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(Smith/Grossman)
April 29, 1991
Draft Three
COCHRAN

PRESIDENTIAL REMARKS: HOUSING EVENT
COCHRAN GARDENS, ST. LOUIS
FRIDAY, MAY 3, 1991

Secretary Kemp, Bertha Gilkey, head of the National Tenant Union. (acknowledgments) Residents of Cochran Gardens. Ladies and gentlemen. /

First, let me say how pleased I am to be in St. Louis, along with Secretary Kemp. ((I come here as a resident of public housing. Like you, I've tried to get some troublemakers evicted from my block, too. // Then Barbara reminded me about freedom of the press.)) //

Second, I promise to be brief. ((After all, it was one of St. Louis' favorite native sons, Yogi Berra, who said, "It's not over till it's over." Then he heard one of my speeches and changed it to, "It seems like it'll never be over.")) //

Yogi would have loved what I've just seen -- your new children's playground. I can't describe how wonderful it is to see an area once called Little Nam replaced by an environment where children are safe to play / to learn / to grow / to dream. //

Missouri, of course, is known as the "Show Me" state. From what I've glimpsed today it's not hard to understand why. // You've shown America what happens when people are freed to take control of their community. // They take it from a haven for drug dealers to a safe harbor for children. / From the failures

of neglect to the victories of volunteerism. / From the despair of dependency to the pride of self-reliance. / They take it from development / to neighborhood. They give us hope. They make us proud. //

Contrast this success story with the failure of projects like the Pruitt-Igoe (PREW it - EYE go). Think of how it blighted this very neighborhood -- crime-ridden, drug-infested, torn down almost two decades ago. / To me -- to many of us here -- that vacant lot symbolizes the empty promises of public-housing policy. The past meant a dead-end. We need a future that means a green light for America. //

Today, more and more Americans know that the solutions of the 1960s can't meet the challenges of the nineties -- that instead of helping people up, the idea that "Government Knows Best" helped keep them down in perpetual poverty, dependence, and despair. // Well, "enough is enough" -- and not good enough. If the system's not helping build a better life, then we must help build a better system. //

That system must make opportunity a reality, not cliche -- and for all Americans, not just for some. ((You know, Missouri is our dog Millie's favorite State. No wonder. Your official tree is the dogwood.)) // Well, one of my favorite ideas is that as we enter the next American century, we must break the logjam that's choking the progress of the poor -- broadening access to homeownership, jobs, and quality education. //

Last November we moved towards those goals with the signing of the National Affordable Housing Act -- the most radical departure in Federal housing policy in two decades. / Its core is HOPE -- Homeownership and Opportunity for People Everywhere. It's a pioneering initiative that moves in a dramatically new direction, enabling public housing residents to manage and ultimately own their homes. //

Bertha Gilkey referred to this when she said, "We don't want to be taken care of, we want to be trained how to take care of ourselves." / So she has taken that mission across America, lighting the fires in our battle to revolutionize public housing. //

Like us, she knows this crusade is but a start -- but cannot be won by fits and starts. // So although I am proud that under our Administration, the number of residents groups training to become resident managers has leaped from 13 to 100, we must do more. // Today, there are 1 million people living in public housing. Only __ own their own homes. I call on Congress to give us full funding for the HOPE Initiative that will realize this goal: We want to help 40,000 residents in some 400 public housing communities launched towards homeownership by the end of 1992. //

As you can see, our enemies are poverty and neglect. We want to defeat them. We will. Yet only if our foot soldiers can afford the ammunition. // That's why Congress must move swiftly to pass our Enterprise Zone and Jobs-Creation Act. By attracting

new seed capital for small business start-ups, creating new incentives for entrepreneurial risk-taking, and reducing high effective tax rates on those who want work, not welfare -- Enterprise Zones can turn poverty into potential -- and potential into prosperity. //

Finally, let's remember. It is not enough for local economies to thrive. We must also restore to our communities a sense of purpose and of pride. The Community Opportunity Act of 1991 will aid that process -- helping communities find ways to make Federal programs more responsive to individual, family, and community needs. It will shift power out of the heavy hand of the state, and into the hands that run the home. // It will help us decrease what government must do -- and increase what the individual may do. //

These are great goals -- worthy of this State, and of our Nation. Goals which remind us of how it was once said, "Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved." //

The people of Cochran Gardens have made their choice. Now, they're making history. Thank you all very much for being here. God bless you, and God bless the United States of America.

#

Memorandum For: Scott Reed, Chief of Staff

From: David Caprara, Deputy Assistant Secretary for Resident Initiatives

Subj: St. Louis Event Concept

Date: April 2, 1991

This is to recommend the Cochran Gardens Tenant Management Corporation, St. Louis, Missouri, for a White House site visit opportunity with the Secretary. The event could combine a highlight of one of the most powerful success stories behind the President's HOPE initiative, with a call for Congressional action in support of FY'92 HOPE funding as well as enactment of Enterprise Zone legislation.

Cochran Gardens, led by the dynamic Bertha Gilkey, has been effectively tenant managed since the mid-1970's. The residents have transformed a former hellhole (once nicknamed "Little Nam") into an oasis of entrepreneurial enterprises including child care, UMTA reverse commute transit firm, catering company, youth renovation crews, and joint ventures with the private sector which produced hundreds of new units of affordable housing.

President Bush mentioned this success story during the Presidential campaign, while emphasizing his commitment to strategies that empower tenants with choice and opportunity as opposed to perpetuation of failed bureaucratic approaches.

Not far from Cochran Gardens is the former Pruitt-Igo site, a monument to failed welfare/public housing policies of the past that was imploded in the early 1970's. The Pruitt-Igo site still stands empty today: it is a large tract of valuable urban land potential that could be utilized for an urban enterprise zone. HUD has conditioned the final disposition of the property with the development of a job creation plan.

Cochran has been featured twice on CBS "Sixty Minutes," and news publications throughout the country. Ms. Gilkey, as you know, has trained other emerging tenant management groups from St. Petersburg to Cabrini-Green in Chicago and East L.A. As head of the National Tenant Union, she recently sponsored a political action conference which supported the Administration's HOPE funding proposals.

The two Republican Senators from Missouri, Kit Bond and John Danforth, were among only five GOP senators who failed to vote for the 1991 HOPE supplemental. A site visit to Cochran, in addition to making a national statement for the Administration's HOPE and Enterprise Zone policies, could also serve to shore up Congressional votes on the '92 HOPE budget.

In sum, this event at Cochran Gardens, juxtaposed with the failed policies of the past and future Enterprise Zone potential at Fruit-Igo, would provide a dramatic and visual expression of the President's commitment to a new urban renaissance.

REMARKS PREPARED FOR DELIVERY TO THE
ASPEN INSTITUTE
BY SECRETARY JACK KEMP
October 14, 1990

Thank you for that warm introduction. It's an honor to be part of such an outstanding program, focusing on the domestic and international challenges facing America today.

What an exciting time it is to be alive. President Bush has called it the Revolution of 1989, but perhaps it's just the Revolution of 1776 not yet brought to its ultimate completion.

But as in all revolutionary eras, Charles Dickens' statement still applies: it can be the best of times and the worst of times simultaneously. It is best of times to witness the triumph of liberal democratic values -- small "l," small "d" -- capturing the global zeitgeist. It is the worst of times when we see poverty, despair, homelessness, and hopelessness cripple the lives of too many people and far too many children living in America's inner cities.

Clearly we can't help the poor if the country itself becomes poorer. So for a few moments, I'd like to discuss the war against poverty in the context of the great debate now taking place on Capitol Hill over tax and budget policies.

One of the most hotly contested issues today involves the current budget talks between the White House and Congress. I believe that President Bush demonstrated great leadership in advocating a cut in the capital gains tax to 15% during the presidential election two years ago, and again in his State of

the Union Address.

Clearly there are deep differences and divisions between Republicans and Democrats about the direction our national economic policy should take, and bitter debate over the vexing issue of the budget. I really believe President Bush deserves credit for being willing to consider every issue as a subject for negotiation and compromise in his relations with the Democratic Leadership in Congress, including putting the issue of taxes on the table. He has walked the last mile in his effort to come to some bipartisan agreement, and in fact has taken a lot of heat from people on both sides of the aisle.

It's no secret that our economy is facing a slowdown, and unemployment is on the rise. As President Bush's Secretary of HUD, I express the concerns of millions of low income Americans struggling to make a living and keep homes together in the inner cities of this country. We owe it to the poor to do everything in our power to maintain, and indeed, restore the growth momentum which has created over 21 million jobs during the past eight years and launched over 4 million new small businesses.

The good shepherd reminds us all that those who are blessed have an obligation to be a blessing to those left out or left behind.

It is the poorest of our citizens who suffer the most from the consequences of bad economic policies. They are the first to lose their jobs and homes, and the first to suffer from a credit crunch. Indeed, their problems are the most severe and

distressing.

In the interests of both promoting economic growth and reaching a budget agreement that truly reduces the deficit, I would offer the suggestion that Congress consider the plan offered by the President: reducing the effective rate on capital gains taxes to 15% plus indexing, and in return, as the Democrats demand, raising the top marginal rate to 31% to put an end to the complaints of so-called "unfairness."

The American economy is sliding into a recession that may be long and deep if Congress does not soon agree to the growth initiative President Bush has endorsed. In the interests of furthering that effort, I would further urge Congress to consider suspending attempts to secure a five-year budget agreement and concentrate its energies toward securing a one-year budget agreement that limits or even freezes spending and cuts taxes, not raises them.

The ambitious effort to cut \$500 billion in a five-year agreement began when the economy was stronger and there was no foreign policy challenge as we face in the Middle East today. In my view, it's not logical to adopt sharp tax increase in the face of such an uncertain future. The poorest and the weakest in our society are sure to be hurt the most, as they would be in any economic downturn.

This compromise would give the Democrats in Congress one last chance to prove that they are sincere when they say they are willing to help the President find a solution to this country's

need for growth and budgetary stability. If the Democratic Leadership now rejects this fair and generous offer from the President, they will have shown their intent is not to help, but to obstruct.

Cutting the capital gains tax will unlock ³ billions of dollars now tied up in existing assets, while indexing for inflation would reduce the confiscatory effective tax rates that can easily reach 75% on long-term assets, according to economist David Goldman. Those dollars will provide access to the seed capital which is the number one need of entrepreneurs seeking to start or expand an enterprise and put people to work.

