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Housing Bill Signing 11/28/90 [OA 7563]

Stack:	Row:	Section:	Shelf:	Position:
G	9	21	3	3

Grant/Blymire
November 26, 1990
3:30 p.m.
A:HUDBILL

PRESIDENTIAL REMARKS: NATIONAL AFFORDABLE HOUSING ACT
BILL SIGNING CEREMONY
THE EAST ROOM
WEDNESDAY, NOVEMBER 28, 1990
2:00 P.M.

((Acknowledgements))

Let me begin today with a story, a bit of a history lesson.
It was 1862: the middle of the American Civil War. On May 20 of
that year, [here, at the White House] one of my noblest
predecessors, Abraham Lincoln, sat down with pen in hand, and
signed into law the Homestead Act of 1862. That bill gave 160
acres to any family who wanted to make a go of it [in the
wilderness] and reach for the American Dream.

It was one of the most successful endeavors in American
history -- causing the great land rush to the Wild West -- and
forming the vision for a new homesteading program in urban
America today. Because Abraham Lincoln's Homestead Act **empowered**
people, it freed people from the burden of poverty and government
dependency. Likewise, today, creating the opportunity for low-
income Americans to become property owners is a key to fighting
poverty and giving real hope to thousands.

I've said before that the cornerstone of this
Administration's domestic agenda is this idea of **empowerment** --
giving people -- working people, poor people, everyone -- control
over their own lives, so that all Americans can have a life of
dignity, responsibility and economic opportunity. The status quo

War
Started
4/12/1861
-ended in
1865

P. 141 E
The Course of
American History

? nowhere does it
say that it was
wilderness

→ what about
Manifest
Destiny?
p. 187

of centralized bureaucracy is not working for the people -- the ones who need affordable housing, the ones who want to choose the best schools for their kids, the ones who want to pull themselves out of dependency and into a life of self-sufficiency in a safe, clean community. And so our goal is to build a system that puts power in the hands of people, not bureaucrats. Because it is the people who know what is best for themselves and their families, not the government.

That's exactly what the National Affordable Housing Act does in several ways. First, it authorizes a major Administration initiative: **Homeownership and Opportunity for People Everywhere - the HOPE Initiative**. HOPE will provide new opportunities for low-income families to buy their own homes -- "urban homesteaders," if you will -- and helps the residents of public housing to buy their own units. Tenant ownership and management of public housing is an idea whose time has come. Let me tell you why:

When those who live there are in charge, the results are remarkable -- more people pay their rent, maintenance improves, operating costs decline, crime rates plummet, employment goes up, more kids stay in school and neighborhoods come back to life.

And the reason? Because each resident now has an equity stake in society -- a chance to make a go of it -- to live the American Dream themselves.

We want public housing to become a springboard for independence, not a bottomless pit of dependency. HUD used to

HUD
Public Affairs

Kemp
HUD release
Cabinet Affairs
Daniel Casse,
Asso. Dir.

Empowerment
memo

give awards for public housing residents who stayed in public housing the longest. They ^{have} stopped doing that. Now -- and even more so with this bill -- we're offering **incentives** to public housing tenants who move out -- and move up -- into the productive economic mainstream.

But there's more. This bill contains **HOME Investment Partnerships**, to assist people who currently rent and those who want to rehabilitate existing rural housing -- because affordable housing is in everybody's interest. The **National Homeownership Trust** would provide low-cost financing for people who are buying a home for the first time who would not otherwise qualify for financing because of their low income. And, in addition to housing assistance for migrant farm workers, the elderly and the disabled, this legislation also creates the **Shelter Plus Care Program** -- to assist homeless persons who are mentally ill, who have a drug abuse problem, or who have AIDS -- to give them the support they need to keep them from returning to a desolate life on the streets. And finally, it **reforms** certain programs in the Federal Housing Administration to make it more financially sound.

The Fair Housing Act gives people the best kind of government assistance: it provides **opportunity** and encourages **responsibility** -- without the shackles of dependency. That's the American Dream -- for no matter where people live or how much money they have, ~~all men~~ yearn to control their own lives.

Abraham Lincoln knew this, ^{when he signed the Homestead Act} and his vision lives on today as the foundation for our efforts to empower all Americans. His vision

*Whites in
Pretoria, bad
example per John Gardner*

also lives on in the efforts of people in other countries -- from
Prague to Pretoria -- to control their own lives as well.

And so it is with that in mind -- the undying ideal of hope
and opportunity for all -- that I am pleased to sign this bill
into law. Thank each and every one of you for joining us today,
and God bless the United States of America.

#

Grant/Blymire
November 27, 1990
5:00 p.m. A:HUDBILL

PRESIDENTIAL REMARKS: NATIONAL AFFORDABLE HOUSING ACT
SIGNING CEREMONY
THE EAST ROOM
WEDNESDAY, NOVEMBER 28, 1990
2:00 P.M.

((Thank you very much. It's great to see our HUD Secretary Jack Kemp here today, as well as so many Members of Congress who were able to make it today -- I see Senators Kit Bond and Al D'Amato are here. In particular, I want to thank the Chairmen of the Banking Committees -- Senator Don Reigle and Congressman Henry Gonzalez. I hear that Chalmers Willie and Jake Garn could not join us today but as the Ranking Republicans on the Banking Committees, I want to thank them for their remarkable efforts. And I'd like to say hello to Mayor Sue Myrick of Charlotte, North Carolina, the head of the Republican mayors, and I understand quite a few other mayors are with us today, too. Welcome to the White House.))

Let me begin today with a story, a bit of a history lesson. It was 1862: the middle of the American Civil War. On May 20 of that year, one of my noblest predecessors, Abraham Lincoln, sat down with pen in hand, and signed into law the **Homestead Act of 1862**. That bill gave 160 acres to any family who wanted to make a go of it in the wilderness, and **reach for the American Dream**.

It was one of the most successful endeavors in American history -- causing the great land rush to the Wild West -- and forming the vision for a new homesteading program in urban America today. Because Abraham Lincoln's Homestead Act **empowered**

*Check w/
Becky*

people, it freed people from the burden of poverty, it freed them to control their own destinies -- to create their own opportunities -- to live the vision of the American Dream.

Likewise, today, creating the opportunity for low-income Americans to become property owners is a key to fighting poverty and offering real hope to thousands.

I've said before that a cornerstone of our efforts to reduce the heavy hand of government is this idea of **empowering people** -- not bureaucracies. Giving people -- working people, poor people, everyone -- control over their own lives and access to property and jobs, so that all Americans can have a life of dignity, responsibility and economic opportunity. Secretary Kemp has long been a champion of this idea -- and that's why I have appointed him as chairman of the Domestic Policy Council's Economic Empowerment Task Force.

The status quo of centralized bureaucracy is not working for the people -- the ones who need affordable housing, the ones who want to choose the best schools for their kids or child care for their younger children -- the ones who want to pull themselves out of dependency and into a life of self-sufficiency in a safe, clean and drug-free community. It is **the people** who have the best answers for themselves and their families, **not the government.** ///

That's exactly what the National Affordable Housing Act does in several ways -- it puts power in the hands of **the people.**

First, it authorizes a major Administration initiative:

Homeownership and Opportunity for People Everywhere

-- the **HOPE Initiative**. HOPE will provide new opportunities for low-income families to buy their own homes -- "urban homesteaders," if you will -- and helps the residents of public housing to buy their own units. Tenant management, control, and ultimately **ownership** of public housing is **an idea whose time has come**. Let me tell you why:

When the people who live in public housing are in charge, the results are remarkable -- more people pay their rent, maintenance improves, operating costs decline, crime rates plummet, employment goes up, more kids stay in school, and neighborhoods come back to life. And the reason? Because each resident now has an equity stake in society -- a chance to make a go of it -- **to live the American Dream themselves**.

We want public housing to become a **springboard for independence**, not a bottomless pit of **dependency**. HUD used to be asked to give awards for public housing residents who stayed in public housing the longest. We have stopped doing that. Now -- and even more so with this bill -- we're offering **incentives** to public housing tenants who move out -- and move up -- into the productive economic mainstream. These are the people who will help us meet our goal of **one million new homeowners by 1992**.

But there's more. This bill contains **HOME Investment Partnerships**, a new block grant to provide incentives to states, localities and non-profit organizations to provide people who

currently rent with vouchers, tenant-based assistance and rehabilitation of existing housing -- **because affordable housing is in everybody's interest.** And, in addition to housing assistance for migrant farm workers, the elderly and the disabled, this legislation also creates the **Shelter Plus Care Program** -- to assist homeless persons who are mentally ill, who have a drug abuse problem, or other problems -- to give them the support they need to keep them from returning to a desolate life on the streets. Finally, it **reforms** certain programs in the Federal Housing Administration to make them more financially sound. [[And next year we will return to the Congress with the Administration's request for Enterprise Zones, creating opportunity in our nation's most depressed communities.]]

The National Affordable Housing Act gives people the best kind of government assistance: it provides **opportunity** and encourages **responsibility** -- **without the shackles of dependency.** That's the American Dream -- for no matter where people live or how much money they have, **all people yearn to control their own lives.** Abraham Lincoln knew this, and his vision lives on today as the foundation for our efforts to empower all Americans.

And so it is with that in mind -- **the undying ideal of hope and opportunity for all** -- that I am pleased to sign this bill into law. Thank each and every one of you for joining us today, and God bless the United States of America.

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 11/23/90

ACTION/CONCURRENCE/COMMENT DUE BY: 11/26/90 COB

ENROLLED BILL MEMO ON S. 566 -- NATIONAL AFFORDABLE HOUSING
ACT -- AND SIGNING STATEMENT

SUBJECT: _____

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☒	MCCLURE	☒	☐
SUNUNU	☐	☒	NEWMAN	☐	☐
SCOWCROFT	☐	☐	PORTER	☒	☐
DARMAN	☐	☒	ROGICH	☐	☐
CARD	☐	☒	UNTERMEYER	☐	☐
CICCONI	☐	☒	BOSKIN	☒	☐
DEMAREST	☒	☐	CLERK	☐	☒
FITZWATER	☐	☒		☐	☐
GRAY	☒	☐		☐	☐
HAGIN	☐	☐		☐	☐
HOLIDAY	☒	☐		☐	☐

REMARKS:

Please forward any comments directly to my office no later than
COB Monday, November 26. Thank you.

RESPONSE:

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

November 23, 1990

90 NOV 23 AM 11:33

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill S. 566 - Cranston-Gonzalez National
Affordable Housing Act
Sponsors - Sen. Cranston (D) CA and 42 others

Last Day for Action

November 30, 1990 - Friday

Purpose

Provides greater housing opportunities for low-income families through new programs and reforms of current programs.

Agency Recommendations

Office of Management and Budget

Approval (Signing
statement attached)

Department of Agriculture
Department of Housing and Urban
Development (HUD)
Council of Economic Advisers
Office of National Drug Control
Policy
Department of the Treasury
Department of Labor
Department of Justice

Approval

Approval

Approval

Approval

No objection

No objection

Defers (Signing
statement attached)

Department of Health and Human
Services

Defers to HUD
(Informally)

Discussion

S. 566 is comprehensive housing legislation designed to provide greater housing opportunities for low-income families. The enrolled bill represents a compromise between Congress and the Administration. It passed the Senate by a vote of 93-6 and the House by voice vote.

Detailed descriptions of the provisions of the enrolled bill are enclosed with the HUD and Department of Agriculture (USDA) views letters. The most significant provisions of S. 566 are described below.

-- Major New Programs

Homeownership and Opportunity for People Everywhere (HOPE). S. 566 contains provisions based on the Administration's HOPE initiative to help low-income persons purchase their own homes. The enrolled bill would authorize appropriations of \$155 million for FY 1991 and \$855 million for FY 1992 for this activity. HUD would provide grants to non-profit entities, public agencies, and tenant organizations. The grants would assist public housing tenants in buying their units and low-income families in purchasing publicly owned multifamily buildings. The grants also would help low-income families to purchase certain single-family properties owned by Federal, State, or local governments or by public housing authorities.

Shelter Plus Care Program. The enrolled bill would authorize appropriations of \$123.2 million in FY 1991 and \$258.6 million in FY 1992 for this Administration proposal. Grants would be provided to States and localities for rental housing assistance linked to their providing supportive services for certain homeless individuals. Homeless individuals who are seriously mentally ill, have a substance abuse problem, or have AIDS would be eligible for assistance. The same provisions are included in another pending enrolled bill, H.R. 3789, the "Stewart B. McKinney Homeless Assistance Amendments Act of 1990."

HOME Investment Partnerships. S. 566 would authorize appropriations of \$1 billion for FY 1991 and \$2.1 billion for FY 1992 for grants to State and local governments to provide affordable housing. The grants could be used for acquisition of housing, new construction, rehabilitation of existing housing, and tenant rental assistance. Jurisdictions would be given incentives to use the funds for tenant assistance and rehabilitation of housing. To use funds for new construction, jurisdictions would have to meet certain specified criteria.

HUD would establish a Trust Fund for each participating jurisdiction. The initial funding source for these Trust Funds would be Federal appropriations, which would be allocated among the Trust Funds by formula. Subsequent funding for each Trust Fund would be through repayments from previous housing investments made by the participating jurisdiction. In addition, Congress could enact additional appropriations for the Trust Funds.

Ten percent of the FY 1991 appropriated funds and 15 percent of the FY 1992 appropriated funds for HOME grants would be set aside for the construction of low-income rental housing. During the first 18 months that a jurisdiction receives Federal funds, it would have to use 15 percent of the funds for investment in housing developed, sponsored, or owned by nonprofit community housing development organizations.

National Homeownership Trust. S. 566 would authorize appropriations of \$250 million for FY 1991 and \$521.5 million for FY 1992 for deposit in a National Homeownership Trust Fund. The Fund would be used to provide low-cost mortgage financing or downpayment assistance to low- and moderate-income first-time homebuyers who would not otherwise qualify for financing to purchase a home. Assistance would be provided to buy down mortgage interest rates to six percent and to cover some or all of the downpayment and closing costs.

The Trust would be governed by a Board of Directors composed of six specified Federal officials and one individual "representing consumer interests" appointed by the President with Senate confirmation.

To be eligible for assistance, a homebuyer's income could not exceed 95 percent of area median income (115 percent in high cost areas). Assistance would have to be repaid when the house is sold, when it ceases to be the homebuyer's principal residence, or when the homebuyer's income exceeds the eligibility cutoff for two successive years. Mortgage amounts could not exceed \$124,875.

