans prospering—providing better lives for their families and looking to all of you to help them realize their dreams. And I know we can count on you, just as we counted on your strong support in helping to pass that 1988 Fair Housing Act. Ira, that is a tribute to your leadership, to your strong organization, and to its dedication to the right of all people to be free from discrimination and prejudice.

But more must be done, and that's where the HOPE initiative comes in. This initiative will address the full range of housing concerns, from shelter for the homeless to affordable housing for low-income families to initiatives that open access to expanded job opportunities and help millions more Americans own their homes.

Let's start right there, with what HOPE can do for first-time home buyers. You all know about families working to buy that first home. Well, they deserve our help, and they're going to get it. I will ask Congress to enact legislation allowing first-time buyers to draw, without penalty, on IRA savings as a down payment for that first home.

Our HOPE initiative also means efforts to improve low-income housing. As you know, my administration rejects these costly new

public construction programs that, in the past, have too often produced the housing projects that symbolize the very absence of hope in our inner cities. There's a better way: housing vouchers that empower low-income families to choose where they want to live.

So, our idea is to create incentives for the construction and rehabilitation of the housing low-income families need. That's why I'm calling on Congress to renew the low-income housing tax credit, but make it part of a package that also includes the cut in the capital gains tax. I don't care what the political opponents say, what the critics say. A cut in capital gains means an increase in jobs, investment, and growth. And I'm grateful for the fact that the National Association of Realtors has fought hard to make a capital gains cut a reality. Well, let me tell you something: That fight is not over.

We've got to go one step further, as a matter of fact. In those pockets of poverty where despair has driven out hope, we've got to eliminate the capital gains tax altogether. And that's a key element in the enterprise-zone legislation that I want to see enacted, that Jack Kemp has worked so hard to produce. I've called on Congress to create at least 50 enterprise zones over the next 4 years to help create the jobs and incomes that are the real key to affordable housing. I hope Congress gets the message. It is time that we gave the green light to our inner-city entrepreneurs.

And HOPE can help us reverse a trend that's stunting growth and development in low-income areas. Over 9 million Americans live in these FHA-insured homes, and every year nearly a half a million first-time home buyers use FHA to help them make their dream affordable. My administration has announced major reforms to ensure that FHA is true to its primary mission of making housing affordable for low- and moderate-income families. We will change the destructive practices which have kept FHA out of the inner cities and distressed communities that most need its support.

And frankly, at all levels of government, we have got to take a second look at some of the well-intended housing policies that actually decrease our housing supply. I'm talking about the excessive rules, regulations, and red tape that add unnecessarily

to the cost of housing by tens of thousands of dollars or that create perverse incentives to allow existing housing to deteriorate. And so, I've asked my able Secretary, Jack Kemp, to convene a blue ribbon commission to identify barriers to affordable housing and then to make recommendations on how these barriers can be removed. And let me make the first recommendation right here, Mr. Secretary: No city, State, or town should receive a single penny of HOPE funding until they have identified barriers to affordable housing in their own backyard and take steps to remove them.

Someone once said, "We shape buildings; and thereafter, they shape us." The same is true when it comes to low-income housing policy. That's the real centerpiece of our HOPE initiative: to recapture the American dream of home ownership, for those who have been left behind, through resident management and resident ownership. It's already working—Kenilworth-Parkside, back in Washington; Cochran Gardens in St. Louis; in East L.A., public housing through community leaders, like Alicia Rodriguez, and by encouraging nonprofit and resident groups. It's going to work right here in Dallas—at places like Rhoads Terrace under the take-charge leadership of a courageous mother named Jessie Toles—and all across the United States.

The results are promising because, you see, with tenants in control, we see better maintenance, more rents paid on time, a decrease in people on the welfare rolls. And we see something more: a sense of pride that is the very core of any thriving community. I don't know any better way to revive hope in our inner cities than to give tenants themselves a say in running their communities; a stake in the future; and the belief that they, too, can own a home. Because the true measure of success isn't how many families we add to housing assistance rolls; it's how many families move up and out and into the ranks of homeowners.

But let's face it. There's more to the HOPE initiative. And now I'm talking about people who stand in the shadows of what is otherwise a very bright economic picture, who live a nightmare in the midst of the American dream. We see them every day on the streets of our cities, sleeping on the

steam grates, living out of cardboard boxes. Of course, I'm talking about the homeless.

And for most of us, November is the time of year when we start looking forward to the holiday season: Thanksgiving, Christmas, New Year's. For the homeless, November is the time of year the temperature starts to drop and simply making it through the night becomes a life-and-death struggle.

Think about the children. Pretty soon your kids—our kids—will be dreaming about Christmas toys—new video game or the bike they'd like. And it's different for kids on the street, though. I read a story not long ago that stuck in my mind about a little boy without a home. And here's what he dreams about at night: "I dreamed my Mom got her housing assistance," he said, "and we got a house with a great big backyard." But in the morning, for that little boy, the dream is over. He is up at 5:30 a.m., out of a shelter and back onto the streets. Now, that is a tragedy because no child in America should have to grow up on the streets and every family in America should have a roof over its head.

We've got to do better. And my administration is going to do its part to expand emergency shelters. And yesterday I signed a bill that substantially increases funding under the McKinney Act to reduce homelessness. And we're going to continue to push for full funding of homeless programs under that law. And today I'm also asking Jack Kemp to find new ways to put a portion of our FHA foreclosures into the hands of nonprofit groups, groups that are doing such wonderful work rehabilitating abandoned homes, fighting poverty in our inner cities.

But the real answer for the homeless, those with mental problems or dependent on drugs or alcohol, is shelter plus care: shelter supplemented by the necessary support services to get these people the help they need to live in dignity. And that means a partnership—a combined Federal, State, and local effort—to supply the funding and other resources that constitute a comprehensive solution for the hardcore homeless. And if we care about them, we've got to take more than a one-dimensional approach to the problem.

The HOPE initiative will include improved coordination of basic needs, like

shelter with other social services, to help the homeless get the treatment that they need to get control of their lives; to help them find and hold down jobs; to help them regain hope and leave life on the streets, leave that life behind for good.

Helping the homeless; helping low-income families find affordable housing, decent housing; helping more of the 80 million Americans who don't own a home join the ranks of homeowners—these are the aims of the HOPE initiative, and these are aims well within our reach. And think about that little boy I spoke about a moment ago. Think about his dream because it really is the American Dream, what all of us want for ourselves and our families.

We must unleash the resources of the profit and nonprofit sectors, of churches and synagogues, States and localities in our great national enterprise to assure safe, decent, and affordable housing for all. And only then will we be able to replace hopelessness with hope. And only then will we be able to wage war on poverty and despair. And only then will we be able to complete our vision of a free and prosperous America, full of opportunity for people everywhere.

Thank you all very much. God bless you, and God bless the United States of America.

Note: The President spoke at 2:10 p.m. in the Chantilly Ballroom at Loew's Anatole Hotel. In his opening remarks, he referred to Ira Gribin, president of the association. A tape was not available for verification of the content of these remarks.

White House Fact Sheet on the HOPE Initiative: Homeownership and Opportunity for People Everywhere
November 10, 1989

President Bush today announced an initiative to increase homeownership opportunities for low- and moderate-income families and to create jobs and entrepreneurial activity in the Nation's distressed urban and rural communities. The President's forward-looking plan for housing is called HOPE—

Thursday

Photocopy-BB Handwriting

Mrs. Bush,

The President's speechwriting office needs your help on an upcoming speech.

In a couple of weeks, he is speaking to the National Realtors Association. They would like to know:

1. Is the White House the 28th house you have lived in?

Yes

Peggy
Dooley -
750

2. Do you have any funny stories about buying houses?

Not really - I have bought several of the houses without G. having seen them. One of which after he signed the papers we drove over to see it. First he asked where the garage was?

~~3. Do you have any funny stories about packing, moving days, etc.??~~

Where the turn around in the drive way was? Both ans. were in the negatives. George showed obvious disappointment in the house - we sold it in 4 times the purchase price 4 years later. Not bad!

Please forgive me -- but I already told them I was sure you could come up with a funny line or two. Just send your thoughts down to me and I can route them to speechwriting. Thanks.

I don't forget

It's like how can you have an argument - when one person won't argue. How can you have funny stories when only one person hears?!

NATIONAL ASSOCIATION OF REALTORS
DALLAS, TEXAS
NOVEMBER 10, 1989
2:15 P.M.

~~Steve~~
Peggy

THANK YOU, IRA [GRIBIN]. I KNOW I SPEAK FOR
EVERYONE HERE TODAY WHEN I SALUTE YOU FOR SERVING SO
ABLY AS PRESIDENT OF THE NATIONAL ASSOCIATION OF
REALTORS. MY BEST WISHES TO YOUR SUCCESSOR: NORM
FLYNN. // LET ME ALSO RECOGNIZE THE MAN WHO'S DOING
SUCH WONDERFUL WORK, PUTTING THROUGH THE TOUGH NEW
REFORMS THAT ENSURE THAT HIS AGENCY SERVES PEOPLE IN
NEED, MY SECRETARY OF HUD, JACK KEMP. AND TWO FINE
MEMBERS OF CONGRESS WHO HAVE TRAVELLED DOWN ON AIR
FORCE ONE WITH ME TODAY, SENATOR PHIL GRAMM AND DALLAS'
OWN CONGRESSMAN, STEVE BARTLETT.

[[IRA MENTIONED TO ME THIS AFTERNOON THAT MY
SPEECH IS A SPECIAL OCCASION FOR THIS ASSOCIATION. //
I SAID I WAS HONORED -- AND THEN IRA SAID "IT'S NOT
OFTEN THAT WE'RE ADDRESSED BY SOMEONE WHO LIVES IN
PUBLIC HOUSING."]] ////

[[THE TRUTH IS, I AM NOT A REAL ESTATE WIZARD. WHEN I WAS ELECTED TO CONGRESS BACK IN 1966, WE NEEDED TO MAKE HOUSING ARRANGEMENTS UP IN WASHINGTON. AT THAT TIME, SENATOR AL SIMPSON'S FATHER, MILWARD, WAS RETIRING AND MOVING BACK TO WYOMING. SO I BOUGHT THE SIMPSON PLACE -- SIGHT UNSEEN -- MADE THE DEAL OVER THE PHONE. WHEN WE GOT TO WASHINGTON, THERE WERE JUST TWO PROBLEMS: WE FOUND OUT RIGHT AWAY THE HOUSE WASN'T QUITE BIG ENOUGH FOR THE BUSH FAMILY -- AND WE FOUND OUT WHEN WE PUT THE PLACE UP FOR SALE THAT IT WASN'T WORTH QUITE AS MUCH AS WE PAID FOR IT. /// THAT'S MY CLAIM TO FAME: I'M THE ONLY PERSON WHO EVER LOST MONEY IN WASHINGTON REAL ESTATE IN THE LAST 20 YEARS. /// IRA, WHERE WERE YOU WHEN I NEEDED YOU?]]

BUT FEW PEOPLE HAVE DONE MORE FOR THE REAL ESTATE INDUSTRY THAN I HAVE. // BARBARA AND I HAVE MOVED 28 TIMES IN OUR 44 YEARS OF MARRIAGE. /// NOW I KNOW WHAT YOU'RE THINKING -- WHAT A DREAM CLIENT MY FAMILY WOULD MAKE FOR ANY REALTOR. /// IN FACT, OMB IS CALCULATING THE COMMISSIONS WE'VE PAID OVER THE YEARS -- MEASURED AS A PERCENTAGE OF THE GNP.]] ////

I CAME HERE TODAY TO LAY OUT A COMPREHENSIVE AGENDA TO HELP BRING BASIC SHELTER AND AFFORDABLE HOUSING WITHIN REACH OF MILLIONS OF AMERICANS. I CALL IT AMERICA'S HOPE -- HOMEOWNERSHIP AND OPPORTUNITY FOR PEOPLE EVERYWHERE.

BUT BEFORE I TELL YOU ABOUT HOPE, I WANT TO SPEAK FOR A MOMENT ABOUT THE SINGLE MOST IMPORTANT FACTOR IN HELPING MILLIONS OF AMERICANS REALIZE THE AMERICAN DREAM: THE ECONOMY.

BECAUSE THE TRUTH IS, THERE'S NO BETTER HOUSING POLICY THAN A GROWING ECONOMY. AND WE'VE GOT ONE. ONE THAT PROVIDES JOBS, WAGES AND OPPORTUNITIES FOR ADVANCEMENT -- LONG-TERM INTEREST RATES THAT OPEN OWNERSHIP OPPORTUNITIES TO HUNDREDS OF THOUSANDS OF FIRST-TIME HOME BUYERS. BECAUSE EVERY DROP IN INTEREST RATES MAKES IT POSSIBLE FOR MORE FAMILIES TO BUY THAT HOME THEY WANT. AND I PLEDGE THAT MY ADMINISTRATION WILL VIGOROUSLY SUPPORT THE MORTGAGE INTEREST AND PROPERTY TAX DEDUCTIONS. THESE DEDUCTIONS ENCOURAGE HOME OWNERSHIP -- AND ARE IMPORTANT TO OUR OVERALL ECONOMIC PROSPERITY.

AND ALL SIGNS POINT TO CONTINUED STRENGTH IN THE ECONOMY. NOVEMBER MARKS THE 84TH MONTH OF ECONOMIC EXPANSION -- THE LONGEST PEACETIME EXPANSION ON RECORD. AND HERE'S ONE STATISTIC THAT REALLY HITS HOME: MORTGAGE RATES ARE DOWN FROM ALMOST 14% BACK IN NOVEMBER 1982 TO LESS THAN 10% TODAY. MY GOAL IS TO PURSUE POLICIES THAT WILL BRING THEM DOWN EVEN FURTHER.

OF COURSE, PART OF ANY RESPONSIBLE ECONOMIC POLICY IS GETTING OUR FISCAL HOUSE IN ORDER. // I WANT YOU TO KNOW THAT MY ADMINISTRATION IS HANGING TOUGH FOR A RESPONSIBLE BUDGET -- WITH REAL DEFICIT REDUCTION, NO SMOKE AND MIRRORS.

WE DON'T LIKE SEQUESTRATION -- NO ONE DOES. BUT WE'LL LIVE WITH IT IF WE HAVE TO -- IF IT'S THE ONLY WAY TO REIN IN SPENDING AND BRING THAT DEFICIT DOWN TO THE GRAMM-RUDMAN TARGET. I'M READY TO SIGN A BUDGET BILL -- WHENEVER CONGRESS IS READY TO STRIP OFF ALL THE COSTLY EXTRAS AND ADD-ONS HIDDEN AWAY IN THOSE OMNIBUS SPENDING BILLS.

AND I'M OPTIMISTIC -- OPTIMISTIC THAT MY ADMINISTRATION AND THE CONGRESS CAN AGREE ON A RESPONSIBLE BUDGET. OPTIMISTIC THAT WE'LL SEE MORE AND MORE AMERICANS PROSPERING -- PROVIDING BETTER LIVES FOR THEIR FAMILIES, AND LOOKING TO ALL OF YOU TO HELP THEM REALIZE THEIR DREAMS.

AND I KNOW WE CAN COUNT ON YOU -- JUST AS WE COUNTED ON YOUR STRONG SUPPORT IN HELPING TO PASS THE 1988 FAIR HOUSING ACT. IRA, THAT'S A TRIBUTE TO YOUR LEADERSHIP -- TO YOUR ORGANIZATION AND ITS DEDICATION TO THE RIGHT OF ALL PEOPLE TO BE FREE FROM DISCRIMINATION AND PREJUDICE.

BUT MORE MUST BE DONE, AND THAT'S WHERE THE HOPE INITIATIVE COMES IN. THIS INITIATIVE WILL ADDRESS THE FULL RANGE OF HOUSING CONCERNS: FROM SHELTER FOR THE HOMELESS TO AFFORDABLE HOUSING FOR LOW-INCOME FAMILIES -- TO INITIATIVES THAT OPEN ACCESS TO EXPANDED JOB OPPORTUNITIES, AND HELP MILLIONS MORE AMERICANS OWN THEIR OWN HOME.

LET'S START RIGHT THERE -- WITH WHAT HOPE CAN DO FOR FIRST-TIME HOME BUYERS. YOU ALL KNOW ABOUT FAMILIES WORKING TO BUY THAT FIRST HOME. WELL, THEY DESERVE OUR HELP -- AND THEY'RE GOING TO GET IT. I WILL ASK CONGRESS TO ENACT LEGISLATION ALLOWING FIRST-TIME BUYERS TO DRAW, WITHOUT PENALTY, ON I.R.A. SAVINGS AS A DOWNPAYMENT FOR THAT FIRST HOME.

OUR HOPE INITIATIVE ALSO MEANS EFFORTS TO IMPROVE LOW-INCOME HOUSING. AS YOU KNOW, MY ADMINISTRATION REJECTS COSTLY NEW PUBLIC CONSTRUCTION PROGRAMS THAT, IN THE PAST, HAVE TOO OFTEN PRODUCED THE HOUSING PROJECTS THAT SYMBOLIZE THE VERY ABSENCE OF HOPE IN OUR INNER CITIES. THERE'S A BETTER WAY: HOUSING VOUCHERS -- THAT EMPOWER LOW-INCOME FAMILIES TO CHOOSE WHERE THEY WANT TO LIVE.