Even economist Allen Sinai -- never a strong proponent of tax cuts -- has concluded that cutting the capital gains tax would raise federal revenue by \$30 - \$40 billion between 1990 and 1995, increase GNP by almost 3% or over \$150 billion, create 2.5 million new jobs, and boost business capital spending by 1.3%.

Contrary to the Democrats' hysterical claims, cutting the capital gains tax is not a boondoggle for the rich, but an incentive for small businessmen and women -- especially in our inner cities and among minority entrepreneurs -- who want the opportunity to become rich. Between 1977 and 1982, when the Steiger Amendment cut the capital gains tax from 49% to 28%, the number of black-owned businesses exploded by nearly 50% -- one of the largest gains on record. We need to at least double the number of minority-owned businesses in the next few years, and it can't be done under the current capital gains tax laws.

Resorting to the politics of envy and class warfare -- now masquerading as the so-called "fairness" issue -- is an old trick which the Democrats mothballed during the 1980s, but have recently dusted off for the ongoing budget debate.

The premise here is that the Reagan/Bush tax cuts gave the wealthy a free ride in the 80s by shifting the burden onto middle and lower income families, and that there is growing resentment among these voters which can be exploited to the Democrats' political advantage. They are wrong on both counts.

According to recent IRS statistics, between 1981 and 1987, the tax burden on the top 1% of taxpayers shot up by nearly 40%; the top 5% pay a 23% greater share; and the top 10% of income earners saw their share jump by over 15%. Meanwhile, the lower half of income earners saw their total tax burden fall by about 19%, measured as a share all taxes paid. (source: syndicated columnist Warren Brookes, *Washington Times*, 10/12/90)

And after visiting hundreds of distressed communities in cities across the Nation, I believe I am as qualified as any poll to discuss the mood of low income Americans. Let me tell you something, the new pseudo-populism being peddled by the Democrats won't sell in the inner city. Poor people don't want to revisit the failed zero-sum income redistribution policies, in fact, it is demeaning for Democrats to suggest that poor people believe that the only way they can get ahead is by tearing down the rich.

Low income families across America want the same thing we all want -- the get a good job, to own a home, to start a

business. They want the opportunity to pursue their hopes and dreams unencumbered by government tax and regulatory barriers; and the opportunity to escape the poverty trap perpetuated by the liberal-left policies of the last twenty-five years that reward welfare more than work and consumption more than saving.

But what I've found during my visits to inner city ghettos and barrios is that our country is divided into two economies. Our mainstream economy is democratic capitalist, based on private property, and rewards entrepreneurship, saving, and investment.

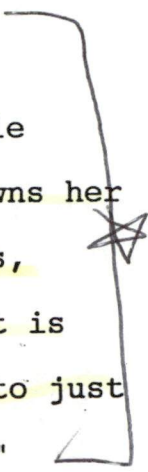
But this inner city second economy is directly the opposite: it is government-directed, based on government ownership of property, and punishes entrepreneurship, risk-taking, saving, and investment. It is similar in many ways to Third World socialist economies, the kind which are being replaced by the entrepreneurial capitalist spirit so alive in Eastern Europe today, and even in Moscow.

President Bush has asked me to help eliminate this socialist second economy so that every American -- especially the poor -- can participate in the free enterprise system. We want everyone to have the chance to make the most of their God-given talents and abilities. Here are a few of the ideas that President Bush and I have proposed to launch a new free enterprise war on poverty.

First, we need the authority to designate distressed inner cities and rural communities as Enterprise Zones, with dramatic incentives to invite capital to invest in new entrepreneurial

ventures that will create real private sector jobs. The most powerful incentive would be eliminating the capital gains tax in Enterprise Zones, both to attract more seed capital and to strengthen the link between effort and reward for entrepreneurs and risk-takers.

Second, we need to expand resident management in public housing, homeownership opportunities, and private property. Empowering low income residents with greater control over their neighborhoods and the opportunity to someday own their own home provides powerful incentives for families living in America's public housing communities.

The noted *Washington Post* columnist William Raspberry recently wrote (quote) "... 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." 

Whether you call it resident ownership, urban homesteading, or putting assets into peoples' hands, the results are truly dramatic in altering rewards, changing behavior, and lowering poverty levels.

Third, we should increase and expand the availability of housing vouchers. Low income people should have greater choice and more freedom about where to live, and better access to affordable housing. They should be treated as independent

consumers instead of perpetually dependent welfare recipients.

Fourth, tax reform is needed now to help remove more low income families from the tax rolls and dramatically increase the after-tax income of welfare mothers and jobless fathers who want to work. 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 today as in 1948, the tax code would have to allow a personal exemption of at least \$6,000 for children under 16.

Fifth, it is essential to expand the earned income tax credit and pass President Bush's Child Care tax credit to roll back the huge tax burden on low income families and unemployed parents.

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.

Seventh, to enhance education and opportunity, we should expand true choice and competition through magnet schools, education vouchers, tuition tax credits, and policies for choice in education like those being championed by State Representative Polly Williams in Wisconsin and Council Member Keith Butler in Detroit.

Eighth, Congress should pass President Bush's HOPE

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legislation (Homeownership and Opportunity for People Everywhere) which includes programs to allow families to use IRA's to help purchase their first home; an expanded low income housing tax credit; and a new initiative called Operation Bootstrap which links housing vouchers to strategies such as job training to help people become self-sufficient.

A budget agreement that includes a meaningful cut in the capital gains tax is the only way to keep the economy growing. President Bush's plan to cut the capital gains tax to 15% and index gains for inflation will stimulate economic growth by encouraging entrepreneurship and job creation.

It's time for the Democrats in Congress to put aside narrow and partisan political envy and help our economy grow for all Americans. The longer they hold the health of our economy hostage for political purposes, the larger the deficit will grow, and, the harder it will be get our Nation moving again. I think it's time for 15/31 or fight.

##

JAG:

Mary Brunette @ HUD:

of public housing units: 1,305,000

of those, 1,202,265 are occupied.

The rest are vacant.

→ over 100,000
vacant

Call if you have questions.

708-3161

—CC

★ Expand Homeownership
and Affordable Housing Opportunities

★ Empower the Poor through
Resident Management and Homesteading

★ Enforce Fair Housing for All

★ Help Make Public Housing Drug Free

★ Help End the Tragedy of Homelessness

★ Create Jobs and Economic
Development through Enterprise Zones

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U.S. Department of Housing and Urban Development

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Women Who Make a Difference

By Olga Wickerhauser

A Miracle Worker Saves Public Housing

Cleaning day falls on a cool, drizzly Saturday morning, and a handful of tenants at Miller Homes—a Trenton, New Jersey, public-housing complex—turns out to help sweep the parking lots, scrub the hallway floors and repaint the entrance.

"They used to call us 'Killer Homes,'" recalls Alberta Williams, who is currently president of the Miller Homes Tenants Association. "Crackheads were everywhere. They were selling drugs in the hallways, on the stairs, and urinating all over the place. My God, it was just awful."

Muggings were epidemic. Gunshots rang out night and day, and tenants were afraid to leave their apartments. In fact, the housing complex was so drug- and crime-infested that the mayor of Trenton had suggested that the only way to clean up Miller Homes was to tear it down.

Then a kind of miracle happened. In the eyes of Alberta Williams and other tenants here, that miracle is a petite, 40-year-old one-woman dynamo. "Since Bertha Gilkey came, has it changed!" says Williams.

For more than a decade Bertha, herself a child of the shums, has been teaching tenants of dangerous, drug-infested public housing how to transform their environments into safe, decent places to live.

"We had spent hundreds of thousands of dollars trying



Bertha surrounded by tenants at Miller Homes. "The majority who live here are good, hardworking people."

"I make people believe in themselves."

to turn Miller Homes around, and failed," recalls Martin Hillman, the executive director of Trenton's housing authority. "As soon as a door or window was replaced, it would be smashed again."

Hillman realized money alone wasn't the answer. The only way the development could survive was to change the environment and the outlook of the tenants—256 poor families.

This time, in addition to approximately \$2 million in Federal moneys to renovate the two high-rise buildings and an \$80,000 state grant to begin round-the-clock police protection, Hill-

man brought in Bertha Gilkey, a woman who has never been afraid to get her hands dirty.

CLEANING UP

Grabbing a broom and a plastic garbage bag, Bertha begins sweeping the litter of bottle caps, candy wrappers and cigarette butts into neat little piles. Then she picks up the trash with her bare hands—without regard for her perfect, long red fingernails—and begins filling one garbage bag after another until the parking lot is spotless.

A group of children runs up to report that the paintbrushes Bertha provided have disappeared. (Continued)

FC's "Women Who Make a Difference" is featured on **HOME**, weekday mornings on ABC-TV.

Women Who Make A Difference

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She pulls crumpled bills from her pocket and hands them to the oldest to buy more.

"You can't change people overnight," Bertha says later. "It takes time for people to start thinking of public housing as their home, to start thinking they can change how it is.

"The majority who live at Miller

Homes are good, hardworking people," she continues. "The problem is that public housing is used as a dumping ground for dope pushers, the have-nots and want-nots. You have to deal with the bad ones already here and stop more bad ones from moving in."

IMPROVING LIVES

At least three evenings a month, Bertha meets with Miller Homes tenants. These sessions are a combination religious revival, condominium meeting and civics class.

Bertha listens to tenants' complaints about broken elevators and washing machines, and helps to settle disputes between neighbors.

"We're not going to live with people who urinate in the elevators and mug and kill and rape," she shouts at one point. "This is the rebirth of Miller Homes!"

The tenants are mesmerized. Many shout "Amen" and "Right on."

She asks them to stand and, fists thrust in the air, shout: "We're tired of it. We're not taking it anymore."

Bertha has taught residents how to read a lease sentence by sentence, and helped organize an effective tenants association. Floor captains patrol the halls to make sure there are no graffiti, that the garbage is taken out, that children don't run around late at night.

A joint tenant/housing authority committee has been formed to screen new tenants. From now on, anyone who wants to move into Miller Homes will have to pass a background check and an orientation.

"We're going to teach them they've got to be accountable and responsible," says Bertha, "and if they are not, they're going to be evicted."

In addition, she finds grant money to set up services designed to make residents' lives more manageable and hopeful.