Housing Assistance for People with AIDS. S. 566 would authorize appropriations of \$75 million for FY 1991 and \$157 million for FY 1992 for grants to States and localities to provide assistance to help meet the housing needs of persons with AIDS.

Rural Housing. S. 566 would authorize appropriations of \$10 million for FY 1991 and \$11 million for FY 1992 for grants and loans by USDA for the construction, acquisition, or rehabilitation of affordable rental housing for rural migrant farmworkers. In addition, USDA would be authorized to guarantee loans for up to 90 percent of the loan amount for single-family mortgages in areas at least 25 miles from urban areas.

-- Major Program Reforms

Federal Housing Administration (FHA) Reform. S. 566 would reform the FHA single-family mortgage loan insurance program to improve its financial soundness. These reforms are consistent with the Administration's proposals. They have already been

enacted in the "Omnibus Budget Reconciliation Act of 1990," P.L. 101-508. In addition, S. 566 would prohibit new FHA mortgages for vacation homes.

Low-Income Housing Preservation. The enrolled bill would specify the procedures for and circumstances under which certain owners of low-income housing financed with federally insured and subsidized mortgages could prepay their mortgages. Upon prepayment, the buildings could be converted from low-income rental properties to other uses such as condominiums or high rent apartments. Currently, a moratorium prohibits prepayment because of concern that low-income tenants would be displaced.

S. 566 would establish procedures for determining the fair market value of buildings subject to prepayment. In addition, it would authorize HUD to give assistance to project residents to help them purchase their buildings. It would also authorize HUD to provide financial incentives to the building owner or other parties to maintain the property for low-income tenants, if they do not purchase it. Mortgages could be prepaid only if residents do not purchase the building or if a willing buyer cannot be found to maintain the building for low-income tenants. In addition, mortgages could be prepaid if sufficient Federal funding is not available to provide the needed level of incentives for building owners to maintain the property for low-income tenants. Measures are included to protect tenants who are displaced as a result of prepayment.

-- Other Significant Provisions

S. 566 contains a number of other significant provisions. For example, it would amend and extend the appropriations authorizations for HUD's Community Development Block Grant (CDBG) program and for the housing programs of the Farmers Home Administration (FmHA) in USDA. The CDBG and other provisions are described in more detail in the Attachment.

-- Budget Impact

S. 566 would authorize appropriations of \$24.8 billion for FY 1991 and \$27.1 billion for FY 1992 for HUD's programs. For FmHA's programs, S. 566 would authorize \$2.1 billion for direct loans and \$100 million for guaranteed loans for FY 1991. It would authorize \$2.2 billion for FmHA's direct loans for FY 1992. The amount of guaranteed loans for FY 1992 would be determined in the FY 1992 appropriations process.

The enacted FY 1991 appropriations for HUD are \$23.7 billion in budget authority and \$21.8 billion in outlays. This is \$2.4 billion in budget authority and \$180 million in outlays above the President's FY 1991 Budget request. The enacted FY 1991 levels for FmHA's programs are \$1.8 billion for

direct loans and \$100 million for guaranteed loans. The President's FY 1991 Budget requested \$1 billion for direct loans and \$594 million for guaranteed loans.

Agency Views

In its enrolled bill views letter, HUD expresses disappointment "that the bill continues a number of programs that we do not believe merit continued support." HUD also states that S. 566 "creates a number of new programs that will not contribute toward the fulfillment of the basic, historic mission of the Department of Housing and Urban Development."

Nevertheless, HUD "believes that this bill contains the beginnings of what could be a major redirection of housing policy in the decade ahead. Most importantly, it authorizes, at sufficient levels, most of the proposals contained in the Administration's HOPE initiative. It also provides an approach to meeting the problems of prepayment that is generally consistent with the Administration's objectives. Finally, provisions of the bill calling for the implementation of new housing strategies have been improved in ways that promote program integrity and encourage the use of funds for activities other than for new rental housing production." Accordingly, HUD recommends approval of S. 566. HUD has informally provided a draft signing statement, which highlights the Administration's HOPE initiative and the other major housing programs in S. 566.

In its views letter, USDA recommends approval of the enrolled bill. USDA states that "[t]he bill provides for decent, safe, and affordable housing for the low income rural residents of this Nation." USDA has informally provided language on the rural housing provisions for inclusion in a signing statement.

The Council of Economic Advisers (CEA), in its views letter, recommends approval of S. 566. The Council, however, expresses concern about a provision requiring HUD to study ways in which State and local pension funds could be used to finance construction of low- and moderate-income housing. CEA "urge[s] the President and the Secretary of the Department of Housing and Urban Development to resist all efforts to use pension assets for socially-mandated projects."

The Department of Labor has no objection to approval of S. 566. Labor, in its views letter, expresses strong reservations about the mandated study of the use of State and local pension funds to finance housing construction. The Department believes that it is "inappropriate for the Federal Government to give direction to the States on essentially local matters."

The Department of Justice defers to other agencies as to whether S. 566 should be approved. Justice, however, advises that three provisions of the enrolled bill raise "potential constitutional problems."

Section 302(b)(7) of S. 566 states that the Board of Directors of the National Homeownership Trust shall include one individual representing consumer interests, appointed by the President and confirmed by the Senate. Because this provision purports to impose a restriction on whom the President may appoint, Justice advises that it violates the Appointments Clause of the Constitution.

Section 943 of the enrolled bill would establish a National Commission on Manufactured Housing. Section 943(e)(3)(A) states that the Commission "may secure directly from any department or agency of the United States such data and information as the Commission may require." Justice advises that this provision is objectionable. It "fails to recognize the President's constitutional authority to withhold . . . information whose disclosure might significantly impair the conduct of foreign relations, the national security, or the deliberative processes of the Executive Branch or the performance of its constitutional duties."

Section 958(a) of S. 566 provides that the Secretary of Housing and Urban Development "shall provide a preference to native Hawaiians for housing assistance programs . . . for housing located on Hawaiian home lands." Section 958(d)(1) defines the term "native Hawaiian" in a race-based fashion. Justice advises that "[b]ecause this subsection provides for a racially-based preference, it raises serious constitutional concerns." Justice states that "the preference to native Hawaiians cannot be justified under Congress's power over native Americans because that power is limited to native Americans 'not as a discrete racial group, but, rather, as members of quasi-sovereign tribal entities'." Morton v. Mancari, 417 U.S. 535, 554 (1974).

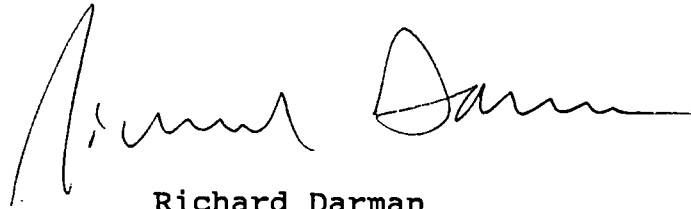
Enclosed with the Justice views letter is language for a signing statement addressing these constitutional problems.

Conclusion and Recommendations

We join with USDA, HUD, CEA, and the Office of National Drug Control Policy in recommending approval of S. 566.

Attached for your consideration is a draft signing statement prepared by this Office based on the material supplied

by HUD, USDA, and Justice. The draft statement has been approved by HUD, USDA, Justice, and the Office of White House Counsel.

A handwritten signature in dark ink, appearing to read 'Richard Darman', with a large, stylized initial 'R'.

Richard Darman
Director

Enclosures

Attachment

Other Significant Provisions in S. 566

S. 566 would:

- Restructure the Section 202 Elderly and Handicapped Housing Program to provide more assistance for housing for people with disabilities. The current program would be divided into two separate programs, one for the elderly and one for the handicapped. The new programs would provide capital grants, rather than loans, to private, non-profit organizations for the development of housing facilities. In addition, Federal rental assistance would fund operating costs above the income generated by rents.
- Amend HUD's CDBG program to: (1) increase from 60 to 70 percent the portion of grants that must be allocated to projects that benefit low- and moderate-income families; (2) allow assistance to for-profit entities for certain economic development projects; and (3) require Arizona, California, New Mexico, and Texas to set aside 10 percent of their CDBG funds in FY 1991 for water, sewer, and housing needs of "colonias" (communities designated by the State or county as having these needs) along the U.S.-Mexico border.
- Authorize appropriations of \$160 million for FY 1991 and \$167 million for FY 1992 for grants to eliminate drug use and drug-related crime in public and assisted housing projects.
- Provide for a greater income mix of public housing tenants by increasing from 5 to 15 percent the portion of public housing units that can be rented to families with incomes between 50 percent and 80 percent of the median income.
- Authorize appropriations of \$25 million for FY 1991 and \$26 million for FY 1992 to develop Family Investment Centers. These Centers would be in or near public housing where community training and support services could be provided.
- Authorize the use of public housing modernization funds to rehabilitate or dispose of vacant public housing units.
- Require HUD to study ways in which State and local pension funds can be used to finance construction of low- and moderate-income housing. A report would be due to Congress 90 days after enactment of this Act.

-- Terminate the following programs at the end of FY 1991:
grants for new construction and substantial
rehabilitation of rental housing; Section 312
Rehabilitation Loans; Nehemiah Housing Opportunity
Grants; Section 8 Moderate Rehabilitation; and Urban
Homesteading.

STATEMENT BY THE PRESIDENT

It is with great pleasure that I today sign S. 566, the "Cranston-Gonzalez National Affordable Housing Act." In addition to extending and reforming existing housing programs, this legislation creates and expands innovative new programs proposed by this Administration. These new programs will advance opportunities for homeownership and economic self-sufficiency in our Nation's most distressed communities. This Act is an exciting bipartisan initiative to break down the walls separating low-income people from the American dream of opportunity and homeownership.

I want to note the contributions of several people to the enactment of this landmark legislation, starting with Secretary of Housing and Urban Development, Jack Kemp. Secretary Kemp has brought a unique vision to his job and a commitment to empowerment as a tool to encourage individual dignity and initiative and reward productive work effort.

Many Members of Congress also made significant contributions to the bipartisan effort to produce a housing bill. A few deserve special recognition. Senators Alan Cranston and Al D'Amato have devoted the last several years to the passage of a comprehensive housing bill, and we would not be here today without their efforts. Likewise, I want to recognize the efforts of Congressmen Henry Gonzalez and Chalmers Wylie, whose spirit of cooperation throughout the legislative process helped bring us to this point.

S.566 contains the Homeownership and Opportunity for People Everywhere -- HOPE -- initiatives that my Administration submitted to Congress earlier this year. HOPE represents a dramatic and fundamental restructuring of housing policy. It recognizes that the poor and low-income tenants -- not public housing authorities and developers -- are our clients. HOPE will do what traditional programs have not done: empower low-income families to achieve self-sufficiency and to have a stake in their communities by promoting resident management as well as other forms of homeownership.

The cornerstone of HOPE is a program to provide grants to enable low-income families and tenants to become homeowners. HOPE homeownership grants can be used for planning activities, including the development of resident management corporations. They can also be used for rehabilitation and post-sale subsidies to help ensure the success of homeownership. HOPE grants are eligible to be used in public housing, and vacant, foreclosed, and distressed single-family and multifamily properties.

The legislation also includes my Administration's Operation Bootstrap -- or Family Self-Sufficiency -- proposal. In the past, public housing was seen as a long-term residence for low-income people. My Administration believes that Federal housing subsidies should serve as transitional tools to help low-income families achieve self-sufficiency, move up and into the private housing market, and join the economic mainstream. The Family Self-Sufficiency Program will assure that all new housing voucher

and certificate assistance is coordinated with employment counseling, job training, child care, transportation, and other services to encourage upward mobility.

S. 566 also authorizes our HOPE for Elderly Independence proposal to combine vouchers and certificates with supportive services to assist the frail elderly. In addition, it authorizes Shelter Plus Care, which couples housing assistance and other services to homeless persons with disabilities and their families.

This legislation also reflects the efforts of the Administration and Congress to enact needed reforms to the Federal Housing Administration's (FHA) single-family mortgage insurance program. These reforms will ensure that FHA is actuarially safe and financially sound. The bill's provisions meet the four principal objectives of my Administration's original FHA reform proposals: the achievement of adequate minimum capital standards by the earliest possible date; insurance premiums that reflect the risk of default; minimum equity contributions by borrowers to protect them and the insurance fund from default risk; and maintaining the emphasis of FHA on low- and moderate-income homebuyers. With these reforms, we will be ensuring the availability of FHA for future generations of families seeking to achieve homeownership.

I am pleased that this bill contains a solution to the preservation and prepayment question that reflects the Administration's basic principles. These include protecting

project residents from becoming homeless as a result of a mortgage prepayment; emphasizing alternative prepayment strategies that provide opportunities for homeownership; and honoring the contracts between project owners and the Federal Government.

One important preservation strategy is to provide project owners with economic incentives to maintain their properties for low-income use. I am concerned, however, that the incentives in S. 566 are more generous than are necessary, providing excessive benefits over the long term that will be paid by all taxpayers. Nonetheless, I recognize that this preservation proposal is a compromise, and that it represents a good faith effort by Congress to meet the Administration's concern that limited Federal funds be provided to those who need assistance.

This legislation provides a new block grant, HOME Investment Partnerships, to promote partnerships among the Federal Government, States, localities, nonprofit organizations, and private industry. These partnerships will seek to utilize effectively all available resources and a wide variety of approaches to meet housing needs.

My Administration has been concerned that the HOME program not become a vehicle for the production of new, federally subsidized rental housing at the expense of other, more efficient and better targeted subsidies, such as rental assistance to poor tenants.

I believe this legislation addresses our concerns, because it provides for a wide variety of uses for HOME funds, including tenant-based assistance. It also imposes higher State and local matching requirements for new construction than for tenant-based assistance or minor rehabilitation. In addition, it requires that 90 percent of HOME funds be targeted to families with incomes at 60 percent or below the area median income.

Unfortunately, this bill also sets aside up to 15 percent of total HOME funds in FY 1992 to be used solely for a rental housing production program. I do not believe that the earmarking of funds for new construction is consistent with the goal of providing States and localities with maximum flexibility to meet their specific affordable housing needs.

I am further concerned that this legislation, in several instances, would relax longstanding provisions of current law that provide a preference for housing assistance for those families who are most in need. Although the Federal Government currently serves about 4.3 million low-income families, there are about 4 million additional families, most of them very low-income, whose housing needs have not been met. We should not divert assistance from those who need it most.

