

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: 13693-010

Folder Title:
National Association of Realtors 11/10/89 [OA 6270] [3]

Stack:	Row:	Section:	Shelf:	Position:
G	26	19	4	6

THE WHITE HOUSE
WASHINGTON

November 1, 1989

MEMORANDUM FOR HANNS KUTTNER

FROM: PETER GERMANIS *PD*

SUBJECT: Surplus Properties/Resolution Trust Corporation

I talked to Gerald Britten about whether properties becoming available through the Resolution Trust Corporation would fit under Title V of the McKinney Act. He said it wasn't clear, but that they intended to make some of those properties available to the homeless, whether it was through Title V or some other mechanism. He is setting up a meeting with some of the members of the Interagency Council and the Resolution Trust Corporation to discuss this issue. In particular, what authority would be used and what criteria for determining whether property should be made available to the homeless.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Memo	James Jordan and Kathy Peroff to Deputy Director, re: HOPE Package. (2 pp.)	10/26/89	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: National Association of Realtors 11/10/89 [3]

Open on Expiration of PRA
 (Document Follows)
 By SN (NLGB) on 4/5/2005

Date Closed: 10/12/2004 FOIA/SYS Case #: Re-review Case #: 2004-2265-S P-2/P-5 Review Case #:	OA/ID Number: 06270
MR Case #: MR Disposition: Disposition Date:	Appeal Case #: Appeal Disposition: Disposition Date:

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

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

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



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

October 26, 1989

MEMORANDUM FOR THE DEPUTY DIRECTOR

FROM: James Jordan
Kathy Peroff

SUBJECT: HOPE Package

Attached is the analysis of the HOPE package as you requested (Attachment A). We have laid out our discussion of the various initiatives into three categories:

1) "old" initiatives where there is agreement or where the action has already occurred -- as in the case of Enterprise Zones where the Administration has sent up an outline of its proposal to the Hill;

2) "old" initiatives where there remains disagreement or unresolved issues -- such as the overall funding envelope for HOPE -- or unresolved policy questions -- such as whether HOPE Grant funds can be used by HUD to help low-income households buy out privately-owned housing;

3) new initiatives not contained in earlier versions of the HOPE package such as an expansion of FHA credit in inner city areas.

Funding Envelope and Potential Negotiation Strategy

The overall funding issue seems to be the most critical and first step in resolving differences with HUD. After that, we can decide how such resources will be distributed within the package and what initiatives or programs are included in it. A little history on the total funding may be helpful as the following BA figures (in billions) show:

	<u>1991</u>	<u>1991-1994</u>
1) Kemp's current proposal	\$2.2	\$7.8
2) Kemp's final summer proposal (although this was over a 1990-1993 period)	\$.6	\$4.3
3) OMB summer proposal	\$.5	\$3.5

The tables under Attachment B flesh out more of the details.

In thinking about the overall funding envelope, you may also want to consider not only a BA envelope but also an outlay/tax expenditure envelope -- since several of the Kemp proposals are

tax incentives. These figures are also shown in the tables of Attachment B, although the outlay and tax expenditure figures are preliminary. Because of the refusal of Treasury to price out the recent IRA proposal without more written details, we have not included its revenue loss in the latest pricing. But, it is likely to add another several hundred million dollars over the 1991-1993 period.

One last issue, the tables define HOPE by the items included in Kemp's recent write-up. However, the 1991 budget submission includes about \$250 million new BA in the regular subsidized housing account to cover related costs associated with the HOPE homeownership effort. These really could and should be considered part of the HOPE package. For example, the \$250 million covers the costs of replacing "lost" units from the public housing inventory when they are sold to tenants. Current law requires that, when a tenant buys a unit, the existing public housing inventory remain at "whole" and be replaced with either another unit or a 15-year certificate. Kemp is proposing to meet this legal requirement by substituting vouchers as replacements.

Attachments

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01b. Report	[Analysis of] HUD's HOPE Package: Where We Are. (9 pp.)	n.d.	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: National Association of Realtors 11/10/89 [3]

Open on Expiration of PRA
 (Document Follows)
 By SN (NLGB) on 4/5/2005

Date Closed: 10/12/2004 FOIA/SYS Case #: Re-review Case #: 2004-2265-S P-2/P-5 Review Case #:	OA/ID Number: 06270
MR Case #: MR Disposition: Disposition Date:	Appeal Case #: Appeal Disposition: Disposition Date:

RESTRICTION CODES

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

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

C. Closed in accordance with restrictions contained in donor's deed of gift.

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

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

HUD'S HOPE PACKAGE; WHERE WE ARE

I. Areas of Agreement from summer HOPE package .

(\$ in millions)				
1991		91-94		
BA	O	BA	O	
1. Low Income Housing Tax Credit (LIHTC)	NA	52	NA	1,662

Extend for 3 years at a cost of \$1.7 billion; retain restrictions on passive loss and reduce value of all HUD subsidies that are used in conjunction with the tax credit. Agreement also assumed LIHTC accommodated within reconciliation targets and with passage of capital gains provision. The House included a permanent extension of the credit in reconciliation, but the Senate deleted it in action to stop the bill of extraneous provisions.

(\$ in millions)				
1991		91-94		
BA	O	BA	O	
2. Enterprise Zones	NA	53	NA	1,049

Administration's legislative proposal, providing wage credit and tax advantages for 50 zones, sent to the Hill. Four year cost estimated to be roughly \$1 billion in tax losses

(\$ in millions)				
1991		91-94		
BA	O	BA	O	
3. Operation Bootstrap	-0-	-0-	-0-	-0-

Secretary Kemp has already implemented this initiative on a limited basis. Operation Bootstrap provides a preference in the allocation of vouchers/certificates to local housing agencies (PHAs) if they leverage rental housing subsidies with other support services for tenants (e.g., child care, training). The initiative is funded from within the overall level of vouchers/certificates. The initiative would be expanded in FY 1991 to cover all rental subsidies.

(\$ in millions)			
	1991	91-94	
	BA	O	BA
4. FHA Loan Limits	0	-74	0*
	*Net Federal revenues		

Last summer's proposal would increase FHA loan limits in high cost areas to \$118,125 for first-time homebuyers only. The 1990 HUD-VA Appropriations bill raised the high cost area limits to \$124,875 for all homebuyers. HUD's 1991 budget submission assumes limits are raised to at least \$118,125 for all homebuyers. OMB/HUD also agreed to indexing the limits to the constant quality housing price index. OMB staff recommend that the entire FHA issue be kept out of the HOPE negotiations. The overall solvency issue for FHA will be discussed in the context of the 1991 budget. However, if the issue is raised by HUD, staff recommend limiting any increase to first-time homebuyers.

II. Areas from the previous HOPE package with Potential Outstanding Policy Differences.

(\$ in millions)			
	1991	91-94	
	BA	O	BA
5. HOPE Grants.	Current HUD...	1,000	250
	Summer	4,000	2,000
	HUD/OMB...	250	25
		2,500	1,000

Last summer, OMB and HUD seemed to agree on an overall funding level for HOPE homeownership grants of \$250 million in FY 1991. Funding in the outyears, was not finalized. Under Secretary DelliBovi indicated a week ago that HUD would again be willing to accept the \$250 million funding level for FY 1991 and presumably, the same in the outyears.

A major unresolved policy issue covers the use of HOPE funds to purchase privately-owned single and multifamily properties.

HUD Position. HUD is still pressing for using HOPE grants to help poor households purchase privately-owned single and multifamily properties.

OMB Position. The Director has opposed the use of HOPE funds for purchase of private-owned property. We do not want to "bail out" private owners by meeting their asking price for transfer of properties to low-income homebuyers.

		(\$ in millions)			
		1991		91-94	
		<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
6. Frail Elderly	HUD request.	100	10	400	160
	HTF recom....	8	1	32	13

Partial funding for the Frail Elderly was agreed to last summer.

HUD Position. HUD would fund support services (e.g., meals-on-wheels, nursing care) for the frail elderly. Recipients would be required to pay 10 percent of the cost of support services; the rest of the service cost would be split 50/50 between Federal and non-Federal sources. These service costs would be paired with the traditional housing voucher.

OMB Position. OMB has traditionally resisted going beyond housing in HUD, especially when other programs already provide such support services. However, OMB agree to a demonstration of the service voucher concept for the frail elderly last summer. The HTF recommendation provides funds for 1,000 service vouchers. The housing vouchers can be funded from within the overall level of vouchers.

		(\$ in millions)			
		1991		91-94	
		<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
7. Mentally Ill	HUD request.	100	-0-	400	142
Homeless	HTF Rec.....	-0-	-0-	-0-	-0-

This is the same conceptual issue as the frail elderly, i.e., the use of service vouchers for people who can receive such services through other programs.

HUD Position. Housing and service vouchers for the mentally ill homeless are needed to address the "hardcore" homeless. The new initiative would provide 100% Federal funds for small group homes with support services.

OMB Position. This is really a homeless not a homeownership issue. It should be deferred and addressed in conjunction with all other McKinney Act and other Federal programs serving the homeless, including the Bush Comprehensive Homeless initiative. Many of these programs, including the Bush initiative, provide funding for similar mentally ill homeless services.

		(\$ in millions)			
		1991		91-94	
8. Preservation/Prepayment		<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
HUD Summer.....	414	41	?	?	?
HUD Current.....	1000	100	3,007	1,304	
OMB Summer.....	414	41	1,333	569	
OMB Current.....	?	?	?	?	

OMB and HUD did not reach a consensus on this issue in last summer's discussions. HUD's budget includes \$1 billion for "housing preservation" in FY 1991. This is \$500 million more than what was in OMB's summer option.

HUD Position. HUD proposes that some part of the \$1 billion (amount not specified) be used for promoting homeownership in these projects, when feasible. The remaining amounts not used for homeownership would provide incentives to landlords or rental vouchers to tenants, if owners choose to prepay. HUD staff are working to refine their budget estimates on the number of units and funding likely to be required for this initiative. In any event, the numbers included in HUD's 1991 budget submission are probably a maximum cost.

OMB Position. HTF staff do not have a final recommendation since we need to review HUD's latest cost estimates. We will develop a 1991 issue paper to review this with you next week. Our position during the summer negotiations was that funds would not be used for promoting homeownership, but for providing rental vouchers. We are concerned that on-going subsidies would eventually be required if very low-income tenants become homebuyers.

9. IRA's for First-time Homebuyers

		(\$ in millions)			
		1991		91-94	
		<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
HUD Current.....	?	?	?	?	?
OMB Recom.....	?	?	?	?	?

This item was included in Kemp's original HOPE proposal. No Treasury estimates of the revenue losses are available yet for this proposal. Treasury needs more details on HUD's proposal.

HUD Position. HUD proposes tax-free and penalty free withdrawal from IRA funds for first-time homebuyers. Funds would have to be paid back by retirement.

OMB Position. Recently, OMB senior staff indicated a willingness to consider such a proposal. Treasury believes we will get something like this from the Congress anyway. If we are going to propose this or lose it anyway, you might want to include it in pot.

III. New Areas not in the previous package.

10. FHA Credit Expansion to Greenline Inner Cities.

(\$ in millions)			
1991		91-94	
<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
HUD Request.....	-0-	-0-	-0-
OMB Recom.....	?	?	?

HUD Position. HUD proposes to expand FHA credit to underserved distressed inner cities and rural areas. FHA will provide greater access to credit through cooperative agreements with non-profits (receiving technical assistance grants from HOPE grant funds) and State/local housing finance agencies. FHA will share in the risk with these agencies to encourage rehabilitation, lease purchase and acquisition for low income use. HUD states there will be no incremental cost beyond the funds from the HOPE grant.

OMB Position. OMB staff prefer that this policy discussion take place in the context of the overall decisions on the objectives of FHA credit programs. However, there may be some incremental costs, as FHA insures (at something less than 100 percent) higher risk loans under this proposal. OMB staff agree conceptually that a social purpose of FHA insurance is served by targeting Federal credit assistance to inner city areas facing discrimination. However, there may be legitimate economic risks that need to be acknowledged and accounted for to assure we don't deepen the current FHA loss hole. Some in HUD believe they can cross subsidize within FHA to cover any additional costs. OMB staff are doubtful given competition in the housing credit markets (outside inner city) areas. We may need an implicit Federal subsidy and this could be expensive.

11. Savings and Loan Assets for Low Income Use.

	(\$ in millions)			
	1991		91-94	
	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
HUD Request.....	-0-	-0-	-0-	-0-
OMB Recom.....	?	?	?	?

HUD Position. HUD is proposing to combine non-profit sponsors, property discounts and other incentives with S&L assets required, under FIRREA, to be disposed of with a "right-of-first refusal" to low-income households and housing providers. HUD estimates no incremental costs associated with the initiative.

OMB Position. OMB opposed this Barney Frank proposal in FIRREA. We do not have any details on the role HUD proposes to play in the FIRREA requirement. It is not clear how HUD plans to coordinate its efforts with RTC. This initiative could prove costly especially if HUD insists that authorized below-market interest rate Federal financing be available to ensure compliance with this FIRREA requirement. We would keep this in the proposal and are developing our cost estimates assuming no Federal loans or other credit subsidies are provided by the RTC for this program. If HUD insists RTC must provide such subsidies, other elements in the Kemp package would have to be reduced to stay within the accepted "four year" funding envelope.

LATEST KEMP PROPOSAL

October 25, 1989

HOPE PACKAGE
Add-ons and Offsets to the 1990 Bush Budget
(\$ in Millions)

	Budget Authority					Outlays/Tax Expenditures				
	1991	1992	1993	1994	1991-94	1991	1992	1993	1994	1991-94
	----	----	----	----	----	----	----	----	----	----
Tax Expenditures:										
LIHTC *	--	--	--	--	--	52	248	549	813	1,662
Enterprise Zones						53	164	309	523	1,049
wage credit		--	--	--	--	[25]	[60]	[99]	[121]	[305]
corporate stock expensing	--	--	--	--	--	[28]	[104]	[195]	[274]	[601]
capital gains elimination	--	--	--	--	--	[0]	[0]	[15]	[128]	[143]
Subtotal	--	--	--	--	--	105	412	858	1,336	2,711
New Budget Authority:										
HOPE Grants	1,000	1,000	1,000	1,000	4,000	0	250	750	1,000	2,000
Preservation/Prepayment	1,000	655	705	647	3,007	100	266	402	537	1,304
Operation Bootstrap	0	0	0	0	0	0	0	0	0	0
Frail Elderly	100	100	100	100	400	10	25	50	75	160
Homeless Service Vouchers	100	100	100	100	400	0	15	51	76	142
Subtotal	2,200	1,855	1,905	1,847	7,807	110	556	1,253	1,688	3,606
New Initiatives										
FHA Credit Expansion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&L Assets for low income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
IRA/401(k)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL, KEMP "HOPE PACKAGE"	2,200	1,855	1,905	1,847	7,807	215	968	2,111	3,024	6,317

* Three year extension beginning in 1991. However, it is likely the LIHTC will be will be extended in 1990. This would increase the 1991 costs by \$150 million

KEMP'S SUMMER HOPE PROPOSAL

29-Jun-89

HOPE PACKAGE: KEMP PROPOSAL Add-ons and Offsets to the 1990 Bush Budget (\$ in Millions)

	Budget Authority					Outlays/Tax Expenditures				
	1990	1991	1992	1993	1990-93	1990	1991	1992	1993	1990-93
	----	----	----	----	----	----	----	----	----	----
Tax Expenditures:						52	248	549	813	1,662
LINTC	--	--	--	--	--	0	0	0	0	0
IRA/401(k)	--	--	--	--	--	53	164	309	523	1,049
Enterprise Zones						(25)	(60)	(99)	(121)	(305)
wage credit						(28)	(104)	(195)	(274)	(601)
corporate stock expensing	--	--	--	--	--	(0)	(0)	(15)	(128)	(143)
capital gains elimination	--	--	--	--	--	105	412	858	1,336	2,711
Subtotal										
New Budget Authority:						25	140	370	695	1,230
HOPE Grants	250	650	1,000	1,250	3,150	28	67	98	126	319
Preservation/Prepayment	277	119	190	84	670	0	0	0	0	0
Project Opportunity	0	0	0	0	0	0	11	17	29	57
Frail Elderly	0	114	0	0	114	0	7	31	66	104
Homeless Vouchers	44	104	118	118	384	0				
Subtotal	571	987	1,308	1,452	4,318	53	225	517	915	1,710
Potential Offsets -- Programs in Bush Budget:						-10	-44	-44	-44	-142
SNOP	-44	-44	-44	-44	-176	-10	-44	-44	-44	-142
Subtotal	-44	-44	-44	-44	-176					
FHA Offset (\$118,125) 1/	--	--	--	--	--	-74	-57	-30	-7	-168
NET ADDITION TO BUSH BUDGET	527	943	1,264	1,408	4,142	74	536	1,301	2,200	4,111
Potential Additional Offsets -- Programs not in Bush Budget:						0	-35	-88	-142	-264
Section 8 Mod. Rehab.	--	-347	-356	-365	-1068					

1/ Net Federal revenues: FHA premiums and interest income minus FHA administrative and claims costs, tax expenditures and interest costs to Treasury.

OMB's "SUMMER PASSBACK" ON HOPE

29-Jun-89

HOPE PACKAGE: OMB OPTION Add-ons and Offsets to the 1990 Bush Budget (\$ in Millions)

	Budget Authority					Outlays/Tax Expenditures				
	1990	1991	1992	1993	1990-93	1990	1991	1992	1993	1990-93
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Tax Expenditures:						52	248	549	813	1,662
LINTC	--	--	--	--	--	0	0	0	0	0
IRA/401(k)	--	--	--	--	--	53	164	309	523	1,049
Enterprise Zones						[25]	[60]	[99]	[121]	[305]
wage credit	--	--	--	--	--	[28]	[104]	[195]	[274]	[601]
corporate stock expensing	--	--	--	--	--	[0]	[0]	[15]	[128]	[143]
capital gains elimination	--	--	--	--	--	105	412	858	1,336	2,711
Subtotal										
New Budget Authority:						25	125	300	550	1,000
HOPE Grants	250	500	750	1,000	2,500	24	59	88	114	285
Preservation/Prepayment	243	108	177	80	608	0	0	0	0	0
Project Opportunity	0	0	0	0	0	0	0	0	0	0
Frail Elderly	0	0	0	0	0	0	7	31	66	104
Homeless Service Vouchers	44	104	118	118	384	0	0	0	0	0
Subtotal	537	712	1,045	1,198	3,492	49	191	419	730	1,389
Potential Offsets -- Programs in Bush Budget:						-10	-44	-44	-44	-142
SHOP	-44	-44	-44	-44	-176	0	-7	-31	-66	-104
Voucher Offset	-44	-104	-118	-118	-384	-10	-51	-75	-110	-246
Subtotal	-88	-148	-162	-162	-560					
FHA Offset (\$118,125) 1/	--	--	--	--	--	-74	-57	-30	-7	-168
NET ADDITION TO BUSH BUDGET	449	564	883	1,036	2,932	70	495	1,172	1,949	3,686
Potential Additional Offsets -- Programs not in Bush Budget:						0	-35	-88	-142	-264
Section 8 Mod. Rehab.	--	-347	-356	-365	-1068	0	0	-33	-66	-99
Public Housing New Constr.	--	-408	-419	-429	-1256	0	-35	-121	-208	-363
Subtotal	--	-755	-775	-794	-2324					

1/ Net Federal revenues: FHA premiums and interest income minus FHA administrative and claims costs, tax expenditures and interest costs to Treasury.