OUR IDEA IS TO CREATE INCENTIVES FOR THE CONSTRUCTION AND REHABILITATION OF THE HOUSING LOW-INCOME FAMILIES NEED. THAT'S WHY I'M CALLING ON CONGRESS TO RENEW THE LOW-INCOME HOUSING TAX CREDIT -- BUT MAKE IT PART OF A PACKAGE THAT ALSO INCLUDES A CUT IN THE CAPITAL GAINS TAX. A CUT IN CAPITAL GAINS MEANS AN INCREASE IN JOBS, INVESTMENT AND GROWTH. I KNOW THE NATIONAL ASSOCIATION OF REALTORS HAS FOUGHT HARD TO MAKE A CAPITAL GAINS CUT A REALITY. WELL, THE FIGHT'S NOT OVER. ///

BUT WE'VE GOT TO GO ONE STEP FURTHER -- IN THOSE POCKETS OF POVERTY WHERE DESPAIR HAS DRIVEN OUT HOPE, WE'VE GOT TO ELIMINATE THE CAPITAL GAINS TAX ALTOGETHER. THAT'S A KEY ELEMENT IN THE ENTERPRISE ZONE LEGISLATION I WANT TO SEE ENACTED. I'VE CALLED ON CONGRESS TO CREATE AT LEAST 50 ENTERPRISE ZONES OVER THE NEXT FOUR YEARS TO HELP CREATE THE JOBS AND INCOMES THAT ARE THE REAL KEY TO AFFORDABLE HOUSING. I HOPE CONGRESS GETS THE MESSAGE. IT'S TIME WE GAVE THE GREEN LIGHT TO OUR INNER CITY ENTREPRENEURS.

AND HOPE CAN HELP US REVERSE A TREND THAT'S STUNTING GROWTH AND DEVELOPMENT IN LOW-INCOME AREAS. OVER NINE MILLION AMERICANS LIVE IN FHA-INSURED HOMES, AND EVERY YEAR NEARLY HALF A MILLION FIRST-TIME HOMEBUYERS USE FHA TO HELP THEM MAKE THEIR DREAM AFFORDABLE.

MY ADMINISTRATION HAS ANNOUNCED MAJOR REFORMS TO ENSURE THAT FHA IS TRUE TO ITS PRIMARY MISSION OF MAKING HOUSING AFFORDABLE FOR LOW AND MODERATE INCOME FAMILIES. WE WILL CHANGE THE DESTRUCTIVE PRACTICES WHICH HAVE KEPT FHA OUT OF THE INNER CITIES AND DISTRESSED COMMUNITIES THAT MOST NEED ITS SUPPORT.

AND -- AT ALL LEVELS OF GOVERNMENT -- WE'VE GOT TO TAKE A SECOND LOOK AT SOME OF THE WELL-INTENDED HOUSING POLICIES THAT ACTUALLY DECREASE OUR HOUSING SUPPLY. I'M TALKING ABOUT THE EXCESSIVE RULES, REGULATIONS AND RED TAPE THAT ADD UNNECESSARILY TO THE COST OF HOUSING -- BY TENS OF THOUSANDS OF DOLLARS -- OR CREATE PERVERSE INCENTIVES TO ALLOW EXISTING HOUSING TO DETERIORATE. I HAVE ASKED JACK KEMP TO CONVENE A BLUE RIBBON COMMISSION TO IDENTIFY BARRIERS TO AFFORDABLE HOUSING -- AND TO MAKE RECOMMENDATIONS ON HOW THESE BARRIERS CAN BE REMOVED. AND LET ME MAKE THE FIRST RECOMMENDATION RIGHT HERE: NO CITY, STATE OR TOWN SHOULD RECEIVE A SINGLE PENNY OF HOPE FUNDING UNTIL THEY HAVE IDENTIFIED BARRIERS TO AFFORDABLE HOUSING IN THEIR OWN BACK YARD -- AND START TAKING STEPS TO REMOVE THEM. ///

YOU KNOW, SOMEONE ONCE SAID "WE SHAPE BUILDINGS -- THEREAFTER, THEY SHAPE US." THE SAME IS TRUE WHEN IT COMES TO LOW-INCOME HOUSING POLICY.

THAT'S THE REAL CENTERPIECE OF OUR HOPE
INITIATIVE: TO RECAPTURE THE AMERICAN DREAM OF HOME
OWNERSHIP FOR THOSE WHO HAVE BEEN LEFT BEHIND --
THROUGH RESIDENT MANAGEMENT AND RESIDENT OWNERSHIP.
IT'S ALREADY WORKING: IN KENILWORTH-PARKSIDE, BACK IN
WASHINGTON, D.C. IN COCHRAN GARDENS IN ST. LOUIS. BY
ENCOURAGING NON-PROFIT AND RESIDENT GROUPS, IT'S GOING
TO WORK RIGHT HERE IN DALLAS -- AT PLACES LIKE RHODS
TERRACE UNDER THE TAKE-CHARGE LEADERSHIP OF A
COURAGEOUS MOTHER NAMED JESSIE TOLES -- AND ALL ACROSS
THE UNITED STATES.

*In East
L.A. public
housing)
through
community
leaders like
Alicia Rodriguez
And*

THE RESULTS ARE PROMISING: WITH TENANTS IN
CONTROL, WE SEE BETTER MAINTENANCE, MORE RENTS PAID ON
TIME, A DECREASE IN PEOPLE ON THE WELFARE ROLLS. AND
WE SEE SOMETHING MORE: A SENSE OF PRIDE THAT IS THE
VERY CORE OF ANY THRIVING COMMUNITY.

I DON'T KNOW ANY BETTER WAY TO REVIVE HOPE IN OUR INNER CITIES THAN TO GIVE TENANTS THEMSELVES A SAY IN RUNNING THEIR COMMUNITIES, A STAKE IN THE FUTURE AND THE BELIEF THAT THEY, TOO, CAN OWN A HOME. BECAUSE THE TRUE MEASURE OF SUCCESS ISN'T HOW MANY FAMILIES WE ADD TO HOUSING ASSISTANCE ROLLS. IT'S HOW MANY FAMILIES MOVE UP AND OUT -- AND INTO THE RANKS OF HOMEOWNERS.

///

BUT THERE'S MORE TO THE HOPE INITIATIVE. AND NOW I'M TALKING ABOUT PEOPLE WHO STAND IN THE SHADOWS OF WHAT IS OTHERWISE A VERY BRIGHT ECONOMIC PICTURE -- WHO LIVE A NIGHTMARE IN THE MIDST OF THE AMERICAN DREAM. WE SEE THEM EVERY DAY -- ON THE STREETS OF OUR CITIES, SLEEPING ON STEAM GRATES, LIVING OUT OF CARDBOARD BOXES. THE HOMELESS. //

FOR MOST OF US, NOVEMBER IS THE TIME OF YEAR WE START LOOKING FORWARD TO THE HOLIDAY SEASON: THANKSGIVING, CHRISTMAS, NEW YEARS. FOR THE HOMELESS, NOVEMBER IS THE TIME OF YEAR THE TEMPERATURE STARTS TO DROP, AND SIMPLY MAKING IT THROUGH THE NIGHT BECOMES A LIFE AND DEATH STRUGGLE. //

THINK ABOUT THE CHILDREN. PRETTY SOON, YOUR KIDS WILL BE DREAMING ABOUT CHRISTMAS TOYS -- THAT NEW VIDEO GAME OR NEW BIKE THEY'D LIKE. IT'S DIFFERENT FOR KIDS ON THE STREET. I READ A STORY NOT LONG AGO THAT'S STUCK IN MY MIND ABOUT A LITTLE BOY WITHOUT A HOME. HERE'S WHAT HE DREAMS ABOUT AT NIGHT: "I DREAMED MY MOM GOT HER [HOUSING ASSISTANCE]," HE SAID, "AND WE GOT A HOUSE WITH A GREAT BIG BACK YARD."

BUT IN THE MORNING, FOR THAT LITTLE BOY, THE DREAM IS OVER. HE IS UP AT 5:30, OUT OF A SHELTER AND BACK ONTO THE STREETS. ///

THAT'S A TRAGEDY -- BECAUSE NO CHILD IN AMERICA SHOULD HAVE TO GROW UP ON THE STREETS. AND EVERY FAMILY IN AMERICA SHOULD HAVE A ROOF OVER ITS HEAD.
///

MY ADMINISTRATION IS GOING TO DO ITS PART TO EXPAND EMERGENCY SHELTERS. YESTERDAY, I SIGNED A BILL THAT SUBSTANTIALLY INCREASES FUNDING UNDER THE MCKINNEY ACT TO REDUCE HOMELESSNESS. AND WE'RE GOING TO CONTINUE TO PUSH FOR FULL FUNDING OF HOMELESS PROGRAMS UNDER THAT LAW. TODAY, I'M ALSO ASKING JACK KEMP TO FIND NEW WAYS TO PUT A PORTION OF OUR FHA FORECLOSURES INTO THE HANDS OF NON-PROFIT GROUPS -- GROUPS THAT ARE DOING SUCH WONDERFUL WORK REHABILITATING ABANDONED HOMES, AND FIGHTING POVERTY IN OUR INNER CITIES.

BUT THE REAL ANSWER FOR THE HOMELESS -- THOSE WITH MENTAL PROBLEMS OR DEPENDENT ON DRUGS OR ALCOHOL, IS SHELTER PLUS CARE: SHELTER SUPPLEMENTED BY THE NECESSARY SUPPORT-SERVICES TO GET THESE PEOPLE THE HELP THEY NEED TO LIVE IN DIGNITY. AND THAT MEANS A PARTNERSHIP -- A COMBINED FEDERAL, STATE AND LOCAL EFFORT -- TO SUPPLY THE FUNDING AND OTHER RESOURCES THAT CONSTITUTE A COMPREHENSIVE SOLUTION FOR THE HARD-CORE HOMELESS. AND IF WE CARE ABOUT THEM, WE'VE GOT TO TAKE MORE THAN A ONE-DIMENSIONAL APPROACH TO THE PROBLEM.

THE HOPE INITIATIVE WILL INCLUDE IMPROVED
COORDINATION OF BASIC NEEDS LIKE SHELTER WITH OTHER
SOCIAL SERVICES -- TO HELP THE HOMELESS GET THE
TREATMENT THEY NEED TO GET CONTROL OF THEIR LIVES. TO
HELP THEM FIND AND HOLD DOWN JOBS. TO HELP THEM REGAIN
HOPE -- AND LEAVE LIFE ON THE STREETS BEHIND FOR GOOD.
///

HELPING THE HOMELESS. HELPING LOW-INCOME FAMILIES
FIND AFFORDABLE HOUSING, DECENT HOUSING. HELPING MORE
OF THE 80 MILLION AMERICANS WHO DON'T OWN A HOME JOIN
THE RANKS OF HOMEOWNERS. THOSE ARE THE AIMS OF THE
HOPE INITIATIVE -- AIMS WELL WITHIN OUR REACH.

THINK ABOUT THAT LITTLE BOY I SPOKE ABOUT A MOMENT
AGO. THINK ABOUT HIS DREAM -- BECAUSE IT'S REALLY THE
AMERICAN DREAM -- WHAT ALL OF US WANT FOR OURSELVES AND
OUR FAMILIES. ///

WE MUST UNLEASH THE RESOURCES OF THE PROFIT AND
NON-PROFIT SECTORS, OF CHURCHES AND SYNAGOGUES, STATES
AND LOCALITIES IN OUR GREAT NATIONAL ENTERPRISE TO
ASSURE SAFE, DECENT, AND AFFORDABLE HOUSING FOR ALL.
ONLY THEN WILL WE BE ABLE TO REPLACE HOPELESSNESS WITH
HOPE. ONLY THEN WILL WE BE ABLE TO WAGE WAR ON POVERTY
AND DESPAIR. AND ONLY THEN WILL WE BE ABLE TO COMPLETE
OUR VISION OF A FREE AND PROSPEROUS AMERICA, FULL OF
OPPORTUNITY FOR PEOPLE EVERYWHERE.

THANK YOU. GOD BLESS YOU -- AND GOD BLESS THE
UNITED STATES OF AMERICA.

#

October 24, 1989

MEMORANDUM FOR CHRISS WINSTON
DAN MCGROARTY
PEGGY DOOLEY

FROM: STEPHANIE BLESSEY 
SUBJECT: NATIONAL ASSOCIATION OF REALTORS

The following is information collected from the pre-advance.

Logistics:

- o Time: 2:15 p.m.
- o Location: Chantilly Room at Anatole Hotel, Dallas
- o 6,000 people expected
 - 4,500 in Chantilly Room
 - 1,500 overflow in Grand ballroom with live video
- o Backdrop: blue with Realtor's logo "R"
- o Introduction: Off-stage announcement of the President and President Ira Griben. President Griben will introduce President Bush.

Other information:

John Blount (Division Vice President of Congressional Affairs 383-1120) is sending fun facts about Ira Griben and the Realtors (joke material and applause lines) and a list of notables. Congressmen Bill Thomas and Claudine Schneider have already accepted.

The White House initiated this event, so the project officer must have a theme in mind. The advance team does not know what it is.

Tenants reject slum and live their dream

Chicago Tribune
April 16, 1989

By Anne Keegan

The utilities had been cut off. The heat shut down. No one in the building could take a bath or cook a meal.

Aretha Ivy spent the winter days in bed, fully dressed, under a mound of quilts. Augusta Caldwell shivered all day and wondered if, in her old age, she was going to freeze to death.

The property taxes were grossly in arrears. The building was in chaos and the absentee landlord walked away.

Drug dealers were all over the street and the two giant abandoned buildings next door that anchored the intersection kept rats scurrying through the alleys and drifters hanging in ominous clusters on the corners.

The neighborhood—slipping inexorably over the last 20 years into disrepair and poverty—already had become a ghetto.

Like many of the buildings along the street, the apartments at 46 N. Parkside Ave. were about to become a slum. But they didn't.

"This building literally has been pulled from the jaws of death," says Peter Gunn, of the South Austin Coalition Community Council.

"The unpaid taxes, the utilities being shut off, the landlord abandoning the place ... all of that should have shut that building down and emptied it out.

"The only thing that kept that building going were tenants like Mrs. Caldwell who stuck with the building. It's not just a building to these people. It's their home."

The building at 46 N. Parkside never did slip into becoming a slum. It's become something very middle-class for a poor black neighborhood in Chicago. It's become a co-op.

It has no absentee or slum landlord. The tenants own it. Or they will, officially, this Friday when they are to be presented with the deed.

"It's been tough, it's been rough. It's been a hard fight," says tenant Nina Travis. "It feels great for a black woman like me who has never owned anything in her life to own a part of something now. This is a first for me. I am very proud. This is the miracle on Parkside."

South Austin is a neighborhood where at least half the inhabitants are on public aid. Most families are run by women. Close to 80 percent of the buildings are in financial trouble.

If they are not rehabbed or at least given large-scale repairs soon, the landscape of South Austin could disintegrate to the point where, within a few years, Austin could "become another Bronx," in the words of one West Side real estate dealer.

Abandoned buildings are common; drug deaths on the streets and in the back alleys are frequent. Housing is so short that squatters continue to live in squalid quarters, unlit and unheated, behind boarded-up windows in empty buildings where city inspectors never look and few police venture.

Building after building has died out here. But not 46 N. Parkside.

"For many of these people," says Willie Hayes, the court-appointed manager of the building who has been trying to guide the people who live there from a tenant mentality into an ownership mentality, "this is the first time they've ever owned anything. None have owned property. Most of them have never even owned a car. For almost all of them, their biggest capital asset has been a TV set. Now these people are going to be property owners for the first time in their lives.

"The beauty is, you got 21 families that are getting a piece of the American dream for the first time after generations. They are going to

own their own home. Their own space. They are going to wake up next week and find their dream is fulfilled. They are the owners. They are responsible. The building is theirs."

"Some of the tenants came to me for help through the South Austin Coalition and wanted to save this building," says Ron Grossinger of Legal Assistance, who helped push through most of the legal work freeing the building of financial debt so it could be organized into a cooperative corporation.

"The building was in receivership and was going on to the county scavenger sale because of unpaid back taxes. We worked through the tax reactivation sale to get the building and, through the concept of developing a co-op, bought the building back from the city so the tenants would own it.

"Each tenant paid \$100 to own a part of this corporation. They don't own the four walls they live in. They own a part of the corporation.

"This is a wonderful concept, especially in such a poor neighborhood. For it saves the building, provides housing that is desperately needed, turns tenants into owners, gives them pride of ownership and puts buildings that would die back on the tax rolls."

Co-ops are not uncommon in Chicago in upper-middle-class neighborhoods such as Hyde Park on the South Side and Lake Shore Drive on the North Side. They are virtually unheard of in the ghetto.

But it is an exciting concept to manager Hayes, who, when he began talking to the tenants several years ago about organizing a co-op, "thought when this was done, I would have created 21 capitalists. It hasn't been that easy. You have to change the welfare mentality. You have to get people to work together.

"These people are working hard at it. But I don't think they realize the potential yet for what they've got—they've got something they can leave to their kids. None of these people have ever had that before."