Several additional provisions warrant careful construction to avoid constitutional concerns. For example, Section 302(b)(7) of the bill calls on the President to appoint one member of the Board of Directors of the National Homeownership Trust to represent consumer interests. In light of the President's power

under article II, section 2 of the Constitution, I sign this bill with the understanding that the individual appointed by the President to serve on the Board represents the United States as an officer of the United States. The requirement that this individual represent consumer interests does not constrain the President's constitutional authority to appoint officers of the United States, subject only to the advice and consent of the Senate.

Section 943(e)(3)(A) provides that the National Commission on Manufactured Housing "may secure directly from any department or agency of the United States such data and information as the Commission may require." I sign the bill with the understanding that this provision does not limit the constitutional ability of the President to withhold information, the disclosure of which might significantly impair the conduct of foreign relations, the national security, or the deliberative processes of the Executive branch or the performance of its constitutional duties.

Finally, it is the Federal Government's responsibility to ensure that the benefits of Federal programs are offered to individuals in a way consistent with the equal protection guarantee of the Constitution. In that regard, I am concerned about section 985(a) of the bill, which provides a preference to native Hawaiians for housing assistance programs for housing located in the Hawaiian homelands, and section 958(d)(1), which defines "native Hawaiian" in a race-based fashion. This race-based classification cannot be derived from the constitutional

authority granted to Congress and the Executive branch to benefit native Americans as members of tribes. I direct the Attorney General and the Secretary of Housing and Urban Development to prepare remedial legislation for submission to Congress during its next session, so that the Act can be brought into compliance with the Constitution's requirements.

I am pleased that, in crafting this legislation, Congress also has modified a number of the rural housing programs administered by the Department of Agriculture's Farmers Home Administration. As a result, these programs will be more responsive to the needs of low-income residents of small towns and rural areas. A significant change is a new program of guaranteed loans for homeownership by low- and moderate-income residents in rural areas. This housing reform will provide assistance to these individuals and families more effectively and efficiently.

In conclusion, this legislation represents true bipartisanship, considerable give-and-take, and good faith negotiation between Congress and the Administration. It reforms and reauthorizes existing programs to provide for community development, to operate and modernize public housing, and to assist in meeting the needs of low-income families, the elderly, and the handicapped. In addition, through HOPE, it provides the potential for the redirection of housing policy back toward the poor.

The signing of the "Cranston-Gonzalez National Affordable Housing Act" presents us with an opportunity to renew our commitment to the goals we all share: decent, safe, and affordable housing for all Americans.

Lincoln Day by Day

A CHRONOLOGY

1809-1865

EARL SCHENCK MIERS

Editor-in-Chief

VOLUME III: 1861-1865

C. PERCY POWELL

Washington : 1960

U.S. LINCOLN SESQUICENTENNIAL COMMISSION,
" "

request for reinforcements. *McClellan*, 345-46. After 3 P.M. Sen. Browning (Ill.) and President visit soldiers in hospital at Columbia College. Browning, *Diary*.

MAY 19. President declares Gen. Hunter's General Orders No. 11 freeing slaves in Dept. of South void, and "that neither General Hunter, nor any other commander, or person, has been authorized by the Government of the United States, to make proclamations declaring the slaves of any State free." [See May 9, 1862.] *CW*, V, 222-24. Congressional delegation from Maryland, with 50 constituents from Prince George's County, visits President regarding Fugitive Slave Law. Lincoln assures delegation that Gen. Wadsworth will enforce law in District of Columbia. *Ibid.*, 224; *N.Y. Tribune*, May 20; *Boston Advertiser*, May 20. Appoints Asst. Sec. of Treasury George Harrington "to discharge the duties of Secretary of the Treasury, during the absence of Salmon P. Chase." *CW*, V, 221.

In DC today!

MAY 20. President and group of public men observe experiments to test iron armor at Navy Yard. ^{in SE?} Washington *Star*, May 21. Says he will not relieve Gen. Hunter even on own request. DLC—SPC, *Ely to Chase*, May 20, 1862. At 6 P.M. Mrs. Lincoln and carriage call at Browning residence. President arrives on horseback. Goes riding with Sen. Browning (Ill.) and Capt. James N. Brown, Illinois cattleman. Browning, *Diary*. Approves act securing homesteads to actual settlers on public domain, act providing primary schools for public instruction in District of Columbia outside Washington and Georgetown, and act prescribing qualification (oath of allegiance) for electors in cities of Washington and Georgetown, D.C. *Stat. L.*, XII, 392, 394, 403. Inquires of Gen. McClellan: "Telegraph being open tell us the situation & suggest if you can anything about batteries at Fort Darling." *CW*, V, 224. Complies with request for autograph: "I beg that her ladyship [Sarah Sophia Fane, Lady Villiers] will accept the assurance of my sincere gratification at this opportunity of subscribing myself Very truly, Her Ladyship's obedient servant." *Ibid.*, 225.

I think he was in Wash. this day.

MAY 21. President at War Dept. by 7 A.M.; Sec. Stanton and Gen. Halleck join him there. Later he visits Gen. Burnside at Willard's Hotel. *LL*, No. 1281. Congressional delegation presents petition asking that Gen. C. S. Hamilton be restored to command. *CW*, V, 227. Lt. Col. Hicks at White House regarding appointment as aide-de-camp to Gen. Wool. *Ibid.*, 229. President communicates with Senate regarding arrests by military commander in Kentucky of persons suspected of secessionist sympathies. *Ibid.*, 227. Informs James Gordon Bennett that secretary of war "mixes no politics whatever with his duties." *Ibid.*, 225-26. Approves act providing for education of colored children in cities of Washington and Georgetown, D.C., and for other purposes. *Stat. L.*, XII, 407. "Library of the Executive Mansion" orders from W. F. Richstein: "1 set Stricklands England \$21.00, 1 set Stricklands Scotland \$20.00, 1 Mrs. Brownings Poems \$9.00, 1 Mrs. Sigourneys Poems \$1.25, 1 Mrs. Osgood Poems \$0.90."

In DC today

The War
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Second Bull Run — Antietam — Chaos 177

road, getting ten sections of land per mile alongside the right of way, with graduated Government loans on a per-mile basis—\$16,000 for level work, \$32,000 for desert work (the Great Basin), and \$48,000 for mountain work. As the bill stood now, it was under “military necessity” an offer to railroad financiers to push through a job that would tie the two coasts closer.

→ He signed the Homestead Bill May 20, 1862, giving a farm free to any man who wanted to put a plow to unbroken sod. Immense tracts of land were thrown open in the Western Territories. Anyone a citizen of the United States or taking out first papers declaring intention of citizenship, paying a registration fee of \$10 and staying on the same piece of ground five years, could have title papers making him the owner of 160 acres. Tens of thousands of Britons, Irish, Germans, Scandinavians came, many exclaiming, “What a good new country where they give away farms!” As a war measure touching enlarged food supply, and as an act fulfilling a Republican party pledge, Lincoln found it easy to sign the bill. ←

Chapter 9

Second Bull Run — Bloody Antietam — Chaos

The popular Orpheus C. Kerr [Robert H. Newell] and his nonsense helped relieve the gloom of some readers, including Lincoln. Kerr, August 9, 1862, set forth: “Notwithstanding the fact that President Lincoln is an honest man, my boy, the genius of Slumber has opened a large wholesale establishment here, and the tendency to repose is general.” And three weeks later: “As every thing continues to indicate, my boy, that President Lincoln is an honest man, I am still of the opinion that the restoration of the Union is

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WH

L: LINCOLN
=
THE PRESIDENT.

SPRINGFIELD TO BULL RUN

*



BY

J. G. Randall

PROFESSOR OF HISTORY
IN THE UNIVERSITY OF ILLINOIS

ILLUSTRATED

DODD, MEAD & COMPANY

NEW YORK - - 1956

recognized slavery, when other nations were treating it as an abomination and trying to stamp it out.

Sneers against the South as shiftless and unenlightened produced indignant reaction. Tempers of statesmen were on edge. They had been so for years. In December 1849 there had been bedlam in Congress when R. K. Meade of Virginia called William Duer of New York "a liar, sir." A duel was with difficulty averted, and, to quote the record, "Indescribable confusion followed—threats, violent gesticulations, calls to order, and demands for adjournment were mingled together."⁴ The sergeant at arms raised high his mace, which people had thought a mere ornament or symbol, and somehow business was resumed without a knock-down fight, but a dangerous point had been reached if men could not debate, organize, and legislate without personal explosions. What would now be called pulp melodrama—*Uncle Tom's Cabin*, published (in book form) in 1852—became a sensation, reaching a sale of 300,000 copies the first year. Though its author, Harriet Beecher Stowe, had been able to see good in Southerners, the book functioned as an antislavery tract and a slogan of pious conflict.

Westerners were demanding liberal homestead legislation, which men of the South were resisting. A plan for establishing colleges to teach agriculture and the mechanical arts with Federal land-grant aid, originating in Illinois, met also the obstacle of Southern opposition. Economic rivalries between North and South were aired and fanned in the pages of *DeBow's Review*—an influential Southern publication—and in the proceedings of Southern commercial conventions. Northern and Southern groups were contending for control of a future transcontinental railway. Immigrants crowding in from Europe made for Northern destinations by the hundreds of thousands in the fifties; they were tending to produce in portions of the North a human type quite different from the native-grounded population of the South.

Questions pertaining to slavery, however, were the focal points of trouble and dissension. Paradoxically the matter of slavery was both enlarged and constricted. It was enlarged in agitation as if the very essence of all Southern life depended on the peculiar institution, and as if the slightest breath of criticism directed against human

⁴ *Cong. Globe*, 31 Cong., 1 sess., 27; Craven, *The Coming of the Civil War*, 247.



*Thought you might
be interested
in the attached.*

Secretary

JACK KEMP

U. S. Department of Housing and Urban Development
Washington, D.C. 20410
(202) 708-0417

**Secretary Jack Kemp
Offers
A Progressive-Conservative Prescription
For a New War on Poverty**

Federal City Council Annual Meeting
Washington, D. C.

September 17, 1990



"As we approach the 21st century, let us resolve to make our legacy a successful war against poverty. Let's unleash the greatest wealth our Nation has, the pent-up talents and potential of our people. "

Jack Kemp
September 17, 1990

In the 1980's, the American economy experienced an unprecedented expansion, creating over 21 million new jobs -- more than Europe, Canada and Japan combined -- and more than 4 million new business enterprises. While the Nation's gross national product grew by 26.3 percent between 1983 and 1989, federal tax revenues expanded by 35.7 percent, twice as fast as they did in the 1970's. Federal income taxes paid by the top 1 percent of taxpayers surged by over 80 percent -- from \$51 billion in 1981 to \$92 billion in 1987.

The Reagan-Bush Administration rediscovered the classical prescription for noninflationary economic growth: sound money, income tax rate cuts across the board, and reductions in the growth of government spending and regulation. As a result, the world was lifted to a higher vision of what democratic capitalism could achieve in creating wealth and opportunity for people. By contrast, at the decade's end, the leader of the socialist world -- the Soviet Empire -- had become an economic basket case. The intellectual and political case for socialism had collapsed.

As we enter a tougher economic climate and experience slower growth, we must not choke off expansion with higher taxes, but instead stimulate the economy by enacting President Bush's proposed capital gains tax cut. This will free up investment capital for entrepreneurship and new job creation, generating billions of dollars of revenues for state and federal treasuries, and adding value to the financial assets of our Nation.

The creation of new businesses, the unleashing of innovative ideas, invigorates economies and markets. Economic growth in the 1980's confirmed that real wealth comes not from physical resources, but from human resources; not from mere things, but from the ideas, talents, and efforts of people. That's why the President and some courageous Republicans like Senators Bob Kasten and Connie Mack, House GOP Whip Newt

Gingrich, and Congressman Vin Weber want to add capital- and labor-based incentives to the tax code, such as the capital gains tax cut, Enterprise Zones, expanded Individual Retirement Accounts, and a higher earned income tax credit for the working poor.

While the 1980's were a period of unprecedented economic expansion, parts of our Nation and some of our people have been left behind, or worse, left out. Success has not been the only story of the 1980s; grinding poverty and homelessness, violent crime and drug abuse, and the growing numbers of broken families and mothers on welfare attest to the challenges that remain. These deeply disturbing problems signal the ongoing deterioration of many communities, especially minority communities.

In 1984, Governor Mario Cuomo was cheered at the Democratic Convention when he told his tale of America as two cities, one rich and one poor, permanently divided into two classes. With all due respect to his great rhetoric, the Governor got it wrong. America is not divided into two static classes with envy and redistribution the only answer. But our Nation is divided into two economies -- one is democratic capitalist, and based on private property; the other is near socialist, government-directed, and based on public ownership of property.

Our macro and mainstream economy is market-oriented, entrepreneurial, incentivized for working families; it rewards work, investment, saving and human productivity.

The second economy in our inner cities is similar in many ways to Eastern European, or Third World socialist economies. It is predicated on rules, regulations, and incentives that are directly opposite to those governing our mainstream economy.

The second economy almost guarantees poverty and dependency: -- it rewards welfare and unemployment at a higher level than working and productivity; -- it taxes and regulates the entrepreneur who

wants to succeed in the above-ground capitalistic system, while rewarding the underground economy of illicit capitalism; -- it rewards people who stay in public housing more than those who want to move up and out into private homeownership; -- it rewards the family that breaks up rather than the family that stays together; -- it encourages debt, borrowing, and spending more than saving, investing, and risk-taking. -- but worst of all, it weakens and, in some cases, destroys the link between effort and reward.

The irony is that the first war on poverty and much of our welfare system was created to help the poor, to alleviate suffering, and to provide a basic social safety net. But despite the noble intent, it has created dependency, welfare bureaucracy, and near pathological social conditions for some. Our country is now reaping this bitter harvest in terms of homeless women and children, unemployed fathers, and crack-addicted babies -- despair not hope, poverty not opportunity.

Examples abound of how disincentives have created poverty in inner cities. I recently read a **Wall Street Journal** article about a woman on welfare in Milwaukee, Wisconsin who tried to put away a few pennies, nickels, and dimes so that one day she could do what every mother wants to do -- send her daughter to college. She managed to build a savings account of just over \$3,000, but there was a catch: the welfare agency said she was violating welfare rules. She was taken into court, prosecuted for fraud, then fined \$15,000. But since she didn't have \$15,000, they took her \$3,000, gave her a year's sentence in jail, suspended it -- and in the process traumatized her life.