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

FAX TRANSMISSION

DATE:

11/1/89

NUMBER OF PAGES (including this page)

14

TO:

Dan McGroarhy
White House

FROM:

Mary Brunette
HUD

PHONE:

456-2773

PHONE:

755-6961

(the phone number of this fax machine is (202) 755-9476)

Homeownership and Opportunity for People Everywhere

H.O.P.E.

1990's Agenda

For Homelessness, Affordable Housing, and Urban Development

by George Bush

Introduction

One of this nation's proudest achievements has been almost seven years of record peacetime economic expansion and low inflation.

Yet, despite the strong national recovery, pockets of poverty remain and some regions of the country have never shared in this expansion. Indeed, for many, America's new prosperity is a poignant reminder -- of too few job opportunities, of crime-ridden and drug-infested neighborhoods, of despair that seems unending.

I believe the time has come to end despair and to replace hopelessness with hope. Helping all Americans share in the blessings of freedom is not only the right thing to do, it is indispensable to the nation's overall interests ... because America's example to the world can be neither secure nor complete until equal opportunity, jobs, and the American dream are shared

by all.

Out of my concern that people not remain so widely different in degrees of economic progress, I am today proposing a comprehensive urban and housing strategy that I have named HOPE, an idea that stands for Homeownership and Opportunity for People Everywhere.

HOPE will include housing and urban development initiatives extending decent shelter and opportunities for homeownership to more and more of our people. But HOPE will not just provide material benefits. I want it to become a platform on which Americans can stand up in dignity, with productive lives and good jobs, with decent neighborhoods and optimism for their own and their family's future.

HOPE will launch a new attack on the root causes of homelessness, open homeownership opportunities for the one-third of our people who today do not participate in the reality of that dream. It will give thousands of poor families access to affordable quality rental housing, boost young families toward their first home, and foster an enterprising spirit in depressed communities that will call forth a new generation of young entrepreneurs, small business men and women, and new jobs for more workers.

The conventional way of dealing with problems like these is to rely on top-down, trickle-down government spending. I will not make that mistake. Our strategy targets self-help, private ownership, and free enterprise in places that have been left behind in the economic recovery.

Now before we go any further, we must remember one all-important fact: the basic precondition for helping the poor out of the trap of poverty must be to continue the economic expansion. Because we cannot help the poor if America itself is becoming poor. Continuing to bring down unemployment, to hold inflation down, and to keep interest rates on a declining path -- these priorities represent the foundations of our prosperity.

That's why I believe so strongly in bringing down the capital gains tax rate to 15 percent. Our capital gains tax reduction measure is not just a budget issue; capital gains tax cuts can release enormous reserves of capital from existing assets to become the seed capital for the new businesses and technologies that really represent the nation's future. This will benefit everyone, but I believe with all my heart that it will help our nation's poor people and depressed communities the most. It is the poor who most need that risk capital for the opportunity to start the small businesses which create up to two-thirds of America's net new jobs and can create much more in the

poor regions.

Surely, the future of our national prosperity and our housing industry depends on how this debate over taxes on capital comes out. And let me tell you something: my Administration will not stand by silently while the Senate leadership stalls this tax reduction, imperils our hard-won economic progress, and denies millions of Americans the new jobs and homes they need to raise their families in dignity and self-respect.

Interest rates are another key to a strong real estate industry and a healthy economy. Just a small percent increase in mortgage rates knocks hundreds of thousands of working people out of contention for home ownership. Yet, some favor higher interest rates, sincerely believing that more housing starts or a strong economy somehow raises the cost of living.

My friends, investing in a home does not create inflation. Putting America to work does not create inflation. The best thing we can do for homeownership, job creation, real estate, and inflation is to let the economy keep growing at a steady rate by keeping interest rates down.

But the housing affordability problem will never be solved until America starts addressing a tough local problem: local impact (development) fees, application processing costs, building codes, zoning and land use restrictions, and no-growth policies

are having major effects on construction costs, while rent control laws are restricting the expansion and maintenance of rental housing.

In one of the more extreme areas, Orange County, California, a Golden State Project report says that regulations, delays, and fees may almost double the price of a standard size new home. Some estimate that every \$1,000 rise in the price of housing disqualifies 300,000 middle-income families from homeownership.

We must start reducing barriers to affordable housing now. The market can work to produce quality housing at a cost working families can afford, if the market is set free from excessive red tape and unnecessary regulation.

A strong and financially sound Federal Housing Administration is also critical to our agenda for homeownership and affordable housing. The FHA is one of America's great success stories. Over nine million Americans live in FHA-insured homes, and every year roughly half a million first-time homebuyers use FHA to help them finance their dream. I fully support HUD Secretary Jack Kemp's announced reforms to ensure that FHA is well-managed and brought to financial soundness.

But today, I am here to discuss my HOPE package of new urban and housing initiatives. Behind our HOPE plan lies an ideal. In a society made up of thousands of centers of individual effort

and mutual cooperation, I believe there is a legitimate, proper, and compelling role for every level and part to help solve our housing problems. The private sector, business organizations, labor unions, the non-profit sector, pension and insurance funds, federal, state, and local governments, charities and philanthropic foundations -- all need to become involved in this great national enterprise.

We reject costly new construction programs not just because new public housing projects aggravate dependency, but also because we cannot ignore the potential for abuse in project-based housing subsidies. There's another name for giving subsidies to developers in the hope that they will eventually reach the poor: "trickle down" housing. We must do better. This Administration is 100% behind housing vouchers to let poor people choose where they want to live, whether near good schools, transportation systems, or safer neighborhoods.

This Administration supports a strong social safety net, including the opportunity for decent and safe housing for those who need society's help. But the safety net must not become a spider's web entrapping the poor. Our HOPE programs will empower the poor to achieve self-sufficiency, not entrap them in a cycle of poverty.

We measure our success against poverty not by how many people are receiving assistance, but by how many do not need government assistance because they have access to the income, jobs, education, and homeownership which is the dream of all Americans.

Homeownership is virtually synonymous with the American dream. Every American shares the dream, but only two-thirds own homes. Not just the dream but the reality must be open to the one-third, or over 80 million Americans, who don't yet have the pride and security of homeownership. By helping these people to get on the first rung of the ladder of homeownership, we will not only be freeing up affordable rental housing for others in need, but there's a good chance these first-time homebuyers will continue to climb that homeownership ladder as they trade up for better or more suitable homes in the future.

Service-Suported Housing for the Homeless

Our nation's most vulnerable people are the homeless, and they must be our first order of business. Homelessness has become a national tragedy. The deplorable sight of so many, including tiny children, living on the streets, in parks and campsites, and on the subways weakens our faith in freedom's advantages and causes others to question America's moral commitments.

I believe that by breaking homelessness down into its different parts, the problem can be managed and, with dedication, cured. Many studies show that some two-thirds of the homeless on the streets are suffering from mental disorders or are victims of substance abuse. All the homeless need shelter, but for these two-thirds shelter alone will not solve their deep-seated problems.

Therefore, I will soon announce the details of a major new initiative to fund service-supported housing for the homeless who are mentally-ill or substance abusers. Under this program, which will match federal with state and local service funding, we will be able to give this group of homeless Americans not only shelter but the professional treatment they require to restore their chances to live a normal and dignified life.

As a separate effort, I am also directing the Federal Housing Administration to set aside 10 percent of FHA foreclosed housing for lease to non-profit groups to use for housing the homeless. In addition, I will continue to insist upon full funding of the McKinney Act.

These initiatives together are a start towards ending the disgrace of homelessness which has marred our national image for too long. We can help stop future homelessness by creating permanent housing for people on the margin for whom even a minor

income setback could cause them to lose their home.

HOPE Grants

To help attack this underlying problem, we will also offer a broad range of low-income homeownership initiatives through urban homesteading in public housing, federally-assisted housing, and non-profits. Using a matching federal-state and local housing grant program, HOPE will give millions of low-income families new opportunities to manage their housing communities and even purchase them from HUD at a discount. Our efforts will in fact expand the stock of affordable housing by bringing vacant, foreclosed, or publicly-held housing back into productive use.

Non-profits, neighborhood groups, and community housing efforts will be energized by project HOPE. By multiplying non-profit housing groups throughout America, I believe that greater numbers of responsible property owners and community-groups will eventually become anchors of stability and security in low income neighborhoods.

The results so far of resident control have been promising. In Washington's Kenilworth Parkside, resident management has improved maintenance, created scores of new jobs, and begun small spin-off businesses. Welfare caseloads have fallen dramatically. Rent collections have increased. Taxpayers also

benefit because these residents will not need to receive one cent of continuing operating subsidies.

Rental Housing for the Poor

I am also asking Congress to pass the low-income housing tax credit to expand low income rental housing.

Preserving the Existing Low-income Housing Stock

Another part of our HOPE initiative is to preserve 350,000 rental units of low-income federal housing and move them to homeownership and non-profit management. These units could be lost as a result of mortgage prepayment under our FHA multifamily mortgage programs. HUD will create a new Office of Preservation to expand homeownership opportunities by giving tenant groups and non-profits management training, technical assistance, and homeownership grants.

Greenling Poverty Areas

I am also asking the Federal Housing Administration in partnership with non-profit neighborhood groups to help greenline for growth and homeownership poverty areas of the nation that have sometimes been redlined for despair and stagnation. By identifying prudent and responsible credit risks, FHA will start a flow of credit into low and moderate income housing.

Financial Institution reform for low-income people

The full and creative use of the legislative provisions in the recent Federal Institutions Reform and Recovery Act can also be an important component of our efforts to expand affordable housing. First, the failed S & L properties must not be dumped into soft real estate markets and further depress real estate prices. Second, I will use \$100 million from the Federal Housing Financing Board for mortgage rate buydowns to expand homeownership for the poor. In addition, I plan to transfer a portion of failed S & L assets to poor people, the homeless, and others in need consistent with our goal to minimize the eventual cost of the bank bailout.

The Frail Elderly

The frail elderly in federally-assisted housing are a separate group entitled to the whole community's help. Senior Americans who invested decades of their life working for a better tomorrow deserve more than the prospect of losing their home in the near future. Under a new demonstration project starting in 1991, HUD will target services to the frail elderly in federal housing to allow them to stay in their own homes and not become institutionalized unless they need specialized care.

Help for First-time Homebuyers

As home prices skyrocket, many young couples also face difficulties getting together a downpayment for their first home.

Therefore, I have decided to ask Congress for legislation allowing IRA savings by either first time homebuyers or their parents to be withdrawn tax- and penalty-free if used for the downpayment on a first home. This tax-incentive will help many young families gain better access to the dream of homeownership.

Commission on Barriers to Affordable Housing

I have also asked Secretary Kemp to convene a Blue Ribbon Commission to identify barriers to affordable private sector housing and to make recommendations to reduce those barriers. I'll start off by giving the Commission one recommendation of my own -- no state, city, or town will get a cent of HOPE funds until they have identified their own barriers to affordable housing, assessed the cost of those barriers, and laid out a plan to remove them.

We will also demand that states and cities enforce the same quality housing standards in poor neighborhoods as in prosperous areas.

Enterprise Zones

In the end, of course, the best guarantee of affordable housing is access to a good job.

It will not be enough if we cut the capital gains tax rate throughout the country, but fail to eliminate that tax entirely in pockets of poverty. I urge the Congress to pass my

October 31, 1989

Peggy,

Here is some information -- I hope it's helpful.

- o Hartford Speech (Major speech dealing specifically with homelessness)
- o Heritage Foundation Conference Transcript (This addresses some of the numbers and causes of homelessness)
- o Miscellaneous articles on homelessness
- o Testimony (A bit dated but it's a clear summary of the Administration's priorities for HUD).
- o A press release on HUD reforms
- o The U.S. News article I mentioned is from the October 16, edition: "Behind the Housing Crisis". It's a great piece and it sets straight some of the common misconceptions floating around these days.

Let me know if you need anything else. And before too long, let's really try to get together.

Mel Lukens
11/55
220

6563 *Housing Apps
for People
Everywhere*
6402 *Prosperity*

ASSOCIATES MEMO

MANHATTAN INSTITUTE FOR POLICY RESEARCH • 42 East 71st Street • New York, NY 10021 • 212-988-7300

September 5, 1989
Number 22

A Proposal to End Rent Regulation

The Manhattan Institute has released a report to U.S. Housing and Urban Development Secretary Jack F. Kemp that warns of the negative effects of locally imposed rent regulation on the federal government's efforts to encourage housing production. The authors of the report, housing specialists Peter Salins and Gerard Mildner, also outline a proposed new federal strategy to deregulate rental housing nationwide.

The report cites a range of economic studies that demonstrate the damaging effects of rent regulation, both on the maintenance of existing housing and the production of new rental units. It discusses how rent regulation undercuts the federal government's effort to increase housing production and improve housing affordability.

Citing an "overwhelming consensus" among economists and housing specialists that rent regulation impairs the supply of housing, the authors recommend that the Department of Housing and Urban Development make future federal housing assistance to local governments conditional upon the locality preparing a plan to deregulate their supply of private rental housing. The net result of such a policy, the authors contend, would be additional construction of new housing, improvements in the level of maintenance of the existing stock, greater vacancy rates and lower marginal rents for new entrants in the housing market.

This proposal differs from one put forward by Senator Alfonse D'Amato in 1981, which called for the immediate repeal of rent regulation and made the entire allocation of federal housing assistance contingent upon such repeal. The Salins-Mildner proposal would first of all require cities to prepare a deregulation plan; localities that refused to do so would forfeit 30% — not 100% — of their federal housing assistance. Housing conditions since the 1981 proposal have steadily deteriorated, as have the rates of homelessness in cities with rent regulation, making the need for such a measure more necessary today than eight years ago. Over that time, moreover, cities like London, Paris, and Vancouver have begun to repeal their rent regulation laws, indicating that the tide has turned in favor of allowing market forces to work in the rental housing area.

Salins and Mildner ask, "If the federal government is conditioning foreign aid to Hungary and Poland on economic reforms and decontrol of prices, why shouldn't housing assistance to New York City and Washington D.C. be conditioned on housing reform and decontrol of rents?"

Salins and Mildner conclude that deregulating local rental housing markets is needed to address the economy's growing mismatch of housing and jobs where workers cannot find housing in areas with low unemployment. The rapid growth in employment over the past decade and the inflexible regulation of rental housing on the nation's East and West Coasts have impaired labor mobility and kept many Americans from participating in the economic expansion.

For further information contact Lawrence Mone, (212) 988-7300.

Manhattan Institute

42 East 71st Street • New York, NY 10021 • TEL: (212) 988-7300 • FAX: (212) 517-6758

A PROPOSAL TO EXPAND HOUSING AND ECONOMIC OPPORTUNITIES BY DEREGULATING AMERICA'S RENTAL HOUSING

Prepared By Peter D. Salins and Gerard C. S. Mildner
August 25, 1989

Introduction

Despite the unprecedented economic expansion of the last eight years, America's economy suffers from a mismatch of housing and job opportunities that prevents many of its citizens from fully participating in that growth. A major barrier to the mobility and shelter requirements of those Americans are locally imposed rent regulations, which currently exist in six states and the District of Columbia.

Rent regulation impairs the efficiency of local housing markets. It reduces rental housing vacancies, inhibits construction of new housing, reduces the level of housing maintenance, and in the end, raises the cost of housing for newly formed families and relocating workers. In that the local imposition of rent regulation discourages the creation of additional housing, it directly nullifies the benefits of publicly funded housing and community development assistance programs.

The Federal Government has an interest in insuring that its housing and development assistance not be vitiated by the actions of local governments. Further, it has a duty to protect the opportunity of every citizen to participate in local housing markets. For that reason, the authors of the accompanying proposal recommend a plan whereby federal housing assistance to localities, including both categorical and block grants, be conditioned upon the local government's willingness to end rent regulation. Specifically, they propose that assistance be conditioned upon the preparation and submission of a rent deregulation plan by the locality.

Rent Regulation and the U.S. Housing Policy Debate

From a variety of quarters, there is a growing outcry that the federal government increase the size and scale of its activities in the area of subsidized housing. The arguments made in favor of a larger federal role in the housing market rest on a number of premises, among them that housing conditions and affordability have worsened in recent years and that this is due to a retrenchment in federal housing activity during the last Administration. Behind these premises, however, lies the bedrock assumption that the private market is incapable of building and maintaining a housing stock accessible to Americans of all incomes.

The authors take issue with that assumption. While we concede that some form of rental housing assistance may be necessary to give the poorest households access to decent and affordable housing in the higher cost metropolitan areas, we believe that the housing problems of our cities and suburbs owe much more to public policies that impede the private provision of housing than they do to a lack of federal funding. High on the list of misguided local housing policies is rent regulation.

Rent regulation is a growing phenomenon. Six states and almost 200 localities currently implement some form of rent regulation, whereas twenty years ago, rent regulation existed only in New York. Many other states and localities have considered and rejected rent regulation, and sixteen states now have statutes or constitutional provisions to preempt local rent regulation ordinances.⁽¹⁾ However, many other localities are in the process of considering regulations at the present moment.⁽²⁾

Rent regulation inhibits the private market in rental housing, and largely nullifies the benefits of publicly funded housing and community development assistance programs. Under such circumstances, the best that can be said for such federal programs is that they compensate for the negative impact of rent regulation.

Therefore, we believe that the federal government, and HUD in particular, has a direct interest in seeing that its housing and development assistance to localities is not squandered when local imposition of rent regulation creates the very conditions that federal assistance is intended to address.

The Local/Federal Housing Policy Gap

The Local Rent Regulation Ordinance

Virtually all rent regulation ordinances set limits on annual rent increases. Some laws have procedures for adjudicating these caps year by year; others permit a uniform

¹. Figures provided by the National Multi-Housing Council, Washington, D.C.