"In the middle of this rough neighborhood, we got a building with rules ... and we keep them and we mean them," says Ivy, 56, vice president of the co-op board. "If you don't follow them, we will evict you. We are going to demand four references from those who want to buy in, and we the tenants are going to keep this place nice. It took sweat, heartache, pain and prayer to get this property and we are going to make it work."

"I done got old fighting for this place," says Caldwell, who has lived there 17 years, many of those years with no landlord collecting rent or making repairs or turning on the heat. Caldwell is notorious in the neighborhood for chasing squatters and drug dealers from the property and calling the police when trouble breaks out. She has never owned anything before in her life, not even a car.

"My bones got old in there and everything aches, but I'll do the best I can to make this place work. This is my home. I own it now."

"Suddenly we got different concerns. Like property taxes. Like the cost of repairs. Like how to efficiently manage 21 apartments because we are now the landlords ourselves, and how to deal with the water bill," says Nina Travis.

"We are becoming middle class in the middle of the ghetto. And I'm proud. I was born in Tennessee. My mama had 14 children and took in laundry and since I was a child, I always dreamed someday of being a lady. At 44 years old now, I own property. I feel I'm a lady now."

Baker —

[Appreciable]

Compliment
from
Baker —

only
highest
regards

on the
Money

HOUSING POLICY NEEDS A REHAB

Washington spends poorly on the poor, and local governments block construction the middle class can afford. Here's a blueprint that can lead to homes for all. ■ by Louis S. Richman

WHEN WERE YOU LAST at a dinner party where someone didn't raise at least one of these perennially favorite topics: (1) how that \$47,500 subdivision split-level, bought in 1973, is now worth a cool quarter million; (2) how married children, all with good jobs, cannot scrape together a down payment for even the draftiest bungal-

"America is being transformed into a nation of housing haves and have-nots." Most who worry about the trends assume that huge increases in federal spending are the answer.

A dispassionate look leads to other conclusions. First, there is a problem, not a crisis. Second, pouring more money into new subsidized housing won't help. What's required are federal and local policy changes

the median is getting close to \$200,000.

Costly residential real estate is to some degree a hangover of the late 1970s when the tornado of double-digit inflation lifted house prices clear into Oz. But the same winds also puffed up homeownership. Because mortgage rates were lagging behind inflation and house prices were rising 14.5% a year on average, smart young families saw a home as an unbeatable investment. Today, except in the tightest housing markets, prices are rising only about with inflation, and recent softening in some areas has raised fears of an actual decline in prices. Meantime, mortgage costs are higher, and lower income-tax rates have made interest deductions less important. Changing lifestyles have also reduced demand. Many people are postponing marriage—or abandoning the institution. Focus on the married couples who comprise the bulk of first-time buyers and you discover that ownership rates remain about where they were a decade ago.

Still, from anecdotal evidence alone, plenty of young people who want to buy simply can't. Some do not earn enough to carry mortgages, and their numbers have doubtless increased with recent interest rate hikes. A bigger obstacle, in the view of most experts, is that this generation of low savers cannot make the down payments.

The poor have a much worse problem in finding shelter, and their needs have outstripped federal assistance programs. Housing benefits, unlike Medicaid and food stamps, are distributed on a first-come, first-served basis to the limit of HUD's annual appropriation. This year its \$12.4 billion housing assistance budget will reach just 28% of all who qualify. Some 7.7 million families fall through the cracks today, vs. six million in 1974. It's not for want of trying. Since the mid-Sixties the U.S. has spent about a quarter of a trillion dollars to

REPORTER ASSOCIATE Charles A. Riley II



Thanks to new state laws, homes in this New Jersey development start at \$39,950...

low in the town where they grew up or work; (3) how if the government doesn't quickly resume building subsidized housing, the ranks of the homeless will swell beyond imagining?

Decent housing for all and widespread homeownership are major pieces of the American dream. But for many it looks like a dream perpetually deferred. The percentage of families who own their dwellings, which rose steadily for 40 years to a peak of 65.6% in 1980, slipped to 63.8% last year. That seemingly small decline means two million fewer homeowners. More than six million low-income households—nearly 50% of all people below the poverty line—spend over half of their incomes for rent. William C. Apgar Jr., director of the Joint Center for Housing Studies at Harvard, expresses a widely held view when he says,

that will allow the housing marketplace to work, along with carefully focused spending on the poor. The challenge presents Jack Kemp, the new Secretary of Housing and Urban Development, with a custom-built opportunity to test his free-market principles.

HOW MANY have-nots have we? Nobody can say for sure. Among aspiring first-time home buyers, young families in the 25 to 29 age group have been the hardest hit. The proportion who own homes has tumbled from 44% a decade ago to just over 36% today (see chart, page 86). Part of the reason—but only part—is that housing is now more expensive. The median-priced American home fetches \$91,000—and in parts of the Northeast and California,



...enticing hopefuls like Mike Pfeiffer, who recorded his visit to this three-bedroom townhouse costing \$128,950.

build or subsidize the construction of over four million low-income housing units.

Government has not just failed to solve the housing problem: It has worsened it. Peter D. Salins, a professor of urban studies at New York's Hunter College, explains how. For all the money lavished upon it, government-built housing still accounts for a small proportion of the poor's shelter. Worse, it is outrageously expensive, inhospitable, and badly located. The money would go much further and yield more desirable housing, Salins argues, if it made the poor more like other consumers, able to pursue their desires in the marketplace. Zoning restrictions wreak further damage. Even as they clamor for more federal money to make housing affordable, local governments zone out the poor—and the not-so-poor.

Breaking the impasse has to start with

meeting the needs of new home buyers. A healthy housing market relies on a concept that economists call "filtering." As new homes are built, more prosperous renters move up the housing ladder toward ownership. Their former apartments are freed up for less affluent tenants. Through a chain of such moves younger and poorer households are able to find acceptable apartments. But because so many young families aren't able to buy, the filtering process has broken down. Phillip L. Clay, an urban studies professor at MIT, estimates that middle-class renters now occupy some 20% of what was once lower-income housing in many tight urban markets.

Diddling with mortgage financing mechanisms to boost first-time buyers over the down payment hurdle offers only marginal help. The Federal Housing Administra-

tion's lending standards are already liberal, and loosening them further would merely risk more defaults. Allowing first-time home buyers to tap their tax-free IRA accounts might give some an extra push, but few young families have much in those accounts. A recent initiative in Michigan could turn into an open-ended drain on state funds. Governor James J. Blanchard wants to sell aspiring first-time buyers tax-exempt state bonds that would eventually cover their down payments. But if house prices rise faster than Michigan expects, the plan requires the state to make good the difference between the home buyers' savings and the amount they need.

Some buyers are making the nut by so-called equity sharing. In exchange for cash up front, a lender stakes a claim on the home's future appreciation—typically



The Beattles of San Francisco: A nonprofit group built their \$634-a-month apartment.

50%. But such deals make sense only in markets where appreciation is all but guaranteed. Elsewhere lenders find the proposition too risky. Kenneth T. Rosen, chairman of the Center for Real Estate at Berkeley, California, would spread the risk by having the FHA or the Federal Home Loan Bank Board, which oversees the nation's savings and loan institutions, establish a national shared-equity fund. Should home prices tumble in one part of the country, the fund would be cushioned by the gains it reaps in regions where markets remain tight.

Rosen's idea deserves a serious look. Meanwhile, many young home buyers continue to get down-payment help from those friendly bankers of last resort, mom and pop. The National Association of Realtors calculates that about a third of first-time buyers depend on family assistance to supplement their savings. Mom and pop are often in great shape to oblige. Ownership rates among the old continue to

climb, and home equity loans make it easy to borrow against that built-up wealth.

The best solution to America's housing affordability problem would be to lower the cost of building homes. Filtering works best when the cost of developing new housing declines. So who is clogging the filter?

Don't blame developers. "The first-time buyer is a builder's bread-and-butter business," says John Phillips,

a homebuilder in Olympia, Washington. "There is a steady flow of new customers as households are formed, and new families are likelier to buy when the economy is weak."

Homebuilders have made impressive cost-saving gains. Since 1980 the inflation-adjusted cost of construction has fallen 6%. Further improvements are within reach as the industry shifts from on-site "stick built" homes to factory-made modular units. Paul F. Kando, a highly regarded advocate for factory-built housing who directs the Center for the House in Wash-

ington, calculates that today's manufacturing methods can reduce the average cost of building a spacious 1,865-square-foot home 27% to \$61,142. Such savings would reduce the annual income a buyer in Pennsylvania, for example, needs to qualify for a mortgage by \$6,760.

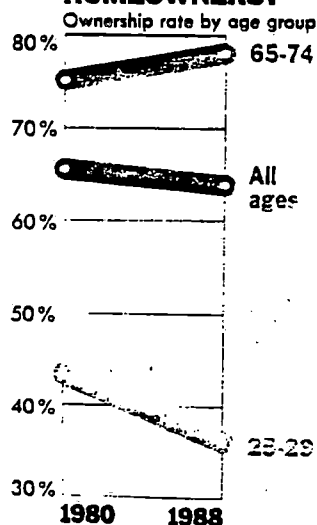
If developers can build affordable housing and want to, what's stopping them? The chief villain is a web of local zoning and land-use regulations, which codify communities' determination not to have it. Originally intended to impose sensible order on growth, many ordinances now serve as barriers to all but the costliest new housing. Some are outright capricious. In Phoenix, for example, city fathers insist that most new homes be built with Spanish tile roofs instead of cheaper asphalt shingling. This harmonizing touch adds up to \$6,000 to the price new home buyers must pay.

Strict limits on density do the most damage. As communities braced themselves against an onslaught of growth, they stuck fast to—or tightened—zoning regulations that determine how many houses can be built on how much land. Because raw land costs are the fastest-growing component of new home construction, the only way to reduce the cost of building suburban housing is to increase the number of homes that can be built on a site. But pity the developer who tries to wheedle a density bonus out of a local planning board. Hagglng with officials can easily consume two or three years, while the developer keeps his money tied up in the gestating project.

THE AGONY DOESN'T end until the project's neighbors have been heard from, and they would rather live next to empty lots. "Angry neighbors have become the fourth branch of government," says Douglas R. Porter, director of development policy research at the Washington-based Urban Land Institute, a planning group. Hovnanian Enterprises, a New Jersey-based builder of over 2,300 starter homes each year throughout the Northeast (including those in the picture on page 84), estimates that zoning battles and lawsuits tie up construction starts an average of four years. Hovnanian employs 16 full-time lawyers to guide projects through the regulatory maze and to battle irate neighbors.

Easing standards can yield dramatic savings. Portland, Oregon, for example, speeded up its approval process, reduced its infrastructure requirements, and allowed

WHO ARE THE HOMEOWNERS?



Declines among the young are pulling down the national rate. Oldsters are doing better.

SOURCE: JOINT CENTER FOR HOUSING STUDIES, HARVARD

WHERE OWNING IS EASY—AND WHERE IT ISN'T

MOST AFFORDABLE	HOME PRICE 1988 average	HOUSEHOLD INCOME 1988 average	MONTHLY PAYMENT AS A PERCENT OF INCOME
St. Louis	\$96,500	\$46,900	18.2%
Cleveland area	94,900	43,800	20.4
Miami-Ft. Lauderdale	103,400	44,400	20.7
Tampa Bay area	94,500	37,200	21.6
Kansas City	108,200	43,400	22.2

LEAST AFFORDABLE

New York City area	\$193,000	\$55,400	35.5%
San Diego	169,100	45,200	33.4
Los Angeles area	186,000	50,700	33.2
Boston area	195,700	55,500	31.9
San Francisco Bay	198,500	56,400	31.3

SOURCE: THE LIST OF 33 MOST IMPORTANT RESIDENTIAL MARKETS COMPILED BY LOMAS MORTGAGE LSA

builder Mike Robinson to boost the density of his North Meadow Village development from four homes per acre to nearly ten. The variances helped Robinson chop an average \$15,647 out of the price of each of 58 single-family homes and sell them for \$50,000 to \$55,000. HUD and the National Association of Homebuilders undertook an experimental program in 29 other cities during the mid-1980s, using the most advanced construction techniques and cutting regulatory barriers. It produced savings averaging 15%.

But a new obstacle to affordability known as the impact fee has reared its head. Since local property owners still want schools and sewers but are unwilling to tax themselves, local governments make developers pay. An outgrowth of the late-1970s property taxpayers' revolt, impact fees often choke off the building of starter homes. Communities in 31 states now levy them, and in many they have become monstrous, bankrolling items on local wish lists such as parks and swimming pools. In Los Angeles County, the charges have ballooned from \$3,000 to \$22,000 per new home over the past decade.

Why don't developers resist? Far easier for them to get quicker approval for fewer, more expensive homes, whose buyers can more readily be stuck with the costs. Says developer Phillips: "You have the same fixed overhead whether you build a \$50,000 home or a \$300,000 one, but it makes up a far smaller proportion of the selling price of the expensive home." Throughout the U.S., says George Sternlieb, an economist at Rutgers, impact fees, zoning restrictions, and regulatory de-

lays add 20% to 25% to the selling price.

Breaking the regulatory logjam will require states to curb local boards. So far only a few have tried, though several more are discussing proposals. New Jersey has come up with the most promising approach. A series of state supreme court decisions known as the Mount Laurel cases, which culminated in 1986, established that access to housing is a constitutional right for the state's residents and banned exclusionary zoning. The townships can still plan their growth, but the plans must make room for housing that residents earning below \$18,000, 80% of the state's median income, can afford.

A statewide body called the Council on Affordable Housing, made up of public officials, residents, and a developer, certifies new local standards and arbitrates disputes. Since the system was introduced, most of

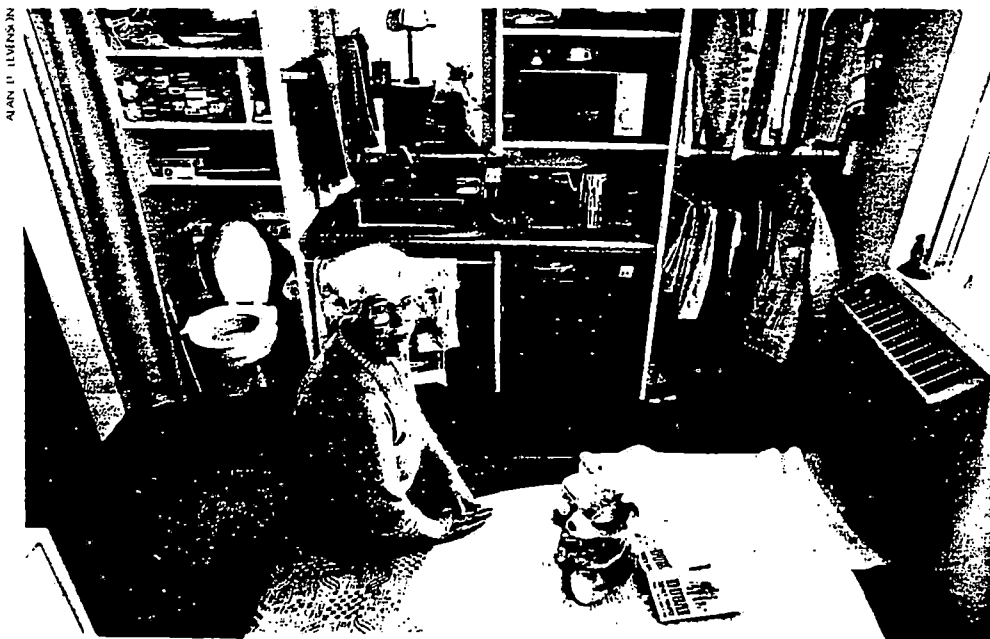
New Jersey's fastest-growing communities have gotten certification. Douglas V. Opalski, the council's executive director, thinks the procedures have helped cut approval times to under a year and will spur most of the 145,000 units of affordable housing the state needs by 1993.

Though such measures will do a lot to unclog the filter, they will not by themselves get the poor housed. What to do? Let's start with what not to do. Building more subsidized housing is the standard solution, but using scarce federal funds for that purpose helps too few needy families. The Office of Management and Budget estimates that each new unit costs \$70,000. To build the 250,000 units HUD financed yearly in the late-1970s would cost \$17.5 billion—nearly half again HUD's present outlays—and barely dent demand.

The harshest indictment of federal construction spending is that much of it perpetuates the inner-city cycle of decay and welfare dependency. "The projects were intended to shore up declining neighborhoods," says Robert L. Woodson, who heads a conservative poverty research group in Washington called the National Center for Neighborhood Enterprise. "Instead they have turned into social dumping grounds and have isolated residents in pockets of poverty far from the jobs that would help them escape."

If the Feds aren't to build new low-income housing, who will? A congressional commission last year estimated that 17 million families will need help by 2003, vs. about 13 million today. But, the group estimates, the number of subsidized and private-market apartments will fall from

Kathryn Eastep, 74, pays \$240 a month for this single room in San Diego.



POLITICS

about 12 million to just under nine million.

The commission has overstated the problem. Its projected 2% annual growth in the number of impoverished families is extrapolated from a base year of 1982, the trough of a recession. It also made no allowance for any increase in the supply of affordable, unsubsidized private rental housing—which provides three-quarters of the poor's shelter.