Guess what? She now spends every cent she gets, and relies on government subsidies to pay for just about everything. Incidentally, the story may have a happy ending for this woman. After I mentioned her story in a

speech, a man came forward from the audience and offered to finance a trust fund to cover the cost of a college education for the young girl.

The startling fact in America today is that the highest marginal tax rates are not paid by the affluent, but by welfare mothers or unemployed fathers who want to take a job. In most cities, a welfare mother must earn nearly \$18,000 in wages to equal her welfare payments. According to a study by Christopher Jencks and Kathryn Edin in the **American Prospect** magazine, a working mother with two children, employed at about \$5 an hour, would net **minus** 45 cents per hour. She would lose about \$4 a day after taking into account lost government benefits, taxes, and work-related expenses such as transportation and child care.

Eugene Lang, a wealthy New York businessman, also believes in the power of incentives to produce positive behavior. According to **The New York Times**, he told children in PS 121 elementary school in East Harlem that if they stayed in school, got good grades, and stayed drug free, he would personally pay for their college educations. Talk about results! Sixty percent of those children had been dropping out, but today 90 percent are in their first or second year of college.

Public housing is another example of government policies that perpetuate a poverty trap with disincentives to work and disincentives to build strong families. Because public housing authorities charge rents based entirely on a tenant's income, those rents actually can jump by 600 percent or more if the tenant gets married or takes a job. In some cases, rents exceed those charged in the private sector for similar dwellings.

We're instituting a new policy at HUD that sets "ceiling" rents at no higher than the market level. If a tenant takes a job or gets married, the rent increase will be put into an escrow or savings account, which will be

released to the family when they leave public housing, to pay, for example, for a downpayment on their first home. We want public housing -- indeed, all public assistance -- to become a platform for self-sufficiency, not a trap of dependency. HUD used to give awards for public housing residents who stayed in public housing the longest. We stopped that. Now, we're offering incentives to public housing tenants who move up and out into the private sector.

The heavily-regulated U.S. housing market is another example of government-created scarcity. Rent controls, exclusive zoning laws and building codes have crippled low-income rental housing markets in many cities. Ironically, rent controls often help the wealthy and hurt the poor. The **New York Times** recently editorialized that "Perversely, many poor families are the harshest losers from rent controls ... rent control has benefited the lucky, not the needy."

The real effect of rent control is to subsidize many upper and middle income families. Since rent controls create incentives for these families to stay in regulated apartments, these homes are not available for those with lower incomes. According to the **Times**, "some families in the highest income groups became even richer by buying apartments they rented, reselling them later at 10 and 15 times what they paid." Affordable housing is a real challenge, and the Administration is taking steps to solve it. State and local governments make the task difficult by imposing market-destroying regulations.

Another glaring example of counterproductive government policies is the way in which HUD subsidizes vacant public housing. It costs the taxpayer over \$1,300 per unit to support vacant public housing often used as crack houses for gangs and drug pushers. We've started a policy called Operation Occupancy to subsidize only homes actually occupied by low-income

people. But this important victory isn't yet won. Some House-Senate conferees on the Housing bill are trying to overturn our policy.

The good news is government policies can change. More important, people do respond to rewards. Productive human effort can be promoted; behavior can be modified; work effort can be unleashed. President Bush said making this happen means "giving people -- working people, poor people, all our citizens -- control over their own lives. It means a commitment to civil rights and economic opportunity for every American."

The Bush Administration is pursuing and expanding a national agenda to help low-income people combat poverty and despair. In his recent speech to Congress on the Persian Gulf crisis, President Bush mentioned this agenda -- the only domestic goal he spoke of not directly affected by that situation.

First, President Bush wants to cut the capital gains tax rate, not to help the rich, but to help the poor get rich in terms of opportunity.

As Abraham Lincoln said, "When one starts poor, as most do in the race of life, free society is such that he knows he can better his condition in life. I am not ashamed to confess that twenty-five years ago I was a hired laborer, mauling rails, at work on a flatboat -- just what might happen to any man's son! I want every man to have the chance ... in which he can better his condition -- when he may look forward and hope to be a hired laborer this year and next, work for himself afterward, and finally hire men to work for him. That is the true system."

In the spirit of Lincoln's vision, President Bush has asked Congress to cut the capital gains tax rate to 15 percent for the Nation -- and establish Enterprise Zones -- as a national policy to generate jobs, opportunities, and minority enterprise in our Nation's most distressed communities.

I believe we should set a goal of doubling or tripling the number of minority

business enterprises over the next decade. Earl Graves of **Black Enterprise** magazine has pointed out that black-owned firms still account for just 3 percent of all U.S. companies, with only 1 percent of gross receipts. This is not just a tragedy for the African-American community, but for all minorities. Worst of all, it hurts all of us when so many of our people lack access to capital, property, and resources.

Cutting the capital gains tax rate has worked before, and it can work again to powerfully stimulate minority businesses and job creation. In 1978, the Steiger amendment slashed the capital gains tax from more than 50 percent to 28 percent; in 1982, the Reagan/Bush tax cuts began to take effect, including our cut in capital gains to 20 percent. What happened?

Between 1977 and 1982, the number of black-owned businesses increased by 33 percent, and new Census Bureau figures show that, between 1982 and 1987, the number of black-owned companies jumped 38 percent -- growing two-and-a-half times faster than all new business formations in the same period.

While the 1986 tax reform lowered income tax rates across the board, Democratic leaders in Congress extracted a high price by demanding a 65 percent increase in the maximum tax rate on capital gains -- one of the largest increases in U.S. history!

Considering inflation, the real capital gains tax rate, according to a study by economist David Goldman, may easily be 75 percent or more. This punitive tax is staggering the entrepreneurial sector. Columnist Warren Brookes estimates that investment, which was growing at more than 7 percent annually before the tax hike, has slowed by 50 percent, and new business formation is actually declining for the first time in 10 years.

No one is hurt more by this than the poor and minorities who need access to the seed corn that a capital gains tax cut would

unlock. According to **Black Enterprise**, "The greatest deterrent to black economic advancement has been the lack of access to venture capital."

The refusal by Congressional leaders to cut the capital gains tax is counterproductive to our national goal of winning a war against poverty. The capital gains tax is not a tax on the rich; it's a tax on the creation of wealth. If the tax code taxes wealth at such a high rate that the wealth disappears, jobs will be destroyed and small business creation will drop. As jobs disappear, the poor will suffer the most. To make it worthwhile for people to innovate, to risk, and to create wealth, we've got to set a lower tax rate for risk income than for ordinary income.

Second on the President's agenda is resident management and urban homesteading in public housing to empower tenants to take control of their communities and achieve their dreams of homeownership. Under President Bush's leadership, we've recently set a goal of creating more than 1 million new homeowners by 1992 through FHA and our HOPE initiative, Homeownership and Opportunity for People Everywhere, which has passed the House and Senate and goes to conference this week.

Post columnist William Raspberry wrote recently "...when assets are present, people begin to think in terms of the asset. If a young mother owns her own home, she begins to pay attention to real estate values, property taxes, the cost of maintenance and so forth ... it is the assets themselves that create this effect, as opposed to just educational programs or exhortations toward better values."

Raspberry is right. Not only is homeownership and tenant empowerment a practical thing to do, it's a moral imperative.

Third, in order to create greater choice and independence, rental vouchers should be significantly increased and expanded. Low-income families should have greater

opportunity to live where they want and better access to affordable housing.

Fourth, tax reform is needed now to help remove more low-income families from the tax rolls and dramatically increase the net income of welfare mothers and unemployed fathers who get jobs. In 1948, a median-income family of four paid almost no income taxes, and only \$30 a year in direct Social Security taxes. This year, the same family's tax burden would be over \$6,000. To be as sensitive to families as in 1948, the personal exemption today would have to be well over \$6,000.

Fifth, it is essential to expand the earned income tax credit and pass the President's Child Care tax credit to roll back the huge burden on low-income families and unemployed parents. These can be paid for, in part, by the additional revenues gained from cutting the capital gains tax rate to 15 percent. The capital gains tax cut would expand tax revenues at all levels of government by spurring new economic growth.

Sixth, for homeless people, the Administration's new Shelter Plus Care plan will expand community-based mental health facilities, drug abuse treatment, job training, and day care. Shelter and support services are the key to helping homeless Americans re-enter the mainstream economy. If Congress passes HUD's budget request for 1991, including the Shelter Plus Care initiative, it will represent a 62 percent increase in homeless assistance over 1990 and nearly a 170 percent increase from 1989.

Seventh, to enhance education and opportunity, we must expand true choice and competition through magnet schools, education vouchers, tuition tax credits, and other policies which increase alternatives in education. Merit -- plus champions like State Representative Polly Williams in Wisconsin and Council Member Keith Butler in Detroit -- has rescued this idea from the partisan attacks of the past. Empowering parents with

choice in the education of their children deserves strong consideration.

Eighth, Congress should pass President Bush's HOPE legislation, which allows homebuyers to use IRA's to help purchase their first home, expands the low-income housing tax credit, and links housing vouchers to strategies for gaining self-sufficiency through a new program called Operation Bootstrap.

Today's debate over how to help low-income people is a debate between those who believe that people are a drain on resources and those who see that people are our greatest resource. It is a debate pitting hope and opportunity against the politics of envy. I believe that our greatest assets are not in the wealth we see around us but in the potential that is unseen -- minds yet to be educated, businesses yet to be opened, technologies yet to be discovered, jobs waiting to be created. Wealth is not what we've done, but what we have yet to do -- and we've got a lot to do.

I've travelled to hundreds of distressed communities and I know entrepreneurial capitalism and empowerment can work to create the wealth and opportunities of the future. As we approach the 21st century, let us resolve to make our legacy a successful war against poverty. Let's unleash the greatest wealth our Nation has, the pent-up talents and potential of our people.



*Thought you might
be interested
in the attached.*

Secretary

JACK KEMP

U. S. Department of Housing and Urban Development
Washington, D.C. 20410
(202) 708-0417

**"LINCOLN'S VISION OF DEMOCRACY"
BY SECRETARY JACK KEMP**



**REMARKS IN COMMEMORATION OF
ABRAHAM LINCOLN'S GETTYSBURG ADDRESS
PREPARED FOR DELIVERY TO THE LINCOLN FELLOWSHIP OF PENNSYLVANIA
SOLDIER'S NATIONAL CEMETERY; GETTYSBURG, PA**

NOVEMBER 19, 1990

"LINCOLN'S VISION OF DEMOCRACY"

On this field of honor 127 years ago, Providence revealed the future of mankind. The battle of Gettysburg confirmed that freedom is not just the God-given birthright of Americans, but the destiny of men and women everywhere.

Here a great battle was fought to save the Union ... but the battle and the war itself were incidental to the larger principle set forth 87 years before in the Declaration of Independence. Liberty itself hung in the balance ... a principle so vital to the nation that Mr. Lincoln had once said he "would rather be assassinated on this spot than to surrender it."

It is with special purpose that we return to this sacred site, for we cannot properly commemorate the Gettysburg Address of 1863 without celebrating what President Bush has called the "revolution of 1989."

A hymn of freedom is now resounding in an ever-rising chorus from around the globe. On the eve of a new millennium, people all over the world bear witness to the revelation of this battlefield ... and to the wisdom of Mr. Lincoln's timeless words.

Were he here today, Lincoln would remind us that this global surge towards freedom really began in the Revolution of 1776, the revolution whose promise won't be fulfilled until all nations embrace the inalienable rights Jefferson inscribed in our Declaration.

Abraham Lincoln was not the first to link the success of

American democracy to the hopes of all mankind. From our republic's earliest days, Washington, Hamilton, Jefferson, Webster, and other great statesmen believed that the American experiment in human freedom and democracy was without precedent. They knew, as did Mr. Lincoln, that if democracy failed here, it would not succeed anywhere.

But until the Civil War, the threat to American democracy had come only from foreign powers. Lincoln faced America's supreme crisis: the nation that embodied mankind's last best hope seemed hopelessly divided.

He believed that "as a nation of free men, we must live through all time, or die by suicide."

By a longstanding tradition now forgotten, Presidents rarely gave public addresses after their inauguration. Gettysburg was one of Lincoln's few exceptions. He yearned for this occasion to unfold the profound meaning of these patriot graves and implant it deep in every American heart.

On the day of dedication, the President led the procession, riding upright on horseback. Suddenly the cemetery came into view with its thousands of wooden crosses ... the temporary resting sites of the fallen. Lincoln's head bowed in reverence.

When later he rose to speak after Edward Everett's grand two hour oration, the huge crowd, standing so long and restlessly, was hushed. Men removed their hats ... 15,000 people leaned forward to catch the President's opening words.

Lincoln did not invoke Jefferson's "self-evident truths."

In but 268 inspired words, he spoke instead of an American "proposition" dedicated to the future of human equality and liberty.

Democracy is not a mathematical deduction proven once for all time. Democracy is a just faith ... fervently held ... a commitment to be tested again and again in the fiery furnace of history.

President Lincoln came to Gettysburg to teach us that our nation was born of an age-old dream and charged with an eternal mission ... a nation impelled by its faith to perfect itself. America was to be a "light unto the nations."

Slavery was the first great test challenging democracy's central principle of equality. Lincoln's moral indignation over slavery was unbounded. In his Peoria speech replying to Senator Douglas, he said:

I hate ... the monstrous injustice of slavery itself. I hate it because it deprives our republican example of its just influence in the world -- enables the enemies of free institutions, with plausibility, to taunt us as hypocrites -- causes the real friends of freedom to doubt our sincerity, and especially because it forces so many really good men amongst ourselves into an open war with the very fundamental principles of civil liberty -- criticizing the Declaration of Independence, and insisting that there is no right principle of action but self-interest.

Slavery was an abomination, a hideous stain defiling the nation's soul; it could only be cleansed by a baptism of fire in civil war.

Since the day Lincoln was taken from us by an assassin's hand, American democracy has met other challenges again and again

... the injustice of segregation ... the evil of Jim Crow laws
... the despair of the Great Depression ... the crises of two
world wars ... the shameful denial of voting rights.

And our democracy is being tested today by levels of
poverty, homelessness, and despair unacceptable to a
compassionate and affluent nation. As the world's example of
democracy we must make it work better at home.