². W. Dennis Keating, "Dispersion and Adaptation: The California Experience," in Paul L. Niebanck, *The Rent Control Debate* (Chapel Hill: University of North Carolina Press, 1985), p. 111.

maintenance. In cities that engage in rent regulation, the poor and near poor find it exceedingly hard to find housing, and such housing as they find and occupy is likely to be severely deteriorated. ⁽⁸⁾

Congress is aware of rent regulation's potentially harmful impact. The McKinney Act of 1988 explicitly directs HUD to conduct a study, the results of which are to be reported by the end of 1989, which will determine the impact of rent regulation on the incidence of homelessness and other negative local housing market indicators.

The precise mechanism by which rent regulation achieves these impacts is not yet perfectly understood, but some of the more important dynamics are clear. Rent regulation demonstrably increases the average length of rental tenure in the eligible housing stock. For example, since 1978, when rent regulation was first imposed in Los Angeles, the average length of apartment occupancy has increased by 50%. ⁽⁹⁾ Increased length of tenure is the major factor reducing the vacancy rate, but it is also the primary cause of the "over-consumption" of housing, whereby small households occupy larger dwelling units than they need or would have under market rental terms, causing a misallocation of the housing stock. ⁽¹⁰⁾

Rent regulation's impact in reducing new housing construction is related to two factors. The willingness of developers to commit market priced resources to a venture promising below market returns is obviously a consideration. Less widely appreciated is the fact that rent regulation significantly curtails the demand for new housing on the part of middle-income tenants who comprise the most robust segment of the housing market. The differential between the rent required to sustain new housing and the below market rents that middle-income tenants currently pay under regulation is simply too great. ⁽¹¹⁾

Rent regulation's impact on housing maintenance is as much a function of guaranteed tenure as it is a result of owners' attempts to compensate for below market rental income. ⁽¹²⁾ The latter explanation may offer a motive for reducing housing maintenance, but it is the "captive" tenantry resulting from rent regulation which offers owners an opportunity to do so, especially in the case of noticeable under-maintenance of the middle income stock in regulated cities. In an unregulated market, competition for tenants creates strong incentives for owners to properly maintain rental housing which is absent when tenants are unwilling or unable to shop for housing on the basis of quality rather than rent.

8. Rydell and Neels, pp. 91-103.

9. City of Los Angeles, *1988 Rental Housing Review*, pp. 47-52.

10. Michael A. Stegman, "The Model: Rent Control in New York City," in Niebanck, op. cit., pp. 46-47.

11. Peter D. Salins, *The Ecology of Housing Destruction* (New York: New York University Press, 1980), pp. 58-71.

12. Rydell, et al, *The Impact of Rent Control on the Los Angeles Housing Market*, op. cit., p. 57. See also George Sternlieb, et al, *The Realities of Rent Control in the Greater Boston Area* (New Brunswick: Rutgers University, Center for Urban Policy Research, 1974), p. 55.

the private sector provision of housing, which is expected to remain the primary source of existing and new housing available to households in all income categories. With the exception of assistance to local housing authorities — government-sponsored entities that own and manage local housing developments — all these housing assistance programs have as their objectives the increased vitality and affordability of dwellings in the private housing market. Even the Community Development Block Grant Program, which is not targeted exclusively to the improvement of housing conditions, and which may be utilized to build or underwrite a wide variety of local public facilities, has as its primary justification, the enhancement of local communities' private economies and housing sectors.

Under these circumstances, the rationale of federal housing assistance to localities conflicts with the premises and consequences of locally imposed regulation. Federal housing assistance depends upon local housing markets which operate in economically rational and predictable ways, where the function of the assistance is to stimulate increased housing production and/or to bridge the gap between local market rents (or prices) and lower income households' ability to pay.

Local and state legislatures impose rent regulation believing that they can circumvent normal housing market processes by way of legislatively imposed rent and price structures and in so doing display either ignorance of or an indifference to its widely recognized distortions. In such communities, federal housing assistance is enlisted, *de facto*, to repair the economic damage of rent regulation, rather than to create a new increment of housing vitality or affordability.

A good example is New York City's use of Community Development Block Grants. The city's primary use of CDBG funds (\$156 million out of a total grant of \$248 million) is to manage its "*in rem*", tax foreclosed housing stock.¹⁴ Yet the city's role as a slum landlord of 56,000 *in rem* apartments is due in large part to rent regulation's effects in reducing the economic viability of private rental housing in marginal neighborhoods, and the unwillingness of the city to resell tax foreclosed property to private housing developers.¹⁵ The new private development that would replace New York's *in rem* stock would revitalize distressed neighborhoods and would, at least in the short run, escape the full economic impact of rent regulation.

A Proposal to Condition Housing Assistance on Rent Deregulation

The Proposal

We propose that given the inherent conflict between the objectives of federal housing assistance and the local housing market distortions created by the implementation of

¹⁴. New York City Department of City Planning, "City Fiscal Year 1989 Community Development Program," June, 1988, p. 8.

¹⁵. Michael A. Stegman, *Housing and Vacancy Report: New York City, 1987*, New York City Department of Housing Preservation and Development, April, 1988, p. 206.

housing stock, a series of transitional rent increases, means-testing of tenants eligible for regulatory protection during the transition, and rental housing assistance for negatively affected tenants during the transition.

The plan must specify the legislative steps necessary to achieve deregulation, and have the endorsement of executive agencies and legislative bodies whose support and cooperation would be essential in the implementation of deregulation.

Political Viability of the Conditions

We propose making federal housing assistance to localities conditional upon the submission of a local deregulation plan with a full awareness of the political difficulties inherent in such a proposal. Local officials in affected jurisdictions and their Congressmen will undoubtedly strenuously argue against the idea on the grounds of local autonomy as well as its substantive merits. They will invoke the same argument — the need to keep rents low for affordability reasons — that have attended the legislative imposition and retention of rent regulation in the first place.

Nevertheless, we believe that the time is right to mount an effective challenge to such local political opposition. First, the evidence as to rent regulation's deleterious and inequitable effects is growing. Second, the courts are increasingly willing to hear rent regulation cases, and it can be argued that localities would be better off preparing for an orderly end to rent regulation than to have deregulation foisted upon them by court order. Third, many local officials, regardless of their public position, would welcome deregulation if they could escape the political blame for such an action.⁽¹⁷⁾ In New York City, for example, the present Mayor and many city and state legislators appear to realize the harmful effects of rent regulation, but are unwilling to risk the local political consequences of advocating deregulation. Fourth, the intellectual climate has changed. Many governments around the world, notably in London, Paris, and Vancouver, have initiated plans to deregulate rental housing markets.

Finally, the nation's economy is suffering from a housing and jobs mismatch. The rapid growth of the job market and the tight regulation over the rental housing market on the nation's east and west coasts has harmed the ability of many Americans to fully participate in the economic expansion because of the differential in housing costs. The Federal Government has an historic duty to insure that all its citizens have an equal opportunity in housing and jobs and that local governments not grant privileges to incumbent citizens over newcomers. Removing rent regulation would eliminate this barrier and help insure that the economic expansion not be halted by housing-induced labor shortages.

¹⁷ Thomas W. Hazlett, "Rent Control and the Housing Crisis," in M. Bruce Johnson, *Resolving the Housing Crisis* (Cambridge: Ballinger, 1982), p. 296.



Washington, D.C. 20410

News Release

HUD No. 89-137
Jack Flynn (202) 755-6685
Robert Nipp (202) 755-6982

FOR RELEASE:
Tuesday,
October 3, 1989

KEMP UNVEILS MAJOR REFORMS OF HOUSING PROGRAMS

Secretary of Housing and Urban Development Jack Kemp today unveiled a sweeping package of over 50 reforms designed to help ensure ethical, financial and managerial integrity in HUD's programs.

"President Bush and I have not and will not tolerate the systemic flaws at HUD which have allowed its programs to be abused at the expense of those in need," Kemp said. "We are 'clearing the decks' so we can move forward on an agenda to create opportunities for homeownership, jobs and hope in our nation's inner cities and distressed rural communities."

Long-term systemic problems in many of HUD's programs have made them susceptible to waste, fraud, abuse, and political influence. Kemp's overhaul requires legislative, regulatory and administrative reforms, some of which are already underway, that will help make the Department more effective, efficient and responsive to those in need of its assistance.

-more-

"I have been heartened by the bipartisan spirit with which many in Congress have approached the past abuses at HUD," Kemp said.

"There have been many good ideas and constructive proposals offered by members such as Congressman Tom Lantos and Senator Bob Byrd, as well as by those in my own party.

"Many of the proposals we offer today have drawn on their suggestions, as well as those of the GAO, HUD's Inspector General and HUD's many professional and dedicated employees, both career and non-career. I look forward to working together to pass quickly a legislative package of reforms that will include all of our best proposals, so we can get on to working on new initiatives that will help us better meet our responsibilities to those in need."

Kemp was joined by Under Secretary Alfred DelliBovi, General Counsel Francis Keating, and Assistant Secretary for Housing C. Austin Fitts in announcing a reform package that includes the following highlights:

ETHICS

SUNSHINE: All funding decisions will be publicly announced and published quarterly in the Federal Register. In the past, many of HUD's funding decisions were shrouded in secrecy. This reform will ensure that the taxpayer will be able to hold HUD accountable for every dollar spent.

ELIMINATE DISCRETIONARY FUNDING: HUD is currently authorized to use certain housing and community development funds in a discretionary way without competition or objective criteria. This has resulted in the funding of projects of dubious value, including swimming pools in beachfront communities. This reform will require all of HUD's housing and community development assistance to be allocated by formulas based on relative need or through a competitive process with objective criteria (except for certain funds needed for natural disasters, legal settlements and other emergencies).

-more-

ETHICS, Continued

REQUIRE REGISTRATION OF CONSULTANTS AND DISCLOSURE OF FEES: All consultants, lobbyists and lawyers doing business with HUD will be required to register; their clients will be required to disclose the fees they paid. In the past, politically connected consultants have received as much as \$1,500 per unit to arrange funding awards in advance of public notice. This reform will subject would-be influence peddlers to full public scrutiny; civil money penalties will be authorized for non-compliance.

MANDATE SUNSHINE AND ACCOUNTABILITY FOR WAIVERS: Many HUD employees have in the past had the authority to routinely waive regulatory requirements without documentation or accountability. Such waivers for developers and others doing business with HUD can result in enormous financial benefits. For example, in Chicago, HUD officials allowed a developer to undertake various actions which led to FHA financing a high-rise luxury apartment building in which some units rented for \$2,900 per month. Some one-room "efficiency" apartments were over 1,600 square feet. The project failed economically and FHA paid a \$50 million claim. This reform will require all regulatory waivers to be documented in writing, published in the Federal Register, and approved personally by the appropriate Assistant Secretary.

INCREASE THE POWERS OF THE INSPECTOR GENERAL: The IG's current authority does not allow him to subpoena testimony from witnesses who are crucial to his investigations. This lack of authority has hindered his ability to pursue past investigations. This reform, coupled with an increase in staff for the Inspector General, would give the IG the same power that Congress has to carry out thorough investigations.

-more-

MANAGEMENT AND FINANCE

APPOINT A CHIEF FINANCIAL OFFICER: HUD has lacked unified financial management and accountability in the past. This has resulted in successful embezzlement schemes such as those devised by closing agents like Marilyn Harrell in Maryland. This reform will create a Chief Financial Officer for the Department who will report directly to the Secretary, and the newly created post of Comptroller for the FHA.

RESOURCES FOR MONITORING AND EVALUATION: HUD now spends \$17-18 billion per year in grants and assistance, yet less than \$25 million for evaluation and monitoring to avoid fraud and waste. For example, the section 8 program lacks complete records about the 2.4 million households it assists at a cost of \$10 billion per year. This reform would set aside up to 0.5% of program funds to provide for program evaluation and monitoring.

INCREASE TARGETING TO THE NEEDY: Under current law, grantees of the Community Development Block Grant Program can spend 40% of their federal funds on activities that do not benefit low and moderate income people. For example, one county used CDBG funds in a wealthy suburban community to plant trees and install bike racks--funds that could have been used in parts of the county which have severe housing and economic development needs. This reform will require affluent communities to spend 100% of their federal CDBG funds on projects and programs that benefit low and moderate income persons (Distressed communities will be required to spend 75% of their funds on such activities). CDBG grantees will also be required to show HUD how they will use their federal funds to reduce poverty in their communities.

STREAMLINE AND STRENGTHEN REGULATORY AND AUDIT FUNCTIONS: HUD is limited by a variety of constraints which have hampered its ability to sanction those who misuse its funds, expeditiously recover and dispose of assets, and direct assistance to those in need. For example, bankruptcy laws prevented HUD from foreclosing on a defaulted project in Boston for 12 years. These reforms will give HUD the tools it needs effectively and expeditiously to fulfill its financial and management responsibilities.

-more-

MANAGEMENT AND FINANCE, Continued

RECOVER MISUSED TAXPAYER FUNDS: Legal decisions and complex regulations have made it difficult for HUD to recover misused funds from its grantees. This reform will give HUD greater authority to compel grantees to return misused taxpayer funds. The reform package also points to the continued aggressive efforts of Kemp's asset recovery strike force, which has recovered \$4.4 million in funds this year.

FEDERAL HOUSING ADMINISTRATION

ELIMINATE THE TITLE X LAND DEVELOPMENT PROGRAM, VACATION HOME LOANS, DEALER ORIGINATION OF HOME IMPROVEMENT LOANS AND LOANS FOR PRIVATE INVESTORS: FHA's single-family insurance programs should be designed to provide homeownership opportunities for low and moderate income families, especially those just starting out. Instead, FHA has compiled large losses from programs that have little relationship to this goal. For example, one defaulted Title X land development loan was for luxury housing on a golf course in a resort community. FHA loans to investors accounted for only 2.5% of FHA's new business in 1988, but made up roughly 15% of the losses. These reforms will reclaim FHA's historic mission of providing homeownership opportunities for those who could otherwise not attain the dream of owning a home.

COMPLETE A COMPREHENSIVE ACTUARIAL STUDY: FHA operates 47 different insurance programs and has \$300 billion of insurance-in-force, yet it currently has only one certified actuary. This reform will use the results of an already-commissioned independent actuarial study to help FHA managers assess the impact of changing economic conditions and other factors on the integrity of the fund.

-more-

FEDERAL HOUSING ADMINISTRATION, Continued

REQUIRE ANNUAL AUDITS AND REPORTS: Annual audited financial statements are the most basic of all management tools; yet FHA did not have annual audited reports from 1974 until 1989 and its internal reports only measured results on a based on claims actually paid, thereby omitting crucial information about the fund's accrued liabilities. This reform, coupled with the appointment of a comptroller for FHA and the integration of FHA's program and accounting functions, will provide managers with the information and accountability they need to effectively meet the public interest.

RESTRUCTURE COINSURANCE PROGRAM: The coinsurance program, properly reformed, can make a contribution to the development of affordable housing for middle-income families. Yet in the past, HUD's coinsurance program has compiled at least \$1 billion in losses due to irresponsible lending, low capitalization, over-mortgaging, and weak enforcement. This reform will significantly strengthen monitoring, capital and financial requirements, underwriting, and entry standards for coinsuring lenders.

STOP WINDFALL PROFITS FROM DOUBLE-DIPPING: The layering of HUD subsidies on top of the subsidy provided for low income housing development by the low income housing tax credit has resulted in huge profits for some developers. This reform will ensure that scarce resources are used to maximize the number of units developed, rather than subsidize consultants and developers.

#

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.



THE PHOENIX

"Resurrection Through Self-Sufficiency"

A DHA Resident Newsletter

Volume I, No. 1 July, 1989

From the Executive Director's Desk.....

The quality of life is not something that can be touched, smelled or wrapped-up in a fancy package, but everyone wants it AND should have it. I personally demand a pleasant environment for my family and want the same for the hundreds of families residing in the housing developments managed by the Dallas Housing Authority, as well.

A major crisis that a family faces is the lack of affordable shelter. New housing, whether for rent or purchase, is not being developed because lack of financing is



an obstacle, while basic rents cannot always cover the building costs. Unfortunately, other negative forces, such as drug abuse, burglary, rape, alcoholism, etc. also offer serious difficulties for our society. Persons living below the poverty line know this as much or more than anyone.

Since there are basic wants and needs that are important for survival, there must be an attempt to change the living conditions, the attitudes, and replace helplessness with self-sufficiency. By cooperating with law enforcement, the Dallas Housing Authority staff, church and community leaders, and your neighbors, crime can be virtually erased from the developments. Your involvement, however, is a neces-

Continued on Page 2

Rhoads Terrace Hosts Resident Management Rally

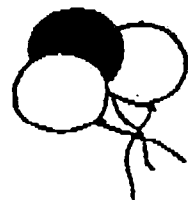
What is resident management? How can it help our developments? How can I become a resident intern? What is in it for me? Answers to these questions and other housing issues were addressed at the Rhoads Terrace Resident Management Rally held on Wednesday, June 14.

The rain and floods may have hampered other Dallas activities, but the weather did not stop festivities that were planned as an outdoors rally. At the request of Jessie Toles, the Rhoads Terrace Resident Council President, expert consultants presented information about the growing concept of resident management and activities already in place at other U.S. locations.

Dallas Housing Authority's Executive Director, Alphonso Jackson, introduced Bertha Gilkey, head of the resident-managed corporation at Cochran, a public housing complex in St. Louis, Mo. Says Ms. Gilkey, "The secret of Cochran is not just making a

place look nice; it's about changing people's attitudes and behavior." Bob Woodson and David Groo from the National Center for Neighborhood Enterprise, Washington, D.C., and Vince Lewis, Vinelle & Associates, also of Washington added information and spirit with words of encouragement. They reviewed applications from seven developments who gathered HUD requested data for resident management funding.

An application table for Rhoads Terrace residents interested in becoming resident management interns was provided, along with food and refreshments. Rhoads Terrace has already been funded \$50,000.00 for the Resident Management Training Program in an earlier application process.



Page 1

In This Issue

DHA to Honor Senior Residents.....2

Spotlight.....3

A Fun Summer.....3

Calendar.....4

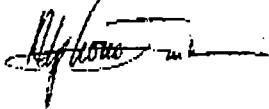
...Director's Desk

Continued from Page 1

sary ingredient. My staff and I cannot eliminate the barriers without the help of you, the residents.

A box for suggestions, questions, etc. will be placed in your manager's office. List the problem, if any, then state your solution. You may either sign your name or send the note anonymously. Please place in the envelope provided and mark "Resident Services." If there is adequate response, a special column in future issues of the resident newsletter will voice your opinions.