An on-site day-care center has been opened so mothers can find jobs and get off welfare. Retired carpenters have been recruited to teach skills to unemployed high-school dropouts who then will be hired to renovate the buildings. There is an after-school tutoring program, a Cub Scout troop, even a girls' drill team.

"I make people believe in themselves," Bertha explains. "What's wrong with the government is that they work on the buildings. I work on the people first. Once you give people back their pride and dignity, then the buildings are easy."

TAKING CHARGE

Bertha was born Bertha Knox, the second of 15 children, and grew up in a St. Louis tenement. Her early years were defined by sexual abuse and neglect, but despite a hellish home life, Bertha managed to graduate from high school. (Continued)



Women Who Make A Difference

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"I was determined not to let what happened to me as a child ruin my whole life."

At 17, she married Emmett Gilkey, a middle-class college student whom she had met at church. They had two children in three years, but the marriage ended when the younger child was 9 months old.

Bertha worked, raised her children and went to college. From 4 A.M. until noon she pressed clothes at a dry cleaner's, and at night she took classes for an associate degree in early-childhood education.

Back then, as today, she lived in Cochran Gardens, a public housing development in St. Louis. In the late 60's, the complex was known as Little Nam, because of the routine drug killings, muggings and burglaries. "I just got fed up," she says. "I decided this was my home, and I didn't have to live this way."

When she wasn't working or studying, she was leading other tenants in their struggle to improve life at Cochran Gardens. They scrubbed the walls and floors, and badgered the housing authority to replace missing lights. With Federal and private grants she secured, Bertha set up a day-care center and businesses to create jobs for tenants.

Eventually, in 1976 the Cochran Tenant Management Corp., with Bertha as president, took over the buildings' management. Today, it remains a model of what public housing can be—crime-free, clean and quiet.

She has the same goals for Miller Homes—tenant management. "I believe that the only way public housing will work for low-income people is if they take charge of it themselves."

Bertha's success at Cochran Gardens earned her national attention. After she appeared on *60 Minutes* in 1986, officials from many cities asked her to help save their worst public housing. So she has worked in Philadelphia, Camden, Chicago, Louisville and Cleveland, as well as in Trenton, and she lectures worldwide.

STAYING PUT

While Bertha started as a volunteer, for the past three years she has drawn a modest salary. Most of the money she earns—including the \$77,000 fee from Miller Homes—goes to Urban Women, Inc., the nonprofit organization she started six years ago to pay the salaries of three assistants and dozens of "interns"—tenants she trains to carry on her programs after she leaves.

When not traveling, which is only about five days a month, she returns to the apartment in Cochran Gardens that she shares with her son and daughter, both college students.

Now that she has made something of her life, she says many people urge her to leave the "projects."

"That's why my marriage broke up," she says. "My husband wanted to save me, to buy a house in the suburbs with a two-car garage. But I wanted the same for my neighbor in public housing. If she couldn't have it, then I didn't want it either." ■

Olga Wickerhauser is a freelance writer who lives in New Jersey.

THE WAY IT WAS

--bullet holes in the walls, pools of urine in the halls and elevators. Gilkey: "People threw garbage out of the windows, and the hallways were lined with garbage bags stuffed with month old food and mice jumping out of the trash." Tenants were made prisoners of their fear of muggings and violence. Drug dealers set up road blocks to rob whoever they could stop. The city government wanted to tear the complex down. Many tenants moved away, people lost hope.

TENANTS TOOK CHARGE

--tenants scrubbed walls and floors, nagged housing authorities to make repairs. With Federal grants secured, Gilkey set up a day-care center and businesses to create jobs for tenants. Eventually, in 1976 the Cochran Tenant Management Corp., with Gilkey as president, took over the buildings' management.

TODAY

--"Where there once was only dirt, there are now azaleas and 'keep of the grass' signs. Tenants sweep the hallways every day and dare not mark the freshly painted walls." Cochran Gardens is clean and crime-free. Most importantly, a sense of self-sufficiency and self-confidence has been restored.

From Squalor to Showcase: How a Group of Tenants Won Out

By ISABEL WILKERSON

Special to The New York Times

ST. LOUIS — A decade ago the Cochran Gardens public housing development here was a squalid den for narcotics dealers. There were bullet holes in the walls and pools of urine in the hallways. The tenants, most of them welfare recipients, were virtual prisoners of the 12-building complex, and the city wanted to tear it down.

Now Cochran Gardens is a showcase of urban ingenuity. Where once there was only dirt, there are now azaleas and "keep off the grass" signs. Tenants sweep the hallways every day and dare not mark the freshly painted walls.

The development, with 1,900 residents, has been transformed since the tenants began managing the buildings in a movement that is spreading across the country. Fifteen years ago there were just two such tenant management groups; now there are 15, and dozens more are being formed in Cleveland, Chicago, Philadelphia, New Haven and other cities.

In most such cases, the tenants, though they hire building janitors, also perform cleaning and minor maintenance work themselves, and they apply peer pressure to insure that the development stays well kept. They collect rent for the local housing authority, which pays them a fee for their management services.

In so doing, they not only gain a new sense of independence but also deal effectively with their own housing problems, whose solutions often escaped seemingly distant bureaucracies.

Next Step Is Ownership

Now some tenant management groups are seeking total control: they want to buy their complexes from their local governments under legislation, signed into law by President Reagan last February, that allows tenants to buy public housing at a small fraction of the market price.

At least two such groups — the one at Cochran Gardens here and another in Washington — are now drafting purchase proposals to be submitted to the Department of Housing and Urban Development. They hope to reach tentative agreements with the department by the end of this summer.

Already, though, the tenants at Cochran Gardens, organized into the Cochran Tenant Management Corporation, have been astonishingly successful. Using foundation grants as well as the hundreds of thousands of dollars in management fees they receive, they have built a community-wide empire: a \$400,000-a-year catering business, five day-care centers, a cable-television installation service for low-income neighborhoods and a limited partnership in several private housing complexes nearby.

The corporation employs 250 people, most of them Cochran residents, and hopes within the next year to open a factory across the street that will hire hundreds more.

A Long List of Rules

The tenants' leaders run Cochran Gardens like the military, with almost as many rules and with their own hierarchy. Below the board of directors are floor and building captains who, in monitoring residents' behavior, are not above searching through garbage to find out who violated one of the complex's strictures.

At Cochran Gardens, it is forbidden to hang wash outdoors, throw garbage out the windows, speak discourteously to managers, put old furniture on the balconies, let the corridors go unswept or have pets, even goldfish.

Prospective tenants must sign a two-page list of these and other regulations before they move in, and are given periodic updates in the form of frankly written fliers. A recent edict warned, "Anyone caught spitting or urinating

on the elevator, incinerator or anywhere in the building will be evicted."

That the development could vastly upgrade itself was first envisioned by Bertha Gilkey, the 39-year-old head of

the board, who founded the tenant management group. She remembers moving there as a child, with her parents and 14 brothers and sisters, from a St. Louis tenement that had dirt floors. Cochran Gardens then was landscaped and clean, and she thought it was utopia.

By the late 1960's, though, the development had begun to change. Drug dealers became the unofficial managers, setting up shop in vacant apartments, stealing tenants' checks from the mailboxes and barricading the street. Drivers forced to stop at the barricades were robbed.

Many tenants moved away, and the buildings fell into disrepair. The complex, once racially mixed, had become predominantly black and predominantly poor, most of its households headed by women. Despair set in, Mrs. Gilkey recalls, and many residents gave up hope and caring.

'The Abnormal Became Normal'

"People threw garbage out of the windows, and the hallways were lined with garbage bags stuffed with month-old food and mice jumping out of the trash," Mrs. Gilkey said. "The abnormal became normal."

By the mid-1970's, Mrs. Gilkey and several other outspoken tenants were fed up. "We decided things didn't have to be this way," she said. "We wanted to build accountability and standards and self-esteem."

They began with a modest wish list. They wanted clean, well-kept buildings that had front and back doors, which had been torn down by drug dealers who wanted quick access to hiding places. They scheduled a cleanup day, brought soap and water, and scrubbed the floors and walls themselves. They bought new paint, and every family painted its own hallways. They sold pig's feet and chicken wings to get the money to replace the doors.

Early successes helped the tenants convince the local and national governments that they could run the complex, and in 1976 they signed a management contract with the St. Louis Housing Authority that provided them a fee of \$69,000 a year. Today that fee is \$858,000, more than 95 percent of the \$895,000 in publicly subsidized annual rents paid by the residents.

Morgan Doughton, a senior domestic policy analyst at the White House, says the group has surprised even its supporters.

"It turned into an all-purpose organization that had earned the right to manage its own housing," Mr. Doughton said. "It's more than collecting rent and making sure broken windows get repaired. It makes residents feel they are part of the community."

To work, the system relies in part on people like Nellie Moore, a building captain who tracks her charges like a private investigator. "If somebody leaves a bag of trash in the rubbish room, I go through the trash to find out who they are," Mrs. Moore said. "If you look long enough, you usually find a bill in there with their name on it."

Mrs. Moore does her "building check" every day, making sure that the floors, walls and baseboards are cleaned and that there are no cobwebs in the stairwells.

"We run Cochran like a real estate manager would, not like a social program," Mrs. Gilkey said. "The buildings aren't writing graffiti on themselves. They're not tearing themselves down. There are consequences for that kind of behavior, and the consequence here is that we're going to put you out."

Mrs. Gilkey herself has now risen to international prominence as a leader in the tenants' rights movement. She has traveled to Europe, Africa and the Middle East, training low-income residents and preaching the gospel of tenant management.

At the same time, her group's business ventures have expanded rapidly. When the complex received \$22 million for renovations from the Department of Housing and Urban Development, the tenants decided to reduce the number of residents in each of the build-

One day Bertha
Gilkey decided
she wouldn't take
it anymore.

ings. They enlarged the old apartments, built a complex of town houses for the displaced residents and then sold the town houses back to the housing authority, at a profit of about \$10,000.

And when Mrs. Gilkey heard that some cable television companies were afraid to send crews to low-income neighborhoods, the Cochran Gardens group trained its residents in installation. Now the group receives from the cable company 10 percent of the revenues from each household the group serves. "What becomes a problem for other folks becomes a market for us," Mrs. Gilkey said.

The successes of the Cochran and similar tenant management groups have put pressure on local housing authorities to either improve their management or allow more tenants to run their own complexes. "This is one of the best ways to make the public sector more efficient," said Mr. Doughton said, the White House aide.