While acknowledging the achievements of the last decade --
the restoration of the spirit of entrepreneurial capitalism at
home, the collapse of communist totalitarianism abroad, and the
beginning of the triumph of democratic ideals throughout the
world -- we must recognize that our work is not yet done, that
there is much left to be accomplished. Far too many black and
minority Americans have yet to share in our national prosperity
and the full promise of the American Dream.

At a time when democracy is capturing the imagination of
Eastern Europe, we are challenged at home in those poor
communities where democratic opportunity and entrepreneurial
capitalism have yet to be extended, or even tried.

We must build a new national consensus around economic
growth and opportunity, greater access to property, jobs and
entrepreneurship. For those left out or left behind, we must
bring the great promise of democracy to every community, to every
city, and to all our people.

Abraham Lincoln -- the only Chief Executive to have presided
over a full scale civil war -- was unparalleled as a proponent of

economic and political consensus. No American statesman ever championed the cause of national unity with stronger resolve.

So opposed was Lincoln to dividing the nation that after the fearsome battle in these very fields, he paid profound tribute to all the "honored dead," resisting in magnanimous silence any distinction between the slain of the South and the slain of the North.

In his pleas for unity, we hear an echo of his first inaugural address, "We are not enemies, but friends. We must not be enemies. Though passion may have strained, it must not break our bonds of affection." And while Lincoln's plea went unheeded, he insisted that Americans were one people, one nation "conceived in liberty," one family with a stake in each other's welfare ... and civil war itself could not shake his conviction.

Lincoln helped establish a political party to form a new national consensus around the Declaration of Independence. Yet he always put country before party and the next generation before the next election.

His expansive vision of democracy elevated him above any politics of division, envy, and conflict.

Today we hear much in our politics about division ... of rich against poor, black versus white ... indeed almost of class warfare, disguised as one word -- "fairness."

In today's political vocabulary, fairness seems to have become a euphemism for redistribution of wealth. But any true concept of fairness must recognize the necessity of a link

between reward and individual human effort.

The advocates of egalitarianism and class warfare talk as if there are limits to growth ... only so much wealth to go around ... that life is a static condition ... and that poverty is perpetual.

Lincoln ridiculed this theory. He envisioned an America where freedom is inseparable from economic, political, and social opportunity, and upward mobility.

As he put it, the "progress by which the poor, honest, industrious, and resolute man raises himself, that he may work on his own account, and hire somebody else ... is the great principle for which this government was really formed."

We were fortunate to have Governor Cuomo of New York here last year to remind us that Lincoln needs to be shared with the world. He deserves our gratitude for organizing a group of scholars to translate Lincoln's words on democracy for the people of Poland. This was an act of enormous generosity and wisdom, and let's pray that Lincoln will soon be available to all peoples in every language.

But wouldn't it be tragic if Lincoln's teachings were misinterpreted?

At the very moment when liberal democracy, private property, and free enterprise are bringing down the Iron Curtain and tearing down the wall between East and West, we in America are being asked to choose between two opposing ideas -- the politics of class warfare or Lincoln's all embracing vision of boundless

democratic opportunity.

According to the politics of division, we are told that America is divided in two ... two peoples, one rich, one poor ... two classes, one upper, one under ... two cities, one glittering, the other despairing. This division, we are told, is near immutable, and redistribution of wealth is the only way to make peace.

We are even supposed to conclude that a Lincoln of our day would elevate the poor by redistributing wealth ... that he would provide for some at the expense of others.

Of course Mr. Lincoln would be deeply concerned about the extent of poverty, but rather than evoke class conflict, I believe he would move to place poverty, homelessness, and despair on the same "course of ultimate extinction" that he proposed for slavery in his own time.

Let me share Lincoln's very own words with you:

"I don't believe in a law to prevent a man from getting rich," he said, "it would do more harm than good ... I want every man to have the chance -- and I believe a black man is entitled to it -- in which he can better his condition -- when he may look forward and hope to be a hired laborer this year and the next, work for himself afterward, and finally to hire men to work for him! That is the true system."

Lincoln's legacy cannot honestly be claimed by those who would diminish one person to elevate another.

Why struggle to redistribute existing wealth? Let us commit

ourselves to Lincoln's vision of democracy -- creating new wealth, empowering the poor, opening up access to property, expanding homeownership, creating more jobs, encouraging more entrepreneurs, reducing the need for welfare.

We all know he favored opening public lands as plots for the poor. He wanted every poor family to have the opportunity to own their own home and have access to property ... and in return, they would build the home and improve the land.

Lincoln's Homestead Act of 1862 gave 160 acres to any poor family who wanted to carve their share of the American Dream out of the wilderness.

It was one of the most popular measures in American history -- and today it is the source of inspiration for a new homesteading program in urban America. We in the Bush Administration will provide any resident of public housing the same kind of opportunity to control, manage, and ultimately own his or her very own home.

Yet the Homestead Act did not enhance and empower government. It enhanced and empowered people. It not only emancipated the economy; it helped emancipate the poor from poverty and government dependency. Today, turning low-income people into property owners is the next vital step in combating the conditions of poverty and making democracy work.

Mr. Lincoln would not offer government as the first alternative for dealing with problems. He would focus government action where it could be used best -- to break down barriers to

freedom and opportunity ... to enable every man and woman to fulfill their potential, develop their God-given talent, and pursue their inalienable right to human happiness.

After all, isn't that what the terrible battle fought here was really about ... the noblest effort any people ever made to dismantle the cruelest barrier to human freedom?

127 years after Gettysburg, Lincoln's belief that all human beings are created equal and endowed with inalienable rights -- the faith upon which liberal democracy is based -- is beginning to prevail around the world.

Because of democracy's long march from Independence Hall through Gettysburg to the very streets of Moscow, the world knows the simple yet profound truth: the yearning for freedom cannot be extinguished ... the struggle for inalienable rights will never end short of victory ... nothing can deny the transcendence of democracy.

As Americans, we cannot rest until the blessings we enjoy are shared by all. Let us fulfill our Nation's destiny by making Mr. Lincoln's great proposition of democracy -- set forth on this battlefield -- into a self-evident truth for every man, woman, and child on this earth.

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Week Ending Friday, January 27, 1989

Inaugural Address

January 20, 1989

Mr. Chief Justice, Mr. President, Vice President Quayle, Senator Mitchell, Speaker Wright, Senator Dole, Congressman Michel, and fellow citizens, neighbors and friends:

There is a man here who has earned a lasting place in our hearts and in our history. President Reagan, on behalf of our nation, I thank you for the wonderful things that you have done for America.

I've just repeated word for word the oath taken by George Washington 200 years ago, and the Bible on which I placed my hand is the Bible on which he placed his. It is right that the memory of Washington be with us today not only because this is our Bicentennial Inauguration but because Washington remains the Father of our Country. And he would, I think, be gladdened by this day; for today is the concrete expression of a stunning fact: our continuity these 200 years since our government began.

We meet on democracy's front porch. A good place to talk as neighbors and as friends. For this is a day when our nation is made whole, when our differences, for a moment, are suspended. And my first act as President is a prayer. I ask you to bow your heads.

Heavenly Father, we bow our heads and thank You for Your love. Accept our thanks for the peace that yields this day and the shared faith that makes its continuance likely. Make us strong to do Your work, willing to heed and hear Your will, and write on our hearts these words: "Use power to help people." For we are given power not to advance our own purposes, nor to make a great show in the world, nor a name. There is but one just use of power, and it is to serve people. Help us remember, Lord. Amen.

I come before you and assume the Presidency at a moment rich with promise. We live in a peaceful, prosperous time, but we can make it better. For a new breeze is

blowing, and a world refreshed by freedom seems reborn. For in man's heart, if not in fact, the day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient, lifeless tree. A new breeze is blowing, and a nation refreshed by freedom stands ready to push on. There is new ground to be broken and new action to be taken. There are times when the future seems thick as a fog; you sit and wait, hoping the mists will lift and reveal the right path. But this is a time when the future seems a door you can walk right through into a room called tomorrow.

Great nations of the world are moving toward democracy through the door to freedom. Men and women of the world move toward free markets through the door to prosperity. The people of the world agitate for free expression and free thought through the door to the moral and intellectual satisfactions that only liberty allows.

We know what works: Freedom works. We know what's right: Freedom is right. We know how to secure a more just and prosperous life for man on Earth: through free markets, free speech, free elections, and the exercise of free will unhampered by the state.

For the first time in this century, for the first time in perhaps all history, man does not have to invent a system by which to live. We don't have to talk late into the night about which form of government is better. We don't have to wrest justice from the kings. We only have to summon it from within ourselves. We must act on what we know. I take as my guide the hope of a saint: In crucial things, unity; in important things, diversity; in all things, generosity.

America today is a proud, free nation, decent and civil, a place we cannot help but love. We know in our hearts, not loudly and proudly but as a simple fact, that this country has meaning beyond what we see, and that our strength is a force for good. But have we changed as a nation even in

our time? Are we enthralled with material things, less appreciative of the nobility of work and sacrifice?

My friends, we are not the sum of our possessions. They are not the measure of our lives. In our hearts we know what matters. We cannot hope only to leave our children a bigger car, a bigger bank account. We must hope to give them a sense of what it means to be a loyal friend; a loving parent; a citizen who leaves his home, his neighborhood and town better than he found it. And what do we want the men and women who work with us to say when we're no longer there? That we were more driven to succeed than anyone around us? Or that we stopped to ask if a sick child had gotten better and stayed a moment there to trade a word of friendship?

No President, no government can teach us to remember what is best in what we are. But if the man you have chosen to lead this government can help make a difference; if he can celebrate the quieter, deeper successes that are made not of gold and silk but of better hearts and finer souls; if he can do these things, then he must.

America is never wholly herself unless she is engaged in high moral principle. We as a people have such a purpose today. It is to make kinder the face of the Nation and gentler the face of the world. My friends, we have work to do. There are the homeless, lost and roaming. There are the children who have nothing, no love and no normalcy. There are those who cannot free themselves of enslavement to whatever addiction—drugs, welfare, the demoralization that rules the slums. There is crime to be conquered, the rough crime of the streets. There are young women to be helped who are about to become mothers of children they can't care for and might not love. They need our care, our guidance, and our education, though we bless them for choosing life.

The old solution, the old way, was to think that public money alone could end these problems. But we have learned that that is not so. And in any case, our funds are low. We have a deficit to bring down. We have more will than wallet, but will is what we need. We will make the hard choices, looking at what we have and perhaps allocating it differently, making our

decisions based on honest need and prudent safety. And then we will do the wisest thing of all: We will turn to the only resource we have that in times of need always grows: the goodness and the courage of the American people.

And I am speaking of a new engagement in the lives of others, a new activism, hands-on and involved, that gets the job done. We must bring in the generations, harnessing the unused talent of the elderly and the unfocused energy of the young. For not only leadership is passed from generation to generation but so is stewardship. And the generation born after the Second World War has come of age.

I have spoken of a thousand points of light, of all the community organizations that are spread like stars throughout the Nation, doing good. We will work hand in hand, encouraging, sometimes leading, sometimes being led, rewarding. We will work on this in the White House, in the Cabinet agencies. I will go to the people and the programs that are the brighter points of light, and I'll ask every member of my government to become involved. The old ideas are new again because they're not old, they are timeless: duty, sacrifice, commitment, and a patriotism that finds its expression in taking part and pitching in.

We need a new engagement, too, between the Executive and the Congress. The challenges before us will be thrashed out with the House and the Senate. And we must bring the Federal budget into balance. And we must ensure that America stands before the world united, strong, at peace and fiscally sound. But of course things may be difficult. We need to compromise; we've had dissension. We need harmony; we've had a chorus of discordant voices.

For Congress, too, has changed in our time. There has grown a certain divisiveness. We have seen the hard looks and heard the statements in which not each other's ideas are challenged but each other's motives. And our great parties have too often been far apart and untrusting of each other. It's been this way since Vietnam. That war cleaves us still. But, friends, that war began in earnest a quarter of a century ago, and surely the statue of limitation has been reached. This is a fact: The

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final lesson of Vietnam is that no great nation can long afford to be sundered by a memory. A new breeze is blowing, and the old bipartisanship must be made new again.

To my friends—and, yes, I do mean friends—in the loyal opposition—and, yes, I mean loyal, I put out my hand. I am putting out my hand to you, Mr. Speaker. I am putting out my hand to you, Mr. Majority Leader. For this is the thing: This is the age of the offered hand. And we can't turn back clocks, and I don't want to. But when our fathers were young, Mr. Speaker, our differences ended at the water's edge. And we don't wish to turn back time, but when our mothers were young, Mr. Majority Leader, the Congress and the Executive were capable of working together to produce a budget on which this nation could live. Let us negotiate soon and hard. But in the end, let us produce. The American people await action. They didn't send us here to bicker. They ask us to rise above the merely partisan. "In crucial things, unity"—and this, my friends, is crucial.

To the world, too, we offer new engagement and a renewed vow: We will stay strong to protect the peace. The offered hand is a reluctant fist, once made, strong and can be used with great effect. There are today Americans who are held against their will in foreign lands and Americans who are unaccounted for. Assistance can be shown here and will be long remembered. Good will begets good will. Good faith can be a spiral that endlessly moves on.

Great nations like great men must keep their word. When America says something, America means it, whether a treaty or an agreement or a vow made on marble steps. We will always try to speak clearly, for candor is a compliment; but subtlety, too, is good and has its place. While keeping our alliances and friendships around the world strong, ever strong, we will continue the new closeness with the Soviet Union, consistent both with our security and with progress. One might say that our new relationship in part reflects the triumph of hope and strength over experience. But hope is good, and so is strength and vigilance.

Here today are tens of thousands of our citizens who feel the understandable satisfaction of those who have taken part in de-

mocracy and seen their hopes fulfilled. But my thoughts have been turning the past few days to those who would be watching at home, to an older fellow who will throw a salute by himself when the flag goes by and the woman who will tell her sons the words of the battle hymns. I don't mean this to be sentimental. I mean that on days like this we remember that we are all part of a continuum, inescapably connected by the ties that bind.

Our children are watching in schools throughout our great land. And to them I say, Thank you for watching democracy's big day. For democracy belongs to us all, and freedom is like a beautiful kite that can go higher and higher with the breeze. And to all I say, No matter what your circumstances or where you are, you are part of this day, you are part of the life of our great nation.