As Executive Director of the Dallas Housing Authority, I stand by the agency's goal which is to assist you in improving your social and economic status, as well as providing housing. Let us help you by helping us.



Dallas Housing Authority
2525 Lucas Drive
Dallas, Texas 75219

Alphonso Jackson
Executive Director

Resident Services Staff:
Sandra Turlington
Loretta Cash
Antoinette Muhammad

*Why not be oneself? That
is the whole secret of a
successful appearance. If
one is a greyhound, why try
to look like a Pekingese?*

Edith Sitwell

Through the Grapevine



DHA to Honor Senior Residents

Developing the Seventh Annual 90+ Reception represents creativity, hard work, and dedication. The 90+ Club Planning Committee exemplifies just that, and for a worthwhile event.

The 90+ Club Planning Committee is proud to announce an exciting program for Dallas Housing Authority's oldest residents and will be held at Forest Green Manor on Thursday, August 11 at 10:00 A.M. The 90+ Club members, totalling 48, will be treated to a morning of music, recognition, and other entertainment. On hand for the festivities will be families, friends, public and housing officials, and community leaders. During the reception, the 90+ residents will receive gifts and share stories of their past.

The 90+ Club Planning Committee members are: Johnny Rae Hill, Park Manor; Dorothy Bell, Brooks Manor; Juanita Henderson, Cliff Manor; Clarice Groves, DuWayne Griffin, Betty Stranglin, Audelia Manor; Pauline Garey, Special Purpose; Lillie Jefferson, Virginia Case, Lakeland Manor; Lorain Roberts, Virginia Merrell, Illa Hearne, Lillian Mullins, Lura Tracy, Forest Green Manor; and Syble Parks, Simpson Place.

DHA staff members also preparing for the reception are Alicia Ware, Dorothy Parchem, Pam Jernigan, Monique Perkins, Helen Robinson, Rebecca Swanson, Sandra Turlington, Eddy Taylor and Antoinette Muhammad.

water loss. Avoid hot foods and heavy meals, which add heat to your body. During extremely hot weather, curtail physical activity that add to heart strain.

.....
Call Sue Ballentine at 871-2175, ext. 19 about a program that will supply box fans for persons in a risk situation.

Keep Cool to Avoid Heat Stress

Heat stress can be a life-threatening problem, according to the Center for Environmental Physiology. During hot weather, sudden temperature increases can put a strain on the heart and blood vessels before the body can acclimate itself.

Early heat stress symptoms - discomfort and listlessness - are usually non-threatening. But medical attention is imperative for serious symptoms which can signal other major problems: dizziness, vomiting, diarrhea, nausea, rapid heartbeat, dry skin (no sweating), head/chest pain.

Use fans to draw and circulate cool air into your home. Wear loose fitting light-weight clothing. Cool baths/showers or ice bags/wet towels placed on the body offer relief from the heat.

Drink lots of water. Water removes extra body heat. Avoid alcohol, which results in fast

Freebies

Free Workshops offered at the Maple Avenue Storefront. Paint T-shirts and tiles, become an archaeologist, and discover an ancient tomb. Call 520-8188.

Free Health Screenings and assessments offered on the first Monday of the month from 10:00 A.M. to 3:00 P.M. at the West Dallas Multipurpose Center.

Amnesty Preparation offered on Monday and Wednesday from 6-9 P.M. at the West Dallas Multipurpose Center.

*If you don't take chances,
you can't do anything
in life.*

Michael Spinks

DALLAS MORNING NEWS Oct 29, 1989

COMPLEX NEGOTIATIONS

Officials try to resolve future of West Dallas public housing

By Craig Flournoy

Staff Writer of The Dallas Morning News

Thirty-five years ago the Stewart family — all 13 of them — moved into the West Dallas public housing project. Now only C.L. and Herman live there.

The two brothers, both veterans of World War II, said they have no particular desire to remain.

"It's gone downhill," said Herman, 80, whose Social Security checks provide the only income for the brothers. "The drug pushers are a big problem here. All I want is a

■ Alphonso Jackson profile. 1E

good, safe place to live where we have enough room."

The Stewart brothers are among 250 residents still living in the 2,627 unrenovated apartments at the sprawling complex known as the West Dallas project. An additional 816 units recently were rehabilitated under a January 1987 settlement of a federal desegregation lawsuit.

Since then, the debate over the future of the nation's second-largest public housing project has centered

on what to do with the unrenovated units. Under the 1987 settlement, those apartments were to be demolished and replaced with a system of certificates that poor families could use to rent privately owned apartments throughout Dallas and the suburbs. Mayor Annette Strauss and some West Dallas residents have campaigned to renovate the remaining 2,627 units.

Alphonso Jackson, executive director of the Dallas Housing Authority, said last week that complete re-

Please see HOUSING on Page 26A.

TELEFAX
LEAD SHEET

ORGN: White House Speech Writers
STAFF: Ms. Peggy Dooley/ DAW Mc GROARTY
FAX No: (202) 456-6218
FROM: Mr. Alphonso Jackson, Executive Director of DHA
PHONE: (214) 559-9002

Number of Pages to Follow: ~~fifteen~~ (15) 16 + Lead

Subject: _____

Comments: _____

DHA FAX No: (214) 526-3432

2525 Lucas Drive, Dallas, Texas 75219, (214) 526-8581



THE PHOENIX

"Resurrection Through Self-Sufficiency"

A COMMUNITY NEWSLETTER

From the Executive Director's Desk.....

In the July, 1989 issue of THE PHOENIX, I expressed a special desire--that residents living in Dallas Housing Authority managed properties would have a "brand new life"; that self-sufficiency would no longer be a fantasy or a goal totally out of reach. Frequently, our wants or desires are stopped by certain roadblocks--racism, lack of self-worth, a clouded outlook, limited funds, and no vision for the future. I see, however, in the eyes of a strong and impressive resident, hope and determination. Those eyes belong to Jessie Toles.

Jessie Toles, currently the Rhoads Terrace Resident Council President, and also president of the newly-formed Resident Management Board, is definitely an undivided strength. After 36 years of constant employment, Ms. Toles still has enough remaining energy to share her wisdom and spirit with neighbors who are now prepared to take some risks if it means a better environment and way of life. She has often said, "I'm not doing this for myself, but I want to see the young people of my community make it."

A battle that can be won is now being fought with plans of literacy and skills training, working with community-at large, etc. Ms. Toles and her associates not only utilize their Rhoads Terrace office, but also walk the property spreading on the street and door-to-door advice about property maintenance and the importance of paying rent on time. The drop in delinquent rent accounts is already noticeable, and this is only a particle of what may be attained.

During one of my drives throughout the Rhoads Terrace complex, I noticed a difference in the amount of trash and debris that is usually present after the week-end is over. On this particular Monday, however, scattered paper was primarily non-existent. Comparison with another complex proved my point just a little more--if residents are involved in a responsible manner, a good change will come. Additionally, flowers are growing beautifully on the property. No other agency, including Dallas Housing Authority, planted them, but the greenery is still being nurtured and maintained without our help.

Her eyes show me promise, truth, and productivity. She

In This Issue

Weekend Festival at Roseland Homes...
Through the Grapevine...
90+ Club Luncheon A Success...
Frazier Courts Honors Youths...
Ramses Fun Caravan...
Bulletin Board...

is proof that low-to-moderate income people are human beings with the power to integrate into the mainframe of society. It will happen, because Jessie Toles lives it everyday.

"It was beautiful and inspirational...I obtained a lot of knowledge and brought it back to the residents."

Jessie Toles



Jessie Toles and Bob Woodson at the Rhoads Terrace Resident Management Rally. See photo of Mr. Jackson on page 2.

THE PHOENIX is published bi-monthly by the Dallas Housing Authority Resident Services Branch, 2525 Lucas Drive, Dallas, Texas 75219. The Resident Services Branch is committed to improving community life. To share news or an idea, please call 559-9015 or 559-9010. Copyright 1989.

High Profile

Friday, October 28, 1989 @ 10:00 The Dallas Morning News

The Dallas Morning News

Section

Alphonso Jackson

After growing up in South Dallas, he swore he would never return. Then the DHA called.

By Diane Jennings

ALPHONSO JACKSON drives his shiny black Mitsubishi through the Lake West public housing development in West Dallas. He waves at maintenance workers, then stops a group of men loitering on the sidewalk, itching bottles in brown paper bags. Getting out of his car, Mr. Jackson politely but firmly suggests they drink in the privacy of their homes.

Minutes later a woman flags him down. She thanks him for asking her husband to quit drinking on the street, then asks what to do about one of her nine children who is a pregnant drug addict.

Mr. Jackson listens patiently before giving her the name of a drug treatment program. The woman nods appreciatively, then glances at a poster tacked to a utility pole. The poster features a photograph of Mr. Jackson and a young boy, with the words: "A Message for Drug Dealers — Stay out of public housing. We won't let you destroy homes and kids. Never." It is signed Alphonso Jackson, executive director, Dallas Housing Authority.

"This is him," the woman hollers to a fellow resident. She points to Mr. Jackson. "He," she says proudly, "is somebody."

To the impoverished of Dallas, 43-year-old Alphonso Jackson is indeed somebody. As the head of DHA, Mr. Jackson oversees approximately 30,000 residents living in conventional public housing and apartments served by certificate and voucher programs.

Because Mr. Jackson returned to Dallas only 6 months ago, observers say it is too early to measure his impact. But the job he took was not cushy one: Most of the agency's facilities were in a bad condition, but his predecessor had resigned after criticism over an unsuccessful renovation program at the Rubin Square Apartments, and the DHA was embroiled in a long-standing lawsuit over segregation in its complexes.

Still, compared to the problems he faced as acting director in Washington, D.C., the DHA was exemplary. In the nation's capital, buildings were literally falling down around tenants' heads, and the agency was an administrative nightmare. Though his short tenure there makes it difficult to attribute specifics to his leadership, renovations and a movement to resident management earned him high praise.

"He came very highly recommended," says

Continued on Page 2



Inside



I Ricchi's the name;
power dining's the game.
The High Life. Page 6.

When he heard about the blackout he didn't just
and his staff, he was here. . . with the residents'

Continued from Page 1

Steve Bartlett, R-Dallas, even on the housing subcommittee. Congress and who once needed in fact by people and trust in housing circles. "I was suspicious anybody he that good. He is that he has lived up to all the ex- I had of him and more." "I don't understand public," says Mayor Annette. "I had that he is going to do needs to be done to make housing some of the best. . . He has the vision for us that we need."

Jackson's vision for the future from the traditionalistic philosophy of public. He isn't satisfied simply to shelter for low- and moderate- income residents. He wants to residents self-respect and move out of the "proj."

Nationally what has happened public housing across this is we've done nothing but use those people," Mr. Jackson says. "Warehousing" resulted in institutional complexes sickly became rundown neglect and abuse. "Legislation and psychologists or back and say, 'I tell you, nothing you can do with moderate-income people. I want to live in decent, sanitary public housing, not to live like we see Mr. Jackson says. That's not true.' Residents thought to care for their food, he explains. "Given opportunity, lower, moderate-

income people are no different than middle-class, upper-class people. They want exactly the same thing: decent, safe, sanitary conditions; good schools for their kids; and to be respected."

To provide these basics for the working poor, "the men and women who wait tables at the Dallas Country Club, who don't make enough money to live anywhere else," Mr. Jackson espouses his philosophy of resident involvement. Those who don't take responsibility, who destroy their neighborhood, won't stay long in Alphonso Jackson's development. "They should be on the streets," he says.

If that no-nonsense approach seems hardhearted, Mr. Jackson is unconcerned. "It is not a privilege to live in public housing," he says, reiterating a phrase he uses often. "It is a right. And if you abuse that right, you shouldn't be in public housing."

A condescending "let's take care of them" attitude is "the worst form of elitism, classism and racism that's ever been practiced," he says. "That's not compassion — that's crippling people."

When Mr. Jackson leaves the office each evening, he goes to his spacious contemporary home in Far North Dallas. Just outside the breakfast nook, a backyard swimming pool is under construction for his wife and younger daughter, Lesley. Mr. Jackson however, prefers to spend his spare time on the tennis courts at nearby Brookhaven Country Club. An avid player, he has a standing game there with friends who belong to the club — a club he was not allowed to enter as a youngster because of segregation.

Mr. Jackson is at ease in the tony environs of North Dallas, but it is worlds away from his childhood in South Dallas.

"I never knew we were poor, until I went off to school," Mr. Jackson says. There he learned that the amount of money his father made working as a foundry employee during the day and operating a janitorial service at night qualified the Jacksons as impoverished.

"When I called my mother and told her that the professor at the University of Pennsylvania had said that we were poor, the first question she asked me was, 'Did you ever go without food?' I said, 'No.'"

"She said, 'Did you ever not have clothes?' I said, 'No.'"

"She said, 'You had a bike, right?' I said, 'Yes.'"

"She said, 'You had a BB gun?' I said, 'Yes, Mom.'"

"She said, 'Then tell that fool you're not poor.'"

Alphonso was the last of 12 children in a close-knit family. "The two most phenomenal people I've ever met in my life are my mother and my father," he says. "In the sense that they raised all of us, they educated every one of us, and they gave us all a sense of value and worth."

His parents preached one version over and over again: Get an education. "They always stressed that education is the best tool to fight racism," Mr. Jackson says. "And as an African-American you must be better than your white counterpart in order to get to the level that your white counterpart gets to. . . That was the thing: Don't let racism stop you."

Alphonso listened and became an outstanding student as well as a track star at St. Peter's, a private black Catholic school. When he graduated in 1964 he had 42 athletic scholarships as well as a handful of academic offers. He wanted to attend the University of Texas, but officials there told him they weren't ready to offer scholarships to black athletes.

Disappointed, he decided on an academic scholarship to the University of Pennsylvania. His mother cried with joy, however, because she had always wanted him to leave the segregated South. "She was so happy that I was leaving, because, she said, 'You'll get a chance to experience white people who will treat you as a human being.'"

Underneath the left trouser leg of the impeccable suits Mr. Jackson wears lies a scar. The wound is from a dog bite he suffered during a civil rights march from Selma to Montgomery, Ala., in 1965.

Mr. Jackson went to Alabama during his freshman year in college. After watching televised pictures of people being beaten during civil rights protests he decided he could not stand idly by. With several white and black friends, he left school to join the movement, registering voters and participating in marches, despite bullets, dogs and fire hoses.

"I was doing what was right," Mr. Jackson says. "I never questioned once I left (school). The only thing I did was when I thought we were going to die, I knew I had to

SELF-PORTRAIT

High Profile

Alphonso Roy Jackson



Birthdate and place: Sept. 9, 1946, Marshall, Texas.
Occupation: Executive Director, Dallas Housing Authority.
Family: Wife Marcia, daughter Annette and stepdaughter Lesley.
If I could change one thing about myself, it would be: To be more sensitive to others.
My mother's best advice was: To get an education.
My mother's worst advice was: None.
I never could: Master swimming.

I'm never surprised: By anything.
The guests at my fantasy dinner party would be: My wife and daughters, President and Mrs. Bush, Camille and Bill Cosby, Spike Lee and Sun Tzu.
The person who had the most effect on my life was: My mother and my father and Joseph Bell, my seventh grade teacher.
My favorite all-time movie is: The Year of Living Dangerously and The Deer Hunter.
My favorite all-time television show is: 60 Minutes and Saturday Night with Connie Chung.
My favorite magazine is: Ebony and Time.
My favorite president is: Lyndon Baines Johnson.
Behind my back, they say: He's arrogant and aloof.
The entree I'd choose for my last meal is: Fettuccine Alfredo with smoked salmon. I love Italian food.
My favorite junk food is: Popcorn.
My favorite holiday is: Martin Luther King's Birthday.
My favorite color is: Brown.
My favorite expression or cliché is: I always say there is no place like America. It's good to be an American.
If I gave a high-school commencement address, my theme would be: Plan for tomorrow and live out your dreams.
The last book I read was: Parting the Waters by Taylor Branch.
I'm proudest of: My daughter Annette. She's everything a father could want.

Louis. The mayor had worked a him on a juvenile justice committee. He told Alphonso he was someone beyond reproach. I could work with both white and black politicians.
Intrigued by the post, which involved responsibility for fire, police and emergency medical services, Alphonso rejected England in favor of St. Louis. Though he had no training for the job, he did well.
"I have a very high opinion of his ability," says U.S. Rep. Richard Gephardt, D-Mo., who served on St. Louis board of aldermen at the time.
"His great strength is that gets along with people. He's able and he's able to get people to follow his leadership. That's what leadership is all about."

Wherever he goes, Alphonso Jackson never stays long.
"My father's really good for making things better, or doing a good job, making a good impression, the 'leaving'," says daughter Annette, 21.
His five-year stint at the Department of Public Safety is the longest he has stayed anywhere. After the he spent 2 1/2 years with the St. Louis Housing Authority.
The situation at the housing authority was "chaotic," says senior representative Bertha Gilkey, Th. agency, which was over budget, was being sued and picketed by tenants who were unhappy over long-neglected buildings.
"Al Jackson was a breath of light," Ms. Gilkey says. He cut the budget, improved buildings and worked closely with tenants. "He didn't see tenants on one level and administrators on another," Ms. Gilkey says. "He sees us as equal partners."

His reputation with tenants was cemented by frequenting the premises. When a 20-hour blackout occurred, "Al was right down here with us," she says. "When he heard about the blackout he didn't just send his staff, he was here with us with the residents, giving them flashlight, making security. He was here until the lights went on. That's how committed he was."

Mr. Jackson left the housing authority to run for city comptroller. When he lost, he opened his own consulting business, then joined the accounting firm of Lavenber & Horwath.

Though he did well at Lavenber & Horwath, earning a six-figure salary, Mr. Jackson was vaguely dissatisfied. "I was making a lot of money, and I wasn't giving anything back," he says.

He talked often of the need to help lower- and moderate-income people, he says. But when an assistant secretary at the Department of Housing and Urban Development called in 1987 asking him to take over the housing authority in Washington, he wasn't sure he wanted the \$85,000 a year job.

"The moment it was presented, I got scared," he says. "Look at the money I was making. You've got to be crazy to do this."

But money was not his primary motivation; he was single again following a divorce. He had already set aside funds for Annette's education, so his girlfriend, Marcia, who later became his second wife, told him he should "actualize what I say or I should stop talking."

Continued on Page 3



Jackson spends a leisurely moment with wife Marcia (above) and daughter Lesley. He introduces daughter Annette (below) to U.S. Ford, D-Town, in Washington, D.C.



na Picasso's Scribbles

Picasso's "Scribble" designs in in kurt gold. Earrings, \$1,200. 400. Fin also available in sterling. Available at selected fine stores. call 800-345-3455.