Thomas Costello, who as St. Louis housing director handed management of Cochran Gardens to the tenants in 1976, agreed. Tenant management "is not necessarily a panacea" for all the problems confronting public housing, he said. "But if properly nurtured, it's the best of both worlds."



Bertha Gilkey, head of the tenant management group at Cochran Gardens, with Lenora Williams, president of the Harrison Tenant Council Association, outside the Harrison Plaza development in Philadelphia.

The New York Times/Dan Miller



Bond of Missouri. Both Bond and Kemp are advocates for low-income housing tenants to own their own housing complexes with financial assistance from the federal government.
Photos by Bob Williams.

Republicans Determined To Make Home Ownership A Reality For Low-Income Tenants

After the tour of public housing units by Jack F. Kemp, U.S. Secretary of Housing and Urban Development, along with powerful Republican U.S. Senator 'Kit' Bond, both gentlemen agreed that now is the time for the federal government to make owning a piece of the American Dream a reality.

Kemp's trip to St. Louis was basically a fact finding one to

determine if the proposal to make the aging public housing complex (Carr Square) one of the first in the nation to be sold to its tenants. His assessment of the proposal to sell Carr Square was good, and he said that his critics "are flawed in their thinking, they're wrong." He was referring to Congressman William L. Clay, who has been very critical of the Bush administrations attempt to unload expensive

housing complexes on the poor. Clay says the federal government is trying to get out of the low income housing business.

This is the second trip for Senator Bond to Carr Square to talk with the tenants. Senator Bond has introduced legislation that will enable low income tenants to purchase public housing complexes with the assistance of the federal government.

Housing Authority May Sell 658 Units To Tenant Group

By Cynthia Todd
Of the Post-Dispatch Staff

The St. Louis Housing Authority is considering a proposal to sell 658 units of public housing at Carr Square Village in north St. Louis to the development's tenant-management association, housing officials said Tuesday.

Charles Poole, a spokesman for the authority, said the agency was negotiating to turn over the ownership of the project to the tenant group.

The group is applying through the U.S. Department of Housing and Urban Development to buy the complex, at 1521 Carr Street. An amendment to the Community Development Act, passed in December, allows such sales.

If the application is approved, Carr Square would be one of the first public housing developments in the country to be sold to tenants.

The Department of Housing and Urban Development also is considering the sale of another public-housing development, Kenilworth-Parkside in Washington, to its tenant-management association.

"This has always been our objective — to buy the development," said Loretta Hall, the manager of Carr Square and a member of the tenant-management group, which is 15 years old.

Hall said the group hoped to form a cooperative to let tenants buy stock in the complex and to eliminate all subsidized housing in the development for any tenant who is not elderly.

The group proposes to buy the development from the Housing Authority for \$1. Once the sale is completed, the group plans to enter into a joint venture with the development firm of McCormack, Baron & Associates of St. Louis to renovate the development, Hall said.

She estimated that the first phase of the project would cost about \$235,000. The modernization project could be paid for with bonds, through investments from individuals or through a grant from a foundation, Hall said.

She said that the group had contacted the Ford Foundation and that "prospects look good. But the first thing we have to get is the ownership."

The proposal also provides that the 658 units of public housing lost through the sale would be replaced by:

- Making vacant public housing in the city livable.
- Buying or building new units of public housing.
- Developing more public housing through a partnership with government



Wayne Crosslin/Post-Dispatch
Loretta Hall, manager of Carr Square Village,

or private industry.

The proposal would preserve the development for low-income families. It also provides that any resale of property in the development must be made to people who have low incomes.

Michael W. Jones, executive director of the housing authority here, was unavailable for comment. Sources said several city officials supported the proposal.

David Caprara, of the National Center for Neighborhood Enterprise in Washington, said the application was being reviewed. The center helped the tenant group develop the proposal.

Caprara said officials at the department already had given the plan preliminary approval. He hailed the proposal as a visionary method to tackle the

problem of low-income housing.

In St. Louis, officials estimate that 3,700 people are on the Housing Authority's waiting list for public housing and another 6,300 people are waiting for Section 8 subsidized housing.

"We see this as a tremendous cycle to generate new housing," Caprara said. He is the director of economic development for center.

"First . . . the city will have replacement housing to improve the quality of life," Caprara said. "Second, Carr Square is contiguous to the Pruitt-Iggoe site, and this will enhance the value and accessibility of the site."

The city has proposed a \$25 million redevelopment of the old Pruitt-Iggoe site, where 33 buildings of public housing for 12,000 people once stood.

Shuttles Help Workers Commute To Suburbs

By Jerri Stroud
Of the Post-Dispatch Staff

With most jobs, it's the worker's responsibility to get to work.

But when the jobs and workers are miles apart, the jobs can go begging if workers can't get there.

Schnuck Markets Inc. last week began a shuttle service in a bid to fill jobs at its West County stores. Another shuttle service sponsored by the Cochran Gardens Tenant Management Corp. has been taking workers from the central city to jobs in Maryland Heights since February.

Both the Schnucks and Cochran Gardens shuttles are aimed at bridging the gap between surplus jobs in suburban areas and unemployed workers in the city and inner suburbs.

"The real goal is to get our West County stores fully staffed," said Sue Gibson, a Schnucks spokeswoman. "It's a problem for everyone in that area, particularly for the part-time positions."

Patricia Ferguson Willis, executive director of Cochran Gardens Transportation, says her main goal is to help welfare mothers become self-sufficient. The Cochran Gardens group provides day care as well as transportation for the mothers it recruits for jobs.

Unemployment rates for specific neighborhoods are hard to come by, but suburban employers frequently complain about the difficulty of re-

"The real goal is to get our West County stores fully staffed. It's a problem for everyone in that area, particularly for the part-time positions."

SUE GIBSON, Schnucks spokeswoman.

cruiting entry-level workers, particularly in affluent areas of St. Louis County.

The county's unemployment rate was a low 3.7 percent in September; whereas the city's rate was 8.1 percent, according to the Missouri Division of Employment Security. The area's average unemployment rate was 5.2 percent in September.

But the employment statistics are only part of the story. Entry-level workers often must depend on public transportation to reach their jobs. Unless a suburban employer is near a bus route, just getting to work can be so difficult that the workers are reluctant to take the jobs.

The Cochran Gardens project is one of eight nationwide that received start-up grants from the U.S. Urban Mass Transit Administration. So far, only three of the projects have gotten beyond the planning stage, said Sydney Stakley, a senior research associate for the National Center for Neighborhood Enterprise.

The Washington-based neighborhood center oversees the "reverse commute" projects as one way for low-income communities to help themselves, Stakley said. All the projects are aimed at getting unemployed inner city residents to suburban jobs.

Willis said the \$150,000 grant to Cochran Gardens pays only for administrative staff — herself, a job counselor and a transportation coordinator. The \$3.10 round-trip fare for the shuttle pays for the driver and gas. Cochran Gardens Tenant Management, which owns the van, is paying for insurance, she said.

"The goal is to get local funding," Willis said. Employers pay nothing for the service so far. Willis says it's important in the beginning to show employers that the program can provide the workers needed for entry-level jobs.

So far, Willis has worked mainly with two hotels in the Westport area of Maryland Heights. The Red Roof Inn at 11837 Lackland Avenue has hired most of the workers Willis has recruited.

Joel Manker, assistant manager of the Red Roof Inn, said that without the van, he would have to pick workers up at a bus stop more than a mile from the hotel. Buses "don't come anywhere near us," Manker said. Almost every business in the area that hires hourly employees has hung out a banner to attract job applicants, he said.

The hotel has hired only housekeeping workers through Willis so far, Manker said. The project is helping the hotel develop a core group of loyal workers who use the van, he said. The combination of transportation and day care offered in the Cochran Gardens project makes it easier for people to take the jobs, he said.

Willis has recruited 60 people for jobs in the nine months since February. Only 10 people are riding the shuttle regularly now, partly because there is a high turnover in the entry-level positions she tries to fill. Some workers have found better jobs, she said. Others have been unable to keep their jobs for a variety of reasons.

Only a handful of workers were riding the Schnucks shuttle last week. But Gibson said she expects between 50 and 60 riders by the end of the week. Many of the new workers were in training last week, she said.

The Schnucks shuttle provides twice-daily runs to stores in Kirkwood, Des Peres, Town and Country, Ballwin and Chesterfield. The shuttle leaves either from the company's store at 5055 Arsenal Street in south St. Louis or the company's training center at Northland Shopping Center. The shuttle costs \$1 for a round trip.

Gibson said shuttle schedules may change as Schnucks attempts to match shifts at its stores with workers' needs.



NEWS PHOTO • ROBERT CHASE

Bertha Gilkey, an advocate for public housing tenants, discusses the national public housing situation during a seminar Saturday in the Michigan Union.

Federal housing aid is improving under Kemp, activist says

By JUDSON BRANAM
NEWS STAFF REPORTER

While federal assistance for public housing remains shrunk from years of budget cuts through the 1980s, the administration of Housing Director Jack Kemp offers hope for the future, a national tenants' rights activist said Saturday.

Bertha Gilkey of St. Louis, active in public housing issues for nearly a decade, said Kemp has shown a commitment to improving the federal Department of Housing and Urban Development that was absent during the administration of his predecessor, Samuel Pierce.

"We have made more headway under the Kemp administration than we have under any under Republican administration," said Gilkey, though she added that conditions still need major improvements.

One positive move by Kemp was the recent suggestion of a \$250-million "HOPE" bill that would fund housing rehabilitation, tenant management programs, actions for the homeless and home-ownership programs. She said that bill is pending before the House and Senate banking committees.

Gilkey said that while a number of laws give rights to public housing tenants, it is the responsibility of residents to make sure those rights are followed by local officials. As an example, she said local housing authorities are required to consult with tenants groups before

applying for federal improvement grants.

However, since that rule has been lightly enforced for years, Gilkey said, tenants must make sure they have real input on grant applications or complain to HUD officials.

Despite the recent improvements, Gilkey said tenants still face "built-in bureaucracy" when trying to improve their complexes, and must work toward creating their own management cooperatives and maintenance staffs.

One program that can help tenants move toward self-management is HUD's Resident Initiative Program, said Joann Inglis, who administers the program through HUD's Detroit office. That program offers assistance in resident involvement, home ownership, drug elimination and economic development.