A President is neither prince nor pope, and I don't seek a window on men's souls. In fact, I yearn for a greater tolerance, and easy-goingness about each other's attitudes and way of life.

There are few clear areas in which we as a society must rise up united and express our intolerance. The most obvious now is drugs. And when that first cocaine was smuggled in on a ship, it may as well have been a deadly bacteria, so much has it hurt the body, the soul of our country. And there is much to be done and to be said, but take my word for it: This scourge will stop.

And so, there is much to do. And tomorrow the work begins. And I do not mistrust the future. I do not fear what is ahead. For our problems are large, but our heart is larger. Our challenges are great, but our will is greater. And if our flaws are endless, God's love is truly boundless.

Some see leadership as high drama and the sound of trumpets calling, and sometimes it is that. But I see history as a book with many pages, and each day we fill a page with acts of hopefulness and meaning. The new breeze blows, a page turns, the story unfolds. And so, today a chapter begins, a small and stately story of unity, diversity, and generosity—shared, and written, together.

Thank you. God bless you. And God bless the United States of America.

Note: The President spoke at 12:05 p.m. from a platform erected at the West Front of the Capitol. Immediately before the address, the oath of office was administered by Chief Justice William H. Rehnquist. The address was broadcast live on radio and television.

Proclamation 5936—National Day of Prayer and Thanksgiving, 1989
January 20, 1989

By the President of the United States of America

A Proclamation

On this Bicentennial of the Presidency of the United States of America, it is fitting to recall our first President, George Washington, who believed in our country's divine destiny. He said, "No people can be bound to acknowledge and adore the invisible hand, which conducts the affairs of men, more than the people of the United States."

As we celebrate this American Bicentennial Presidential Inaugural, we celebrate America's brotherhood—our common ideals, our common kinship, our national unity. We celebrate America as "one nation under God."

As I assume the office of President, I am humbled before God and seek His counsel and favor on our land, and join with our first President who said, "... it would be peculiarly improper to omit in this first official act, my fervent supplications to that Almighty Being who rules over the universe ... that his benediction may consecrate to the liberties and happiness of the people of the United States, a government instituted by themselves for these essential purposes."

Now, Therefore, I, George Bush, President of the United States of America, by the authority vested in me by the Constitution and laws of the United States, do hereby proclaim January 22, 1989, a National Day of Prayer and Thanksgiving and call upon the citizens of our great Nation to

gather together on this day in homes and places of worship to pray in thanksgiving for our blessings of peace, freedom, prosperity, and Independence. Let all Americans kneel humbly before our Heavenly Father in search of His counsel and for His divine guidance and wisdom upon the leaders of the United States of America.

In Witness Whereof, I have hereunto set my hand this twentieth day of January, in the year of our Lord nineteen hundred and eighty-nine, and of the Independence of the United States of America the two hundred and thirteenth.

George H.W. Bush

[Filed with the Office of the Federal Register, 12:07 p.m., January 23, 1989]

Remarks to Visitors of the White House
January 21, 1989

The President. Good morning, everybody. Thank you. Thank you all very much. Let me just say that I know some of you have been up all night long. And so, what we want to do is not delay this but take whoever is first. And I gather that's been sorted out by whoever got first in line into the—

Visitors. No!

The President. Not quite?

Visitors. No!

The President. Okay, so there's some injustice out there. *[Laughter]*

Visitor. We love you, George. I love you.

The President. No, but this is the people's house, and it just seemed appropriate on this first day that we welcome as many as we can. I have a little hiatus in the middle because I do have to go over to this building. I'm sure most of you recognize that as the West Wing, and then the office you see in the corner is the President's Oval Office. And I have to go sign one or two things and at least start to work over there, and then I will come back. Barbara will be here—some of our kids inside. But we just wanted to wish you well and welcome you to the people's house.

Thank you. We'll see you.

Note: The President spoke at 12:05 p.m. from a platform erected at the West Front of the Capitol. Immediately before the address, the oath of office was administered by Chief Justice William H. Rehnquist. The address was broadcast live on radio and television.

Question-and-Answer Session with Reporters
January 21, 1989

The President. [Helen Thon]

First Day of the Presidency

Q. How are you, President?

The President. The President is now, after the inaugural ceremony, feeling a great joy to last night. On about 6 a.m.

pumped a hard workout looking good. You'd call a 10.

Q. Which?

The President. "Thousand"

across in the exciting over the family. We have a lot.

Mrs. Bush.

The President.

Mrs. Bush.

Q. Are you responsible?

Mrs. Bush.

Q. What?

Mrs. Bush.

Q. What?

Mrs. Bush.

Q. What?

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THE WHITE HOUSE

WASHINGTON

November 16, 1990

MEMORANDUM

SUBJECT: Empowerment

"An election that is about ideas and values is also about philosophy. And I have one. At the bright center is the individual. And radiating out from him or her is the family, the essential unit of closeness and of love....

From the individual to the family to the community, and on out to the town, to the church and school, and, still echoing out, to the county, the state, the nation -- each doing what it does well, and no more. And I believe that power must always be kept close to the individual -- close to the hands that raise the family and run the home....

And there is another tradition. And that is the idea of community -- a beautiful word with a big meaning. Though liberal democrats have an odd view of it. They see "community" as a limited cluster of interest groups, locked in odd conformity. In this view, the country waits passive while Washington sets the rules.

But that's not what community means -- not to me."

Vice President Bush's Acceptance Speech, August 18, 1988

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the people.

U.S. Constitution, Amendment X

We Republicans have struggled for sixty years to reconcile our belief in the importance of self-government and liberty with the emergence of the big-government welfare state. We have fought government and sometimes appeased it, but never embraced it and instilled it with our middle class sensibilities.

The President has embraced the belief that government should help people -- the premise behind the creation of the welfare state -- without embracing the status quo. Democrats who interpret the President's call for a kinder and gentler nation as a call for more of what they propose totally miss the point. The President does not question whether government should help: it should. Instead, the Bush Administration has focused on how

government should help: make it work for people. His framework for domestic policy is fundamentally different from the old "social engineering" paradigm still favored by liberals.

Conservative policy-makers do not ignore human nature; they build with it, not against it. All people, rich, poor and those in between, have certain basic yearnings and abilities. The intensity of those yearnings varies, as does the range of ability -- not to mention the will or the resources necessary to develop ability. Still, there is something universal, something natural, about the yearnings of people. Certainly, the changes sweeping Europe, Central America and Asia all have a common thread: the yearning, or will, to be free.

Will power is encouraged by opportunity, unleashed by liberty and channeled by responsibility. All three -- opportunity, liberty and responsibility -- are preconditions of self-governance. And self-governance is the key to freedom. This has been proven again and again by the defeat of socialism in different cultures and in both the developed and the developing world these past few years.

The reform of domestic policy is motivated by the observation that despite cultural differences or economic condition, all people yearn to be free and all people achieve more through self-governance. Government aid should provide opportunity and encourage responsibility without limiting liberty.

In other words, we need to give people the power to make choices and the incentive to act responsibly. We need to strengthen the link between effort and reward for low income Americans; between choice and consequences. This is empowerment.

The liberal objective is to "do what's best" for people -- and liberals think they know what is best. They want to change society from the top down. The result is the centralized, bureaucratic approach to helping people favored by socialists.

The President is not out to shape society from on high, but to empower people to change their own lives. This is a dramatic change from the philosophy that has dominated domestic policy for sixty years. The liberals controlling Congress have passed law after law, created program after program, so much of which submerged the individual to the "greater good" of a new society conceived by well-meaning, if somewhat elitist, intellectuals.

We know that the status quo created by focusing on **society** instead of on the **individual** is a failure -- and a costly failure

at that. It has been costly not only in terms of wasted tax dollars but in the wasted lives of the very people who were supposed to benefit from the deals and great societies of the past. Too many people are now trapped in a cycle of dependency and despair because the liberal architects were suspicious of a basic building block: human nature.

The result, as we see now, is government of the bureaucrats, by the bureaucrats and for the bureaucrats. We need to reduce the role of bureaucrats in providing aid to people. We need a new paradigm for government to replace the bureaucratic model and to return power to people.

The President has already started to present a new model for government without defining it as such. Nearly all of the President's domestic initiatives were shaped by the philosophy of empowerment; government working for people by providing the resources, the authority and the incentive for each individual to govern themselves.

Enterprise zones may be the most promoted, and crime fighting the most overlooked, examples of empowerment. Safe streets, drug-free schools and neighborhoods reclaimed for families are essential ingredients to opportunity and personal empowerment. Four other Bush Administration initiatives are also models for empowerment: Community service; child care; resident management and ownership; and educational choice.

COMMUNITY SERVICE

"It's not simply volunteering, but the personal act of helping another individual in need, which gives us membership in a community. Giving and expecting nothing in return is what it means to be a citizen. Volunteering is an act. It's an act of heroism on a grand scale."

President Bush, April 10, 1989

"I'm not talking about another government program. Another bureaucracy is the last thing we need. Believe me, I understand that. [Service] is a movement, a way of looking at life."

President Bush, June 21, 1989

"We must uphold those ideals through what I call one-to-one caring. Each of us can make a difference in the life of

another.... the need for involvement in the lives of others is not just a problem outside our borders: empowerment must be for Americans, too."

President Bush, May 12, 1990

The President's community service initiative is the ultimate empowerment program, precisely because it is expressly not a new government program. By enlisting individuals instead of creating bureaucracies, it offers a collection of real "micro" solutions to the problems of our communities instead of a single "macro" program.

By highlighting the efforts of volunteers daily, the President is trying to make individuals aware that they have the power to change their community -- indeed, it is a person's responsibility as a member of the community to help others. The President shows that individuals and groups are coming up with solutions that work all around the country -- all without a blueprint conceived by self-proclaimed government experts.

CHILD CARE

"George Bush designed his child care policy so that government empowers parents instead of trying to replace them. George Bush believes ... that parents, empowered with a full range of choice and consumer information, are the best judges and enforcers of quality child care. Far-away regulation writers and once-a-year inspections cannot and must not replace parental and community responsibilities."

Invest in Our Children Fact Sheet p.6, October 1988 (Reproduced in Leadership on the Issues, p.154-6 10/88)

"H.R. 5835 also contains child care provisions, strongly supported by this Administration, that will enlarge the opportunities of parents to obtain the child care they desire, including care that is provided by sectarian institutions if the parents so choose. The largest portion of this new child care program will come from tax credits to people -- as requested by the Administration. In addition, a Child Care and Development Block Grant program includes provisions for the issuance of child care certificates or vouchers that would enable parents to exercise their own judgement as to what type of child care best suits the particular needs of their own child."

Signing Statement by the President, November 5, 1990

The President's Child Care initiative is one of the first accomplishments of an empowerment agenda. There are two truths

about child care. First, parents have stronger incentives than bureaucrats to assure the well-being of their children. Bureaucrats would inevitably exercise their power to limit the power of parents to choose care for their children. Second, not all parents choose the same type of care for their children -- indeed, there is no such thing as ideal care.

The liberal Democrats, on the other hand, were pressing for a state-managed child care system, complete with licensing, regulations and inspections. A government employee, not the parents, would have final say over what type of care was available and who could be subsidized. One has to wonder who the Democrats were really hoping to help: the aid recipient or the aid giver?

Although the liberal Democrats control Congress, the President was eventually able to enact his approach because a proposal that increases the power to choose is intrinsically better than a proposal that forces people to trade choice for aid. Not only did the Administration have a better idea, we explained it to the American people and fought for it on Capitol Hill. Without our active support, even good ideas will go nowhere.

RESIDENT MANAGEMENT AND OWNERSHIP OF PUBLIC HOUSING

"George Bush believes in putting more power in the hands of people, not government. He will help low income people meet rents too high for them to afford, and will enable them for the first time to own and be responsible for their own homes....

In the last decade, a new and exciting form of home ownership has been growing -- tenant control and ownership of public housing. The results of giving tenants control have been remarkable:

- o More people pay their rent;
- o Maintenance improves;
- o Operating costs decline;
- o Crime rates plummet;
- o Employment goes up;
- o Education receives a new boost -- more kids stay in school and go to college where none had ever gone

before."

George Bush on the Homeless, Housing and Fair Housing Fact Sheet, September 22, 1988 (Reproduced in Leadership on the Issues, p.182-3)

Tenant management and ownership is a third example of empowerment. It unhooks low-income families from the direct control of the state in the most sacred sphere of individual power and expression: the home. It returns to residents the responsibility for the care and protection of their immediate community and gives each person the incentive to improve their neighborhood. It enables each resident to take a stake in society. As a result, tenant management and ownership provides all sorts of secondary benefits to the residents -- and to society -- as mentioned above.

Clint Bolick of the Landmark Legal Foundation relates a conversation he had with a public housing resident -- and former Black Panther -- in St. Louis about our tenant power initiative. She said "the Democrats always say they want to help us. But when we ask for the keys to the place, they won't give them to us. They offer us more money instead. You Republicans, you give us the keys. I'm starting to like Republicans."

That story speaks almost as loudly as the results from the projects that the tenants have taken over. Coopers and Lybrand attempts to quantify the direct monetary benefit in a study of one tenant-run project. They estimate that it saved the city \$785,000 over the first four years. If the trends continue for the next 6 years, it could save \$3.7 million more. Perhaps the real benefit is the renewal of opportunity -- of the American dream -- where before there was only dependence and despair.

CHOICE IN EDUCATION

"It is time for a second great wave of education reform -- not helter-skelter, not here and there, but everywhere -- in every state, in every district, for every school and every student in America. Those good and tested reform ideas of recent years must become universal -- universally understood and applied, and thus universally enjoyed by our children. Certainly among the most promising of these ideas -- perhaps the single most promising of these ideas -- is choice.

Choice plans that are intelligently conceived, implemented, and monitored -- plans like magnet schools, open enrollment programs, and other innovative mechanisms -- restore that opportunity to our families. They give parents back their voices and their proper determining roles -- in the makeup of children's

education. They give schools a chance to distinguish themselves from one another, and a chance to compete for and earn the loyalty of the students and families they serve. And choice plans work."

President-Elect Bush, Remarks at White House Workshop on Choice in Education, January 10, 1989

"In Milwaukee, Wisconsin because of a grassroots movement made up largely of poor, inner city parents, a new experiment in choice is applying the leverage of competition and stimulating change. Thanks to Polly Williams, once a welfare mother of four and now a state legislator, low-income parents can choose to send their kids to private non-sectarian schools with money from the public school system's budget paying \$2500 in tuition for each student. Choice empowers people. And it puts competition to work, improving schools for every student."