TIEDANK

Abbey-Winsfrey

One Great Sale. . . All You Need.

Simplistic Design.

The essence of modern sensuality. The mock turtleneck. The enuring skirt. \$278. Knits in black and cinnamon.

We have united two beautiful fashion inventories at our new store in Plano, and now carry an even more diversified assemblage of the best of fall and holiday.

Preston Park Village
Preston Road at Park Boulevard,
Plano. 593-7011

Announcing the Abbey-Winsfrey "Come See Us Sale."

Graceful Country French Armoire/Media Unit

SAVE \$1197. Beautifully detailed two-door cabinet in dark cherry. Two tray drawers, one lined shelf, one adjustable shelf with space for VCR and cable box. Cable and hook-ups in unit. Was \$3292 NOW \$2785.

THE STOCK

October 29, 1989

By Dallas Morning News

J 4

hink a lot of things I say ke people uncomfortable'

rued from Page 2

ackson moved to Washing.

elling at the Forest Green complex for senior citizens. Jackson is winding to a close. Jackson has answered on everything from television reception to faxed doors. Contrary to the image of public housing, ding and grounds are spotless. The residents want to keep it.

he says later, "very prejudiced senior citizens. I think we paid their dues and they to live well."

y don't ask for much. They it what I think America and should continue to be. present strength, they represent. They represent and they don't keep begging."

is a sister who lives in senior housing in Dallas, he said in Washington, such as were a top priority. He is the drop in crime in those areas during his tenure and of maintenance in other areas.

he arrived in D.C. he was at the condition of the authority.

Lord," he says. "Other than and Los Angeles, the D.C. was the worst in the country. Some buildings hadn't finished for a decade, he with many residents going heat or hot water every drug use was rampant.

absolutely shocked to realize magnitude of how devastating were in our community."

"I didn't think it was that you have to see a 14-year-old that has been selling her two years to support her self. Or you have to see a 9-year-old lying in the middle of the street, who does not know he is, because the dope made him take crack to be other little 9-year-olds of turning in all the money."

is how pervasive it is."

worked with police to protect and oust drug from the neighborhoods. ration cards were required drug access and "people be able to play on their he says.

Jackson also instituted the public housing ownership program. That program allows residents to purchase units, caught President Reagan's attention. Mr. Jackson was invited to the White House on several occasions.

enters from those visits dot Jackson's office.

tion, along with photographs of Mr. Jackson with heavy hitters from both political parties.

Given those heavy circles, it's not surprising that Mr. Jackson initially wasn't interested in moving to Dallas. He had been appointed to chair an influential city committee, and "We were just beginning to see things change in D.C. for the positive."

But when longtime friend and Dallas civic leader Billy Allen asked him to interview for the DHA job, Mr. Jackson agreed as a courtesy.

The interview surprised him. "They wanted a black to have this job, but they didn't want one to have this job that was not capable of doing a good job," he says.

He also liked the fact that his hometown had changed. The mayor was a Jewish woman, and the city manager and school superintendent were both African-American. Last but not least, Marcia encouraged him. "She felt deeply that once you get an opportunity to go home, to do something positive, it's really your responsibility," he says.

After only 21 months in the nation's capital, he left to become executive director of the DHA.

"There is no greater honor than to serve your own community," he says. And he adds with a smile: "I never stopped being a Texan."

The young mother standing in a meeting room at the Little Mexico public housing development is worried. She has listened to Mr. Jackson talk about the need to turn in drug pushers and other "slimy degenerates" but she is concerned about violence.

"What about the handgun?" she asks. "Last week there was shooting and little kids were outside."

Mr. Jackson tells her handgun don't belong in the development either, but another woman is dissatisfied with that answer. "Is it fair we can't protect ourselves?" she asks. "Last week my windshield was busted out."

Mr. Jackson looks skeptical. "Your windshield was busted out by someone you don't know?"

"They know my kids," she replies.

His answer is short. "I suggest you take care of your kids, and they won't mess with your car."

Such bluntness is typical. "He has a tendency to say exactly what he thinks, no matter who it is or where we are," says Mrs. Jackson.

"It's always on the table with Al," agrees Paul Gallant, former partner at Laventhol & Horwath.

"I think a lot of things I say make people uncomfortable," Mr. Jackson says. "That's OK with me because I'm saying what I believe, and what I think works for this country."

When people tell him he doesn't understand the plight of the poor,



Alphonso Jackson listens intently during his first week on the job in Dallas.

he loses patience. "Don't tell me I don't understand," he says. "Because we come from the same circumstances in many ways. The difference is my mother and father just kept to the old American values."

SAY YES TO THE DRESS



Surround yourself with the luxurious velvet coat dress from Act 1. Sophisticated double-breasted styling is offset by a scalloped collar in white and delicate pearl buttons.

Sizes 4-14.

170.00.

* Misses' Dresses

Dillard's

Robert Morris

250 PRESTON ROYAL EAST 350-8800

James Kenrob

Enjoy The Holidays

During this amazing Festival of seasons, sometimes you have to dress and look fabulous in a hurry. Count on our James Kenrob collection of separates to have you looking great at a moment's notice...plus they're great travelers in navy and fuchsia with accents of gardenia white. Sizes 6-20. \$54-\$178.



ousing officials ork to resolve oject's future

from Page 1A.

is no longer an issue.

ated. Their fate within the to five years is demolition cement." Mr. Jackson said, "I wonder do we go from

ut weeks, Mr. Jackson said, dals have drawn up embis to transform the 500-acre ro a showpiece. The plan oving the housing author- ertors to West Dallas, hav- as declared an enterprise oving up to 300 more a and building as many as family homes.

t is needed is money and ent between the city, the uthority, the U.S. Depart- using and Urban Develop- the plaintiffs in the federal r. Jackson said.

e on the verge of finally is an economically viable y," he said.

ch of its 35-year history, Dallas project has been a for tenants.

DHA Director Jack Herred it a "publicly owned

strict Judge Jerry Buch- described it as a "gigantic to segregation and nege Buchmeyer repeated gut when he ruled that dped create a segregated ublic housing, obstructed titlement and now must tattle the segregated sys-

je also ruled that the city ded to the list of defend- he desegregation case housing authority and

or black women filed the 1995, contending that of federally subsidized in Dallas remained seg- race and unequal in con- of racial discrimination- ment officials.

e has scheduled a hear- to determine how sty must pay to remedy situation. City officials i could cost as much as

fficials face two major rst is to desegregate and ing conditions for the more than 11,400 apart- phant the city that are y by the housing author- the Judge has ruled that talls in the West Dallas be replaced with rent chers enabling tenants here in the Dallas area. s are guaranteed for 15

city officials said signifi- has been made toward rt settlement in recent Jackson said that in his h City Manager Richard ty Council members he s minded of resolving an prolonging it."

ee of five council mem- n negotiating with rep- of the plaintiffs, the uthority and HUD, said er Lori Palmer.

"We did a total renovation of each unit new sinks, plumbing, roofs, flooring, windows, doors, heating and wiring. These areas look like nice little suburban neighborhoods. The other (unrenovated) buildings are bombed-out shells."

— Charles Crane, DHA director of development and maintenance

"We are meeting, we are talking, and we are consulting with our staff," said Mr. Palmer, a member of the negotiating committee and chairwoman of the council's housing committee. "I am cautiously optimistic, but I know that we have a lot of hard work ahead of us."

Representatives of the city, the housing authority and the plaintiffs declined to be interviewed regarding specific plans discussed at their negotiating sessions.

A spokesman for Concerned Citizens in Seven West Dallas, a neighborhood group opposing demolition of apartments in the project, said he strongly supports a negotiated settlement.

"A legal appeal won't be successful," said the spokesman, John Fullinwider. "From a practical and a moral point of view, they should accept their complicity in this. The presence of the city could have a real positive impact."

Mr. Fullinwider said he firmly rejects Mr. Jackson's contention that the future of the West Dallas project is settled.

"All sides in the lawsuit want to tear down West Dallas," he said. "And Judge Buchmeyer is pro-demolition because his position is the plaintiffs' position. But nothing should be demolished. Our position is that every unit can be renovated."

Officials with the housing authority, which earlier this year completed the renovation of more than 800 apartments, take a different view.

Charles Crane, DHA director of development and maintenance, said the vast majority of unrenovated units at West Dallas are "dilapidated, vandalized and gutted out."

The unrenovated apartments dominate the project. Less than 10 percent are occupied. Rows of buildings sit open.

Mr. Jackson said the dilapidation results from "years of neglect on the part of the housing authority" and, more recently, vandalism by drug dealers and addicts.

The result, said Mr. Crane, is that the typical unrenovated apartment looks like a "bombed-out shell."

"They tear out the ceilings, they rip out all the plumbing, they rip up the floors and walls to get all the copper wiring, they tear out the window frames for the aluminum, they even



Marie Hambrick holds her great-granddaughter Vannette Johnson, 3, in the renovated apartment where she

lives in the Edgar Ward section of the West Dallas project. Mrs. Hambrick says she would move if she could.

rip out the boards and sell them for 50 cents apiece," he said during a tour of the project. "Anything that's sellable they rip out."

The renovation project included 815 apartments for tenants plus 22 that the housing authority leased for use as emergency housing and child care facilities. The cost was more than \$18 million, or almost \$22,000 per apartment. Based on those figures, it would cost more than \$27 million to renovate the remaining 2,627 apartments.

But, said Mr. Crane, "we picked the units that were in the best condition" to renovate.

In the unrenovated apartments, Mr. Jackson said, "everything is gone. The low side is \$60 million. Estimates range to \$80 million and up."

The unrenovated and unrenovated sections of the project are like separate worlds.

"We did a total renovation of each unit: new sinks, plumbing, roofs, flooring, windows, doors, heating and wiring," said Mr. Crane, gesturing toward freshly painted apartments where several children played outside on a new playground equipment.

"These areas look like nice little suburban neighborhoods," he said. "The other (unrenovated) buildings are bombed-out shells."

It is those shells that most frighten residents.

"They're nothing but trunks," said C.L. Stewart, a small, slender man with a salt-and-pepper mustache and trace of a beard.

Ellen Frazier and Marie Hambrick, two of Mr. Stewart's neighbors, agree.

"It's like a ghost town here," said Mrs. Frazier, pointing toward the vacant buildings that surround her apartment. "I don't feel safe."

Mrs. Frazier, 67, and Mrs. Hambrick, 73, have much in common: Both are great-grandmothers who have lived in the project for more than a decade. But they have differing views about where they prefer to live and what should be done with the complex.

"I like West Dallas. I don't want to move," said Mrs. Frazier as she

abuse and neglect by the DHA."

Mr. Jackson said he is pushing ahead with his plans. He said he will meet soon with HUD Secretary Jack Kemp to discuss plans to have the West Dallas project declared an enterprise zone. The designation would allow the housing authority to provide tax breaks to draw new businesses and jobs to the area.

Mr. Fullinwider said his group faces long odds in its attempts to persuade public officials to renovate all of the project. "It's a tough row to hoe," he said. But Mr. Fullinwider said there is strong community support for that plan.

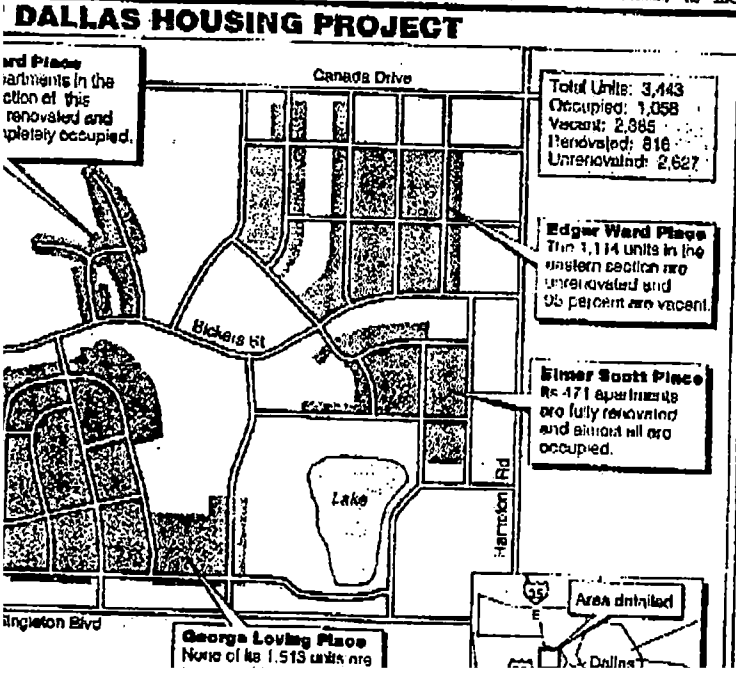
Mr. Jackson said the facts and his own experience show otherwise. "I don't see a groundswell, a massive group of people that want to save all of West Dallas," he said. "All I've heard are some lone voices."

DHA records show that occupancy in West Dallas' 3,443 apartments has dwindled to 1,058 families and elderly people. Almost 500 families left between January 1987 and October 1988 when offered the chance to move to other subsidized housing.

Housing authority records also show that during one seven-month period in 1990, DHA officials offered units in the project to 1,000 families on the DHA's waiting list. About 90 percent rejected the offer.

"People on our waiting list want to move into every development except West Dallas," Mr. Jackson said.

"The point that people keep missing is that housing is only a piece of the puzzle," he said. "To provide housing and not provide means for them to move beyond is patronizing and very paternalistic. Along with providing decent, safe and sanitary housing, let's provide them with some economic opportunities to move out of where they live. That's really providing them with a piece of the American dream."



STATEMENT OF
SECRETARY JACK KEMP
BEFORE THE
SUBCOMMITTEE ON VA-HUD-INDEPENDENT AGENCIES
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS
APRIL 18, 1989

Steve Dieder
383-1238
Nat'l. Realtors
Pomelo

Chairman Traxler, Congressman Green and members of the Committee, I am very pleased to be able to appear before you today to present my 1990 Budget request, the first Bush Administration budget request for the Department of Housing and Urban Development.

Having served on the Appropriations Committee, I fully appreciate the difficulties you face in meeting the conflicting demands of appropriating sufficient funds to meet our critical domestic needs while at the same time helping to control the budget deficit.

For many years, under the cooperative leadership of Chairman Boland and Congressman Green, this Subcommittee has been extremely concerned with the housing needs of families and the welfare of our cities and urban areas, and has been dedicated to supporting these needs.

I am sure, Mr. Chairman, this dedication will continue in the coming years, under your leadership.

At the outset of my working relationship with the Committee, I want to say that unity does not require unanimity. We may not always agree on methods, but we can agree on the important goals of jobs, housing, homeownership, and opportunity for all as integral parts of the American dream. I believe that we must recapture this dream for the people who live in poverty and despair in our cities and in rural areas. Meeting their urgent needs requires close cooperation of the Congress, the Administration and everyone who cares about the plight of his or her fellow human beings.

I want to use the full resources of the Department of Housing and Urban Development to wage a war on poverty. Yet, the Federal Government cannot and should not wage this war alone. In addition to Federal and other governmental efforts, there is great potential for the private sector entrepreneurs and neighborhood self-help organizations to provide new opportunities for all Americans. And we must measure our success in this war on poverty, not by the number of people who use government housing programs, but by the number who do not need government assistance because they have adequate private sector jobs, have decent housing, have income and opportunity to own their own home.

President George Bush and I have laid out six priorities for my stewardship at HUD:

- a commitment to help end homelessness, particularly for families with children;
- economic development through Enterprise Zones to encourage entrepreneurship and job creation in distressed inner cities and rural areas;
- maintaining the supply and availability of low-income housing and recapturing the American dream of homeownership by making housing more affordable for first-time homebuyers;
- empowering the poor to control their own lives through initiatives such as resident management and ownership of public housing;
- promoting a drug-free America, particularly in HUD supported housing; and
- fully enforcing the new Fair Housing law, by providing the needed resources for timely and effective investigations and resolutions of all fair housing complaints.

I have already begun restructuring my internal management of programs to make sure these priorities--our long-term goals--are brought to fruition and my words are matched with accomplishments. I have appointed a coordinator for each goal to develop specific recommended actions and to keep me apprised of our success in reaching these priorities.

All of our priorities have budget implications. We have already proposed amendments to the January 9 Budget to provide more funding for the homeless and to withdraw the proposed rescissions for the Nehemiah and UDAG programs. And as we consider our priorities, we need to be sure we are placing our resources in those priorities. I am particularly concerned, for example, that we use our public housing resources to eradicate drugs and replace organized drug dealing with organized Little League.

To meet our goals, we must develop a consensus and energize all the available resources--public and private, profit and non-profit--at our command to achieve our common purpose. Today, I will address each of these priorities and indicate how they relate to our Budget request.

First, the Homeless. This Committee appropriated funds for the McKinney Act in the last Congress. President Bush is committed to the full funding of that Act, and I will implement it with vigor. The President's Budget fulfills his pledge to fully fund the McKinney Act in 1990 at the authorized level of \$746 million, including \$425 million for programs under HUD's jurisdiction. This request includes \$134 million for the Emergency Food and Shelter program which we are proposing to transfer from FEMA to HUD, a proposal which I hope the Committee will support.

The McKinney Act addresses a critical emergency need for shelter and supportive services. But it is not sufficient--nor is it intended--to address the many problems that lie at the root of homelessness. We must go beyond McKinney and mobilize all resources of the Nation--Federal, State, local and private--to move families back into the mainstream of the economy.

Just as the Federal Government does not have a monopoly on resources, neither has it cornered the market on ideas.

In the 1990 Budget we have proposed a new \$50 million matching grant program to help create innovative public/private partnerships to address many facets of homelessness. This new program, operated out of the Secretary's CDBG Discretionary Fund, will help encourage and foster the most promising innovative and successful local solutions that provide not only basic shelter, but also jobs, permanent housing, health care and dignity. I hope the Committee will support this program, which we can implement quickly without new legislation.

I also want to assure this Committee that I am taking aggressive efforts to revitalize the Interagency Council on the Homeless. As Chairman of that Council, I feel strongly that my responsibilities for administering the McKinney Act are not limited to HUD's programs but encompass the broad scope of all the Federal Government's activities. The Council will be active in helping communities and non-profit groups develop and expand activities to help the homeless not only obtain basic shelter and services, but also provide them with the opportunity to move permanently into the social and economic mainstream.