Gilkey spoke during a day-long seminar at the Michigan Union organized by UNITY, a local tenants' organization. The session, called "No Place to Go: The Struggle for Affordable Housing in Ann Arbor," offered talks by about 90 public housing activists from around the state, guidance on tenants' rights, organizing strategies, action for the homeless and welfare rights.

UNITY is a year-old alliance of local tenants' groups formed to improve the conditions and availability of public housing, said spokeswoman Elmira Collins.



Sharon Gipson (right), resident manager of LeClaire Courts, a Chicago low-income housing project, walks through the snow outside the project recently with Irene Johnson, head of the resident management board.

Associated Press/MARK ELIAS

'Empowered' poor taking control of how their housing is managed

By SHARON COHEN

The Associated Press

CHICAGO — In five years, Sharon Gipson became an expert on the many indignities of public housing: leaky roofs, stopped-up sewers, shoddy service, bloated bureaucracy. That was as a tenant.

Now she's determined to make big changes — as manager.

Gipson juggles both lives at LeClaire Courts, a housing project in which low-income folks make high-powered decisions about their neighbors, their needs and the fate of their Southwest Side community.

Power to the poor. Across the nation, public housing residents are taking charge of multimillion-dollar buildings, collecting rent, screening new tenants, evicting drug dealers and deciding how to spend government dollars. Some even own property.

"Low-income people are taking their destiny in their own hands," said John McKnight, director of community studies at Northwestern University's Center for Urban Affairs and Policy Research. "People are concluding if they don't do it, no one else will."

It's happening in other arenas, too. In Milwaukee, some poor children choose their own private schools. In Detroit, low-income residents buy, renovate and sell buildings. In Denver and Omaha, fathers are crime-fighters.

Trend spreading

"We cannot look to government to do things for us," said Charlene Johnson, president of Reach, a Detroit-based community group. "We must do for ourselves."

That's what's happening in cities such as St. Louis, Boston, Jersey City, N.J., and Washington, where tenants, not professionals, are the power brokers in public housing. It's a shift some say is logical and long overdue.

"They better understand the problems of their own community," said Justin Milberg, of the Washington-based National Center for Neighborhood Enterprise. "They enjoy the trust of their own community. They're a permanent solution. They're not going to leave as funding runs out."

The poor aren't the only champions of choice.

Housing and Urban Development Secretary Jack Kemp has made it a cornerstone of his agenda, establishing the Office of Resident Initiatives in 1989 and training public housing tenants to become managers.

About 15 resident management corporations are operating nationwide; more than 100 others are in training stages.

President Bush is another booster. In signing a housing bill in November, he declared: "When the people who live in public housing are in charge, the results are remarkable: More people pay their rent, maintenance improves . . . and neighborhoods spring back to life."

In the first four years of tenant management at Kenilworth-Parkside, a public housing project in Washington, rent collections rose by 77 percent and hundreds of drug dealers were forced out, a report said.

A 1989 study said converting Kenilworth-Parkside to tenant ownership could save the government \$26 million over 40 years.

But not everyone is enamored of the idea. Last year, Budget Director Richard Darman called "The New Paradigm" — the label a presidential aide gave to self-help programs — pretentious and a rehash of failed '60s ideas.

Programs no panacea

Even boosters say empowering the poor is no magic wand.

"I don't think it's going to wipe out all problems with the exception of tooth decay," said Robert Rigby, director of the Jersey City, N.J., Housing Authority. "In many quarters, it's seen as a panacea. I don't think in any way it represents that."

In Jersey City, one tenant-management plan fizzled — high turnover of residents and community leaders were blamed — but in three others, vacancy rates and delinquent rent payments have fallen sharply.

Though empowerment is a new buzzword, the idea is not. Since the '60s, a long line of committed public housing activists, often black women, have preached the gospel of self-help.

But in recent years, there has been a "growth from a cottage industry to a major grass-roots movement," said David Caprara of HUD's resident initiatives office. "It has just spread like wildfire."

There also are new strategies. In Atlanta, for example, dozens of graduate students from a black university will move into a project this spring, operate programs and serve as role models.

Resident management, Caprara said, already has been a boon to communities, creating jobs in areas where unemployment is chronically high and leading to spinoff business-

es, including a catering company, a screen door repair service and, at LeClaire, a reverse commuter shuttle to the suburbs.

"It instills pride and hope," he said. "It restores a sense of community control."

That shift didn't come quickly or easily at LeClaire, a community of about 4,000 people living in modest red-brick row houses in the shadow of Midway Airport.

"When we started out, we were ignored," said Irene Johnson, head of the resident management board. "They (local officials) thought we were a joke."

LeClaire gets good review

But the residents persisted and, after working side-by-side for a year with the Chicago Housing Authority, took over in 1989. So far, the reviews are good.

Caprara calls LeClaire "a good case study in all the right ingredients for success."

CHA Chairman Vincent Lane adds: "The management out there is doing at least as good a job or probably better than the management under CHA."

A paid staff of about 30, mostly LeClaire residents, manages the day-to-day business, processing and completing repairs, balancing the books and deciding, with the CHA, on bids for major projects.

Since 1989, new windows have been installed for everyone. Most tenants have new storm doors and about half of the 600-plus row houses have received new stoves and refrigerators.

Longtime resident Joselyn Pughley sees other changes: Repairs that once took months now take days. That doesn't surprise her.

"When you live in a place and you're working there, you're going to do a better job, you're going to want the best for your children," she said. "You're going to take care of where you live and . . . what you consider yours much better."

Yet expectations can be too high.

"They think we can perform miracles," said Gipson, the resident-manager, who has lived at LeClaire since 1984. "They think it's 'Bewitched,' twist your nose and it's fine."

There are painful decisions, too — especially evictions. There have been about 10.

"The first eviction . . . I cried all day and night. I didn't sleep a week," Johnson said. "But you've got a business to run. You sign on the bottom line of the contract."

'You are coming into a neighborhood'



Times photo — JIM STEM

Bertha Gilkey says her mission is to help the residents of Jordan Park to regain their self-esteem.

■ Jordan Park has been in the grip of poverty, crime and fear for years. But one woman is teaching the public housing complex to take control.

By WILMA NORTON
Times Staff Writer

ST. PETERSBURG — Jordan Park sits in isolation on Ninth Avenue S, the interstate and a high concrete wall blocking it from the public's view.

Not so long ago, the residents of the 50-year-old public housing complex felt isolated themselves as, plagued by crime and poverty, they retreated into their homes to watch and wait.

Then an outsider with a mission arrived to bring them out of their homes.

Bertha Gilkey saw the problems. She stepped over gamblers on the sidewalks. She saw the drug dealers, the graffiti and the vandalism. She walked through the

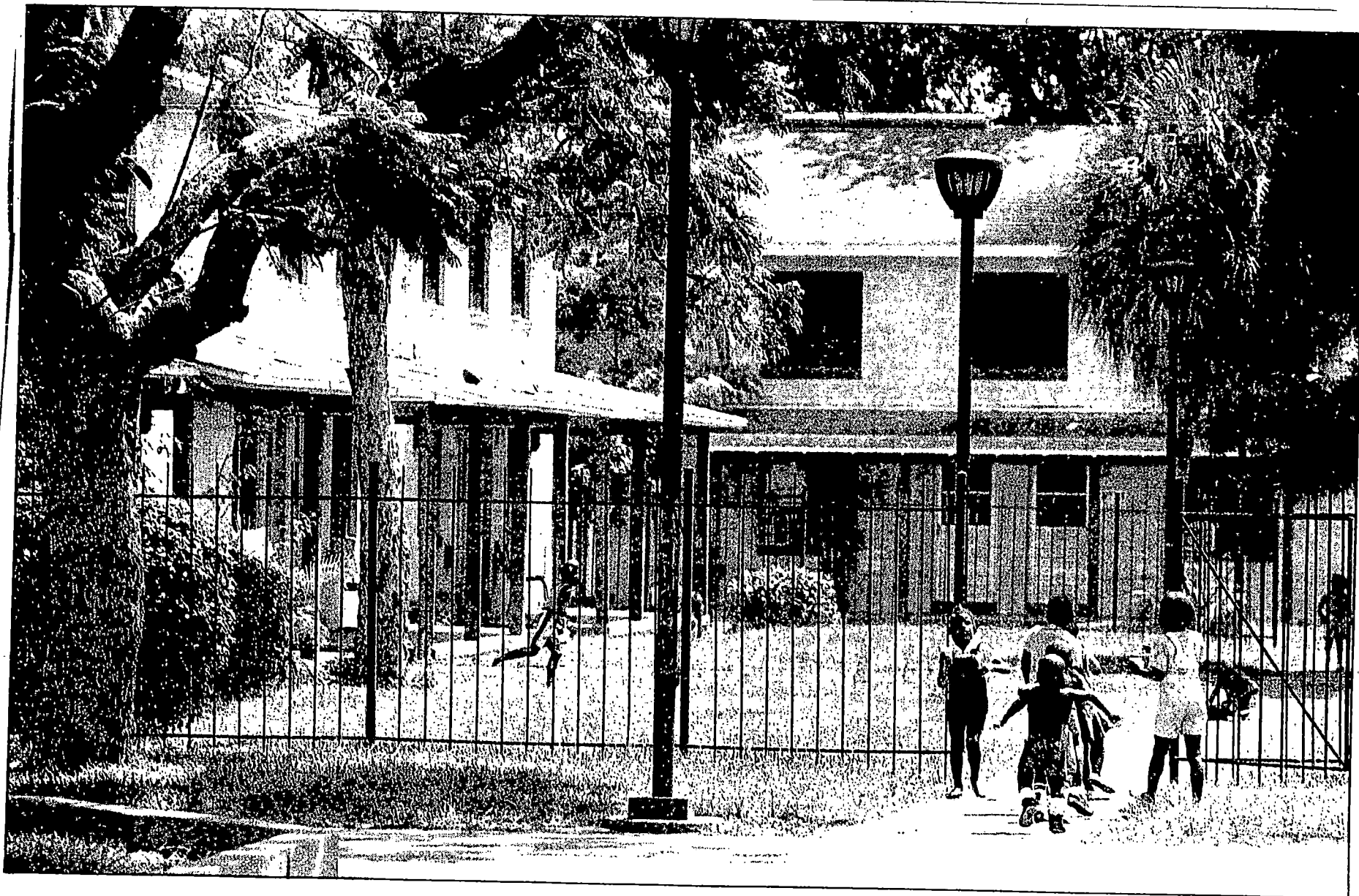
litter. She heard residents say they stayed inside at night with the porch light off, because the burning lights quickly got shot out. They told her they were afraid to venture into the dark, too, for fear of being shot.