ANOTHER WORRY is that some of the poor's existing housing could be wrested from them in coming years. About half of all subsidized housing since the 1960s was built by private developers enticed by FHA-guaranteed, low-interest mortgages and rent subsidies. In exchange, the developers agreed that their projects would serve low-income occupants for 20 years. Those obligations are now beginning to expire. According to the commission, 523,000 subsidized apartments could fall out of the stock over the next 14 years as owners of some buildings convert to market-rate housing and others default. Here again, the estimates are too high. Conversion is risky—the market may head south before the rehab is done—and the foreclosed units won't just disappear, since HUD will auction them off to new buyers. HUD projects the loss will not exceed 150,000 units.

Though vast, the remaining shortfall is beginning to yield to the efforts of hardy, private, nonprofit developers, supported largely by local businesses. Any federal program should aim to augment their efforts.

One such organization, Bridge Housing Corp., has put up 16 affordable-housing developments in the no-growth environment of greater San Francisco. Launched in a sublet office with a three-person staff in 1983, Bridge would rank as one of the nation's 100 largest homebuilders if it were a profit-making enterprise. Unlike older nonprofit housing development organizations born in an era of federal largess, Bridge structured itself as if it were a for-profit developer. Says President I. Donald Turner, formerly California's state housing director: "We knew we couldn't count on getting any federal money. We would have to wear suits



The Elekwachi family from Nigeria bought this \$108,000 American dream built by a nonprofit group near San Francisco.

and ties to the office, not Birkenstocks."

Bridge differs from for-profit developers in just two respects, not including Turner's nostalgia for sturdy sandals. First, it reserves 40% of its units for families with annual incomes no higher than \$25,000—80% of the area median. The remainder go to families with incomes of \$25,000 to \$40,000, at market rates. Secondly, Bridge uses any profits from the market-rate units to reduce the cost or expand the number of units for lower-income residents.

To win over planning boards and neighbors, Bridge invests heavily in attractive architectural designs that blend with the surrounding community. In return it asks for relief from impact fees, along with zoning density bonuses that allow it to build up to 25% more units on a site. Having a for-profit partner helps: Bridge has worked with 11 Bay Area developers. "It stiffens the spines of local officials who have to stand up to angry neighbors," Turner says. "Bridge waves the flag of public purpose, and our partner offers a reassuring combination of financial depth and development experience."

Started with \$5 million in grants from a local business group, Bridge has built or has

under way more than 3,500 units with a construction value of nearly \$250 million. Its success has spawned a half-dozen imitators around the country. And Turner expects that it will eventually inspire private developers to undertake affordable housing projects of their own.

In most cities, providing low-cost shelter relies on the scatter-shot efforts of energetic but largely inexperienced Birkenstock brigades. They are now getting help from a pair of nonprofit organizations with nationwide scope: the Enterprise Foundation, a Columbia, Maryland, group founded by developer James Rouse in 1981, and the Local Initiatives Support Corp. (LISC) of New York, begun with Ford Foundation money in 1980.

Both groups provide financial sophistication and management expertise along with funds. In Cleveland, for example, Enterprise has helped local groups put together an equity pool of \$4 million from 25 local companies to rehabilitate homes. It leverages

the private investment with public money, negotiates low-interest construction loans from local banks, and distributes the proceeds over eight projects.

With future occupants contributing sweat equity, each rehabbed unit can be sold for a modest \$20,000 to families with annual incomes of \$12,000 to \$18,000. Enterprise has helped Cleveland's nonprofit groups lift production from 120 units a year to 300. They aim to remodel 1,000 homes a year by the early 1990s. (For more on what is happening in Cleveland, see Cities.)

ENTERPRISE uses its \$20 million of assets to work with 86 local groups in 27 cities. LISC is raising over \$50 million a year to finance development and rehabilitation in 25 cities. The groups' equity flows from a juicy federal tax credit that Congress passed in 1986. Investors can deduct from their federal tax bills up to 9% of the total cost of a low-income housing project each year for ten years after the project is occupied.

Corporations, however, have been slow to warm up to the program; they have claimed only \$50 million in tax credits so far, though Congress authorized up to \$300 mil-



"Instead of gunshots, I hear birds singing," says Mary Ann Hughes. Housing vouchers, which let her move from a grim Chicago project to suburban Aurora, should be more plentiful.

lion per year. Investors are uncertain about the credit's future, and chary of being stigmatized as slumlords. Congress will soon reconsider whether to extend the credits beyond the end of this year. It should. As organizations like Enterprise and LISC continue to show that they can deliver attractive, cost-efficient housing, more corporate investors will be likely to ante up.

EVEN HOUSING the homeless and the working poor needn't require subsidies. Booming San Diego had lost more than 2,000 single-room-occupancy hotel units to new development since the mid-1970s. An investment group called BMW Partnership planned to raze the SRO on a parcel of land it owned. But when the site proved too small to convert, BMW decided to see if it could operate the hotel instead.

The developer ingeniously packaged its project to maximize amenities on the cheap. It wanted to provide each room with its own bathroom, for example, but subdividing the space to build partitions around the toilet, as the building code required, would have run up costs. So the partners asked the city to designate the entire room as a bathroom. Says managing partner Christopher J. Mortenson: "It offended the

city council's notions of decency, but nowhere in the building code did it say that people couldn't sleep in 'bathrooms.'"

The owners did not scrimp on comforts for residents, however. Each fully furnished 120-square-foot room comes equipped with an all-tile shower, microwave, and TV. Total finished cost: \$20,000 per unit—low enough for BMW to charge rents of \$220 to \$275 per month and turn a profit.

Residents are drawn from a cross-section of the elderly, working poor, formerly homeless—and the occasional European tourist happy to find a clean, cheap room reminiscent of youth hostels at home. To the 207 SRO units they now manage, Mortenson and his partners will add 418 by year's end. The partners have 400 more units planned, and with other developers starting to show interest, the city expects it will replace all its lost SRO space over the next three years.

So far, this thousand-points-of-light approach is adding just 25,000 units a year to low-income stock. How can Washington add battery power? The best approach would be to increase demand, or rather what economists call "effective demand"—the ability of more poor renters to afford market rents.

That was the course HUD followed dur-

ing the Reagan years as it switched from new construction to a system of voucher certificates. At an average yearly cost of \$3,500 per household helped, vouchers pay the difference between 30% of their income and the prevailing "fair market rent," which nationally averages \$467 a month. HUD increased the number of recipients by nearly 45,000 a year over the past four years.

Stuart M. Butler, director of domestic policy studies at the Heritage Foundation and an adviser to Jack Kemp, proposes that the government vastly expand the program. He points out that the federal and state governments already distribute emergency housing assistance equal to HUD's \$12.4 billion benefits budget, but it is scattered over several agencies. If all the funds were pooled under HUD, he estimates, vouchers could serve some 55% of all qualifying households—about the same proportion that entitlement programs reach—and cut administrative costs. As voucher use spreads and boosts the purchasing power of the poor, Butler expects the added demand will stimulate more private-market housing production.

OPPONENTS of vouchers claim that they merely strain the already short supply of cheap rental housing. But even leaving aside regional gluts, vacancy rates for low-income rental housing are high. More to the point, vouchers bring higher-rent housing within reach of the poor. Though recipients have their hardest time in cities like Boston and New York where rent control laws keep apartment turnover low, nearly all find apartments within 60 days.

The benefits of vouchers spread far beyond their principal aim. Instead of warehousing the poor in blighted ghettos, they allow recipients to decide where *they* want to live. In Chicago, James Rosenbaum, a sociologist at Northwestern University's Center for Urban Affairs, is tracking 114 black inner-city welfare mothers and their children who used vouchers to relocate in mostly white suburbs. "They blend beautifully into their new communities," he says. "This is the most promising approach I've seen yet to promote fair housing." It also puts the poor where the jobs are. Giving low-income Americans mobility and choice—something the old programs never did—offers the hope not only of housing them better but also of finally achieving the overdue national goal of a racially and economically integrated society. **E**

DRAFT

**Remarks by President George Bush
at the Swearing-In Ceremony for Jack F. Kemp
as Secretary of Housing and Urban Development**

"Both Jack and I are dedicated to making America, to the fullest extent possible, an opportunity society. And that means an economy that's thriving and creating jobs; cities that are filled with enterprise and offer residents a good life and good living; neighborhoods that are vibrant and safe, with affordable houses going up, old ones being restored.

It means giving people—working people, poor people, all our citizens—control over their own lives. And it means a commitment to civil rights and economic opportunity for every American. The chance for a greater America lies before us and we're going to seize that chance."

BUSH LETTER

DRAFT

Dear (Member of Congress)

My Administration is proposing a number of new housing and urban development initiatives that I have named HOPE -- for homeownership and opportunity for people everywhere. These initiatives will help recapture the American dream of homeownership and economic opportunity for those Americans who have yet to participate fully in the blessings of freedom.

HOPE includes the following programs that will begin in FY 1991:

1. A matching grant program to fund low-income homeownership through non-profit community groups, resident management, and urban homesteading. These funds will be used for rehabilitation, acquisition of public properties, technical assistance for resident management, limited operating assistance, and capacity building for residents.
2. A reinvigorated effort to provide service-supported housing for the mentally-ill and substance-addicted homeless, our nation's most vulnerable citizens. Federal housing funds will be matched with state and local service resources, including the community mental health block grant, to provide not only shelter but the professional treatment that up to two-thirds of all homeless people need to live a normal and dignified life.
3. IRAs for first-time homebuyers. I am asking Congress for legislation allowing tax free withdrawals of IRA funds for first-time homebuyers to encourage homeownership and saving for young families.
4. Help to preserve over 350,000 units of low income rental housing at risk of being lost to mortgage prepayment. This strategy, which includes start-up funds and a new office of preservation within HUD, will offer residents the opportunity to achieve homeownership and non-profit management of their housing.
5. Extension of the low income housing tax credit, as part of my proposal for reducing the capital gains tax. This tax incentive will expand affordable rental housing for low income people.
6. Housing Opportunity Zones designated competitively in 50 low-income areas. These zones will encourage comprehensive state/local strategies to reduce barriers to affordable housing. In return, federal incentives, regulatory relief, and targeted housing programs will be available.

7. FHA Reform in the 90s Past practices have resulted in significant losses to the FHA insurance funds and taken assistance away from the people who really need them. Reforms will remove fraud and waste, better target programs to low and moderate income Americans, and ensure that these programs are operated with ethical, financial, and managerial integrity.

8. Enterprise Zones, as an integral part of HOPE, in areas of stagnation, despair, and joblessness. Economic opportunity, jobs, and higher incomes are the indispensable precondition for access to affordable housing.

9. A new demonstration project to target services to the frail elderly in federal housing. These people should be allowed to stay in their own homes and not become institutionalized unless they need specialized help.

10. Operation Bootstrap -- a strategy to link housing vouchers with training, education, and child care at the local level. Our fundamental goal is to help low income people achieve economic independence.

Together, these initiatives will replace hopelessness with hope. They will help fulfill my pledge to wage war on poverty, wage war on despair, and wage wage on the conditions that contribute to crime and drug abuse.

I look forward to working with Congress to make these proposals a reality and fulfill our vision of a free and prosperous America for all people.

Sincerely,

George Bush

BUDGET SUMMARY

HOPE PROPOSALS

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>3 year</u>
HOPE Grants	500	650	1,000	2,150
Public Housing Homeownership	346	260	400	1,006
Distressed FHA Properties	72	195	300	567
Non-profits and Affordable Housing	72	195	300	567
Service Supported Housing/Frail Elderly (HOPE service portion)	44 (10)	-	-	44 (10)
Service Supported Housing/Homeless	236	243	249	728
Operation Bootstrap	*	*	*	*
Prepayment Preservation	412	317	345	1,074
Housing Zones	70	70	70	210
FHA Reform	*	*	*	*
Enterprise Zones@	160	310	520	990
LIHTC@	260	565	840	1,665
IRAs for First-time Buyers	#	#	#	#
Total Federal Funds (without IRAs)	1,672	2,155	3,024	6,851

* No additional funding required for these initiatives.

@ Revenue loss.

Revenue loss estimate not available.

MATCHING FUNDS (STATE/LOCAL)

HOPE GRANTS	125	325	500	950
Service Supported Housing/Homeless	236	243	249	728

SERVICE-SUPPORTED HOUSING

SERVICE-SUPPORTED HOUSING FOR THE HOMELESS MENTALLY ILL AND RECOVERING SUBSTANCE ABUSERS

Summary

This initiative will provide \$1.5 billion over a three year period for the long-term homeless individuals who are mentally ill and/or substance abusers, \$728 million in HUD funds and \$728 million in matching funds from Federal, State, or local supportive services programs.

Justification

The McKinney Act programs have worked well for those people who are either temporarily homeless or have problems which are amenable to a short-term concentrated dose of housing and supportive services.

The long-term homeless are not well served by either the housing delivery system or the social service network. These people need intensive services as well as long-term supportive housing arrangements. In addition, existing housing and services must be provided in a more coordinated manner.

Funding

HUD will provide:

\$150 million in tenant-based housing assistance for the homeless who are mentally ill or recovering substance abusers (serving about 6,600 for five year periods, taking into account a higher than current annual administrative fee to reflect the increased costs of serving this population). \$50 million of this amount has been transferred from the proposed Comprehensive Shelter and Services Initiative.

\$36 million in project-based units for the homeless mentally ill, leased or owned by non-profit housing providers to be funded under the Section 162 program for the handicapped from the Section 162 and Section 202 programs (1000 5-year rental subsidies).

\$50 million in project-based single room occupancy units for the homeless who are mentally ill or recovering substance abusers under the Mod Rehab SRO program (1316 15-year rental subsidies).

Applicants will be required to match their housing funds, on a one-for-one basis, with supportive services funding from Federal, State, or local government programs.

Program Operations

A national competition will be held. Applicants will be cities or states or non-profit organizations, with the approval of their local government.

Applicants can apply for any or all of the housing programs.

Applicants will be required to demonstrate that they would be serving people who were severely dysfunctional and had either been homeless for a long term or were frequently homeless.

HUD and HHS will participate in the selection.

LOW-INCOME HOMEOWNERSHIP

HOPE GRANT PROGRAM:
PUBLIC HOUSING HOMEOWNERSHIP

Summary

This initiative will provide \$1 billion over a three-year period for the implementation of public housing homeownership and related activities designed to enable public housing residents to become self-sufficient.

Justification

While homeownership for low-income families and empowerment of the poor through resident management are two of HUD's key goals, the Department does not have any programs targeted for these purposes. Thus, currently, these activities must be sought from special set-asides from other programs. This proposal will reemphasize HUD's commitment to enabling public housing residents to "homestead" their units.

Funding

1991

\$96 million for:

- Technical assistance for project development
- Technical assistance for the actual homeownership conversion process
- Rehabilitation
- Sponsor packaging fees
- Capital and operating reserve funding
- Economic development and other entrepreneurial activities

\$250 million in vouchers and certificates for:

- Project-based assistance to replace operating subsidies
- Statutorily-required replacement of units
- Relocation and transitional housing

1992

\$260 million of HOPE Grant funds will be used to pay for all aspects of public housing homeownership.

1993

The HOPE Grant funds for public housing homeownership will rise to \$400 million.

Program Operation

Funding to be awarded competitively to PHAs, IHAs, and RMCs.

The general HOPE matching requirement will apply, except that for funding related to technical assistance it will be reduced so that 90% of the funds come from the Federal Government.

Technical assistance for the development and strengthening of resident management associations will be continued.

A set-aside of \$5 million in Job Training Partnership Act funds will be made available to resident management corporations and other tenant organizations for job training activities.

The development of additional entrepreneurial activities will also be encouraged.

HOPE GRANT PROGRAM:
URBAN HOMESTEADING OF MULTIFAMILY HUD PROPERTIES

Summary

This proposal will provide \$567 million over a three year period to be used to further the movement of HUD-owned, HUD-held and "distressed" projects towards homeownership. The HOPE grant will provide tenants with homeownership counseling and project management training and also help to provide a project environment that is decent and secure.

Justification

Depending on their physical condition, the strength of the tenant organization and other factors, projects will require varying levels of aid to achieve homeownership. HOPE grants are needed to provide the kinds of assistance needed to help these groups convert their projects.

Funding

\$72 million will be available for multifamily homeownership in 1991, \$195 million in 1992, and \$300 million in 1993.

Eligible activities include:

- Non-profit sponsor fees
- Technical assistance for resident ownership and resident management
- Security plans
- Acquisition and repairs
- Project operations and debt service

Program Operation

All HUD-owned properties - generally acquired through foreclosure - will be eligible. Properties in workout status will have a lower priority because the HOPE grants are not designed to provide benefits to project owners, but to build the tenant's capacity to work with the owner to manage the property.

HOPE Grants will not be used to fund expenditures that otherwise would have been made out of FHA insurance funds, nor to fund expenditures that reduce losses to the fund.

HOPE Grants will generally not be used to bail negligent owners of distressed properties out of a bad situation. At the same time, distressed properties are often excellent candidates for resident ownership and management, because the seriousness of the blighted project conditions bring the tenants together to seek solutions.