Second, Economic Development. Winning the war on poverty hinges on economic development and job creation. Enterprise zones remove barriers to investment and entrepreneurship in our distressed inner cities and help unleash the power of free enterprise. As Bobby Kennedy once said, "to fight poverty without the power of free enterprise is to wage war with a single platoon while great armies are left to stand aside." We need to encourage job creation and entrepreneurial activity in those areas that have been left behind by our national macro-economic recovery that has generated close to 19 million new jobs in a little more than 7 years.

Enterprise zones are a full-scale assault on poverty and despair in our cities and rural communities. By providing meaningful tax incentives to entrepreneurs, and the individuals who invest in their ideas, enterprise zones will turn redlined inner cities and rural areas into income producing and Federal revenue producing greenlined areas.

The tax revenue we invest initially will be more than offset with revenue gains as businesses achieve successes in enterprise zones. In addition, as enterprise zones succeed, the unemployed will become employed and will no longer need the government support they now receive. The enterprise zone concept today has broad bipartisan support. The time is right for passage of the needed Federal tax incentives for enterprise zones--urban and rural.

I'm also a strong believer in the Community Development Block Grant program as an economic development tool for our cities, counties and States. This program is particularly valuable in its contribution to housing rehabilitation and other activities which directly benefit low income families. I would like to explore with this Committee how to better target these economic development funds to low income people and distressed areas of America whether urban or rural. In 1990, we are requesting a total of \$2,880 million for CDBG--the same amount as was appropriated in 1988.

A third priority is to make housing more affordable and to increase homeownership...the crucial component of the American dream. FHA provides homeownership opportunity to young families. More than 17 million Americans have become homeowners because of FHA insurance. In 1987, Congress made certain that FHA's key insurance programs would exist permanently, and I will continue my strong support of FHA's basic mission.

Homeownership has declined among young families recently and I want to help reverse that trend. I believe FHA's basic mission is to put homeownership within the reach of as many Americans as possible without compromising the integrity and solvency of the FHA Fund. Correspondingly, I am considering changes to FHA to better serve first-time homebuyers, particularly in high-cost areas. I am aware that several bills have been introduced which present other options and I look forward to working with Congress to bring the best of them to fruition.

While FHA serves a more traditional market of homebuyers, Mr. Chairman, there are lower income families pursuing the American dream of homeownership. In that connection, we are proposing a special \$44 million fund in the Community Development Block Grants program to support innovative approaches to homeownership for lower income families. This program will be operated out of the Secretary's Discretionary Fund.

It is essential to make housing more affordable for homebuyers. It is equally important to make rental housing affordable and available to those families who need rental housing assistance.

I am a believer in the Voucher program as a tool for increasing housing opportunity and low-income assistance. However, I am also interested in how Vouchers could be better used, or what improvements could be made generally to the Assisted Housing program. The program's basic purpose is to ensure that poor families have access to decent housing. But, if there are better ways to help families move into jobs, and economic opportunities that will lead to their ability to find and afford unassisted housing, then I believe we should pursue them vigorously, and my mind is open to other ideas as well.

The goal of the Bush Administration is to expand the availability of housing for low-income and elderly individuals, and those with special needs. The first step is to secure enactment of the 109,000-unit incremental program for 1990. Within available resources we will look at other options, including more effective use of available tax incentives and better use of public-private partnerships to expand low-income housing opportunities.

In addition to increasing the number of families we assist, we also must deal with situations affected by prepayments, property sales or other activities which may contribute to displacement. This is an issue of major concern to me. I stated during my confirmation hearing and have continually reaffirmed since that I will not permit any currently low-income family to become homeless as a result of these activities.

Mr. Chairman, it is vital that Congress and HUD work together to develop a responsible approach to housing preservation. But it is equally important for us in Washington to seek the advice of the residents who will be affected by prepayments and opt-outs. We've got to be able to look at individual projects to know whether opportunities exist for resident management or homeownership, or to simply know whether vouchers might be the best solution.

I believe the Tax Code can be used as a means to induce the private sector to invest in low-income housing. I support the Low-Income Housing Tax Credit as a preservation tool and am looking at the recommendations of Senators Mitchell and Danforth and others, to determine how to improve it. There may be other tools that the Tax Code can provide and, Mr. Chairman, we need to consider all of them. Whatever means are developed, HUD must be given adequate flexibility to use them to deal with the variety of situations presented through individual prepayment requests.

Further, we are committed to protecting families in need who already receive housing assistance through the Section 8 program. Our Budget proposes renewing almost 24,000 contracts which expire in 1990; in the out-years, we will continue funding contract renewals and incremental assistance until our critical housing needs are met.

With respect to public housing, we continue to support sufficient funding to modernize existing viable housing stock and will do it in a way that aims at fully utilizing its potential to improve the quality of life for its residents. I intend to review the Department's modernization program with an eye toward increasing its effectiveness and finding innovative ways to empower public housing residents. I also want to see these critical modernization funds put to use more quickly and I will look at ways to do that and unclog a pipeline of over \$3 billion.

A fourth priority is to empower the poor to take control of their communities and to begin to build a future for themselves and their children through homesteading and resident management. A trip out I-295 shows how resident management and ownership empower the poor and redirect an entire community's future. Kenilworth/Parkside is a public housing project where, thanks to the leadership of a now famous young woman named Kimi Gray, residents have put down a stake in the community through resident management and ownership of their homes.

We need to help empower the poor by encouraging resident management wherever possible. And it is possible. Just recently, I was in Philadelphia when the city graduated its first class of public housing resident-manager trainees, women who will soon be running the projects in which they live. Every resident of public housing has the same hopes and dreams for their future and their children's future that you and I have for ours. We have made progress toward facilitating resident management and homeownership around the Nation. I hope to work with Congress to make these programs succeed without reducing housing assistance to low income people.

The fifth priority concerns the Nation's drug epidemic. In my recent visits to public housing projects I was appalled by the public and open sale of drugs. I intend to do all I can to deny access to public housing to drug abusers and drug dealers, and to maintain a decent living environment for public housing residents. I have already informed some 3,000 public housing authorities that I need their full cooperation in this war on drugs. I know that Congress feels as strongly about this as I do, and I applaud the Appropriations Committee's action yesterday to provide additional public housing operating subsidies for, among other things, initiatives to combat drugs in public housing. We must use this money to implement local programs such as Vince Lane's "clean sweep" in Chicago, to send a message to drug dealers and abusers that they have no place in public housing

I intend to be a leader in these and other efforts to promote a drug-free America. I will work closely with Federal, State, local and private officials, and continue to work with Congress, to develop strategies for fighting drug problems affecting HUD program recipients.

Recently, I waived HUD's Lease and Grievance procedures in favor of prompt and fair circuit court hearings for Virginia public housing residents engaged in drug and drug-related activity. I have also asked my General Counsel to immediately

prepare regulations to permit termination of Section 8 certificates and vouchers of persons who engage in similar conduct in subsidized private housing. Even before those regulations are prepared, I am now urging PHAs to terminate such assistance where drug activity is drug sale activity within a unit.

Finally, Fair Housing. The creation of new housing opportunities mean little if housing opportunity is not equal for all...if any individual or family faces discrimination because of race, age, religious belief, ethnic origin, handicap or family status.

I have already begun to implement the Fair Housing Amendments Act of 1988 and will enforce it with vigor. Let me take this opportunity, Mr. Chairman, to thank you for the Committee's support of the \$3.5 million supplemental appropriation we proposed to fund increases for Fair Housing Enforcement staff. I look forward to similar approval in the Senate and swift enactment.

Our total 1990 Budget request is for \$14.8 billion in budget authority and \$20.2 billion in outlays. If Credit Reform legislation is enacted, an additional \$2.3 billion in budget authority would be required. We are requesting 13,215 staff years.

Members of the Committee, we face both immediate and long-term budget challenges. I believe that just as American has been blessed, it has an obligation to be a blessing to those less fortunate. We must work together to help them, remembering at all times that the total solution is not within the power of the Federal Government alone. We must energize the private sector, State and local governments, and poor families themselves to reach the common goal.

I look forward to responding to your questions and to working with you in the weeks and months ahead.

REMARKS PREPARED FOR

JACK KEMP

SECRETARY



INTERAGENCY COUNCIL ON THE HOMELESS

FIFTH BI-REGIONAL WORKSHOP

HARTFORD, CONNECTICUT

SEPTEMBER 19, 1989

Good afternoon. I am very pleased to be with you today, because your presence here is an indication of your deep commitment to helping the homeless. I'm eager to tell you what we at HUD and the Interagency Council want to do to end this tragedy...and what I believe all of us, as Americans, must do to help end homelessness. I believe, as President Bush has said, "We must do more to meet the needs of the homeless, and more importantly, we must do more to understand and to eliminate the causes of homelessness." I believe we can, and I believe we must, commit ourselves to just that -- not simply to alleviate the pain of homelessness through a sad infrastructure of emergency shelters and soup kitchens, but to end homelessness, through appropriate permanent housing solutions.

Let me talk first about the nature of the problem we are facing. To get a cure, you need an accurate diagnosis. Without an accurate understanding of what the problem is, it's useless to talk of solutions. And I think it's no secret that too often, popular analyses of homelessness have generated more heat than light, and the politics of confrontation has divided well-intentioned and compassionate Americans and resulted in less than optimal action. The time for confrontation is over. The private sector cannot solve this problem alone. The government -- any level -- cannot solve it alone. Churches and synagogues can't do it alone. If we care about the homeless, we have to work together in a spirit of mutual trust, respect and understanding -- understanding of each other's strengths and weaknesses, of

what government can and cannot do, of what the private sector can and cannot do. We can have unity of purpose while disagreeing on methods. Unity does not require unanimity.

I have visited shelters, I have seen the streets of our cities around the country, and what I have seen has been both heartbreaking and heartwarming. It's heartbreaking to see, as I did with Bob Hayes of the National Coalition for the Homeless, in a city intake center in Philadelphia, the wasted human potential of dozens and dozens of adult men, most of them substance abusers, some with multiple problems, sitting and standing in a waiting room, apparently for hours, to be assigned a place to sleep somewhere. And for many the wait was fruitless.

It's heartbreaking to see a mentally ill woman, disoriented and helpless, pushing a shopping cart in the middle of the street. It's heartbreaking to think about the material and spiritual bleakness of places like Washington, D.C.'s Capitol City Inn, where children's bodies and souls have to be nurtured in overcrowded, filthy conditions by dispirited mothers who themselves need nurturing and counseling and mentoring, where drugs are prevalent and the playground is a litter-strewn parking lot where violence is common.

But it's heartwarming, even in the midst of such Dickensian circumstance, to think about the lives that are put back together, with love and material assistance and child care and supportive services, in places like the Reverend Tom Nees' Community of Hope in Washington, D.C. It's heartwarming to see

how a community can come together and pool its resources and create a multi-service center like the Carpenter Shelter in Alexandria, Virginia, which I visited just before Christmas last year. And the wonderful "tough love" practiced by Erna Steinbruck, its director, a remarkable woman whose life calling seems to be caring for the homeless.

It's heartening to see personally the the fine work done by organizations like Dignity Housing in Philadelphia, whose name speaks for itself, and by the good brothers in Camillus House in Miami.

It's good to see how the South Park Inn here in Hartford, which I visited this morning, is able to expand its operations and build transitional housing with McKinney Act Grants...and how St. Elizabeth's House, just across the street provides a soup kitchen and transitional housing. The Hartford Coalition for Emergency Services is to be commended for providing shelter and food and health services and case management in rebuilding the lives of both families and single men.

All of these stories, both the hopeful and the sad, have a common thread, and I know those of you who work with the homeless will recognize it. The homeless are not an homogeneous group, and their homelessness does not have a single cause. Further, the vast majority need much more than housing. I am not at all suggesting that lack of affordable housing is not a problem and a roadblock in solving homelessness. In fact, affordable housing is a problem for millions of Americans and finding ways to

increase the stock of low- and moderate-income housing is one of my top priorities at HUD. But even if we could provide all the housing we wanted, if that's all we did, we would not have done much about the homeless problem at all. In fact, even with our current stock and resources, we can make far more progress in fighting homelessness than we thus far have.

And that gets me back to the point I was making about defining a problem correctly. When homelessness became an increasingly visible problem in the late 70's and especially the early 80's, the hue and cry was that this was all a result of the macroeconomic policies of President Reagan and/or HUD's housing budget cuts, and that the homeless were increasingly like you and me, and the victims of purely economic forces. Never mind that outlays for subsidized housing climbed from \$5.7 billion in 1981 to an estimated \$12.4 billion this year; nor that, as part of that increase, Section 8 outlays, including vouchers, more than tripled from 1981 to this year ... and assisted families increased from 4 million to 5.5 million. Never mind that the demand for homeless services and the visible numbers of homeless kept rising even as unemployment kept falling. But irrespective of budget numbers on either side of these issues, be assured that I as HUD Secretary believe in my heart that we must do more for the poor, the homeless, and those who have been left behind.

The myth that was created meant that the first national response to homelessness was in the form of emergency food and shelter assistance through the Federal Emergency Management

Agency, which traditionally provides temporary assistance to communities affected by hurricanes, tornadoes and other natural disasters. As if folks just needed a little to tide them over, and the problem would go away when the economy improved.

The economy improved, but the problem did not go away. However, thanks to information and pressure from homeless providers like you, and thanks to increasingly sophisticated studies about the true nature of homelessness, the policy climate changed and congress passed the McKinney Act in 1987.— The McKinney Act is far from perfect, but it was a step forward because it recognized the multiple needs of the homeless, and responded to what we know of their characteristics.

Increasingly, thanks to scholars like Dr. Ellen Bassuk and Dr. Fuller Torrey and Peter Rossi and Martha Burt, we have come to recognize the real parameters of the problem. Even though some homelessness has purely economic causes, particularly in regions experiencing economic hard times, nationally, about a third of the homeless are severely mentally ill. Not just depressed from being on the streets. Severely mentally ill, and in need of our care. A third or more have serious substance abuse problems. Significant numbers of homeless men have federal or state prison records. Families, whose members make up about a quarter of the homeless, are predominantly single-female-headed households, with the majority of those on welfare. Many such single-parent families are the products of domestic violence. Many are dysfunctional.

But whatever the cause, we've got to help. It's particularly tragic to see children and families cut loose from the anchor of a home. These should be years of growth and development in a nurturing environment. I want to help them reclaim their lives and their hope. It's a major challenge for all of us.

Mirroring poverty rates, minorities are over-represented in the homeless population. In the cities, drugs and AIDS are contributing to making the problem worse. Some of the homeless work, and about half have more than a high school education, but they do not, as a group, have good work records or the skills or habits or abilities to get and keep regular jobs.

They need our help. We would not be a moral society...or a Judeo-Christian society...if we did not recognize our obligation to give that help, to give them a hand and provide them that opportunity to join the mainstream and lead lives of dignity. In particular, the children need our love and attention, but so do the mentally ill and the abused and the lonely and the lost.

Maxene Johnston of the Weingart Center in Los Angeles describes the homeless as falling into three groups -- the have-nots (those who are so poor that an economic or domestic crisis results in homelessness), the can-nots (those whose mental illness or other handicapping condition makes them unlikely to achieve self-sufficiency without support), and the will-nots (the substance abusers and others who prefer hand-outs to coming to grips with their problem). Obviously, we want to address the

problems of all these groups, but our responsibilities vary, our approaches to the problem must vary, and we will have varying rates of success with each.

So I disagree with those critics who say that the McKinney Act is but a low-budget and inadequate stop-gap measure for a failed housing policy. Yes, local, state and federal housing policies need improving, but so do our mental health policies, our public health and safety policies, our education and child welfare policies, our drug and alcohol abuse programs, our policies for job training, jobs, and economic growth in our cities.

Maybe even some of our attitudes need improving, because local priorities and the NIMBY syndrome -- not in my backyard -- are also significant obstacles to addressing what we're up against. The McKinney Act cannot substitute for patching up the holes in the social safety net that allowed the homeless to drop through in the first place, but by recognizing the complexity of homelessness, it can help us learn how to patch those holes. Meanwhile, there is certainly enough to do in the short term before we get to that point.

That is why President Bush called for full funding of the McKinney Act for fiscal year 1990. So far this year, the federal government has provided directly over \$400 million in McKinney Act funds to over 10,000 public and private organizations serving the homeless. The federal government also provides significant financial assistance to the homeless through dozens of non-

McKinney programs. With full funding of McKinney and other programs specifically targeted to the homeless, President Bush's budget calls for over \$1 billion in homeless assistance. The homeless can also be helped -- and are -- through many non-targeted programs like Community Development Block Grants, Social Security, Medicaid and Aid to Families with Dependent Children. The federal financial commitment is already substantial, in other words, and it will increase significantly next year.

So why, you may ask, have we ~~not~~ made more progress in turning the problem around?

I believe that federal efforts -- and local efforts, too, for that matter -- have not been coordinated enough, have not been focused on ending homelessness, as opposed to assisting the homeless. Indeed, too many programs enable the homeless to remain so without any expectation of improvement. Another problem with federal efforts -- and we've heard a lot from you on this one -- is that the programs were too confusing, that our regulations were too often counterproductive, that our bureaucrats were unresponsive, that you didn't get information. We're going to change all that.

As Chairman of the Interagency Council on the Homeless, I am determined to make it an effective coordinator, a more active participant in developing solutions, a "pit bull" reminding the federal agencies of the urgency of their responsibilities to the homeless. I appointed Pat Carlile Executive Director. She has put together a capable staff at headquarters, as I'm sure you had

have the opportunity to discover at this conference, if not earlier. I appointed 10 full-time regional coordinators -- the council had not previously had full-time regional staff -- in order to provide needed technical assistance and liaison in the field.

The Council has reached out not only to federal and other public agencies, but also to advocacy organizations and service providers, to develop a working relationship with the homeless service community. The Council has improved its information systems and the timeliness and completeness of its communications.

I also understand our Council made a valiant effort to explain in very plain English -- not bureaucrateze -- how to apply for surplus and underutilized federal property, and that they've distributed a paper describing the process at this conference. It really says something about the complex mess created by Title V of McKinney that, with the thousands of properties potentially suitable for use by homeless providers, only 35 completed applications were even submitted to the federal government to ask for them. Now that needs some improvement. We are making what improvements we can to simplify things, and the Council will do all it can to guide you through the current process. To really make a difference, though, we probably need a legislative fix, and we will be making legislative proposals to that end.

Most important of all, the Council developed a comprehensive

strategy to monitor and evaluate federal, state, and local homeless projects through site visits. The staff has already visited 16 states to meet with state and local government agencies, service providers and activists. They asked about concerns, and I guess they got an earful. We're already at work revising regulations, changing procedures, and whatever else we can do to make our common efforts more fruitful.