She says, "We can change these things." She had done it in St. Louis, in New York, in Chicago, in Philadelphia. So the St. Petersburg Housing Authority hired her to bring her message of change here.

Her mission, she says, is to help the people of Jordan Park regain their self-esteem. Stand up for their neighborhood. Let the troublemakers know they aren't welcome any more. Bring some of the old ways back to the neighborhood, when Jordan Park offered some of the finest housing available to black families in a segregated city.

Gilkey is training residents to organize a business, to feel better about themselves and to take charge of their neighborhood.

Please see **NEIGHBORHOOD** Page 3



Jordan Park residents once feared to leave their homes, but today children move freely through the rejuvenated neighborhood.

Times photo — JIM STEM

Neighborhood from Page 1

"I teach them to look within themselves, not to look outside to somebody else to do for me," she says. "What the training does is says you are somebody and that you possess skills. You're unique. You're special. You are bright. You are articulate. You are all of the things people say poor people are not. The problem is you lack the training."

When she imparts that message to people who have been poor all their lives, she finds a change, Gilkey says. "You find a stronger, more informed, more crime-free, more employed and productive community. You bring back the old-fashioned American dream."

■ ■ ■

Watch Bertha Gilkey in action, and it's easy to believe she can deliver her promise.

She's a striking, charismatic woman.

As she guides the residents through the evening, she is part coach, part cheerleader, part evangelist.

She gathers the dozen or so residents into a circle to sing, changing the words of *Kum Ba Yah* to include "Stop the drugs, my lord, come by here," and "Save Jordan Park, my lord, come by here."

Every time a resident offers a comment, she claps and praises.

Sometimes, though, she is harsh in her criticism.

Speaking about young, unwed mothers, Gilkey says: "Some of these young mothers should not be given apartments. They are not mature enough. Give them a unit, and all they use it for is to get more babies. They end up getting caught up in crime, drugs, abused and killed. They become victims."

She is just as adamant on the topic of people who think public housing should take anyone who applies.

"We want to make sure they understand that Jordan Park is no longer a dumping place," Gilkey says. "You're not coming into a project. You are coming into a neighborhood."

The Jordan Park Residents Association meets with Gilkey three nights a month. The group already has incorporated. Its committees stage cleanups, maintain playground equipment and monitor security. Members also plan to open a child-care center they will own and operate.

The group also is putting together a screening committee of residents and St. Petersburg Housing Authority staff members who will approve new residents.

Those gathered for the meeting go over screening guidelines. There are rules on supervising children and housekeeping. People who use drugs and create disturbances will be kicked out.

Speaking in support of the screening committee, Vernadean Shaw says, "We're working hard to clean up Jordan Park. . . . We might get drug fiends, crack heads, drunks and people who are violent. We want to clean it up and keep it clean."

Part of Gilkey's process is getting each

resident to stand up and speak at each meeting. They talked at a recent meeting about improvements they have seen in Jordan Park.

Ms. Shaw says asking residents to clean up their yards never used to bring a response. If they don't clean it up when asked now, they can be fined \$25.

"I have people now who, when they see me coming, they send their kids in the house to get a rake so by the time I get there, the yard is clean," she says.

Wilbert Shack says, "I had someone tell me the other day they can sit out on their porch at night and not be afraid of shooting."

"A lot of the traffic has ceased," Johnnie Jones says.

"More people are taking more pride in the Jordan Park area," says Alberta Quarterman, vice president of the association. "More people are more concerned about what's happening with their lives. We're learning a whole lot. You learn a lot about yourself and what your ability is. The biggest thing I've learned is that I can get in front of a group and talk and not have to be ashamed."

Even having the residents stand up and give their names is progress, Gilkey says.

"I can see the sureness in them. When they first came, many of these women that spoke today wouldn't even speak. Johnnie wouldn't speak. When I used to call on her, she would run. Vernadean and Alberta would put their heads down; they wouldn't even talk," Gilkey says. "A lot of this is not money. It's just making people feel like they are somebody."

■ ■ ■

Gilkey grew up in St. Louis in the Cochran public housing development (She rejects the term housing project as derisive). She still lives there.

She talks to residents in a way others couldn't get away with, she says, because she is one of them.

She got her start as a public housing advocate in the 1970s when the St. Louis Housing Authority, frustrated with conditions there, turned the running of Cochran over to the residents. They turned the development around and now own several small companies.

Next year they plan to buy Cochran from the Housing Authority.

Jordan Park could get there eventually, too, Gilkey says. The first step to resident management is the training she gives them. The next step will be management — having a say in who gets into the complex, how money is spent, who is hired.

The third step is economic development.

Jordan Park's residents are planning to open a day-care center. They have hired a cook to cater training sessions, but hope to expand that enterprise. They are raising money for several other projects.

"They've got to have other income so that when the (federal) dollars are cut, the housing stock doesn't suffer," Gilkey says.

With this framework in place, the residents can move on to social service programs, job training, education. Only then could they think of

owning the development, she says.

The Housing Authority also is committed to making Jordan Park a better place to live, says Edward White Jr., the authority's executive director. In recent years, the authority has spent about \$10,000 per apartment on renovations, White says, and it has added police patrols and security equipment.

Gilkey and White say they want to see Jordan Park become the well-respected, sought-after housing it was in the '40, '50s and '60s. "It would have then been viewed as a real mecca. A lot of people fought to get into Jordan Park," White says.

"Today, all too many people look at Jordan Park as housing of last resort," White says. "The people who lived in Jordan Park 25 years ago felt differently about themselves."

Back then, most of the residents were traditional families — husband, wife and children — who worked. They saw Jordan Park as a temporary home until they could buy their own home.

But as society and social programs have changed, so have the tenants. Almost all of the 446 apartments are occupied by women raising children alone. Few can work.

"We've moved from working class poor to subsistence poor," White says. "A preponderance of people (in Jordan Park) do not work, and they're on welfare. . . . They are trapped in the poverty cycle."

"People don't really take charge of their own communities and their own lives when you have a welfare system," White says. "We're trying to change that. We're trying to empower people so that they will once again take charge of their lives, and they will move from a subsistence in the poverty cycle to the mainstream."

The Housing Authority has a federal grant for \$299,000 it is using to pay Gilkey, buy the site for the child-care center and pay other program expenses.

But Gilkey says the money isn't the main source of change.

"Eventually, we need money, but the beginning of it, before you change physical designs of the buildings through massive amounts of HUD or federal subsidies, you've got to change the people, and that's what this program does. It changes the people. It changes the thinking of the people."

Eleanor Cooper, who has managed Jordan Park for 18 years, was doubtful at first, but is now a believer in Gilkey's gospel.

"I first felt 'Why are they bringing that woman here to take my job from me,' but I don't feel that way anymore," Cooper says. "I am real happy about the progress we've made here. I know it's going to work. I know it's going to work."

Gilkey heard doubts from others, too.

"When I came to Jordan Park, people said, 'This is not St. Louis. You can't change these people,'" Gilkey says. "Now I've got the same people telling me, 'I can sit on my porch at night.' We've got a long way to go, but we've come a long way."

"And these changes, it amazes people. But it doesn't amaze me."

Residents of Public Housing Will Learn How to Manage Themselves

■ **Nickerson Gardens:** HUD Secretary Kemp presides over official opening of yearlong training program seen as one answer to problems of crime and vandalism.

By BETTINA BOXALL
TIMES STAFF WRITER

Some of the thousands of people who live in Nickerson Gardens will start going to class this week for lessons in how to take over their housing project, the largest in Los Angeles and one of the most troubled.

About 50 Nickerson Gardens residents are expected to show up for the beginning of a yearlong series of training sessions intended to help them form a management corporation that would gradually replace the Los Angeles Housing Authority in running the Watts housing project.

The program is one of many being launched in public housing projects around the country as the Bush Administration promotes tenant management and even ownership as answers to the festering problems of crime and vandalism that riddle many public

housing projects.

"[We] want to make sure that every resident of public housing in the United States of America from Watts to East Los Angeles to the South Bronx to East Harlem has the opportunity to manage their own public housing and someday to own it if that's their dream," Jack Kemp, U.S. secretary of housing and urban development, said Tuesday before a crowd that filled a gymnasium at Nickerson Gardens to mark the official start of the training program.

Kemp shared the stage with several other dignitaries, including Mayor Tom Bradley and Assemblywoman Maxine Waters (D-Los Angeles), all of whom praised the trend toward tenant management as the beginning of a new era in public housing. "Nickerson is ready," declared Waters.

The management training—open to all adult Nickerson residents—is being paid for by a

\$93,000 HUD grant, one of five such grants given to Los Angeles public housing projects. The others will go to the Estrada Courts, Jordan Downs, Normont Terrace and Pico Aliso projects.

Nickerson has hired Bertha Gilkey to run the sessions, which will be held three times a month for the next year. Gilkey, a seemingly irrepressible advocate of tenant rights, is known nationally for helping notoriously bad housing projects, such as Cochran Gardens in St. Louis, clean up by putting the people who live there in charge.

"I say to the 6 million people in public housing in this country . . . it is time to challenge the system. . . . Who can better manage us than us?" Gilkey said.

Kemp also announced that the Los Angeles Housing Authority will get \$18 million this fiscal year to make improvements at its housing projects. Last year the authority received nearly \$15 million for repairs and improvements, but housing officials say it would take more than \$200 million to do all the improvement work they would like to do.

(Smith/Grossman)
April 27, 1991
10:30 A.M.
Draft One

PRESIDENTIAL REMARKS: HOUSING EVENT
COCHRAN GARDENS, ST. LOUIS, MISSOURI
Friday, May 3, 1991

Secretary Kemp, Bertha Gilkey, head of the National Tenant Union. (acknowledgments) Residents of Cochran Gardens. (I speak to you today as a resident of public housing. I tried to get some troublemakers evicted from my block too -- but I'm told it's freedom of the press.)