President Bush, National Teacher of the Year Award Remarks, April 4, 1990

As a paradigm of empowerment, educational choice contains all the elements outlined earlier: enhancing the power (and the responsibility) of parents; creating new incentives for schools to reform themselves; and shifting resources to programs -- in this case schools -- that work. If a child's school does not perform, the parents can do more than try to complain to unresponsive bureaucrats, they can act. It changes the balance of power between parents and administrators, which may explain why the education establishment resists choice so vigorously.

Clint Bolick, who represented Polly Williams when the establishment, including the "civil rights" groups purporting to represent the interests of low-income black Americans, challenged the choice plan, tells a story of opportunity for Republicans. Supporters mobilized several busloads of parents from the community to come to court and watch oral arguments. After the argument, Clint tells of getting on the bus as it erupted in cheers for him. It is a scene reminiscent of earlier struggles for rights spearheaded by liberal lawyers, only now it is the conservative lawyers fighting to return power to people and it is the liberals fighting to protect the status quo.

A REFORM AGENDA FOR THE 1990s

Nearly every one of the President's domestic initiatives have been designed to empower people. It is an approach to governing that has enormous appeal because, as both Ben Wattenberg and Alan Keyes emphasized at empowerment breakfast

meetings, it draws on strong currents of American culture. In a battle of values pitting the individual against the bureaucratic state, we know which value the American people will support.

The next step is to develop a reform agenda for domestic policy and to advance our philosophy of governing. Our approach is different from that of the Democrats -- we need to define that difference again and again to show how we are different. That means going back to the drawing board, rethinking how government should help people across the board, and building on the reforms we have already enacted. A reform agenda involves going on the offense with our approach by applying it to new issues.

We should not shrink from making bold proposals. Success is not defined by what we convince a liberal Congress, hostile to our philosophy, to enact. Success will be defined by the way this country is governed 10 years from now. If we make the welfare state work for people, if we decentralize power by dismantling needless bureaucracy, if we spark a renewal of self-governance, then we have succeeded. That will never happen under the current control of Congress. If, instead, we are 10 years farther down the line to socialism -- a road we know leads to failure -- we will have lost.

Empowerment is the positive agenda that sets the stage for a successful rerun of the Truman strategy. It will put the Democrats in the unenviable position of defending the failed status quo, of slapping down ideas that tap into the wellspring of dissatisfaction with the direction of the country. The Democrats have nothing to present to the American people that would reform the system. They will give more, but they won't take the keys away from their true constituency -- the bureaucrats -- and give them to the people.

The following are some ideas we might consider as part of a reform agenda:

- o Voucherize some federal funding for local elementary and secondary schools (Chapter One) to support local educational choice initiatives. This would allow parents to transfer some federal funds to the schools they choose for their children.
- o Remove disincentives to continued work by older Americans. This could include elimination of the Social Security earnings test and preemption of state licensing laws that discourage second careers, such as teaching certificates.
- o Ban certain economic regulations and licensing requirements that create barriers for small entrepreneurs. Examples of

possible targets might include: taxicab licensing, barber and hairdresser licensing, and other similarly dubious restrictions.

- o Consolidate, or "cash-out," all income support programs into a single negative income tax program. There are possible intermediate steps, such as allowing food stamp recipients to use food stamps to pay the rent. The Low Income Opportunity Board approved waivers for many similar ways to simplify aid programs.
- o Enact a new flat tax, with dramatically enhanced personal exemptions and no deductions for anything but charitable giving (along the lines proposed by Larry Lindsey in The Growth Experiment). This could be combined with the replacement of Medicare and Medicaid with a health voucher to provide -- and require -- universal health insurance, as proposed by Stuart Butler (another breakfast speaker).
- o Propose enterprise zones including the elimination of the capital gains tax.
- o Reduce the high effective marginal tax rates and eliminate the disincentives to saving by people receiving government aid that currently exist.
- o Modify unemployment insurance to allow recipients to withdraw benefits in a single payment, empowering them to use the funds to start their own business.
- o Consider supporting the establishment of community financial institutions to make "micro" loans.
- o Promote voluntary recycling with market incentives as a way individuals can help improve their own community and affect other global problems.
- o Create a right of action for individuals to challenge all economic regulation that is unnecessary, changing the current lenient standard of review by courts. This might be done in connection with a statutory economic bill of rights.

THE WHITE HOUSE

WASHINGTON

November 23, 1990

Mary Kate -

In case my information is false, you may have already talked to someone about doing brief remarks for the 1990 Housing Act Signing Ceremony. I talked to Daniel Cass this morning and he said he would send us the H.U.D. talking points as soon as he receives them.

The event is Wednesday, November 28th at 2:00 p.m. in the East Room.

Nancy

A handwritten signature in blue ink, appearing to read "Nancy", with a long, sweeping flourish extending from the end of the word.

THE WHITE HOUSE
WASHINGTON

Date: 11/24

TO: Mary Kate Grant

FROM: DANIEL CASSE *Dac*
Associate Director
Office of Cabinet Affairs

Here is a bunch of stuff on the Housing Bill: some press clips, some material from HUD on the President's HOPE legislation, which is part of the housing bill, and a memo I send to Ede a while back to push for the signing ceremony.

The HOPE legislation, which encourages home ownership, is seen by Kemp as a real victory even though it was authorized but not funded.

Another point you might want to include: on the morning of the signing ceremony the Domestic Policy Council is meeting on the topic of economic empowerment. Kemp has touted this housing legislation as a model of the kind of economic incentives and opportunities we want to create in all areas of domestic policy. I have asked Richard Porter, the Exec. Sec. of the DPC to leave a draft of the discussion paper for Wednesday's meeting in your office.

Please call me if you need any more information.



Washington, D.C. 20410

News Release

HUD No. 90-102
Bill Glavin (202) 708-0685
Robert Nipp (202) 708-2682

FOR RELEASE:
Monday,
October 29, 1990

NEW HOUSING LEGISLATION IS MAJOR VICTORY FOR HOMEOWNERSHIP

Secretary of Housing and Urban Development Jack Kemp today lauded final Congressional approval of "a bold new approach to housing policy in the 90's," and the cooperative efforts of the House, Senate and Bush Administration which led to its passage.

The National Affordable Housing Act authorizes key initiatives to empower the poor through economic incentives, strengthen public housing and low-income homeownership efforts, target assistance directly to those in need, and increase funding for homeless programs.

Secretary Kemp said: "This a major achievement for the Bush Administration and a victory for low and moderate-income Americans. As we prepare to celebrate the 25th anniversary of HUD, I especially want to congratulate those in Congress who supported our bold new approach to housing policy in the 90's, and not just a continuation of the status quo."

The legislation includes two major Administration initiatives: the HOPE (Homeownership and Opportunity for People Everywhere) proposal, and reforms to return the Federal Housing Administration (FHA) to actuarial soundness.

-more-

The bill authorizes the major components of HOPE, including:

- HOPE Grants to increase homeownership for low-income families
- the Shelter Plus Care program for the homeless mentally ill and substance abusers
- Operation Bootstrap, which combines upward mobility opportunities with housing assistance
- HOPE for Elderly Independence, which provides shelter and services to the frail elderly

Significant reforms to the FHA Mutual Mortgage Fund, which has been losing about \$300 million a year, meet the Administration's goals for achieving long-term actuarial soundness in the fund. The reforms will reduce defaults, build capital for the fund, ensure that low and middle-income homebuyers have access to FHA loans, increase homeowner equity, and establish a risk-related premium structure.

The Administration also was able to negotiate a shift in the emphasis of a new program, HOME, from new construction of rental housing to tenant-based assistance and rehabilitation of existing stock. HOME authorizes block grants to States and localities for housing assistance that is tightly targeted to low-income people and gives priority to tenant-based assistance and rehabilitation.

The legislation also contains a permanent strategy for low-income housing preservation that meets the Administration's goals of protecting low income residents and providing new opportunities for homeownership.)

The bill authorizes \$27.4 billion for the Department in fiscal 1991 and would raise the 1992 level to \$29.9 billion. It expands housing assistance by \$3.6 billion--27% over 1990, and fully funds HUD's McKinney Act homeless programs.

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For Departmental
Distribution Only

Secretary's News Report

MONDAY, OCTOBER 29, 1990

THE WASHINGTON POST

SUNDAY, OCTOBER 28, 1990

\$57.4 Billion Housing Bill Sent to Bush

Measure Envisions Larger Federal Role

By Tom Kenworthy
Washington Post Staff Writer

Congress reversed a decade-long erosion of the federal government's commitment to public housing programs by giving final approval yesterday to a two-year \$57.4 billion housing bill.

The Senate voted 93 to 6 to adopt the compromise measure and send it to President Bush for his expected signature.

The bill is an amalgam that replenishes many existing housing assistance programs. It includes some of Housing and Urban Development Secretary Jack Kemp's new proposals to spur tenant acquisition of housing units and measures to shore up the financially ailing Federal Housing Administration, which provides mortgage-loan insurance to single-family home buyers.

Although the legislation represents a consensus that the federal government went too far during the Reagan years in abandoning its support for public housing, the funding commitment contained in the bill must still be backed up by annual appropriations starting next year.

Congressional advocates of a stronger federal role in housing and community development hailed the legislation as a new beginning.

The legislation "represents a major redirection in federal housing policy to meet the basic needs of housing for low-income persons," said Rep. Chalmers P. Wylie (Ohio), the ranking Republican on the House Banking, Finance and Urban Affairs Committee.

The bill authorizes about \$35 billion over two years for existing urban housing programs, including those covering low-income rental assistance, and elderly and handicapped facilities. In an important change of policy, the legislation resumes federal support for the construction of public housing.

New programs include a number of Kemp's proposals that would begin to allow public housing tenants to buy their units. It also authorizes more than \$770 million for a new National Homeownership Trust fund to help first-time home buyers who meet certain income criteria with financing or down payments on housing purchases.

To protect the FHA's dwindling mortgage-insurance fund, which has been hurt by a rising default rate, the legislation reduces the amount of closing costs that homeowners may finance with FHA assistance. That provision is expected to cost the average buyer of a \$65,000 house another \$833.

In addition, the legislation requires that home buyers using FHA mortgage assistance pay a risk-based premium of 0.5 percent of their loan balance each year, although those making higher down payments would pay the premium for a shorter period.

Overall, the measure is expected to be a boon to state and local governments. Cities and states will benefit over two years from a \$3.1 billion trust fund and that could give them flexibility in meeting their needs for low-income housing.

Under that program, local and state governments may use a line of credit provided by HUD on a range of housing projects from housing rehabilitation and new construction to tenant acquisition of public units.

FHA Reform Package To Restrict Buyers

Rules to Require Paying More Closing Costs

By H. Jane Lehman
Special to The Washington Post

The imminent passage of a federal housing bill will put a popular government-backed mortgage program beyond the reach of many first-time buyers, but will provide a new assortment of home financing breaks.

One of the more disputed provisions of the bill raises the insurance premium for Federal Housing Administration-insured mortgages, nearly doubling the fee for the riskiest buyers who make the lowest down payments.

At the same time, the upfront costs of securing an FHA mortgage will increase to discourage future defaults because borrowers will have a larger cash stake in their properties.

The FHA changes would go into effect 90 days after President Bush signs the law, which he is expected to do. That would make the likely implementation date sometime in February.

The reforms were prompted by recent losses of \$350 million a year in the FHA loan fund, said John C. Weicher, a Department of Housing and Urban Development assistant secretary. The anticipated accumulation of reserves under the new scheme should also offset higher borrower defaults, he added.

The new FHA insurance plan effectively raises the overall premium from 3.8 percent of the loan amount to 5.5 percent to 7.25 percent, depending upon the down payment involved, Weicher said.

Although the new law will lower the upfront insurance premium to 2.25 percent of the loan amount from 3.8 percent, when the changes are fully phased in after five years, it saddles borrowers with annual renewal premiums they currently do not have to pay.

The FHA reforms would also require borrowers to pay in cash 43 percent of loan costs that would cover such settlement services as the appraisal, title insurance and deed registration. Borrowers now can roll

the full amount of the closing costs into the loan amount.

Under the new plan, the closing costs on a \$125,000 home financed with a minimum \$5,875 down payment would require the borrower to pay \$1,612 more at closing. When the changes are fully implemented, the upfront premium would drop by

\$1,938, but the borrower must pay an annual premium of \$684 for the 30-year life of the loan.

The FHA program, which last year accounted for about one in seven mortgage originations nationwide, insures mortgages of up to \$124,875 for single-family homes and condominiums.

The new law also would permanently extend the \$124,875 FHA loan limit. The ceiling was last raised 12 months ago from \$101,250.

Many home buyers prefer the FHA program to privately insured

*The reforms were
prompted by recent
losses of \$350
million a year in the
FHA loan fund.*

mortgage programs because FHA borrower-approval standards are more lenient and the down-payment requirements are not as stringent.

The changes, however, will prevent thousands of borrowers who today could take advantage of the program from doing so. On the high side, the Mortgage Bankers Association of America calculates the revisions will lock out 100,000 to 250,000 borrowers annually. National groups representing home builders and real estate brokers project 60,000 will lose out.

HUD puts the best face on the changes. Weicher said he believes 20,000 potential FHA buyers will be excluded from the loan program and

only until they have had some time to save enough for the increased cash closing costs.

Home buyers of moderate means may eventually find some relief in a plan contained in the bill to establish a National Housing Trust Fund that will subsidize interest rates down to 6 percent or provide down-payment assistance. Eligibility is limited to borrowers who fail to qualify for a market-rate mortgage on the basis of income. The household's income also cannot exceed 115 percent of a high-cost area's median income, which in the Washington market would put the limit at \$54,477.

The borrower must make a 1 percent down payment and agree to repay the assistance when the house is eventually sold. Although the program is limited to first-time buyers, the new law also includes displaced homemakers.

Congress is unlikely to authorize major funding for the trust until fiscal 1992. The bill authorizes \$520 million for the program at that time.

Rep. Henry B. Gonzalez (D-Tex.), the author of the trust plan, characterized the effort as a "beginning" to help first-time buyers who have

been "shut out [of federal housing assistance] for five to six years in a row."