To enhance my Department's ability to work with the Council, and with all levels of government and the private and nonprofit sectors, I've taken steps to centralize most of HUD's homeless assistance programs and activities under one office, Community Planning and Development, CPD. This will facilitate policy coordination and simplify the burden for those on the front lines, so to speak, delivering assistance at the local level. Many of you know my Assistant Secretary for CPD, Anna Kondratas, who spoke to you yesterday. I'm pleased to report that her appointment was unanimously confirmed by the Senate last week.

Anna and her staff have already reviewed all the homeless regulations to simplify them, to make them consistent, to make them more responsive. I think you'll be pleased when they're published next month. In short, we're cutting red tape. We're slashing red tape!

And the purpose of all this organizational activity, and the increase in funding, is to implement our strategy. One of the elements of that strategy is to give top priority to families and the mentally ill -- the have-nots and the can-nots. We want to

end the street odyssey of the mentally ill in favor of decent SRO or group living arrangements with appropriate services: We want to shut down every welfare hotel and motel in the country, and provide decent transitional and permanent homes for families with children, with supportive services as necessary. And if we succeed in doing that by 1992, we will have succeeded in cutting the street and shelter population in half!

Now I challenge you to work with us to meet that goal.

I have already met with Dr. Lou Sullivan, the Secretary of the Health and Human Services Department and Vice Chairman of the Homeless Council, and discussed this issue in the context of a broader anti-poverty strategy. Our staffs are working together right now on a memorandum of understanding which will include a common effort to address the needs of the mentally ill homeless comprehensively. We will pool our resources and our ingenuity. If it requires waivers, we'll grant waivers. If it requires new legislation, we'll propose it. I not only do not believe that the mentally ill homeless have a right to live in the streets, I think it is morally repugnant that we allow them to do so. And if our efforts require new money, I'll ask for it.

Come to think of it, I did ask for it. President Bush and I asked for \$50 million for a new competitive comprehensive program especially targeted to families and the mentally ill, to give communities an incentive to reach out and bring the mentally ill in off the streets, and put children in permanent homes. But the House turned us down flat, and the Senate finds that it can only

afford \$10 million for this project. I think this program could be the beginning of an important turnaround in policy, and I am petitioning the Congress, since they couldn't find new money, to allow me to use certain recaptured Urban Development Action Grant funds for this purpose. We need to get started, and this new program can serve as an important carrot.

On the stick side, we expect to put some teeth into the Comprehensive Homeless Assistance Plans (CHAPs), which states are required to submit to be eligible for homeless funding. We've heard many complaints that the CHAPs are useless as planning documents, and HUD staff find most of them very nearly useless as sources of solid information. We will give more guidance so as to get comparability among states, and require better data. Further, we will expect states to explain not only how they intend to serve the homeless, but how they plan to end homelessness. That's why we are providing extended lead time before the next CHAPs submission, and we will be providing more detailed guidance during that time.

We intend to be tough with local and state governments and others who serve as conduits for our funds. We want results. We will be advocates for the intended beneficiaries.

As for families, we have an important resource in property we've acquired through FHA foreclosures. Frankly, use of this resource has been limited, and we plan to change that.

FHA has been operating lease and purchase programs to help non-profit organizations provide homes for the homeless. The

programs have not been as effective as you would like, nor as we intend them to be: Only 293 homes have been leased and 183 sold to homeless providers since 1983.

Apparently, the way we've implemented the programs has resulted in cumbersome and, in some cases, inappropriately obstructive procedures. We heard you loud and clear on that and we're making changes. We need to go through a rule-making, but it will be on a fast track, and until that's done, you can apply for waivers on these points.

As you probably know, certain non-profits with adequate financial resources to pay cash at closing may purchase any foreclosed house, in any location, at any time, with a 10-percent discount from fair market value. At the present time, we have 49,200 houses available. We're leaving that part as is, but we're expanding the pool of eligible buyers. In the past, eligibility for direct sales was limited to non-profit entities which were "tax-supported"; in other words, you had to receive some form of local, state or federal funding. This meant that charitable groups that had never received funding from the government were precluded from participation. Now, such groups will be able to receive the same benefits as any other qualified tax-exempt organization.

We're making more significant changes in the \$1-a-year lease program, changes many of you out there have asked for and that made sense to us: 1) sponsors will now be able to collect modest rent payments from participating families -- an essential part of

promoting self-sufficiency and responsibility in some homeless programs, and sometimes a necessity to help providers defray the cost of maintenance, taxes, and repairs. 2) homeless providers will be assured of two lease extensions after the initial one-year "as-is" lease, and an option to purchase the property at its pre-repaired value. This will make it easier for sponsors to obtain financing for needed repairs and provide an incentive for proper upkeep and maintenance. 3) HUD will self-insure against hazards and will no longer require the homeless provider to obtain hazard insurance as a condition of the lease. 4) In the current program, application requirements differ for available properties depending upon which fund a property is insured under. The application requirements are now going to be the same regardless. We are also inviting non-profits to forge partnerships with us to rehab and move aged inventory back into the housing market to stabilize neighborhoods. There are some other changes as well, but you get the idea. We are going to expand this program significantly, and put more families without homes into empty houses.

Now, what I have presented to you today are first steps; but, taken together, they indicate the direction in which we're going to go together. We have our eyes on the goal, and we will not stop. We're going to keep taking steps one after the other until our efforts are sufficient to end the scourge of homelessness and until all Americans -- including the vulnerable, alienated ones comprising our homeless population -- have decent,

affordable, permanent and appropriate housing.

But federal assistance alone will never be the solution; all of us must work together to end this tragedy: all levels of government, the private sector, non-profits, neighborhood-based organizations, and individual citizens. The federal government can provide the moral leadership and significant resources, but the solutions have to come from the community and be community-based.

And now I have an important announcement to make, and I'd like President Lee Cluff of the Robert Wood Johnson Foundation to join me for that announcement.

As many of you know, HUD and the Robert Wood Johnson Foundation have had a partnership over the past few years which has enabled several communities to deliver locally innovative shelter and service programs for the chronically mentally ill.

This afternoon we're announcing the HUD/Robert Wood Johnson Foundation Homeless Program. With this new competitive program, we will be helping some of America's most dysfunctional families -- those who are both homeless and suffering from health, mental health, or substance abuse problems -- to achieve productive lives. As many as 1200 HUD Section 8 Housing Certificates -- worth about \$36 million over five years -- and \$2.4 million in foundation grants will be awarded to eight cities which design and implement comprehensive health and supportive services systems tied to suitable permanent housing for homeless families.

We are proud to participate in this program with the Robert

Wood Johnson Foundation, which has a history of funding projects addressing the health and support service needs of the disadvantaged.

✓ Realtors homeless initiative

THE WHITE HOUSE
WASHINGTON

revitalized FHA

↑ mortgage limits
spread home ownership to more families

savings incentives for young families

Harvard study -

81% 25-34 age didn't
have down payment for home

Regulations, prohibition

Interior?

Homelessness -

70% mentally ill (Baltimore study)
or drug dependent

**EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS**

NOVember 3, 1989

To: Peggy Dooley

Attached is information you requested from the CEA this morning for inserts into a speech. Please call me if you have any questions on X5084.

J. Steven Landefeld
Special Assistant to the Chairman

Michael J. Boskin
Chairman

11/03/89

INFORMATION ON HOUSING MARKETS

- o Home sales have been quite strong so far in 1989.
 - Existing home sales in September were around 4 percent above their year-earlier level.
 - Although new home sales dropped sharply in September, that decline was from a very high level. On the whole, new home sales have increased rapidly in recent quarters and stood 9 percent above their year-earlier level in the third quarter.
- o The housing market has been more stable in recent years than in the 1970s and early 1980s.
 - New construction of single-family homes (housing starts) has been above 1 million units in each of the past 6 years. Such sustained good performance has not been seen since the 1950s.
 - Although single-family starts have dropped off somewhat this year, the lower interest rates of recent months should start to boost new construction fairly soon.
 - "Boom and Bust" cycles in the housing market are inefficient; increases construction costs and create turmoil in the sales market.
- o Interest rates on mortgages currently are favorable to homebuying and likely to improve next year.
 - The average interest rate on fixed-rate mortgages has dropped to single digits (9.82 percent as of the week ending October 27).
 - Mortgage rates now are well below the 18 percent rates of the early 1980s. The current levels are low enough to support considerable demand for housing.
 - Further efforts to cut the budget deficit will allow rates to fall further next year without igniting fears of rising inflation.
 - Low inflation and stable longer-term interest rates have added to the stability of the housing market in recent years.

- o Measures of housing affordability suggest that, in general, housing is affordable to the American people.
- There have been many stories of rapid house price inflation, and data on average prices for new and existing homes show sharp increases in the 1980s.
- However, after adjusting for the characteristics of the homes, price increases have been very small in recent years. (This is based on the Census constant-quality new home price measure.)
- Instead, the bigger price increases for new homes often reported in the press reflect upscaling by homeowners, as they purchase larger and more expensive new homes. This may reflect the increasing affluence of Americans.
- There are affordability problems in selected areas and for selected parts of the population, however.
- Even after adjusting for house quality, prices have jumped sharply in selected markets of the Northeast and Pacific regions, pricing many middle and low income home buyers out of the market.
- And accruing enough wealth for a down payment has been a strain for many younger households.
- Homeownership rates have declined among young adults. In part, this decline in homeownership may reflect lower inflation rates--there is less demand for housing as an inflation hedge. However, income growth for this group has been less than for the population as a whole, and this may have contributed somewhat as well.
- Given the federal budget restrictions, expensive federal programs to address these problems are not possible.
- However, there are ongoing efforts to address the affordability issue by exploring other alternatives. (National Housing Task Force). (You may want to check on how much the Administration has been involved in this before using it in the speech.)
- In addition, the larger secondary market for mortgage securities has made mortgages available to a broader segment of the population (less credit-rationing). And more innovative types of financing (Adjustable Rate Mortgages, etc.) probably have enhanced affordability as well.

o Demographic trends are an important factor influencing the housing market.

-- Most of the demand for additional housing in the U.S. reflects increases in the total number of households.

-- As the baby-boom generation formed their own families, rates of household formation were very high, increasing total housing demand. This went on throughout the 1970s and continued through the 1980s.

-- Household formation averaged about 1-1/2 million per year in the 1980s.

-- Projections of household formations in the 1990s, however, show a gradual downward trend reflecting the smaller population cohorts entering their young-adult years.

-- Although smaller increases in household formations suggest that fewer housing units will be built in the 1990s, conditions in any particular area probably depend more on economic growth and net migration in that area.

-- Also, new homes built in the 1990s are likely to be bigger, on average, because there will be relatively stronger demand for trade-up homes than for starter homes.

o There has been recent concern expressed about racial discrimination in the housing market.

-- In particular, concerns have been raised that realtors in certain cities steer their customers to particular communities based on their race.

-- The National Association of Realtors credo includes a statement against discrimination of any type.

-- The Administration supports the realtors stance against discrimination and is also pledged to fighting discrimination.

INFORMATION ON THE U.S. EXPANSION

The American economy is in the 84th month of expansion, the longest peacetime expansion in U.S. history and the second longest expansion of any kind. Only the expansion of the 1960's was longer.

During this expansion:

Real GNP has grown at an average annual rate of 4.2 percent.

More than 20 million jobs have been created.

The U. S. employment has increased nearly twice as much as in the six other summit countries combined.

The unemployment rate has fallen to less than half of its level at the depth of the recession.

Home mortgage rates are down by one-fourth.

Real median family income has increased by 12 percent.

Inflation is now averaging 4.3 percent, well below the double digit rates of the late 1970's and early 1980's.

The unemployment rate this year is as low as it has been since the early 1970's.

National Association of Realtors®*The Voice for Real Estate™*

777 14th Street, N.W.

Washington, D.C. 20005-3271

You are receiving this facsimile from the Government Affairs Division of NAR®. If you have trouble receiving this transmission please call Pamela Minor at 202-383-1020.

From (person sending fax):Name: John BlountDate: 11/3/89Acct. # 544 222Phone # 383-1120**Quick Dial Codes:**

B Bill North
C NAR® - Chicago
E Elk Grove
I Ira Gribin
J Jerome Blank

K Dean Kruse
L Lucas Brothers
M Mike Schmelzer
N Norm Flynn

Please deliver to:Name Peggy DOOLEYCompany WHITE HOUSEFAX # 456-6218Total Number of Pages (including this cover sheet) 13

Comments: _____

National Association of Realtors®

The Voice for Real Estate™
777 14th Street, N.W.
Washington, D.C. 20005-3271

You are receiving this facsimile from the Government Affairs Division of NAR®. If you have trouble receiving this transmission please call Pamela Minor at 202-383-1020.

From (person sending fax):

Name: John Blount

Date: 11/3/89

Acct. # 544 222

Phone # 383-1120

Quick Dial Codes:

B Bill North
C NAR® - Chicago
E Elk Grove
I Ira Gribin
J Jerome Blank

K Dean Kruse
L Lucas Brothers
M Mike Schmelzer
N Norm Flynn

Please deliver to:

Name Peggy Dooley

Company White House

FAX # 456-6218

Total Number of Pages (including this cover sheet) 13

Comments: _____

SUCCESS STORIES

In the past few years, local Boards of REALTORS® throughout the country have joined the ever-growing number of organizations actively involved in aiding area homeless. It is impossible to determine exactly how many Boards have joined this effort, or, unfortunately, to include success stories about each of the Boards we do know about. The information included in this section is a sampling of state-wide efforts as well as individual Board projects that were sent to NAR following a general call for programs in the summer of 1988.

Each success story includes a contact name and telephone number. If your Board is interested in learning more about the project, or implementing a similar program, you are encouraged to contact the originating Board or Association for additional details. By working together, REALTORS® can make an impact on one of our nation's most serious problems in this decade: the growing number of homeless individuals and families.

Program: Shelter Ohio

Sponsoring Organization: The Ohio Association of REALTORS®

Shelter Ohio is a state-wide community service project that aids the state's homeless population by linking each REALTOR® Board with homeless organizations in its respective community.

The Ohio Association prepared a detailed, 64-page packet of materials for distribution to each of the state's local Boards during 1988. The packet included the following information:

- *Introduction and background on Shelter Ohio
- *Ohio Homeless Fact Sheet (compiled by The Ohio Coalition for the Homeless)
- *Status of Low-Income Rental Housing Report (furnished by The Ohio Housing Finance Agency)
- *Listing of homeless coalitions in Ohio (compiled by The Ohio Coalition for the Homeless)
- *Listing of Community Development Corporations/Low-Income Housing Groups
- *Program outline for Shelter Ohio
- *Fund raising project ideas
- *Public relations suggestions/guidelines for Shelter Ohio (Included PSAs, news releases and publicity examples)

Approximately one third of the Ohio Boards of REALTORS® participated in Shelter Ohio during 1988, the first year of the program. Increased participation is anticipated for 1989. Programs ranged from sponsorship of activities to raise funds and donations of clothing and food items, to members serving a luncheon to residents of a pre-established shelter, as done by the Youngstown Area Board of REALTORS®. State and local chapters of NAR's affiliated Institutes, Societies and Councils also participated in Shelter Ohio programs during 1988.

For additional information on Shelter Ohio, contact:

Lisa J. Picklesimer
Administrative Assistant of Communications
The Ohio Association of REALTORS®
200 East Town Street
Columbus, OH 43215
614.228.6675

Program: REALTORS® Help the Homeless**Sponsoring Organization: New Jersey Association of REALTORS®**

Designed in response to New Jersey's growing homeless population, the "REALTORS® Help the Homeless" program is a grassroots program that drew 100% participation from the New Jersey Boards of REALTORS®.

The program was structured and implemented by the New Jersey REALTORS® Community Service Committee. The committee established state liaisons, each assigned to several Boards, to communicate and encourage all local Boards to participate in the statewide project. The state liaisons also were responsible for providing written updates on their respective Boards at each committee meeting.

Background materials, supplied by the New Jersey State Department of Human Resources, included information on the Governor's Task Force on the Homeless in New Jersey and a listing of various shelters throughout the state, categorized by county and type. In addition, a list of Human Resource Coordinators for each county was distributed so that Boards could determine the area of greatest need for their county.

A logo for the project was designed by the Montclair Board of REALTORS® and sent to all local RCS chairmen for use in conjunction with local programs.

Successful Board programs included involvement with the national Habitat for Humanity program (Passaic County Board of REALTORS®) and packaging sheets and blankets for the homeless staying at a children's summer camp throughout the winter months (Middlesex County Board of REALTORS®).

Many Boards held creative fund raisers and donated money to area homeless support groups. Such events included a "Night at the Races," sponsored by the Northeast Bergen Board, and a "Tricky Tray," similar to a Chinese auction, sponsored by the Sussex County Board. In addition, many Boards prepared canisters with the "REALTORS® Help the Homeless" logo and collected money to benefit area homeless.

For additional information on the New Jersey "REALTORS® Help the Homeless" program, contact:

Eric Anderson
Director of Communications
New Jersey Association of REALTORS®
295 Pierson Ave., P.O. Box 2098
Edison, NJ 08818
201.494.5616

Program: TAP REBNY**Sponsoring Organization: The Real Estate Board of New York**

TAP REBNY, Technical Assistance Panels of the Real Estate Board of New York, is a unique pro bono service offered by the members of the Real Estate Board of New York to non-profit organizations sponsoring housing projects for the homeless.

As part of the outreach effort, the Board established Technical Assistance Panels, made up of experts in various real estate specialties, to assist and advise organizations working with New York City's growing homeless population. The specific needs for expertise span the range of experience of REBNY's membership. Each panel consists of two or three members with a background in one of the following: law, brokerage, appraisal, design, property management, finance, ownership/development and construction.

Organizations assisted by TAP REBNY are referred by The Community Service Society of New York and the Coalition for the Homeless, which screen applicant agencies to determine their organizational capabilities and need for technical assistance.

At the same time, the REBNY Foundation makes grants to these and other non-profit organizations developing over 500 units of housing and providing an array of services from feeding programs to mental health services.

For additional information on TAP REBNY, contact:

Marolyn Davenport
Vice President and Director TAP REBNY
The Real Estate Board of New York, Inc.
12 East 41st Street
New York, NY 10017
212.532.3100

Program: Hearth Foundation, Inc.

Sponsoring Organizations: Tucson Board of REALTORS® (Ariz.) and the Arizona Chapter of Certified Residential Specialists

Initially formed as a task force of the Tucson Board of REALTORS®, the Hearth Foundation, Inc., is a non-profit organization founded as a joint venture of the Tucson Board of REALTORS® and the Arizona Chapter of Certified Residential Specialists. The purpose of the foundation was to establish temporary living accommodations for homeless women (over 18) who have dependent children under 12 years of age. The target group was chosen following discussions with the Interfaith Coalition for the Homeless and the Tucson Ecumenical Council of Churches.