I've just seen your new children's playground. I can't describe how wonderful it is to see an area once called Little Nam replaced by an environment where children are safe to play, to learn, to grow. You know your state used to be called the "Show Me" state. From what I've seen today it's not hard to understand why. You've shown everyone what happens when people are empowered to take control of their community. They take it from a haven for drug dealers to a harbor for children. From the failures of neglect to the victories of volunteerism. From the despair of dependency to the pride of self-reliance. / They take it from development / to neighborhood.

Contrast this success story with the failure of projects like the Pruitt-Igoe (PREW it - EYE go). Crime-ridden, drug-infested, it was torn down almost two decades ago. To me, to many of us here, that vacant lot symbolizes the empty promises of public-housing policy.

To more and more Americans it is becoming clear that the solutions of the past aren't up to the challenges of the present.

my 2 [The safety-net should have helped people bounce back. But it only served to trap them in perpetual poverty, dependence, and despair. Some are starting to say "enough is enough." They are lifting their voices to demand: if the system's not creating a better life, then we must create a better system.]

It's time to make good on the promise of opportunity for all our citizens. Because as we enter the next American century, we need everyone on board. That's why this Administration is committed to break the logjam that's choking the progress of the poor -- broadening access to homeownership, jobs, and quality education.

Last November we moved towards those goals with the signing of the National Affordable Housing Act -- the most radical departure in Federal housing policy in two decades. Its core is HOPE -- Homeownership and Opportunity for People Everywhere. It's a revolutionary initiative that strikes out in a dramatically new direction, enabling public housing residents to manage and ultimately own their own homes.

Bertha Gilkey once said, "We don't want to be taken care of, we want to be trained how to take care of ourselves." She has taken that mission across America, lighting the fires in our battle to revolutionize public housing. She knows we can allow no pause in this crusade. When I took office, there were only 13 resident groups training to become resident managers. Today there are 100. With full congressional funding, there could be

40,000 residents in some 400 public housing communities launched towards homeownership by the end of 1992.

But we cannot conquer poverty if our foot soldiers can't afford the ammunition. That's why Congress must move swiftly to pass our Enterprise Zone and Jobs-Creation Act. By attracting new seed capital for small business start-ups, creating new incentives for entrepreneurial risk-taking, and reducing high effective tax rates on those who want work not welfare -- Enterprise Zones can turn poverty into potential, potential into prosperity.

But as we bring back the life to these areas' economies, we must restore the soul to their communities. The Community Opportunity Act of 1991 would help that process. This legislation should empower communities to find ways to make Federal programs more responsive to individual, family, and community needs. It will help provide the means to shift power out of the heavy hand of the state, and into the hands that run the home.

It was once said that "destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved." The people of Cochran Gardens have made their choice. Now, they're making history. Thank you all very much for being here. God bless Cochran Gardens, and God bless the United States of America.

→ You can now
have your own home



DAVID L. CAPRARA
DEPUTY ASSISTANT SECRETARY
OFFICE OF RESIDENT INITIATIVES

(h) 703
7390548
(202) 619-8201
FAX (202) 619-8478

ROOM 4102
451 SEVENTH ST., S.W.
WASHINGTON, D.C. 20410



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FACT SHEET

on

Resident Management and Homeownership

- o *There are currently over 100 resident management entities under development. In April 1990, Secretary Jack Kemp announced a new round of \$2.4 million in technical assistance training grants for 37 grassroots resident organizations. There are 13 Resident Management Corporations under contract with a Public Housing Authority with responsibility for project management functions (maintenance, security, rent collection).*
- o *The Department expects the number of resident groups and homeownership projects to more than double with expanded funding proposed in President Bush's \$2.1 billion Homeownership and Opportunity for People Everywhere (HOPE) grants legislation.*
- o *Positive social and management benefits have been recognized through resident management of public housing -- job creation, reduction of crime and welfare dependency, development of new social services, enhancement of community services and overall improvement in the quality of life. Resident Management Corporations have also incubated new enterprises such as small grocery stores, laundromats, beauty salons, catering and janitorial businesses and transportation services.*
- o *Resident management groups have been in existence since the early 1970's, beginning at Bromley-Heath in Boston; Cochran Gardens and Carr Square Village in St. Louis, Missouri. Resident involvement is crucial to making public housing work.*
- o *"The Housing and Community Development Act of 1987" authorized HUD to promote resident management and homeownership in public housing, and to provide technical assistance funding to resident groups. HUD regulations were revised in 1988.*

{OVER}

- o *A new Office of Resident Initiatives (ORI) was created by Secretary Jack Kemp to promote resident management and homeownership. Field staffing includes a Resident Initiative Coordinator (RIC) in each HUD Regional and Field Office.*
- o *Resident managed homeownership projects underway include Kenilworth-Parkside in Washington, D. C. and Carr Square Village in St. Louis, Missouri. A study by the accounting firm of Laventhol and Horwath shows positive results regarding economic feasibility for Kenilworth-Parkside, which could save the Federal government \$6 million over 10 years; \$11 million over 15 years; and \$26 million over 40 years.*
- o *Homeownership opportunities include conversions of public housing units under section 5(h) of the Housing Act of 1937 and the Department's Turnkey III program. In 1990, HUD-assisted multi-family housing properties will be included in the homesteading program.*
- o *It is the Department's belief that resident management and homeownership instills pride, improves neighborhoods, enhances independence, and encourages stable and intact families. After gaining control of their property, through the successful application of the principles of resident management, self-help, and job training, residents of federally assisted and public housing deserve the full opportunity to achieve the American dream -- to own a home of their own.*

* * * * *

For further information regarding the benefits of resident management or the purchase of public housing for homeownership, please contact the local Resident Initiatives Coordinator (RIC) in your local HUD office.

PREPARED BY:

Office of Resident Initiatives
Office of Public and Indian Housing
U. S. Department of Housing and Urban Development
451 Seventh Street, S. W.
Washington, D. C. 20410

RESIDENT MANAGEMENT
(202) 708-3611

HOMEOWNERSHIP
(202) 708-4233

Cochran Gardens St. Louis, Missouri

**Vital Statistics: Constructed in 1952; high-rise, 704 units,
3,250 residents; management contract negotiated in 1976**

The Cochran Gardens Tenant Management Corporation, born out of a rent strike to protest slum conditions, is a classic example of how a previously untapped source of limitless talent and imagination can bring a community back to life. A wide array of self-help social programs and a succession of bold economic schemes that put people to work changed the attitudes and behavior of a community pushed into near-oblivion by years of managerial neglect and disinterest.

In November 1969, the St. Louis Housing Authority (SHA) committed a final outrage by raising rents at Cochran Gardens. Residents who had been living in an atmosphere that perpetuated violent crime, prostitution, drugs, and other negatives that caused fear, frustration, and resentment, finally rebelled. A year-long rent strike ensued that resulted in the drastic reduction of the housing authority's control over Cochran Garden policy and operations. An elected on-site Tenant Affairs Board was created that could appoint two of its members to the SHA Board of Commissioners. These appointees had the power to veto the selection of others on the board if it was felt the individual would not promote the interests of public housing residents.

Concurrent with this power gain, during the period from 1969 to 1975, a private, community-based management corporation was administering on-the-job management training to Cochran Gardens residents whose organizational expertise made the rent strike successful. Residents learned about rent collection, tenant selection, lease and grievance procedures, maintenance and custodial requirements, and security. At the time a management contract was negotiated in 1976, a resident management team was already in place and ready to function.

Cochran Gardens never looked back. It established a five-person board of directors, electable every three years. The board makes policy; provides planning direction; and oversees all management programs, including personnel employment, social services, and tenant complaints. Each board member chairs one of five resident management committees—maintenance, security, social services, recreation, and economic development.

Wasting no time in tackling their problems, the resident managers tapped into training programs that were utilized for providing employment opportunities for the community's hard-core unemployed youths.

As trained, skilled workers, young men and women were hired to renovate the same unoccupied apartments many of them had broken into and vandalized when they were aimless and without direction. After inheriting some 250 vandalized vacant apartments, Cochran TMC, through its efforts with these youngsters, was able to renovate and rent 150 vacant units within its first year of operation.

Involving the young also resulted in the design and building of the Malcolm X Community Center, which sponsors athletic events, talent shows, field trips, and employment-related activities. Its facilities include a gymnasium, boxing facilities, and meeting rooms. A successful day care program is also operated at the facility.

Economic development is the primary driving force and the major funding source for program growth at Cochran Gardens. Business enterprises established by the Cochran Gardens resident managers have resulted in 330 new jobs for community residents.

In 1978, the city's Community Development Agency provided a block grant for Cochran TMC to develop a comprehensive rehabilitation and modernization plan. The plan was eventually funded by a \$21 million HUD renovation grant, which opened the door to private sector joint ventures in real estate activities.

Cochran's first joint venture, with McCormack, Baron and Associates, involved the construction of 675 units of low and moderate income housing units. A second project, Cochran Plaza, established 100 new units of low-rise housing. A third project converted an old school building into a 40 unit complex for senior citizens.

As part of its welfare reform "back-to-work" package, Cochran has created a janitorial company employing 45 former welfare recipients and a catering company that is responsible for providing 650 meals a day to a large number of the city's senior citizens. Another component of the Cochran welfare reform program will be the establishment of a factory to train and employ 300 welfare recipients. Cochran TMC is negotiating with the State of Missouri to purchase the factory while Cochran residents will renovate it as part of a women's employment training effort. The Cochran Gardens TMC is also negotiating production contracts with three major national industries.

In 1986, the Cochran Gardens TMC was awarded a contract for the installation of cable television equipment into the homes of public housing residents citywide.

In late 1987, plans were initiated for Cochran TMC to become a 50 percent owner of a shopping mall adjacent to the Cochran Gardens complex. It will contain 20 to 25 business establishments that will include a supermarket, restaurant, dry cleaner, movie theater, drugstore, hardware store, and a beauty shop.

Cochran Gardens, in a relatively short period of time, has become a community that generates jobs, businesses, talent, creative ideas, and a solid home-base for residents who have begun to lead productive lives.

Profile of Carr Square Village
Tenant Management Corporation
St. Louis, Missouri

Carr Square Village was the first public housing development in St. Louis, built in 1942. It is comprised of 658 units of low-rise townhouses.

The leadership of Carr Square along with Cochran Gardens in St. Louis served as the initial catalyst for the then unprecedented public housing rent strike in 1969 due to deplorable living conditions at the sites. The rent strike and subsequent tenant organizing activities ultimately resulted in the creation of a tenant management program in March, 1983, which was supported by the Ford Foundation and the housing authority.