HUD will require state and local governments to provide \$1 in local matching funds for every \$2 of HOPE grants.

HOPE GRANT PROGRAM:
NON-PROFITS AND AFFORDABLE HOUSING

Summary

This proposal will provide \$567 million over a three year period to non-profit community-based organizations to rehabilitate governmentally-held units in their jurisdictions and resell them to lower-income families for homeownership.

Justification

This initiative will transform vacant, foreclosed, and abandoned governmentally held buildings into units which become a housing resource for the Nation's poor.

It will capitalize on the existing strengths and abilities of those entities which are already active in inner city housing development--non-profit community-based housing development organizations.

Funding

Funding from the HOPE Grants program will be \$72 million in 1991, \$195 million in 1992, and \$300 million in 1993.

Non-profit organizations will be eligible to receive funds to cover:

- Acquisition and rehabilitation
- Non-profit co-ownership
- Soft second mortgages for tenant purchasers
- Technical assistance among non-profits

State and local governments will provide \$1 for every \$2 in Federal funds.

Program Operation

Properties held by FHA, VA, FNMA, GNMA, the Resolution Trust Corporation, State housing finance agencies, and local governments can be used for this purpose.

Recipients could develop a youth training component to enable neighborhood youths to learn a trade.

Sweat equity by potential purchasers can be undertaken.

INDIVIDUAL RETIREMENT ACCOUNTS FOR FIRST-TIME HOMEBUYERS

Summary

The initiative will allow first-time homebuyers to use funds in their Individual Retirement Accounts (IRAs) and other self-funded retirement accounts to help achieve homeownership.

Justification

To purchase even a modestly-priced home, some level of accumulated savings is required to make a downpayment and pay closing costs. As housing prices increases, it is difficult for first-time buyers to accumulate these savings.

While moderate-income families are eligible to receive tax deferred treatment for savings through IRAs and to invest them in a number of ways, they are not currently permitted to invest them in their own home.

Program Operation

Downpayment assistance will be limited to \$10,000.

The maximum house price is the ceiling used for Mortgage Revenue Bonds, i.e., 110 percent of the average area purchase price.

Retirement savings are protected because they must be repaid at retirement. The retirement plan can be repaid through an amortizing downpayment loan or from the proceeds at the time of resale.

Both capital contributions and earnings of IRAs will not be taxable.

PRESERVATION

MORTGAGE PREPAYMENT PRESERVATION

Summary

This proposal will offer resident groups in FHA-insured HUD-subsidized multifamily projects or non-profit neighborhood groups working on behalf of resident councils, the opportunity to purchase their buildings and become homeowners when an owner chooses to prepay his mortgage.

Justification

Owners of 334,000 units of FHA-insured, HUD-subsidized multifamily housing are eligible to prepay their mortgages over the next fifteen years, potentially eliminating low-income use restrictions on the properties.

The owners of low-income housing entered into a partnership with the federal government and have a responsibility to share the burden of dismantling that partnership.

If an owner elects to discontinue the low-income use of the property by prepaying the mortgage, tenants living in the housing should be protected.

Program Operation

Homeownership Opportunities

HUD will offer the tenants the first right of refusal to purchase their projects which have mortgages eligible for prepayment. The tenants will have up to three years to organize a tenant council and work with an experienced non-profit entity to build the capacity necessary to own and manage their property. If 85% or more of the tenants desire homeownership, they may request funding from HUD.

Funds provided to the tenant council by HUD will be limited to an amount equal to the present value of housing vouchers for 10 years. The funds may be used for the following purposes:

- acquisition
- rehabilitation
- counseling assistance for homeowners
- non-profit sponsor fees
- establishing replacement and operating reserves

The housing project will be converted to homeownership through a limited equity cooperative. Tenants will be required to make a downpayment equal to 1% of the total amount of HUD funds expended when providing the homeownership opportunity.

Units may be resold, but only to other low-income families.

Concurrent with the offer of a homeownership opportunity will be an offer of vouchers to all tenants with incomes up to 80% of the area median who believe they will benefit by moving to another residence.

Tenants wanting to stay in the project as renters (maximum of 15%) may be offered vouchers or certificates.

Incentives to Project Owners for Continuation as Restricted Rental Property

If the tenants do not wish to buy the property, the Federal Government will offer the owner a new financial arrangement which increases the value of the owner's investment. The new arrangement will not exceed the appraised market value of the project or the existing housing FMRs, whichever is lower.

Treatment of Tenants when Owner Prepays

An owner electing to prepay is considered responsible for the near-term costs associated with displacing tenants in the project. The owner must provide all tenants in the project a generous payment to cover the costs of relocation to HUD-approved quality housing in the commuting area within which the housing project is located.

All qualifying tenants will be guaranteed vouchers in addition to relocation assistance.

LOW INCOME HOUSING TAX CREDIT

LOW INCOME HOUSING TAX CREDIT

Summary

The low income housing tax credit will be extended for three years, with changes to make it a more efficient tool for providing housing for low income Americans. Residents or non-profits should be given an option to purchase low income housing tax credit property after a compliance period.

Justification

Tenant-based housing vouchers and certificates are the Federal government's primary tool for assisting rental households. However, direct rental assistance is funded at a level which, at best, permits only modest reductions in the number of families with serious housing needs. To continue to meet the need of rental households, the Federal government must supplement direct rental assistance with assistance through tax incentives.

The low income housing tax credit was included in the Tax Reform Act of 1986 because Congress clearly recognized that other elements of tax reform would have a severe detrimental impact on rental housing. The elimination of favorable depreciation and other tax benefits in tax reform will result eventually in substantial increases in rents. Recent declines in multifamily construction are the beginning of the process which will produce these rent increases. The burden of higher rents will fall predominantly on the lowest income families because higher income families will have homeownership as an option. Nothing has changed since tax reform to diminish this problem.

Although further improvements can be made, the low income housing tax credit is a substantial improvement over previous tax incentives for rental housing. In the housing credit, the tax incentives are directly tied to the provision of low rent housing to low income families. States are given the authority to allocate credits to their most important needs, and the program encourages the participation of non-profits.

Funding

The credit will be extended for another three years at the current allocation rate of \$1.25 per person per State.

The revenue loss associated with that extension is estimated at \$260 million in 1991 and \$1.6 billion for three years.

Program Operations

Maintain the same 70 percent and 30 percent credit structure with no extension of the compliance period beyond 15 years.

Limit use of the credit to new construction and substantial rehabilitation. The definition of substantial rehabilitation should be changed from more than \$2,000 per unit to more than \$5,000 per unit.

The three year extension should also extend the technical correction allowing carryover of allocated credits to permit owners sufficient time to place units in service.

HOUSING OPPORTUNITY ZONES

HOUSING OPPORTUNITY ZONES

Summary

This proposal will create 50 "Housing Opportunity Zones" which would remove regulatory and tax barriers to the construction and rehabilitation of homeownership housing for low- and moderate-income families in distressed urban areas.

Justification

The principles behind the Enterprise Zone concept can be applied to spur the construction of housing in many inner city areas which have large amounts of poor housing, limited homeownership, vacant land and vacant, substandard housing.

Housing opportunity zones provide a means for removing regulatory and other barriers in order to create affordable housing, while better targetting assistance to people in need.

Funding

HUD would offer an array of incentives to selected zones, such as:

- A version of the \$70 million in rental rehabilitation program funds will be targeted to housing zones for each of three years.

- Targeted FHA insurance programs

- Preferred access to HOPE grants in zones with city-owned vacant housing

- Automatic full crediting of CDBG expenditures towards the locality's low/mod targeting requirement

- Automatic Urban Homesteading designation and an earmark of Section 312 funds

Program Operation

Zones will be chosen through a competitive process with applications by local and State government.

Selection factors will include the extent of poor housing, vacant land and vacant, substandard housing and poverty in the proposed zone.

Applicants will be required to present a plan for eliminating barriers to affordable housing and offering new or rehabilitated housing for homeownership, especially for low- and moderate-income families.

The regulatory and tax barriers include exclusive zoning restrictions, overly-complex building codes, regressive property taxes, rent controls, etc.

The applicant could also offer low-priced land, vacant city-owned property, low-interest loans, or real estate tax abatements.

FHA REFORM

FHA REFORM

Summary

HUD is proposing a series of reforms to the Federal Housing Administration and its programs to ensure that these programs are operated with ethical, financial, and managerial integrity.

Justification

Long-term systemic problems in FHA programs have made them susceptible to fraud and waste, resulted in significant losses to the FHA Insurance Funds, and taken funds away from the people who really need them.

Program Operation

HUD is proposing the following reforms to the Federal Housing Administration and its programs:

- A complete comprehensive actuarial study of all FHA programs
- Appointment of an FHA Comptroller
- Annual audits and reports
- Elimination of:
 - Title X Land Development Program
 - Vacation home loans
 - Dealer origination of home improvement loans
 - Private investor loans
- Restructuring of the Coinsurance program
- Elimination of windfall profits from "double dipping" of subsidies

ENTERPRISE ZONES

THE PRESIDENT'S ENTERPRISE ZONE INITIATIVE

The President's enterprise zone initiative includes three tax incentives that will be available to workers and investors in 50 zones. The 50 zones will be phased-in 15 in 1990, 15 in 1991, 15 in 1992 and 5 in 1993. The characteristics of the zones will be consistent with the distress requirements contained in Title VII of the Housing and Community Development Act of 1987.

1. Refundable Wage Credit for Low-Income Zone Employees

A 5 percent refundable tax credit for the first \$10,500 of wages will be provided to individuals working in a zone and having total wages below \$20,000. The maximum credit will be \$525, and the credit will phase out between \$20,000 and \$25,000 of total wages.

2. Expensing of Investor Purchases of Small Zone Corporate Stock

Investors may deduct currently ("expense") investment in newly issued corporate stock of qualified small Subchapter C corporations.

Expensing will be available for investments in corporations having less than \$5 million of total assets, so long as the investments coincide with comparable increases in the corporation's tangible zone assets. Substantially all the activity of qualified corporations must be located in zones.

Expensed corporate stock will be available up to \$50,000 annually per investor, with a \$250,000 lifetime limit. Expensing will be available to individuals, and gain attributable to expensed stock will be taxable at ordinary rates. Amounts expensed will be subject to existing Code limitations, including the alternative minimum tax, and no "double dipping" with other tax subsidies will be permitted where the result is more than a 100 percent tax subsidy.

3. A Zero Capital Gains Tax Rate on Tangible Zone Assets

A zero tax rate will apply to capital gains realized during zone designation periods on qualified assets.

Qualified assets must be tangible, located in zones and used in qualified businesses which have operated in zones for at least two years prior to gain realization.

Gains qualifying for exemption must accrue after zone designation and before termination of the designation. Assets already located in a zone must be appraised at the time of zone designation, as must existing assets relocated into zones following designation. All qualified assets must be appraised at the termination of zone designation.

**Revenue Effect of President's
Enterprise Zone Proposal
50 Zones 1/**

	Fiscal Year					
	1990	1991	1992	1993	1994	1990-94
	(\$'s in millions)					
Wage Credit for EZ Employees 2/	-20	-60	-100	-120	-130	-430
EZ Corporate Stock Expensing 3/	-30	-100	-200	-270	-310	-910
Capital Gains Elimination on Certain EZ Assets 4/	0	0	-18	-130	-310	-450
Total Enterprise Zone Proposal	-50	-160	-318	-520	-750	-1790

Department of the Treasury
Office of Tax Analysis

July 21, 1989

1/ 50 Zones phased-in: 15 in 1990, 15 in 1991, 15 in 1992 and 5 in 1993.

2/ Refundable wage credit for zone employees equal to 5% of FUTA wages up to 1.5 times the FUTA cap (\$10,500).
Credit phased-out between \$20,000 and \$25,000 of wages received.

3/ Proposal would permit expensing of investment in newly issued corporate stock of EZ subchapter C corporations.
Expensing limited to \$50,000 per year with a lifetime cap of \$250,000 per individual.
Limited to investments in corporations with total assets of \$5 million or less and limited to corporate stock representing increases in tangible assets of the corporation held in the zone.
Limited to investments by individuals.
Gain on expensed stock will be subject to ordinary tax irrespective of other tax law provisions.

4/ Exemption from tax on gain accrued during zone designation on enterprise zone tangible business assets.
Assets in the zone prior to the date of zone designation must be appraised as of such date to receive tax benefits, although tax is deferred until realization. Only gain accruing after the date of designation qualifies for tax exemption.
Asset must relate to an enterprise zone business which has operated in the zone for at least two years prior to gain realization.
Estimate is stated before President's capital gain rate reduction proposal.

NOTES: Most revenue loss from elimination of tax on capital gains will occur outside the budget period. Over a ten year period, this proposal will cost approximately \$5.6 billion.

Estimates assume 50 zones phased-in in accordance with the pattern described in 1/ above. Estimates also assume the characteristics of zones will be consistent with the distress requirements contained in Title VII of the Housing and Community Development Act of 1987. Any deviation from these assumptions may materially impact the revenue estimates.

FRAIL ELDERLY

SERVICE-SUPPORTED HOUSING VOUCHERS FOR THE FRAIL ELDERLY

Summary

This proposal will provide \$44 million in FY 1991 for a demonstration of service-supported housing vouchers for the frail elderly. These vouchers will enable the frail elderly to live independently, rather than entering nursing homes.

Justification

As the elderly age, their functional limitation increase. For many elderly who need assistance with one or two simple activities of daily living, such as eating or dressing, a nursing home may not be needed or wanted but may be the only way to get any care at all.

While the more affluent can afford to pay for the in-home services they need, the low-income elderly cannot.

The current voucher program pays only for housing. Some other mechanism is needed to pay for services.

Funding

\$10 million for services vouchers for the frail elderly, to be linked with:

\$34 million for housing assistance through vouchers.
Together these funds will assist 1,500 frail elderly.

Program Operation

The housing and services vouchers will be awarded competitively to PHAs.

The services vouchers may be used for a wide range of services and for the employment of a services coordinator/case manager.

The services vouchers will cover only 40 percent of the cost of service provision. PHAs will be required to secure 50 percent of the cost of the services from their states.

In addition to the rent payment, the elderly individual will make a copayment equal 10 percent of the cost of the services received. This copayment should discourage the use of unnecessary services.

OPERATION BOOTSTRAP

OPERATION BOOTSTRAP

Summary

Starting in 1991, all tenant-based vouchers and certificates used to help welfare families and families with very low earnings must be combined with a program to help them escape from dependency.

Justification

Housing assistance is an essential part of the social safety net. But for families capable of working, it should not be seen as permanent support but as a tool for helping these families become part of the economic mainstream.

The Family Support Act, by requiring states to enroll welfare recipients in the JOBS program, provides an opportunity to combine housing with employment counseling, training, education, child care, and the other services families need to become self-sufficient.

Local communities have already successfully used competitive programs awarding housing subsidies to leverage upward mobility programs. The time has come to make such programs universal.

Funding

This program will use the regular allocations of vouchers and certificates made to communities from annual appropriations of incremental assistance. Funding for services will be accessed at the local level from other Federal, State, and local resources.

Program Operations

In order to receive their regular allocations of vouchers or certificates, PHAs and their local governments must demonstrate to HUD that welfare families and families with very low earnings will have access to a comprehensive program of services.

The PHAs must also agree to serve such families in proportion to their need for housing assistance.

HUD will monitor the progress of each jurisdiction to ensure reasonable progress towards full implementation of their Operation Bootstrap programs.

THE WHITE HOUSE

WASHINGTON

SCHEDULE OF THE PRESIDENT AND MRS. BUSH

FOR

DALLAS, TEXAS

NOVEMBER 10 - 11, 1989

EVENTS:

Staff Photo with National Association of Realtor Leadership
Address to National Association of Realtors Convention
Staff Photo with Republican Donors
Dinner for Governor Clements
Texas Vietnam Veterans Memorial Dedication

DRESS:

Day Events:

Men - Business Suit
Women - Day Dress

Dinner:

Men - Dark Business Suit
Women - Cocktail Dress

CONTACT:

Office of Presidential Advance
John G. Keller, Jr. - 202/456-7565

Trip Coordinator
Peggy Hazelrigg - 202/456-7565

Dallas, Texas Signal - 202/395-5543

ADVANCE:

Gordon James	- LEAD
Chris Molineaux	- PRESS
Greg Mertz	- USSS
Dave Bonwit	- MIL. AIDE
Jim Bintzler	- WHCA
John Page	- HMX
Don Moderow	- AFI

WEATHER:

Sunny/mid 50's

SCHEDULE OF THE PRESIDENT AND MRS. BUSH

FOR

DALLAS, TEXAS

NOVEMBER 10 - 11, 1989

GUEST AND STAFF INSTRUCTIONS:

- 8:00 am Baggage Call. Please place all unlocked baggage in West Basement at this time.
- 10:30 am Guests and Staff not manifested on Marine One depart West Basement at this time for transport to Andrews Air Force Base.
- 10:30 am Guests and Staff with baggage should be at Andrews Air Force Base, Distinguished Visitors Lounge, at this time for check-in.
- 11:15 am Guests and Staff manifested on Marine One proceed to South Lawn at this time for boarding.

11:20 am

THE PRESIDENT and Mrs. Bush board Marine One and depart White House en route Andrews Air Force Base.