After four months of house hunting, an appropriate house was located--one which met both the group's needs and city zoning requirements. In January 1988, the necessary renovation was completed and it was named the "Shalom House." The house has five bedrooms, three baths, a living room, dining room, large kitchen, reception area, director's office and a large fenced yard.

Originally operated by the Interfaith Coalition, a group comprised of approximately sixty Tucson area churches, Shalom House is now run by an offshoot of the coalition, which also calls itself Shalom House. This group leases the house from the Hearth Foundation for \$1.00 a year, maintains utilities, provides a counselor and has volunteers that help homeless mothers and children who stay in Shalom House get back into society.

In the past year, over 46 women have stayed at Shalom House, and nearly half of those women have gone on to successfully maintain independent living accommodations for themselves and their children.

Funds to pay for the purchase of the house, maintenance of the property and administration costs constantly are solicited by the Tucson Board. During 1988, \$60,000 was raised. All individuals involved from the Board are volunteers.

For additional information about the Hearth Foundation, contact:

Patricia V. Richardson
Tucson Board of REALTORS®
1622 North Swan Road
Tucson, AZ 85712
602.327.4218

Program: Homeless/American Home Week**Sponsoring Organization: Roanoke Valley Board of REALTORS® (Va.)**

The Roanoke Valley Board of REALTORS® selected American Home Week 1988, as an appropriate time to focus community attention on the area's housing affordability and homeless problem. To meet this objective, the Board's Public Relations and Community Service committees joined forces and selected two pre-established independent programs as recipients of the Board's fund-raising and volunteer efforts.

First, the Board became involved with the building of a home through the nationally known program, Habitat for Humanity*. Through a "HUMANabration Dinner" and auction, the Board raised \$7,400 for the Habitat house, which was completed by Board members during American Home Week. The Board coordinated volunteer efforts for donations to the house. These donations included kitchen cabinets, lighting fixtures, carpeting, vinyl flooring and paint from community businesses.

The City Rescue Mission, Inc., a local, privately funded ministry, was the second recipient of the Board's contributions. The Mission has provided food, clothing and temporary shelter to area homeless for more than 40 years.

Efforts to inform the community and members of the issues and programs included the following:

- *A news conference for local media
- *A 30-minute public television homebuying seminar
- *A 30-minute radio show focusing on private property rights
- *A membership luncheon featuring a speaker on Roanoke Valley area homeless
- *Articles in the Board newsletter

Although the Roanoke Valley Board concentrated its efforts during American Home Week, it recognized the need for continued efforts and plans to use the 1988 successes as a beginning point from which to continue to address the housing affordability and homelessness concerns in the community.

For additional information on the Roanoke Valley Board's programs, contact:

Elaine H. Ernest
Executive Officer
Roanoke Valley Board of REALTORS®
2502 Broadway Ave., S.W.
Roanoke, Virginia 24014
703.342.0544

*A number of Boards of REALTORS® across the country have sponsored the building of a house through the Habitat for Humanity program. Successful programs have been completed by, among others, the Gainesville Board of REALTORS® and the Passaic Board of REALTORS®.

Program: Friends of the Homeless, Inc.

Sponsoring Organizations: Newport News-Hampton Board of REALTORS® and the Peninsula Housing and Builders Association (Va.)

Formed as an offshoot of the American Home Week Committee, Friends of the Homeless, Inc. is a non-profit organization created jointly by the Newport News-Hampton Board of REALTORS® and the Peninsula Housing and Builders Association (PHBA). Friends of the Homeless is the major organizer in the renovation of an old building for sheltering up to 25 people for short-term occupancy.

Members of PHBA provided labor and materials, and the Remodelers Council, an affiliate of PHBA, designed and supervised the conversion of the building for Friends of the Homeless, now leased for \$1.00 a year. More than 100 companies donated materials.

The Board of Directors and Advisory Committee of Friends of the Homeless provide leadership and oversee fund raising. Under a contract with the organization, the Salvation Army of the Peninsula provides on-site management.

For additional information on Friends of the Homeless, Inc., contact:

Nora Lambiotte
President, Board of Directors, Friends of the Homeless, Inc.
Powell Associates Realty, Inc.
758 McGuire Place
Newport News, VA 23601
804.596.2000

Program: "HOPE I Win"
HOUSE Raffle

Sponsoring Organization: Fredericksburg Board of REALTORS®, Inc. (Va.)

The Fredericksburg Board of REALTORS® saw the natural tie-in between the needs of the homeless and a house raffle, and proceeded to undertake a project that resulted not only in raising funds for Hope House, an area shelter for the homeless, but also brought the community together in the pursuit of a common goal.

Working with a local developer, the Board selected a medium-priced, \$98,000 home for the raffle, agreeing to pay market price. The developer agreed not to hold the Board libel if sufficient funds were not raised to cover the purchase cost.

The raffle kick-off, entitled, "HOPE I Win" HOUSE Raffle, was held at the raffle house in April, 1988. The public was invited to tour the house. Donations of food, balloons, clowns and entertainment were provided. The raffle house continued to be open for viewing in conjunction with open-house weekends.

Tickets, donated by the developer, were distributed to all Board members. Tickets were priced at \$10.00 each. The response from membership was tremendous. To encourage ticket sales, the developer offered incentive prizes to the individual REALTOR® and firm selling the most tickets. In addition, the developer purchased \$18,000 worth of tickets, which he then donated to the city for free distribution through area social service agencies.

The local media was very supportive in spreading the word through newspaper articles, letters to the editor, radio news spots and interviews, and cable broadcasting. (Virginia state law prohibits advertising raffles.)

The ticket sales promotion ran 12 weeks. In July, the raffle was held and an area resident's name was drawn. Final ticket sales totaled over \$150,000 providing a profit of more than \$50,000 for donation to Hope House.

For additional information on the "HOPE I Win" HOUSE Raffle, contact:

Pat Breme
Public Relations Coordinator
Fredericksburg Board of REALTORS®
P.O. Box 3675
Fredricksburg, VA 22402
703.373.7711

Program: Columbus Housing Partnership**Sponsoring Organization: Columbus Board of REALTORS®**

In January 1984, the president of the Columbus Board of REALTORS® appointed a special nine-member committee to serve as consultants to the Central Ohio community. This committee, called Board of Consultants, assists civic and governmental leaders, when called upon, with real estate-related decisions.

Committee projects range from riverfront development to airport expansion. The REALTORS®' advice on the acquisition, development and disposal of city-owned properties has resulted in several projects that have been well received by the community residents. The Columbus Housing Partnership is one of these projects.

Upon the recommendation of the Board of Consultants, the Columbus Board of REALTORS® entered into a 3-year, \$1.3 million cooperative with the Enterprise Foundation, a national organization that addresses the need for decent and affordable housing for the poor. The Enterprise Foundation assisted in the establishment of the Columbus Housing Partnership (CHP), a local non-profit neighborhood development organization that provides funding support, technical assistance and organizational development assistance. A large portion of the funding has come from private sector fund-raising.

Development activities in the Columbus area include rehabilitation of owner-occupied homes and multi-family dwellings, new construction of single-family detached or townhouse units, rehabilitation of units for lease-purchase by low-income tenants, and conversion of large single-family homes to two-family dwellings. CHP has worked with other Columbus-based organizations to realize its goals.

In addition to its activities with the Enterprise Foundation, the Columbus Board of REALTORS® was instrumental in developing the Columbus and Franklin County Housing Commission, a county-wide commission to implement a comprehensive approach to low-income housing in Columbus and throughout Franklin County.

The Columbus Board of REALTORS® and its Board of Consultants have received positive media attention for its work, not only in providing low-income housing for the community, but for its commitment to community service in general.

For additional information on the Columbus Board of Consultants and The Columbus Housing Partnership, contact:

Lynn Hackworth
Assistant to the Director of Public Relations
Columbus Board of REALTORS®
200 East Town Street
Columbus, OH 43215
614.221.5353

Program: Take Action for the Homeless

Sponsoring Organization: Greater Baltimore Board of REALTORS®

The Greater Baltimore Board of REALTORS® (GBBR) combined several fund-raising events for a successful overall campaign to raise money for Action for the Homeless, a local organization that assists area homeless.

Led by the GBBR Public Relations Committee, efforts for 1988 began with the third annual phone-a-thon. Each member office designates a team captain who collects donations from his or her office. The two-day phone-a-thon raised \$24,000 through the efforts of nearly 100 REALTORS® calling fellow members, affiliates, business associates and friends. A house-shaped diagram charted the callers' progress.

On the evening of the second day of the phone-a-thon, fund raising efforts continued with a contest-oriented "Baltimore Original Sports Bar Night," co-sponsored with an area bank. The bar, which offered sporting games such as golf, basketball hoops, darts and billiards, produced an evening of lighthearted competition attracting a crowd of more than 2,000 people including local TV news celebrities and political officials. The evening raised an additional \$2,000 for the homeless cause.

At the conclusion of the phone-a-thon/sports bar night campaign, the Board turned its efforts to the selling of raffle tickets for an historic rowhouse renovated by the Home Builders Association of Maryland. Again, relying on team captains, the Public Relations Committee distributed tickets with accompanying letters outlining suggestions for selling tickets as well as describing the tremendous public relations value that this type of exposure can generate.

Board members responded with enthusiasm, volunteering to man an open-house at the raffle home during the course of five weekends. Some members purchased tickets to give away as incentives to visit listings. Sellers were supported by the local media with free and paid advertisements, and public service announcements in the Baltimore area.

Finally, the GBBR co-sponsored a "Hits for the Homeless" campaign during a Baltimore Orioles baseball game. Television viewers were asked to pledge a designated amount for each hit made by a specific player.

Of the four programs sponsored by the Board in 1988, a total of \$53,000 was donated to "Action for Homeless." For additional information on the Greater Baltimore Board of REALTORS® programs, contact:

Sherry Dipboye
Director of Communications and Public Relations
Greater Baltimore Board of REALTORS®
1501 West Mount Royal Ave.
Baltimore, MD 21217
301.462.2500

INDIVIDUALS WHO HAVE MADE A DIFFERENCE

In addition to the on-going efforts of dozens of local Boards and State Associations, many of our members are making outstanding individual commitments to addressing the plight of the homeless.

The following paragraphs highlight the efforts of those philanthropic individuals who have come to the attention of the NATIONAL ASSOCIATION OF REALTORS®. As with the success stories, there are undoubtedly many unsung heroes among our ranks who have been inadvertently excluded from this group, and for that, we apologize.

SUSAN BIRD, president of S.W. Bird & Company and a member of The Real Estate Board of New York, spearheaded a successful fund-raising effort in October 1987 that raised \$40,000 to help fund The New York Children's Health Project. The program, started by singer/songwriter Paul Simon in conjunction with the New York Hospital-Cornell Medical Center, provides equipment and staff for mobile medical vans that travel the city tending to the children of low-income and homeless families.

To raise funds for the project, Bird's firm engaged the help of author and screenwriter Nan Breglio to write and choreograph a show called "The Show Business...A Bird's Eye View." Brokers from approximately 35 area firms donated their on- and off-stage skills to help put on the \$150-per-ticket black tie event attended by 600 people, most from the real estate industry.

ANDY BARR, sole owner of A.M. Barr and a member of the Northern Virginia Board of REALTORS®, is a self-made millionaire from buying and selling houses. Andy Barr also is an individual who has made a personal commitment to helping the homeless in the Washington D.C. area. In November 1987 he read an article about a man who made sandwiches for the homeless every week. It moved him to help.

Barr contacted Mitch Snyder, founder of the Community for Creative Non-Violence (CCNV) to ask what he thought about giving sleeping bags to the homeless. Snyder told him it was a good idea, and Barr wasted no time. Since that time Barr has continued to provide sleeping bags, socks, gloves and other items needed by homeless individuals to protect against the cold. He has found that giving the items in person is much more rewarding than having them distributed through a social service agency.

Obviously not everyone has the personal resources Andy Barr does. But it is Barr's personal involvement with the homeless that is so commendable. By taking the time to meet and talk with the individuals he helps, Andy Barr sets a fine example for all of us.

SHEELAH MAUREEN RYAN, a REALTOR® from Winter Springs, Florida, and a member of the Seminole County Board of REALTORS®, won \$55.1 million in the Florida lottery last September. Ryan has donated an undisclosed amount of her winnings to establish the Ryan Foundation, Inc., a non-profit organization that will assist the homeless, the elderly, the poor and abused women and children. Ms. Ryan has pledged her continued financial support for the Ryan Foundation, Inc. in the years ahead and has donated countless hours of her time to pursuing its goals since founding it in December, 1988. An office has been created in Seminole County and a board of five initial directors has been designated as The Ryan Foundation, Inc. It is are beginning its first year of operation.

In 1989, the Foundation plans to provide funds for shelter for the homeless, assistance with finding housing and help for senior citizens who lack financial resources for food, clothing and shelter. In future years, the organization plans to assist single mothers who are high school drop-outs to earn equivalency degrees, to find necessary child care services and to get adequate job training. This program will extend to helping find placement for individuals who otherwise have no marketable skills.

Although not a member of the NATIONAL ASSOCIATION OF REALTORS®, DAVID BERGER, recipient of NAR's 1988 Distinguished Citizen Award, is an appropriate addition to this group. Berger is founder and executive director of Rehab Project, a Lima, Ohio community revitalization program. The project purchases and rehabilitates 15-20 abandoned, single-family homes in Lima each year, which then are sold for \$25,000 to \$35,000, usually to low- and middle-income families.

To finance the projects, Berger seeks funds from state and federal grant programs and utilizes work-release inmates for labor from the Ohio Reformatory for Women in Marysville, Ohio. It is a program that benefits both the residents of Lima and the prisoners themselves. People who otherwise would have thought homeownership was not possible for them have realized the dream of owning their own homes.

Alphonso Jackson 214/559-9002

Dallas Housing Authority

Office of Resident Initiatives

755-5111

David Caprera - 755-8202

Amy Fickland 755-3611

Dallas Housing
Authority

PHA Exec Dir.

was Dir. in DC - personally
guided first sale to tenant.

mgmt - ~~Kentworth~~ ~~Bukaid~~

Who is D's Kim Gray?

ANECDOTES

~~was Dir in DC~~

one ownership
off people + prosperity
everyone + everywhere

Proj. HOPE - Kemp's term?

5 Bush have
MOVED.

Houses Bought....

Sherry Rollins - tomorrow
public affairs

Mrs. Bush?

Dallas + San Ant gpo received grants

Our Casas - San Antonio

Guadalupe Sanchez (Kimi Gray)

Hisp

LULAC supporting San Antonio project

Sam Mosley - Ft. Worth - 817/885-5401
(statwide us initiatives conf - Dec. 9
spec asst Marciattinojosa

2. COMBATING HOMELESSNESS

OVERVIEW

The Administration is committed to addressing forcefully the tragedy of homelessness through public and private action.

Homelessness is an individual tragedy, and sometimes a family tragedy—a tragedy whose causes vary widely. This is a problem that traces back 50 years, according to a National Governors' Association Task Force. In the long run, no solution to homelessness is possible without a strong economy—an economy that produces jobs. Jobs help families afford housing; jobs build self-respect; and jobs increase security. But strong job growth alone clearly does not solve the problem of homelessness.

The homeless face difficult and sometimes seemingly overwhelming obstacles in getting back on their feet. They are both poor and without shelter over their heads. The extent of homelessness has been subject to much debate, but research suggests that the number ranges from 300,000 to 600,000 on any given night. While these estimates are less than the millions claimed by some, they are substantial. A concerted national public-private partnership is needed to reduce significantly the size of this population and, ultimately, to end homelessness.

"My friends, we have work to do. There are the homeless, lost and roaming."

George Bush

PRINCIPLES

- The problem of homelessness has several different components—the mentally ill, alcohol and drug abusers, unemployed individuals and families with children. Solutions are not the same in all cases.
- The President has pledged to fully fund the programs for the homeless in the Stewart B. McKinney Homeless Assistance Act.
- The President is committed to helping end the suffering of all the homeless, especially the most vulnerable among them—families with children and the mentally ill.
- Fully funding the McKinney Act is not enough. The President is proposing a new initiative for the homeless.
- The Federal Government cannot do the job alone—non-profit organizations, together with State and local governments, are also key actors.
- Public-private partnerships will make maximum use of, and further expand, volunteer efforts in thousands of communities to reach out to the homeless.

POLICIES

The President proposes to fully fund the McKinney Act and to fund a new initiative to help the homeless regain their self respect, achieve economic self-sufficiency, and become productive members of the community.

PROPOSED CHANGE

(In millions of dollars)

	1989	1990	Dollar Change	Percent Change
Budget Authority	591	1,007	+416	+70
Outlays	500	644	+144	+29

As the President pledged, the McKinney Act will be funded up to the authorized level of \$746 million, including \$676 million of discretionary funding for programs providing emergency food and shelter, transitional and permanent housing, as well as health, substance abuse, educational, training and other needed services. These funds will also help to support community-based mental health clinics. The non-discretionary portion (\$70 million) funds Food Stamp provisions aimed at helping the homeless.

In addition, the President proposes a new \$50 million initiative designed to reduce homelessness. It will build on local private-public partnerships and will tap the talent and resources of thousands of volunteers and community organizations committed to helping the homeless. It is designed to:

- help homeless families and children move out of welfare hotels and into transitional or permanent housing;
- provide a coordinated package of services and shelter for the homeless mentally ill; and
- make available resources on a flexible basis for communities to meet specific needs of homeless people in their areas.

This initiative will allow States and localities, with the non-profit sector, to identify those homeless groups most in need in a local area and to put together the best package of services for them. These proposed projects will be selected on a competitive basis and will require matching funds.

Included in the President's budget are other programs, not part of the McKinney Act, specifically aimed at helping the homeless. These include USDA funds for soup kitchens, DOD efforts to provide blankets and cots and shelters, and HUD efforts to provide funds for construction of permanent housing specifically to meet the needs of the mentally ill and elderly homeless.

In all, funds in the 1990 budget for the homeless will total over \$1 billion. Additional Federal funds also aid the homeless but can not be separately identified. These include entitlement programs (e.g., AFDC, VA benefits, Social Security) and large block grants to States and local governments that are used in part to help the homeless.

FUNDING SUMMARY

(In millions of dollars)

	1989	1990	1991	1992	1993
Budget Authority	591	1,007	982	950	955
Outlays	500	644	767	800	898