Older homeowners stand to benefit from a change that expands a reverse mortgage demonstration program starting next year. The new law would enable 25,000 homeowners 62 or older to cash out the equity built up in their homes on either an installment basis or collect it as a lump sum. Repayment is generally not due as long as the borrower lives in the home without selling it.

The new law also gives some new ammunition to homeowners when

their mortgage is sold to another lender. Under the plan, lenders will face stiff financial penalties for failing to give borrowers 15-day advance warning that their mortgage is changing hands.

The old and new lenders must provide toll-free telephone numbers and name the appropriate person to handle borrower inquiries or complaints.

If a borrower sends a mortgage payment on time but to the wrong lender, the plan requires the waiver of any late fees for 60 days following the loan transfer.

Housing-aid measure sent to the President

By David Hess
Inquirer Washington Bureau

WASHINGTON — Congress yesterday sent to the President the first overhaul of U.S. housing policy in more than a decade, paving the way for a wide array of programs to help low- and moderate-income families obtain decent homes.

The Senate vote was 93-6. It passed the House on Wednesday.

With bipartisan backing and the endorsement of the Bush administration, the bill authorizes fresh money for construction of low-income housing and opens opportunities for public housing tenants to buy homes or apartments with federal aid.

It also shores up the finances of the Federal Housing Administration's home-loan insurance fund. And it minimizes chances that 350,000 low-income tenants will be evicted by landlords who might otherwise switch their units to condos or high-rent apartments.

The bill authorizes about \$57.4 billion over two years, including nearly \$8 billion in renewed rental subsidies for low-income families.

The chief Senate sponsor, Alan Cranston (D., Calif.), said, "The federal government, at long last, is facing up to its responsibility to make decent homes affordable for all Americans, the poor included."

Rep. Henry B. Gonzalez (D., Texas), chairman of the House Banking, Finance and Urban Affairs Committee, said the bill was made possible by "a housing secretary and a President who are sympathetic to housing needs." That was veiled criticism of the Reagan administration, during which deep cuts in spending paralyzed housing programs and prompted widespread fraud and influence-peddling to obtain dwin-

dling housing contracts.

The complex bill includes:

- \$3.1 billion in block grants to state and local governments for seed money for new affordable housing programs — ranging from construction to rehabilitation of aging structures to rent subsidies.

- \$772 million to help first-time buyers finance their homes. The money could be used to help defray costs of down payments and to pay mortgage interest costs in excess of 6 percent.

- \$1 billion to help low-income tenants buy houses or apartments owned by public housing agencies or housing made available by the Resolution Trust Corp., which takes over foreclosed units from bankrupt savings and loan associations.

- \$327 million to help public housing authorities rid their projects of drug dealers and criminals.

- \$1.7 billion for rental aid, loans and seed money to expand low-cost housing for the elderly, along with \$517 million for the handicapped.

- \$4.3 billion for direct and guaranteed home loans for rural families, along with \$1 billion for rental assistance in rural areas.

- \$6.4 billion in Community Development Block Grants, with the requirement that 70 percent of the money be spent for projects that directly benefit low- and moderate-income families. Current law requires that only 60 percent be used for that purpose.

- \$1.1 billion to provide shelter for the homeless, for people suffering from chronic drug or alcohol abuse or for AIDS victims.

Under the FHA reform, home buyers would have to put up more money at the outset to obtain insured mortgages. On a \$65,000 mortgage, for example, the additional cost would be \$833.

CONTINUED

Lender penalties include actual damages and, where there is a pattern of practice of noncompliance, punitive damages of up to \$1,000 per individual homeowner. Class action suits can drive the fines up to \$500,000 or 1 percent of the lender's net worth, whichever is less.

Michelle Meier, government affairs counsel for Consumers Union, said the consumer protections incorporated in the new mortgage transfer standards suffer from the failure to require lenders to inform homeowners of those new rights.

In other FHA program-related changes, the law also narrows what some consumer advocates claim are pricing practices that discriminate against borrowers who take out small FHA mortgages of about \$50,000 or less.

The lawmakers agreed that a lender cannot impose more than a two-percentage-point variation in the amounts charged for lending fees for varying-sized loans.

The new housing bill also contains some potentially good news for homeowners who need financing for remodeling projects. It tentatively raises the Title 1 home improvement loan limits from \$17,000 to \$25,000. The increase, though, is not scheduled to go into effect until June, and then only if a report gives that insurance fund a clean bill of health.

Vacation home buyers, under the new law, can no longer turn to FHA for financing.

HUD championed the change both to stem losses in the FHA program and on the philosophical grounds that the program is "more appropriately targeted" to first-time, lower-income buyers than vacation homeowners, Weicher said.

10/16/90

TALKING POINTS ON THE HOUSING BILL

The housing bill, agreed to last night by House and Senate Banking committee conferees, is a far-reaching, even landmark milestone in housing and urban development for the nineties. It offers the first major new housing programs in twenty years and completely overhauls how our national -- in partnership with states and non-profits -- will dramatically expand affordable housing and homeownership in the decades ahead.

Based upon final conferee discussions, here are some indicators of what it means for Americans:

- expands authorized housing assistance by \$3.6 billion in 1991 a 27% increase in authorized funds over 1990 (excludes a \$6.7 billion increase for Section 8 contract renewals). The 1991 authorization level is \$24.8 billion for HUD programs, growing to \$26.6 billion for 1992 -- a two-year increase of 45% over 1990 levels. (See Attachment.);
- increases number of low income people helped by over 220,000 per year, including increases for vouchers/certificates of nearly 75,000 per year;
- authorizes CDBG at \$3.1 billion;
- expands public housing modernization funds to \$2.15 billion;
- authorizes public housing operating subsidies at \$2 billion;
- authorizes public housing drug elimination grants to \$160 million, including \$10 million for Youth Sports Programs, a 63% increase over 1990;
- contains two-year authorization of Administration's HOPE initiative at \$1.0 billion in matching funds (\$155 million, 1991; \$855 million, 1992). Homeownership opportunities created in public housing, HUD assisted housing, and vacant, foreclosed, FHA, RTC property;
- contains the first prepayment/preservation strategy ever to help preserve low income properties that are in danger of leaving the inventory. The new strategy balances the property rights of owners with our demand that poor people not be hurt. It offers the Administration's monetized 10-year voucher to give low income resident groups and non-profits the opportunity to buy these projects (issue still pending; funding is \$20 billion above Administration's request over 20 years because it oversubsidizes owners);

- authorizes the Administration's Shelter-Plus-Care program at \$382 million over two years, a comprehensive homeless program that combines housing assistance with necessary support services to help the homeless achieve a dignified and independent life. This is the first new homeless program to serve this tremendously underserved population of mentally-ill and drug-abuser homeless, which makes up over 50% of all homeless;
- contains HOPE for elderly independence to link housing vouchers with supportive services to help keep the frail elderly in their own homes and not become prematurely institutionalized;
- contains Operation Bootstrap that links housing with job training, and transportation to jobs. For the first time, Bootstrap makes housing assistance contingent on low income people moving to self-sufficiency;
- offers a \$1 billion HOP/HOME block grant in 1991, growing to \$2 billion in 1992, which -- because of Administration's insistence -- is tightly targeted to the poor and incentivized for the most cost-effective means of meeting housing need, including full eligibility for vouchers and tenant based assistance;
- priority given to light rehab and tenant based assistance at a 4:1 match, substantial rehab at 3:1, and new construction at 2:1. Because twice as many people can be helped with vouchers as with new construction using the same funds, the differential match is a real victory for a rationale and cost effective national housing policy; and,
- reforms FHA along the lines recommended by the Administration, balancing the social purpose to help first time homebuyers with a common sense goal of restoring actuarial soundness with prudent capital requirements.

THE WHITE HOUSE

WASHINGTON

October 31, 1990

MEMORANDUM FOR EDE HOLIDAY

FROM: DANIEL CASSE *Dal*

SUBJECT: Signing Ceremony for the Housing Bill

As you know, Secretary Kemp has proposed a White House signing ceremony for the National Affordable Housing Act -- the major housing bill that has been passed by Congress. Kemp regards the bill as a legislative victory for the Administration that symbolizes many of the domestic policy themes the President has been advancing. Highlights of the bill include:

- o The President's HOPE proposal that increases homeownership for low-income families by allowing public housing tenants to buy their own units
- o Operation Bootstrap, which links housing to job training and transportation to employment. This program creates incentives for the poor to prosper by making housing assistance contingent on taking steps toward self-sufficiency.
- o HOME block grants to states and localities that are tightly targeted on low-income people. These grants keep federal assistance focused on those who truly need it.
- o Reform of the Federal Housing Administration (FHA). The FHA Mortgage Fund, which was losing about \$300 million a year, was a symbol of unchecked federal policy. The new legislation meets the Administration's goals of reducing defaults, increasing capital and restoring fiscal soundness.
- o The Administration's Shelter-Plus-Care program, which links housing assistance with services to the mentally ill and drug addicted homeless population.

The proposed day for the signing, November 15, is also the day scheduled for the first meeting of the DPC Economic Empowerment Task Force chaired by Kemp. All the themes to be promoted by the Task Force -- empowerment, self-sufficiency, programs focused on the truly needy, effective and compassionate policy, accountable management -- can be found in this legislation. In the months ahead, the strongest parts of the housing legislation will serve as a model for ideas and programs in other domestic policy areas.

old fact-check copy

Grant
November 25, 1990
3 p.m.
A:HUDBILL

PRESIDENTIAL REMARKS: NATIONAL AFFORDABLE HOUSING ACT
BILL SIGNING CEREMONY
THE EAST ROOM
WEDNESDAY, NOVEMBER 28, 1990
2:00 P.M.

((Acknowledgements))

Let me begin today with a story, a bit of a history lesson. It was 1862: the American Civil War ~~was over~~, the cruellest barricade ever to human freedom was demolished for good. On May 20 of that year, [here, at the White House] one of my noblest predecessors, Abraham Lincoln, sat down with pen in hand, and signed into law the Homestead Act of 1862. That bill gave 160 acres to any poor family who wanted to make a go of it in the wilderness, and live the American Dream themselves.

It was one of the most celebrated proposals in American history -- ~~caused the great land rush to the Wild West~~ -- and it formed the vision for a new homesteading program in urban America today. Because Abraham Lincoln's Homestead Act **empowered people**. ~~It freed the poor from the burden of poverty and government dependency.~~ Likewise, today, creating the opportunity for low-income Americans to become property owners is the key to fighting poverty and making democracy truly work.

I've said before that the cornerstone of this Administration's domestic agenda is this idea of **empowerment** -- giving people -- working people, poor people, ~~everyone~~ -- control over their own lives, so that all Americans can have a life of

not over until 1865 of Appomattox

not in 1862 what about 1960s.

Industrial Revolution & reconstruction era caused it more.

many went bankrupt and couldn't keep farms, etc. running. led to farmers protest more men + n. lat. 1800s.

Slavery wasn't abolished until 1865 when the Congress ratified the 13th Amendment.

middle of the

all people

dignity, responsibility and economic opportunity. Our initiatives are designed to give people the power to make choices and the incentive to act responsibly. The status quo of centralized bureaucracy is not working for the people -- the ones who need affordable housing, the ones who want the power to choose the best schools for their kids, the ones who want to pull themselves out of dependence and into a life of self-sufficiency in a safe, clean community -- but it is working for the bureaucrats, and very well. And so our goal is to build a system that puts power in the hands of people, not bureaucrats. Because it is **the people** who know what is best for themselves and their families, **not the government**.

That's exactly what this bill does. In the same spirit of Abraham Lincoln's legislation, the Affordable Housing Act of 1990 **empowers people**. It is truly a victory for low and moderate income Americans -- because it reforms the status quo, and makes the government work for people, not against them.

First of all, it a major Administration initiative: **Homeownership and Opportunity for People Everywhere -- the HOPE Initiative**. HOPE will provide new opportunities for low-income families to buy their own homes -- "urban homesteaders," if you will -- and helps the residents of public housing to buy their own units. Tenant ownership of public housing is an idea whose time has come. Let me tell you why:

When these new homeowners are in charge, the results are remarkable -- more people pay their rent, maintenance improves,

HUD release
Cub. Aff.

HUD release
from Cabinet Affairs
Daniel Casse,
Asso. Dir.

Empowerment
memo

Improvement
memo

3

operating costs decline, crime rates plummet, employment goes up, more kids stay in school and neighborhoods come back to life. And the reason? Because each resident now has an equity stake in society -- a chance to make a go of it -- to live the American Dream themselves.

We want public housing to become a springboard for independence, not a bottomless pit of dependency. HUD used to give awards for public housing residents who stayed in public housing the longest. They stopped doing that. Now -- and even moreso with this bill -- we're offering incentives to public housing tenants who move out -- and move up -- into the productive economic mainstream.

But there's more. This bill contains HOME Investment Partnerships, to assist people who currently rent and those who want to rehabilitate existing rural housing -- because affordable housing is in everybody's interest. The National Homeownership Trust would provide low-cost financing for people who are buying a home for the first time who would not otherwise qualify for financing because of their low income. And in addition to housing assistance to migrant farm workers, the elderly and the disabled, this legislation also creates the Shelter Plus Care Program -- to assist homeless persons who are mentally ill, who have a drug abuse problem, or who have AIDS. And finally, it reforms certain programs in the Federal Housing Administration to make it more financially sound.

The Fair Housing Act gives people the best kind of government assistance: it provides **opportunity** and encourages **responsibility** -- without limiting liberty. That's the American Dream -- for no matter where people live or how much money they have, **all men yearn to be free, to control their own lives.** Abraham Lincoln knew this, and his vision lives on today as the foundation for our efforts to empower all Americans.

On my first day in office, I said to the nation: "We know what works: **Freedom works.** We know what's right: **Freedom is right.** We know how to secure a more just and properous life on Earth: through free markets, free speech, free elections, and the exercise of free will unhampered by the state." *for man*

So much has happened since that cold day in January in ~~1988~~, *1989* when the fires of freedom first began to spread so quickly across the globe. From Moscow to Managua, from Prague to Pretoria, and even in the nations of South America I'll visit next week -- the light of liberty is guiding people toward **democracy, prosperity and a better life** for themselves and their children. Free markets, free speech, free elections and free will **truly are working.**

And so *it is* with that in mind -- the undying ideal of freedom and opportunity for all -- that I am pleased to sign this bill into law. Thank each and every one of you for joining us today, and God bless the United States of America.

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