MARINE ONE MANIFEST:

THE PRESIDENT
Mrs. Bush
A. Card
R. Gates

M. Fitzwater
T. McBride
Doctor
Mil. Aide
2 USSS

(Flying Time: 10 Minutes)

11:30 am THE PRESIDENT and Mrs. Bush arrive Andrews Air Force Base and proceed to board Air Force One.

11:35 am THE PRESIDENT and Mrs. Bush depart Andrews Air Force Base en route Dallas, Texas.

(Flying Time: 2 Hours 50 Minutes)
(Time Change: Back 1 Hour)
(Interchange: No)
(Food Service: Lunch)

1:25 pm THE PRESIDENT and Mrs. Bush arrive Dallas Love Field, Dallas, Texas and proceed to Motorcade.

Met by:

The Honorable Annette Strauss
Mayor of Dallas

The Honorable Bob Bolen
Mayor of Fort Worth

The Honorable Gib Lewis
Speaker of the Texas House of Representatives

The Honorable John Leedom
President Pro Tempore of the Texas State Senate

The Honorable Fred Meyer
Texas Republican Party Chairman

Mr. Jim Oberwetter
Texas Bush-Quayle Vice Chairman

Mr. Jim Shearer
Texas Bush-Quayle Regional Director

Mr. Danny Bruce
Love Field Airport Manager

Mr. Bob Via
CitiJet General Manager

1:30 pm

THE PRESIDENT and Mrs. Bush board Motorcade and depart Dallas Love Field en route Loew's Anatole Hotel.

MOTORCADE ASSIGNMENTS:

Lead	G. James
Spare	Doctor T. McBride
LIMO	THE PRESIDENT Mrs. Bush Sec. Kemp
Control	A. Card R. Gates Mil. Aide
Support	M. Fitzwater J. Swift Official Photographer Medic
WHCA	
Camera I	
Camera II	K. Gannon
Wire I	
Wire II	
Staff I	J. Cicconi B. Zanca

Guest I	L. Atwater
Staff Van	All Remaining Staff
Guest Van	All Remaining Guests
Press Van I	J. Allison
Press Van II	
Press Van III	

(Drive Time: 20 Minutes)

GUEST AND STAFF INSTRUCTIONS:

Upon arrival at Loew's Anatole Hotel
Guests and Staff may either proceed
directly to Room 1223 for key pick-up,
or be escorted to Staff Viewing Area
in Chantilly Ballroom.

At the conclusion of the event, Guests
and Staff in attendance will be escorted
to Room 1223 for key pick-up.

Guests and Staff should board Motorcade no
later than 6:20 pm for transport to Grand
Kempinski Hotel for Gov. Clements' Dinner.

1:50 pm

THE PRESIDENT and Mrs. Bush arrive Loew's Anatole
Hotel Main Loading Zone and proceed to Holding
Room.

Met by:

Ms. Charlotte St. Martin
Regional General Manager, Loew's Anatole Hotel

Mr. Randy Cyantenbein
General Manager, Loew's Anatole Hotel

Ms. Gina Whetsel
Regional Sales Manager, Loew's Anatole Hotel

Mr. Michael McMahon
Room Division Director, Loew's Anatole Hotel

Ms. Linda Sullivan
Director of Telecommunications, Loew's Anatole Hotel

Mr. and Mrs. Ira Gribin (Kathy)
President, National Association of Realtors

Mr. Norm Flynn
President-Elect, National Association of Realtors

Mr. Parker Banzhaf
Past Regional Vice President, National Association of Realtors

Mr. Bill North
Executive Vice President, National Association of Realtors

1:52 pm THE PRESIDENT and Mrs. Bush arrive Holding Room and hold briefly.

1:54 pm THE PRESIDENT and Mrs. Bush depart Holding Room and proceed to Amethyst Room.

EVENT: STAFF PHOTO WITH NATIONAL ASSOCIATION OF REALTOR LEADERSHIP

OFFICIAL PHOTOGRAPHER ONLY

STAFF PHOTO

1:55 pm THE PRESIDENT and Mrs. Bush arrive Amethyst Room and begin participation in Staff Photo.

2:05 pm THE PRESIDENT and Mrs. Bush conclude participation in Staff Photo, depart Amethyst Room and proceed to Holding Room.

2:07 pm THE PRESIDENT and Mrs. Bush arrive Holding Room and hold briefly.

2:10 pm THE PRESIDENT and Mrs. Bush depart Holding Room and proceed to Off-Stage Announcement Area.

2:13 pm THE PRESIDENT and Mrs. Bush arrive Off-Stage Announcement Area and hold briefly.

EVENT: ADDRESS TO NATIONAL ASSOCIATION OF REALTORS

OPEN PRESS

RUFFLES AND FLOURISHES

OFF-STAGE ANNOUNCEMENT

HAIL TO THE CHIEF

REMARKS

TELEPROMPTER

2:15 pm THE PRESIDENT and Mrs. Bush are announced onto Stage and proceed to Seats.

2:18 pm THE PRESIDENT is introduced by Mr. Ira Gribin for Remarks.

2:20 pm THE PRESIDENT Remarks.

2:35 pm THE PRESIDENT concludes Remarks and, with Mrs. Bush, departs Stage and proceeds to Holding Room.

2:37 pm THE PRESIDENT and Mrs. Bush arrive Holding Room and hold briefly.

2:40 pm THE PRESIDENT and Mrs. Bush depart Holding Room and proceed to Motorcade.

2:43 pm THE PRESIDENT and Mrs. Bush board Motorcade and depart Main Loading Zone en route Loew's Anatole Atrium I.

MOTORCADE ASSIGNMENTS:

Lead	G. James
Spare	Doctor T. McBride
LIMO	THE PRESIDENT Mrs. Bush
Control	A. Card R. Gates Mil. Aide
Support	M. Fitzwater J. Swift Official Photographer Medic

(Drive Time: 2 Minutes)

2:45 pm THE PRESIDENT and Mrs. Bush arrive Atrium I and proceed to Suite.

2:50 pm THE PRESIDENT and Mrs. Bush arrive Suite for Private Time.

(PRIVATE TIME: 3 HOURS 40 MINUTES)

6:30 pm THE PRESIDENT and Mrs. Bush depart Suite and proceed to Motorcade.

6:35 pm THE PRESIDENT and Mrs. Bush board Motorcade and depart Loew's Anatole Hotel en route Grand Kempinski Hotel.

MOTORCADE ASSIGNMENTS:

Same as on Arrival, except:

LIMO	THE PRESIDENT
	Mrs. Bush
	G. Bush
	L. Bush

(Drive Time: 20 Minutes)

GUEST AND STAFF INSTRUCTIONS:

Upon arrival at the Grand Kempinski Hotel, Guests and Staff will be escorted to Staff Viewing Area.

Guests and Staff should re-board Motorcade no later than 7:45 pm for transport to Anatole Hotel.

6:55 pm THE PRESIDENT and Mrs. Bush arrive Grand Kempinski Hotel and proceed to Lalique Room.

Met by:

Mr. Michael Spamer
Managing Director
Grand Kempinski Hotel

Mr. George Palacios
Director of Catering and Conventions
Grand Kempinski Hotel

6:56 pm

THE PRESIDENT and Mrs. Bush arrive Staging Area
outside Lalique Room.

Met by:

The Honorable and Mrs. William Clements (Rita)
Governor of Texas

The Honorable and Mrs. George Bayoud (Vicky)
Texas Secretary of State

6:57 pm

THE PRESIDENT and Mrs. Bush, accompanied by
Governor and Mrs. Clements and Secretary and Mrs.
Bayoud, proceed to Lalique Room.

EVENT:

STAFF PHOTO WITH REPUBLICAN DONORS

OFFICIAL PHOTOGRAPHER ONLY

STAFF PHOTO

7:00 pm

THE PRESIDENT and Mrs. Bush arrive Lalique Room
and begin participation in Staff Photo.

7:20 pm

THE PRESIDENT and Mrs. Bush conclude participation
in Staff Photo, depart Lalique Room and proceed
to Holding Room.

7:23 pm THE PRESIDENT and Mrs. Bush arrive Holding Room and hold briefly.

7:27 pm THE PRESIDENT and Mrs. Bush depart Holding Room and proceed to Off-Stage Announcement Area.

7:29 pm THE PRESIDENT and Mrs. Bush, accompanied by Governor and Mrs. Clements, arrive Off-Stage Announcement Area and hold briefly.

EVENT: DINNER FOR GOVERNOR CLEMENTS

OPEN PRESS

RUFFLES AND FLOURISHES

OFF-STAGE ANNOUNCEMENT

HAIL TO THE CHIEF

BRIEF REMARKS

TELEPROMPTER

7:30 pm THE PRESIDENT and Mrs. Bush, accompanied by Governor and Mrs. Clements, are announced onto Dais and proceed to Seats.

7:31 pm Mr. Robert Dedman gives remarks

7:33 pm Dr. W. A. Criswell, pastor, First Baptist Church of Dallas, gives Invocation

7:34 pm Mr. Fred McClure sings "Battle Hymn of the Republic"

7:36 pm THE PRESIDENT is introduced by Governor William Clements.

7:35 pm THE PRESIDENT gives Brief Remarks.

7:44 pm THE PRESIDENT concludes Brief Remarks and, offers Toast.

7:45 pm THE PRESIDENT concludes Toast and, with Mrs. Bush, departs Dais and proceeds to Holding Room.

7:46 pm THE PRESIDENT and Mrs. Bush arrive Holding Room and hold briefly.

7:48 pm THE PRESIDENT and Mrs. Bush depart Holding Room and proceed to Motorcade.

7:50 pm THE PRESIDENT and Mrs. Bush board Motorcade and depart Grand Kempinski Hotel en route Loew's Anatole Hotel.

MOTORCADE ASSIGNMENTS:

Same as on Arrival.

(Drive Time: 20 Minutes)

8:10 pm THE PRESIDENT and Mrs. Bush arrive Loew's Anatole Hotel and proceed to Suite.

8:15 pm THE PRESIDENT and Mrs. Bush arrive Suite for RON.

Camera I	
Camera II	K. Gannon
Wire I	
Wire II	
Staff I	J. Cicconi B. Zanca
Staff Van	All Remaining Staff
Guest Van	All Remaining Guests
Press Van I	J. Allison
Press Van II	
Press Van III	

(Drive Time: 15 Minutes)

GUEST AND STAFF INSTRUCTIONS:

Upon arrival at Texas Vietnam Veterans Memorial, Guests and Staff will be escorted to the Staff Viewing Area.

10:20 am	THE PRESIDENT and Mrs. Bush arrive Texas Vietnam Veterans Memorial and proceed to Holding Room.
10:21 am	THE PRESIDENT and Mrs. Bush arrive Holding Room and hold briefly.
10:25 am	THE PRESIDENT and Mrs. Bush depart Holding Room and proceed to Off-Stage Announcement Area.

Met by:

The Honorable Annette Strauss
Mayor of Dallas

Mr. Ed J. Niedermaier
Veterans of Foreign Wars Representative

Major General A. R. Bolling, Jr. (Ret.)
Vietnam Veterans Memorial Ceremony Committee

Mr. Alexander R. Bolling III
Vietnam Veterans Memorial Ceremony Committee

Mr. Robert L. Bedell
Vietnam Veterans Memorial Ceremony Committee

Mr. John P. Abbott
Vietnam Veterans Memorial Ceremony Committee

Mr. Glen Adams
Vietnam Veterans Memorial Ceremony Committee

Mr. Robert Murrill
Vietnam Veterans Memorial Ceremony Committee

Mr. Neal Pointer
Vietnam Veterans Memorial Fund of Texas

Mr. Tom Hartin
Vietnam Veterans Memorial Fund of Texas

Mrs. Connie McWright
Mother of Vietnam Veterans

Mr. Wayne McWright
Son of Mrs. McWright

Mrs. Connie Boshier
Daughter of Mrs. McWright

Miss Crystal Lynn Boshier
Daughter of Mrs. Boshier

10:26 am

THE PRESIDENT and Mrs. Bush arrive Off-Stage
Announcement Area and hold briefly.

EVENT: TEXAS VIETNAM VETERANS MEMORIAL DEDICATION

OPEN PRESS

OFF-STAGE ANNOUNCEMENT

RUFFLES AND FLOURISHES

TWENTY-ONE GUN SALUTE

HAIL TO THE CHIEF

REMARKS

WREATH LAYING CEREMONY

10:28 am THE PRESIDENT and Mrs. Bush are announced onto Dais, proceed to Seats, and remain standing.

10:30 am Presentation of Arms

10:31 am Presentation of Colors

10:33 am National Anthem

10:35 am Mr. Brad Wright, master of ceremonies gives brief remarks

10:38 am Mr. Art Ruff, co-chair, Texas Vietnam Veterans Memorial Fund, gives brief remarks

10:42 am Mr. B. G. Burkett, co-chair, Texas Vietnam Veterans Memorial Fund, gives brief remarks

10:53 am THE PRESIDENT is introduced for Remarks by Governor Clements.

10:54 am THE PRESIDENT Remarks.

11:08 am THE PRESIDENT concludes Remarks and begins participation in Wreath Laying Ceremony.

11:09 am

THE PRESIDENT concludes participation in Wreath Laying Ceremony and returns to Seat.

11:10 am Mr. Brad Wright introduces Chaplain Adickes

11:11 am Chaplain Adickes dedicates Memorial

11:12 am Marine Rifle Salute/Echo Taps

11:13 am Joint Military Fly-Over

11:16 am Presentation of Arms

11:17 am

THE PRESIDENT and Mrs. Bush conclude participation in Memorial Dedication, depart Dais and proceed to Holding Room.

11:18 am

THE PRESIDENT and Mrs. Bush arrive Holding Room and hold briefly.

11:19 am

THE PRESIDENT and Mrs. Bush depart Holding Room and proceed to Motorcade.

11:20 am

THE PRESIDENT and Mrs. Bush board Motorcade and depart Texas Vietnam Veterans Memorial en route Dallas Love Field.

MOTORCADE ASSIGNMENTS:

Same as on Arrival, except:

LIMO

THE PRESIDENT
Mrs. Bush

(Drive Time: 20 Minutes)

11:40 am

THE PRESIDENT and Mrs. Bush arrive Dallas Love Field and proceed to Air Force One.

11:45 am

THE PRESIDENT and Mrs. Bush depart Dallas, Texas
en route Andrews Air Force Base.

(Flying Time: 2 Hours 25 Minutes)
(Time Change: Ahead 1 Hour)
(Interchange: No)
(Food Service: Lunch)

3:10 pm

THE PRESIDENT and Mrs. Bush arrive Andrews Air
Force Base and proceed to board Marine One.

3:15 pm

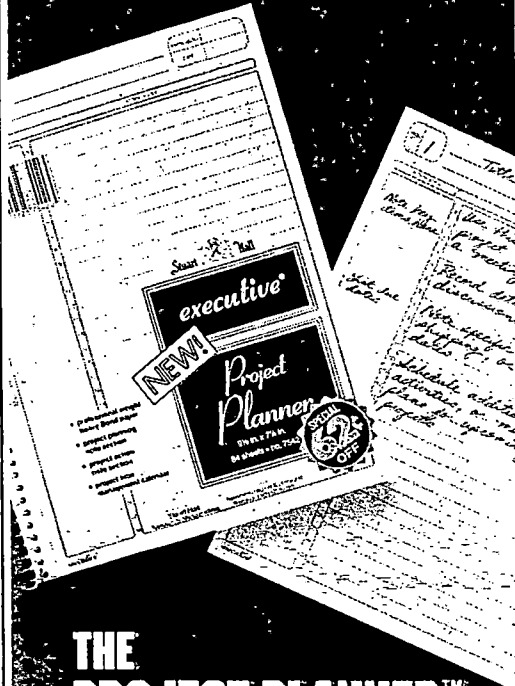
THE PRESIDENT and Mrs. Bush depart Andrews Air
Force Base en route Camp David.

(Flying Time: 35 Minutes)

3:50 pm

THE PRESIDENT and Mrs. Bush arrive Camp David.

PLAN ON IT.



THE PROJECT PLANNER™

Introducing the *executive*® Project Planner from Stuart Hall — an innovative time management tool designed specifically for planning project activities and scheduling timetables. And during our introductory offer, you can get 62¢ off the suggested retail price of the Project Planner. So if you need help getting organized and staying organized, there's never been a better price on a time management notebook. You can plan on it.

This offer available at selected drug, food, and discount department stores.



Stuart Hall

STUART HALL PROJECT PLANNER IS A REGISTERED TRADEMARK OF STUART HALL, INC. © 1989 STUART HALL, INC.

American Ideas

Gloves for the Needy

One Heart Warms Many Chilly Fingers

On the Bowery, a Samaritan of the streets ministers to the old, the reticent and the shy



The old man sits on a bench off the Bowery, glazed eyes staring into a void, sipping on a tall can of Bud enclosed in a brown paper bag. "Twelve dollars and 50¢," he mutters. "Twelve dollars and 50¢." It is the sum total of one man's life—the amount he says he has been trying to borrow from his family in Detroit to ensure his burial in potter's field, and to escape from the death beyond death: "They send you to medical school and cut you up into little pieces—that's not for me. No sir."

This observation on oblivion was prompted by something as mundane as a pair of gloves, which had been proffered tentatively by a short man wearing a cap and an aging leather jacket, with a faded green cotton bag slung over his shoulder like an Irish peddler. For the past 24 years, between Thanksgiving and Christmas, Michael Greenberg, 60, has been taking his bag of gloves to Manhattan's Bowery, long the haunt of the down-and-outs and the lost-weekenders, and wan-

dering the gritty neighborhood looking for "the old, the reticent and the shy." When he finds one, like the old man on the bench, he dangles a pair of gray or maroon woolen gloves and says, "Take them, please. They're free. They're a gift. No strings attached." Then he shakes a trembling hand. This simple act of communion, says Greenberg, "will almost invariably bring a smile of acknowledgment. You can tell the handshake is in earnest because they press your fingers."

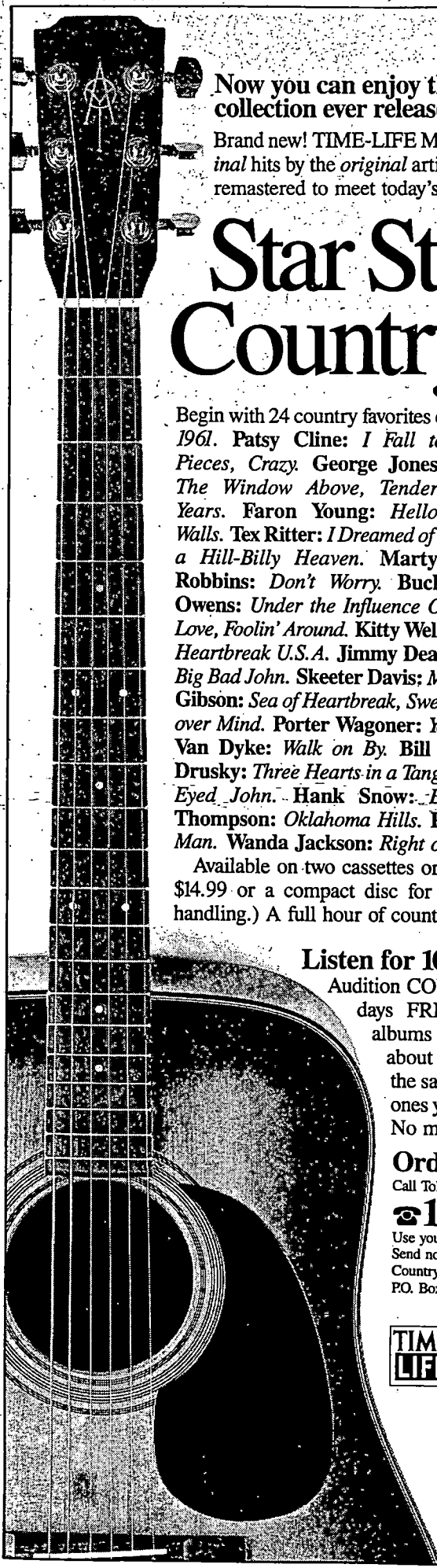
It is hard work for this retired advertising account executive, handing out 300 pairs of gloves every year on New York's infamous skid row, which runs from Chinatown a dozen or so blocks north to Cooper Square. "Oh, if I just wanted to stand here and give them away, I could get rid of 1,000 in an hour. Easy. But I prefer to go looking for the people I want. The ones who avoid eye contact. It is not so much the gloves, but telling people they count."

Greenberg was shaped for his role of Samaritan of the streets by his memories



Greenberg dispensing gloves, as he has done every November and December for the past 24 years

"Gloves are a powerful symbol because being warm is being well-off and being cold is being poor."



Now you can enjoy the best country music collection ever released...COUNTRY USA.

Brand new! TIME-LIFE MUSIC brings you all the original hits by the original artists. Every selection digitally remastered to meet today's exacting audio standards.

Star Studded Country

Begin with 24 country favorites of 1961. Patsy Cline: *I Fall to Pieces, Crazy*. George Jones: *The Window Above, Tender Years*. Faron Young: *Hello Walls*. Tex Ritter: *I Dreamed of a Hill-Billy Heaven*. Marty Robbins: *Don't Worry*. Buck Owens: *Under the Influence Of Love, Foolin' Around*. Kitty Wells: *Heartbreak U.S.A.* Jimmy Dean:



Loretta Lynn & Conway Twitty

Big Bad John. Skeeter Davis: *My Last Date (with You)*. Don Gibson: *Sea of Heartbreak, Sweet Dreams*. Ray Price: *Heart over Mind*. Porter Wagoner: *Your Old Love Letters*. Leroy Van Dyke: *Walk on By*. Bill Anderson: *Po' Folks*. Roy Drusky: *Three Hearts in a Tangle*. Johnny Horton: *Sleepy-Eyed John*. Hank Snow: *Beggar to a King*. Hank Thompson: *Oklahoma Hills*. Rusty and Doug: *Louisiana Man*. Wanda Jackson: *Right or Wrong*.

Available on two cassettes or on two LP records for just \$14.99 or a compact disc for \$16.99. (Plus shipping and handling.) A full hour of country's biggest hits!

Listen for 10 days...FREE

Audition COUNTRY USA. 1961 for 10 days FREE. Other equally superb albums in the collection will follow, about one every other month, for the same low price. Keep only the ones you want. Cancel at any time. No minimum required.

Order Now!

Call Toll Free 24 Hours a Day, 7 Days a Week!

1-800-382-3700

Use your Visa, American Express or MasterCard.

Send no money now. Or write:

Country USA, TIME-LIFE MUSIC

P.O. Box C-32349, Richmond, VA 23261



© 1988 TIME-LIFE BOOKS, INC.

American Ideas

of Depression hard times and by the charity of his father, Pinchus Joseph, who owned a Brooklyn bakery. "My father would often include a coffee cake or a sandwich in the bag without his customer's knowing," he says. "He would always tell us, 'Don't deprive yourself of the joy of giving.'" Money was short, and Michael has a searing recollection of losing a glove while helping bring supplies into the store on a bitterly cold morning. "I was never able to find it, and for years I went around without gloves. I never asked my father to replace them because I felt so guilty."

When his father died in November 1963, he searched for an appropriate memorial. "I remembered the incident of the lost glove, and it occurred to me that gloves are a powerful symbol because being warm is being well-off and being cold is being poor. At that time there weren't as many homeless people on the streets, and so I immediately thought of the Bowery, and I decided to put a pair of gloves on some poor fellow's hands just as my father had slipped free Danish rolls into customers' bags." Greenberg was then teaching sixth grade in a Brooklyn public school, and the following year, despite his modest salary, he bought 72 pairs of woolen gloves, took them to the Bowery, and handed them out (very timidly, he admits) to the destitute and the derelict. Why 72? Because 18 is the Hebrew symbol for life, and "four times life is 72."

In 1966 Greenberg left teaching for the advertising business, and with a higher salary he could afford to buy gloves regularly; if they were on sale, he bought in bulk. For the next ten years the Bowery became his route every November and December. In 1976 he was in the subway, taking two bags containing \$220 worth of newly purchased gloves back to his office, when someone grabbed the gloves and ran. He reported the theft to the police, the *New York Times* heard of the incident, and for the first time the world read about the "glove man."

As a result of that and many other television and newspaper stories, Greenberg has been inundated with gloves. A Girl Scout troop held a glove drive for him. A Colorado ski resort sent him its entire lost-and-found department. And when a story about him appeared in the *International Herald Tribune* four years ago, gloves flowed in, from Europe to India: leather gloves, driving gloves, fleeced-lined gloves, children's gloves, even work gloves. Some people send pairs, but most often they send only rights or lefts (the rights outnumber the lefts by four to one, for some curious reason). Some also send cash, which is quickly returned "because I am not an organized charity."

Greenberg's tiny apartment in Greenwich Village is piled high with 1,600 mis-

American Ideas

matched gloves, and he regularly has friends in for a glove-matching party because "I would never give out mismatched gloves. That's denigrating." The group sits around, drinking beer and matching gloves, "and the next day we discover there are not as many matched as we thought."

Greenberg has witnessed a parade of defeated humanity in his quarter-century of giving on skid row. He has offered gloves to his former professor at Brooklyn College and to a once famous baritone at the Metropolitan Opera, recognized by Greenberg from his days as a youthful walk-on at the Met. Most of the people he meets are confused, seemingly uncertain of where they are or what they are doing. The more frightened refuse the gloves, and he will follow them for several blocks, insisting, "They're a gift. I really want you to have them." One elderly man finally stopped, took the gloves, then asked, "Do you have them in blue?"

Major changes have swept down the Bowery since Greenberg first ventured out. Sad, abandoned men can still be found in the few remaining missions, and in hotels with names like the Prince and the Sunshine. But most of the 82 bars and dozens of flophouses that once served a floating population of aging, mostly white, casual laborers and alcoholics, have gone. Instead the area now boasts expensive apartments and chic restaurants. The newer homeless inhabitants of skid row are more likely to be young, unemployed men who clean car windows at intersections or mill in groups on street corners. Drugs have become a perennial problem on the Bowery. "It's a fearful place," says Greenberg. "The men are a lot younger, a lot tougher and a lot meaner."

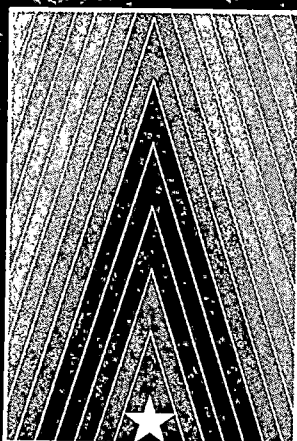
But the man with the faded green bag continues to stalk the Bowery and its tributaries, staying clear of "the tough people, who have gloves anyway," and seeking out "the little old guy who is frightened of people." Sometimes he hands gloves to men who are muttering aimlessly over the rubble of their lives, barely aware of what they are clutching; some quickly trade them in for a pint of cheap wine. "It doesn't make any difference. When you give a gift, you let it go."

Occasionally, a star of hope radiates through all this gloom. Recently he was waiting for a train at Penn Station, when a well-dressed man asked him if he was "the glove guy." Says Greenberg: "He said that I had given him a pair of gloves on the Bowery five years previously and that now he was married with two children, and he wanted to give me \$20 to buy more gloves. I told him the same as I tell others who want to write me a check: no thank you. You spend the money on gloves, and you give them out."

—By David Brand

TIME COLLEGE ACHIEVEMENT AWARDS

How Far Will Your Talent Take You?



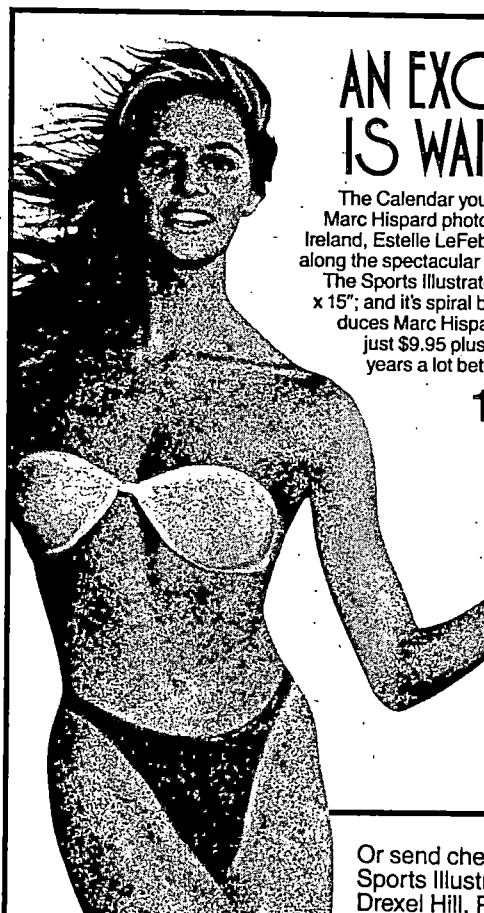
TIME Magazine would like to help you find out. For the third year, TIME is conducting a national search for college juniors who have distinguished themselves by their academic excellence and, more importantly, exceptional achievement outside the classroom.

Twenty winners will be selected and each will receive the following:

- \$3,000 in achievement awards money
- An invitation to the awards dinner in New York hosted by TIME and Volkswagen United States
- An all-expense paid trip to New York City
- A day with the editorial staff of TIME

Fill out an application today. Details at your dean's office, your local Volkswagen dealership or call 1-(800) 523-5948.

Sponsored by  Volkswagen



AN EXCITING NEW YEAR IS WAITING FOR YOU.

The Calendar you wait all year for is ready. It's filled with stunning Marc Hispard photographs to take you, Cindy Crawford, Kathy Ireland, Estelle LeFebure, Elle Macpherson and Stephanie Seymour along the spectacular beaches of Thailand.

The Sports Illustrated 1989 Swimsuit Calendar measures a big 15" x 15"; and it's spiral bound for permanence. Fine-quality paper reproduces Marc Hispard's photographs brilliantly. Order yours today for just \$9.95 plus \$2 shipping and handling. Or make your friends' years a lot better, too, by ordering three calendars and save.

1-800-345-8500 Ext. 37



Or send check or money order to:
Sports Illustrated Calendar, P.O. Box 676
Drexel Hill, PA 19026

© Time Inc., 1988. All rights reserved.

Please allow 3 to 6 weeks for delivery. Also available at fine bookstores.

TIME, JANUARY 2, 1989

T 1/2

23

THE WHITE HOUSE
WASHINGTON

November 9, 1989

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON *cw*

FROM: DAN MCGROARTY *DMcG*

SUBJECT: NATIONAL ASSOCIATION OF REALTORS REMARKS

I. SUMMARY

On Friday, November 10, in Dallas, Texas, you will address the National Association of Realtors' annual convention. The speech is at 2:15 p.m. at the Anatole Hotel. About 6,000 people are expected, and the speech will be teleprompted.

II. DISCUSSION

The speech announces a set of initiatives for America's HOPE (Homeownership and Opportunity for People Everywhere). HOPE includes programs to help first-time homebuyers, low-income families, and the homeless. Secretary Kemp, Director Darman, and Roger Porter have received information copies of these remarks.

Also announced in the speech is the linkage of the Low-Income Housing Tax Credit to the capital gains tax cut.

#

McGroarty/Dooley
November 9, 1989
12:15 pm
[REALTORS]

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF REALTORS
DALLAS, TEXAS
NOVEMBER 10, 1989
2:15 P.M.

Thank you, Ira [Gribin]. I know I speak for everyone here today when I salute you for serving so ably as President of the National Association of Realtors. My best wishes to your successor: Norm Flynn. // Let me ^{also} recognize the man who's doing such wonderful work, putting through the tough new reforms that ensure that his agency serves people in need, my Secretary of HUD, Jack Kemp. And two fine members of Congress who have travelled down on Air Force One with me today, Senator Phil Gramm and Dallas' own Congressman, Steve Bartlett. ✓

[[Ira mentioned to me this afternoon that my speech is a special occasion for this association. // I said I was honored -- and then Ira said "It's not often that we're addressed by someone who lives in public housing."]] ////

[[The truth is, I am **not** a real estate wizard. When I was elected to Congress back in 1966, we needed to make housing arrangements up in Washington. At that time, Senator Al Simpson's father, Milward, was retiring and moving back to Wyoming. So I bought the Simpson place -- sight unseen -- made the deal over the phone. When we got to Washington, there were just two problems: we found out right away the house wasn't

quite big enough for the Bush family -- and we found out when we put the place up for sale that it wasn't worth quite as much as we paid for it. /// That's my claim to fame: I'm the only person who ever lost money in Washington real estate in the last 20 years. /// Ira, where were you when I needed you?]]

But few people have done more for the real estate industry than I have. // Barbara and I have moved 28 times in our 44 years of marriage. /// Now I know what you're thinking -- what a dream client my family would make for any realtor. /// In fact, OMB is calculating the commissions we've paid over the years -- measured as a percentage of the GNP.]] ////

I came here today to lay out a comprehensive agenda to help bring basic shelter and affordable housing within reach of millions of Americans. I call it America's HOPE -- Homeownership and Opportunity for People Everywhere.

But before I tell you about HOPE, I want to speak for a moment about the single most important factor in helping millions of Americans realize the American Dream: the economy. Because the truth is, there's no better housing policy than a growing economy. And we've got one. One that provides jobs, wages and opportunities for advancement -- long-term interest rates that open ownership opportunities to hundreds of thousands of first-time home buyers. Because every drop in interest rates makes it possible for more families to buy that home they want. And I pledge that my Administration will vigorously support the mortgage interest and property tax deductions. These deductions

encourage home ownership -- and are important to our overall economic prosperity.

And all signs point to continued strength in the economy. November marks the 84th month of economic expansion -- the longest peacetime expansion on record. And here's one statistic that really hits home: mortgage rates are down from almost 14% back in November 1982 to less than 10% today. My goal is to pursue policies that will bring them down even further.

Of course, part of any responsible economic policy is getting our fiscal house in order. // I want you to know that my Administration is hanging tough for a responsible budget -- with real deficit reduction, no smoke and mirrors.

We don't like sequestration -- no one does. But we'll live with it if we have to -- if it's the only way to rein in spending and bring that deficit down to the Gramm-Rudman target. I'm ready to sign a budget bill -- whenever Congress is ready to strip off all the costly extras and add-ons hidden away in those omnibus spending bills.

And I'm optimistic -- optimistic that my Administration and the Congress can agree on a responsible budget. Optimistic that we'll see more and more Americans prospering -- providing better lives for their families, and looking to all of you to help them realize their dreams.

And I know we can count on you -- just as we counted on your strong support in helping to pass the 1988 Fair Housing Act. Ira, that's a tribute to your leadership -- to your organization

and its dedication to the right of all people to be free from discrimination and prejudice.

But more must be done, and that's where the HOPE initiative comes in. This initiative will address the full range of housing concerns: from shelter for the homeless to affordable housing for low-income families -- to initiatives that open access to expanded job opportunities, and help millions more Americans own their own home.

Let's start right there -- with what HOPE can do for **first-time home buyers**. You all know about families working to buy that first home. Well, they deserve our help -- **and they're going to get it**. I will ask Congress to enact legislation allowing first-time buyers to draw, without penalty, on IRA savings as a downpayment for that first home.

Our HOPE initiative also means efforts to improve **low-income housing**. As you know, my Administration rejects costly new public construction programs that, in the past, have too often produced the housing projects that symbolize the very absence of hope in our inner cities. There's a better way: **housing vouchers** -- that ^{empower} ~~let~~ **low-income families** ^{to} **choose where they want to live**. ✓

Our idea is to create incentives for the construction ^{and rehabilitation} of the housing low-income families need. That's why I'm calling on Congress to renew the Low-Income Housing Tax Credit -- **but make it part of a package that also includes a cut in the capital gains tax**. A cut in capital gains means an increase in jobs,

investment and growth. I know the National Association of Realtors has fought hard to make a capital gains cut a reality. Well, the fight's not over. ///

But we've got to go one step further -- in those pockets of poverty where despair has driven out hope, we've got to eliminate the capital gains tax altogether. That's a key element in the Enterprise Zone legislation I want to see enacted. I've called on Congress to create at least 50 Enterprise Zones over the next four years to help create the jobs and incomes that are the real key to affordable housing. I hope Congress gets the message. It's time we gave the green light to our inner city entrepreneurs.

And HOPE can help us reverse a trend that's stunting growth and development in low-income areas. Over nine million Americans live in FHA-insured homes, and every year nearly half a million first-time homebuyers use FHA to help them make their dream affordable.

My Administration has announced major reforms to ensure that FHA is true to its primary mission of making housing affordable for low and moderate income families. We will change the destructive practices which have kept FHA out of the inner cities and distressed communities that most need its support.

And -- at all levels of government -- we've got to take a second look at some of the well-intended housing policies that actually decrease our housing supply. I'm talking about the excessive rules, regulations and red tape that add unnecessarily

to the cost of housing -- by tens of thousands of dollars -- or create perverse incentives to allow existing housing to deteriorate. I have asked Jack Kemp to convene a Blue Ribbon Commission to identify barriers to affordable housing -- and to make recommendations on how these barriers can be removed. And let me make the first recommendation right here: **no city, state or town should receive a single penny of HOPE funding until they have identified barriers to affordable housing in their own back yard -- and start taking steps to remove them. ///**

You know, Winston Churchill once said about the buildings we live in, "We shape them -- thereafter, they shape us." The same is true when it comes to low-income housing policy.

That's the real centerpiece of our HOPE initiative: to recapture the American dream of home ownership for those who have been left behind -- through **resident management and resident ownership**. It's already working: In Kenilworth-Parkside, back in Washington, D.C. In Cochran Gardens in St. Louis. By encouraging non-profit and resident groups, it's going to work right here in Dallas -- at places like Rhoads Terrace under the take-charge leadership of a ^{Courageous} ~~welfare~~ mother named Jessie Toles -- and all across the United States. ✓

The results are promising: with tenants in control, we see better maintenance, more rents paid on time, a decrease in people on the welfare rolls. And we see something more: **a sense of pride that is the very core of any thriving community.**

I don't know any better way to revive hope in our inner cities than to give tenants **themselves** a say in running their communities, a stake in the future and the belief that they, too, can own a home. Because the true measure of success isn't how many families we add to housing assistance rolls. It's how many families move up and out -- and into the ranks of homeowners.

///

But there's more to the HOPE initiative. And now I'm talking about people who stand in the shadows of what is otherwise a very bright economic picture -- who live a nightmare in the midst of the American Dream. We see them every day -- on the streets of our cities, sleeping on steam grates, living out of cardboard boxes. **The homeless.** //

For most of us, November is the time of year we start looking forward to the holiday season: Thanksgiving, Christmas, New Years. For the homeless, November is the time of year the temperature starts to drop, and simply making it through the night becomes a life and death struggle. //

Think about the **children**. Pretty soon, your kids will be dreaming about Christmas toys -- that new video game or new bike they'd like. It's different for kids on the street. I read a story not long ago that's stuck in my mind about a little boy without a home. Here's what he dreams about at night: "I dreamed my Mom got her [housing assistance]," he said, "and we got a house with a great big back yard."

But in the morning, for that little boy, the dream is over. He is up at 5:30, out of a shelter and back onto the streets. ///

That's a tragedy -- because no child in America should have to grow up on the streets. And every family in America should have a roof over its head. ///

My Administration is going to do its part to expand emergency shelters. *Yesterday, I signed a bill that substantially increases funding under the McKinney Act to reduce homelessness.* We're committed to fully funding the McKinney Act. *And today, I'm asking Jack Kemp to find new ways to put a portion of our FHA foreclosures and properties from our failed S&Ls into the hands of non-profit groups -- groups that are doing such wonderful work rehabilitating abandoned homes, and fighting poverty in our inner cities.*

But the real answer for the homeless -- those with mental problems or dependent on drugs or alcohol, is **shelter plus care**: shelter supplemented by the necessary support-services to get these people the help they need to live in dignity. And that means a partnership -- a combined federal, state and local effort -- to supply the funding and other resources that constitute a comprehensive solution for the hard-core homeless. And if we care about them, we've got to take more than a one-dimensional approach to the problem.

And we are announcing a new initiative for
~~The key here is coordinating~~ basic needs like shelter with other social services -- to help the homeless get the treatment they need to get control of their lives. To help them find and hold down jobs. To help them regain hope -- and leave life on the streets behind for good. ///

And we're going to continue to push for full funding of homeless programs under that law.

Helping the homeless. Helping low-income families find affordable housing, decent housing. Helping more of the 80 million Americans who don't own a home join the ranks of homeowners. Those are the aims of the HOPE initiative -- aims well within our reach.

Think about that little boy I spoke about a moment ago. Think about his dream -- because it's really the American Dream -- what all of us want for ourselves and our families. ///

We must unleash the resources of the profit and non-profit sectors, of churches and synagogues, states and localities in our great national enterprise to assure safe, decent, and affordable housing for all. Only then will we be able to replace hopelessness with hope. Only then will we be able to wage war on poverty and despair. And only then will we be able to complete our vision of a free and prosperous America, full of opportunity for people everywhere.

Thank you. God bless you -- and God bless the United States of America.

#

The HOPE initiative will include improved coordination of

McGroarty/Dooley
November 9, 1989
4:00 pm
[REALTORS]

PRESIDENTIAL REMARKS: NATIONAL ASSOCIATION OF REALTORS
DALLAS, TEXAS
NOVEMBER 10, 1989
2:15 P.M.

Thank you, Ira [Gribin]. I know I speak for everyone here today when I salute you for serving so ably as President of the National Association of Realtors. My best wishes to your successor: Norm Flynn. // Let me also recognize the man who's doing such wonderful work, putting through the tough new reforms that ensure that his agency serves people in need, my Secretary of HUD, Jack Kemp. And two fine members of Congress who have travelled down on Air Force One with me today, Senator Phil Gramm and Dallas' own Congressman, Steve Bartlett.

[[Ira mentioned to me this afternoon that my speech is a special occasion for this association. // I said I was honored -- and then Ira said "It's not often that we're addressed by someone who lives in public housing."]] ////

[[The truth is, I am not a real estate wizard. When I was elected to Congress back in 1966, we needed to make housing arrangements up in Washington. At that time, Senator Al Simpson's father, Milward, was retiring and moving back to Wyoming. So I bought the Simpson place -- sight unseen -- made the deal over the phone. When we got to Washington, there were just two problems: we found out right away the house wasn't

quite big enough for the Bush family -- and we found out when we put the place up for sale that it wasn't worth quite as much as we paid for it. /// That's my claim to fame: I'm the only person who ever **lost** money in Washington real estate in the last 20 years. /// Ira, where were you when I needed you?]]

But few people have done more for the real estate industry than I have. // Barbara and I have moved 28 times in our 44 years of marriage. /// Now I know what you're thinking -- what a dream client my family would make for any realtor. /// In fact, OMB is calculating the commissions we've paid over the years -- measured as a percentage of the GNP.]] ////

I came here today to lay out a comprehensive agenda to help bring basic shelter and affordable housing within reach of millions of Americans. I call it **America's HOPE** -- **Homeownership and Opportunity for People Everywhere.**

But before I tell you about HOPE, I want to speak for a moment about the single most important factor in helping millions of Americans realize the American Dream: the economy.

Because the truth is, there's no better housing policy than a growing economy. And we've got one. One that provides jobs, wages and opportunities for advancement -- long-term interest rates that open ownership opportunities to hundreds of thousands of first-time home buyers. Because every drop in interest rates makes it possible for more families to buy that home they want. And I pledge that my Administration will vigorously support the mortgage interest and property tax deductions. These deductions

encourage home ownership -- and are important to our overall economic prosperity.

And all signs point to continued strength in the economy. November marks the 84th month of economic expansion -- the longest peacetime expansion on record. And here's one statistic that really hits home: mortgage rates are down from almost 14% back in November 1982 to less than 10% today. My goal is to pursue policies that will bring them down even further.

Of course, part of any responsible economic policy is getting our fiscal house in order. // I want you to know that my Administration is hanging tough for a responsible budget -- with real deficit reduction, no smoke and mirrors.

We don't like sequestration -- no one does. But we'll live with it if we have to -- if it's the only way to rein in spending and bring that deficit down to the Gramm-Rudman target. I'm ready to sign a budget bill -- whenever Congress is ready to strip off all the costly extras and add-ons hidden away in those omnibus spending bills.

And I'm optimistic -- optimistic that my Administration and the Congress can agree on a responsible budget. Optimistic that we'll see more and more Americans prospering -- providing better lives for their families, and looking to all of you to help them realize their dreams.

And I know we can count on you -- just as we counted on your strong support in helping to pass the 1988 Fair Housing Act. Ira, that's a tribute to your leadership -- to your organization

and its dedication to the right of all people to be free from discrimination and prejudice.

But more must be done, and that's where the HOPE initiative comes in. This initiative will address the full range of housing concerns: from shelter for the homeless to affordable housing for low-income families -- to initiatives that open access to expanded job opportunities, and help millions more Americans own their own home.

Let's start right there -- with what HOPE can do for **first-time home buyers**. You all know about families working to buy that first home. Well, they deserve our help -- **and they're going to get it**. I will ask Congress to enact legislation allowing first-time buyers to draw, without penalty, on ~~IRA~~ 1-R.A savings as a downpayment for that first home.

Our HOPE initiative also means efforts to improve **low-income housing**. As you know, my Administration rejects costly new public construction programs that, in the past, have too often produced the housing projects that symbolize the very absence of hope in our inner cities. There's a better way: **housing vouchers -- that empower low-income families to choose where they want to live**.

Our idea is to create incentives for the construction and rehabilitation of the housing low-income families need. That's why I'm calling on Congress to renew the Low-Income Housing Tax Credit -- **but make it part of a package that also includes a cut in the capital gains tax**. A cut in capital gains means an

increase in jobs, investment and growth. I know the National Association of Realtors has fought hard to make a capital gains cut a reality. Well, the fight's not over. ///

But we've got to go one step further -- in those pockets of poverty where despair has driven out hope, we've got to eliminate the capital gains tax altogether. That's a key element in the Enterprise Zone legislation I want to see enacted. I've called on Congress to create at least 50 Enterprise Zones over the next four years to help create the jobs and incomes that are the real key to affordable housing. I hope Congress gets the message. It's time we gave the green light to our inner city entrepreneurs.

And HOPE can help us reverse a trend that's stunting growth and development in low-income areas. Over nine million Americans live in FHA-insured homes, and every year nearly half a million first-time homebuyers use FHA to help them make their dream affordable.

My Administration has announced major reforms to ensure that FHA is true to its primary mission of making housing affordable for low and moderate income families. We will change the destructive practices which have kept FHA out of the inner cities and distressed communities that most need its support.

And -- at all levels of government -- we've got to take a second look at some of the well-intended housing policies that actually decrease our housing supply. I'm talking about the excessive rules, regulations and red tape that add unnecessarily

to the cost of housing -- by tens of thousands of dollars -- or create perverse incentives to allow existing housing to deteriorate. I have asked Jack Kemp to convene a Blue Ribbon Commission to identify barriers to affordable housing -- and to make recommendations on how these barriers can be removed. And let me make the first recommendation right here: **no city, state or town should receive a single penny of HOPE funding until they have identified barriers to affordable housing in their own back yard -- and start taking steps to remove them. ///**

X You know, Winston Churchill once said about ~~the buildings we~~ ^{the buildings} live in, "We shape ~~them~~ -- thereafter, they shape us." The same is true when it comes to low-income housing policy.

That's the real centerpiece of our HOPE initiative: to recapture the American dream of home ownership for those who have been left behind -- through **resident management and resident ownership**. It's already working: In Kenilworth-Parkside, back in Washington, D.C. In Cochran Gardens in St. Louis. By encouraging non-profit and resident groups, it's going to work right here in Dallas -- at places like Rhoads Terrace under the take-charge leadership of a courageous mother named Jessie Toles -- and all across the United States.

The results **are** promising: with tenants in control, we see better maintenance, more rents paid on time, a decrease in people on the welfare rolls. And we see something more: **a sense of pride that is the very core of any thriving community.**

I don't know any better way to revive hope in our inner cities than to give tenants **themselves** a say in running their communities, a stake in the future and the belief that they, too, can own a home. **Because the true measure of success isn't how many families we add to housing assistance rolls. It's how many families move up and out -- and into the ranks of homeowners.**

///

But there's more to the HOPE initiative. And now I'm talking about **people who stand in the shadows of what is otherwise a very bright economic picture -- who live a nightmare in the midst of the American Dream.** We see them every day -- on the streets of our cities, sleeping on steam grates, living out of cardboard boxes. **The homeless.** //

7 **For most of us,** November is the time of year we start looking forward to the holiday season: Thanksgiving, Christmas, New Years. **For the homeless,** November is the time of year the temperature starts to drop, and simply making it through the night becomes a life and death struggle. //

Think about the **children.** Pretty soon, your kids will be dreaming about Christmas toys -- that new video game or new bike they'd like. It's different for kids on the street. I read a story not long ago that's stuck in my mind about a little boy without a home. Here's what he dreams about at night: "I dreamed my Mom got her [housing assistance]," he said, "and we got a house with a great big back yard."

But in the morning, for that little boy, the dream is over. He is up at 5:30, out of a shelter and back onto the streets. ///

That's a tragedy -- because no child in America should have to grow up on the streets. And every family in America should have a roof over its head. ///

My Administration is going to do its part to expand emergency shelters. Yesterday, I signed a bill that substantially increases funding under the McKinney Act to reduce homelessness. And we're going to continue to push for full funding of homeless programs under that law. Today, I'm also asking Jack Kemp to find new ways to put a portion of our FHA foreclosures into the hands of non-profit groups -- groups that are doing such wonderful work rehabilitating abandoned homes, and fighting poverty in our inner cities.

But the real answer for the homeless -- those with mental problems or dependent on drugs or alcohol, is shelter plus care: shelter supplemented by the necessary support-services to get these people the help they need to live in dignity. And that means a partnership -- a combined federal, state and local effort -- to supply the funding and other resources that constitute a comprehensive solution for the hard-core homeless. And if we care about them, we've got to take more than a one-dimensional approach to the problem.

The HOPE initiative will include improved coordination of basic needs like shelter with other social services -- to help the homeless get the treatment they need to get control of their

lives. To help them find and hold down jobs. To help them regain hope -- and leave life on the streets behind for good.

///

Helping the homeless. Helping low-income families find affordable housing, decent housing. Helping more of the 80 million Americans who don't own a home join the ranks of homeowners. Those are the aims of the HOPE initiative -- aims well within our reach.

Think about that little boy I spoke about a moment ago. Think about his dream -- because it's really the American Dream - - what all of us want for ourselves and our families. ///

We must unleash the resources of the profit and non-profit sectors, of churches and synagogues, states and localities in our great national enterprise to assure safe, decent, and affordable housing for all. Only then will we be able to replace hopelessness with hope. Only then will we be able to wage war on poverty and despair. And only then will we be able to complete our vision of a free and prosperous America, full of opportunity for people everywhere.

Thank you. God bless you -- and God bless the United States of America.

#