As a result, Cochran TMC and the housing authority jointly developed new rental and occupancy policies, several new leases, a tenant security program, a Title XX Social Services Program, several T.P.P. and Modernization Programs. Residents have developed rules and regulations that are regularly enforced by the TMC staff and its five member board of directors.

Board members are elected by the residents of Carr Square, 16 years and older, in staggered terms every three years. The board of directors are responsible for all contracts pertaining to Carr Square, and maintain operational functions in four areas: maintenance, social services, security and development.

The experience of Carr Square TMC suggests that residents will respond affirmatively to self-imposed standards, once the process of developing and enforcing those standards is created by the residents themselves. The quality of life in the development is much improved, and vandalism has substantially decreased along with the rate of serious crimes.

Carr Square Tenant Management Corporation has developed and sponsored a

variety of social, educational, recreational and employment programs to increase the effectiveness of resident management efforts. New programs which have been created include: Mary McElroy Day Care Center, In-Home Service Program (staff trained by St. Louis Comprehensive Health Center), and an on-site recreational room (open from 5:00 p.m. to 9:30 p.m. daily). Through the Carr Square Youth Community Conservation Improvement Project, the TMC received HUD demonstration funding to train 193 youth in carpentry, painting and landscaping. Tenant management experience at Carr Square suggests that the "hard" and "soft" aspects of management and community development must be integrated with social services to effectively upgrade the quality of life within public housing.

The housing and community development programs of the TMC represent a significant expansion of TMC organizational development. Carr Square has participated as a co-developer of 810 units of new low and moderate income housing provision with the Cochran Tenant Management Corporation.

MISSOURI ENTERPRISE ZONE PROGRAM

MISSOURI

Program Status

Legislation approved in 1982. Program became operational in 1983.

Number of Zones

A maximum of 33 zones are authorized. As of July 1988, all 33 zones had been designated. Legislation in 1989 and 1990 authorized 41 zones, 37 of which have been designated and 2 more are pending. This year the legislature may create additional zones.

Eligibility Criteria

- * Population:
 - * Within an MSA, at least 4,000 but not more than 32,000.
 - * Outside an MSA, 1,000 to 20,000.
- * Areas of pervasive poverty, unemployment, and general distress.
- * Meets UDAG criteria.
- * All of the following must be present:
 - * 65% of the population below 80% of the median income for the State.
 - * Unemployment 50% above the average rate of unemployment for the State.
- * Cooperation from the localities.

Incentives for Qualified Businesses

- * Tax Credits:
 - * If 30% of the new employees are zone residents or are considered "difficult to employ", tax credits are available for 10% of the first \$10,000 in investments, 5% of the next \$90,000 and 2% of the remaining qualifying investment.
 - * Up to \$1,200 in tax credits for each new hire:
 - * For each new job, regardless of the time of year started, \$400 in tax credits,
 - * For each 3 months the new hire lives in the enterprise zone, \$100 in tax credits, and
 - * For each 3 months that a "difficult to employ" person works on the job, \$100 in tax credits.
- * Up to \$400 in training credits for training other than JTPA or state training program.
- * State income tax exemption of 50% for 10 years to be earned by a zone business if 30% of the firm's employees are zone residents or have exhausted their benefits.
- * Unused tax credits will be refunded at a rate of 40% or up to \$50,000 for the first year, and 25% or up to \$25,000 for the second year.
- * A minimum 50% exemption from local ad valorem property taxes for at least the first 10 years for improvements to real property. This may run for 25 years depending upon the decision of the local government.
- * A tax increment financing law became operational in 1985.
- * A direct loan program for qualifying Missouri businesses became effective in 1983,
- * Infrastructure improvements are required as part of the competitive enterprise zone program.

Highlights of Zone Activity

Significant emphasis is placed on creation of new jobs for residents residing in the Enterprise Zone. Many of the tax incentive programs are geared towards that concept.

Data available from 1983 through December 1990²

	Jobs created:	11,702
	Total investments:	\$541 million ~~Person:~~
Contact person:	William O. Green	
	Coordinator, Enterprise Zone Program	
	Department of Economic Development	
	P.O. Box 118	
	Jefferson City, Missouri	65102
	(314) 751-6835	



State of Missouri

John Ashcroft, Governor

Department of Economic Development
Economic Development Programs
P.O. Box 118
Jefferson City, Missouri 65102

Carl M. Koupal, Jr., Director

February 23, 1991

Mr. Michael McMahon
Director, Enterprise Zone Staff
Department of Housing and Urban Development
451 7th Street S.W.
Washington, D.C. 20410

Dear Mr. McMahon:

I am pleased to respond to your inquiry regarding new development in the Missouri enterprise zone program during the preceding year. Major changes are occurring in the number of zones authorized and designated. I also have an update on the number of jobs created, as well as the amount of investment placed in service since the program became operational.

As a result of legislation adopted in 1989 and 1990, the Missouri Department of Economic Development now has legislative authorization to designate a total of 41 enterprise zones, of which 37 have been designated as of this date. Two applications for designation are in the process of being prepared and submitted to the Department. We would anticipate designations in both of these communities within the next 4-6 weeks. Additionally, legislation is pending in the current session of the Missouri General Assembly which, if passed and signed by the Governor, would create additional zones. The session concludes on or about May 15, 1991.

Our verified statistics reflect an aggregate of 11,702 new jobs created since the program's inception in 1983. We also can document the creation of capital investment totalling in excess of \$541 million since 1983.

The remainder of the information included in the last update is unchanged. Thank you for your interest in the Missouri program. Please let me know if I may be able to provide additional information.

Sincerely,

A handwritten signature in dark ink, appearing to read "William O. Green".

William O. Green
Enterprise Zone Coordinator

WOG/vmk

FROM THE FRONT LINES

From the front lines:

"From the Front Lines" is a regular feature of Home Front. It highlights efforts of PHAs and resident groups around the country to fight drugs and improve the quality of life in public and assisted housing. This edition features programs in the District of Columbia, St. Louis, Missouri, and Chicago, Illinois.

Who is making a difference in your community?

Do you know someone whose volunteer activities have made a difference in his or her public or assisted housing community? If so, we would like to hear from you so we can recognize their hard work. Please send names, along with a brief description of what the person has done, to:

HUD Drug Information & Strategy Clearinghouse,
P.O. Box 6424, Rockville,
MD 20850.

st. louis

Cochran Gardens Tenant Management Corporation

Self-help social programs and business ventures have reformed attitudes and united this community. Cochran Gardens Tenant Management Corporation (TMC) is an excellent example of what cooperation, hard work, and determination can do for a community.

In 1976, the Cochran Gardens TMC was incorporated and assumed management responsibilities from the St. Louis Housing Authority. For the previous 6 years, residents had honed their management skills by working with the housing authority and a private management company in on-the-job training.

By the time it assumed control, the TMC Board of Directors had set firm goals and was ready to work on its top priorities—ridding the neighborhood of drugs and drug-related crime and creating job opportunities for residents. The directors felt these goals could be met simultaneously and identified job training opportunities for the community's unemployed young people. Most were placed in construction trades and began rehabilitating the community's 250 vacant apartments—the same apartments they had previously vandalized. By 1978, the crew had refurbished 150 of these apartments, and the TMC was able to rent them out to families.

With this success, the TMC moved on to other economic development options, largely focusing on property development. In 1978, Cochran Gardens received a Community Development Block Grant from the St. Louis Housing Authority to develop a comprehensive rehabilitation and

modernization plan, which was later funded by a \$21 million renovation grant from HUD.

These funds opened the door to other real estate opportunities, including ownership or investment in:

- Construction of 675 low- and moderate-income housing units.
- Cochran Plaza, made up of 100 low-rise housing units.
- Conversion of an old school building into a 40-unit complex for senior citizens.
- A 25-store shopping mall to be built adjacent to the original neighborhood.

These and other economic development projects aimed at keeping the community safe and drug-free by redirecting residents' lives have created more than 300 jobs, each filled by a former welfare recipient.

Current business ventures include:

- Daycare centers, located within the community and staffed by 75 residents.
- A catering business that delivers nearly 700 meals to senior citizens.
- Housing management services contracting to provide management services to Cochran Gardens and other PHA facilities.
- Property development.
- Cable TV installation.

For more information on Cochran Gardens Tenant Management Corporation, contact Bertha Gilkey, Chairperson, Cochran Gardens Tenant Management Corporation, 1112 North Ninth Street, St. Louis, MO 63101.

THE NCNE ST. LOUIS TOUR: "GATEWAY TO HOPE"

By Robert L. Woodson
President, National Center for Neighborhood Enterprise

On a Sunday evening three years ago, millions of Americans viewing "60 Minutes" witnessed the miracle of Cochran Gardens in St. Louis. The segment, appropriately titled "Tenant Power," depicted the phoenix-like rise of a public housing project once the equal in squalor and crime of the infamous Pruitt-Igoe development, which stood just 10 blocks away on the city's near North Side before its widely publicized demolition became a national symbol of the crisis in public housing.

Cochran was slated for removal from the urban war zone in much the same way. Residents recall that the main building was dubbed "Little 'Nam," as gangs roamed freely and terrorized residents; snipers perched on the upper floors fired at pedestrians; drug sales flourished in illegally occupied rooms; and vandalism was so rampant that the authorities even balked at installing a coin laundry.

When stop signs around Cochran were removed to protect motorists at the expense of the lives of playing children and other residents of the area, the nightmare of living in a Housing Authority-run property that had become blacker and poorer through the years was laid bare. It was said that even the police avoided the project except with guns drawn in hot pursuit. But while agency officials were getting the dynamite ready, one woman who had lived in Cochran since childhood served notice that she and other concerned tenants were not about to roll over and join Pruitt-Igoe as a public housing statistic.

The "miracle worker" at Cochran was Bertha Gilkey, a feisty, flamboyant mother of two. For over a decade, Bertha has headed the Cochran Tenant Management Corp., which earns its substantial yearly management fee from the Housing Authority by consistently maintaining uncompromising standards and the stability of the complex. Her dynamic grassroots leadership was also the catalyst for the \$27 million federal rehab grant which handily fulfilled her lifelong dream of transforming the 800-unit complex into "a neighborhood, not a project" for all of its residents, including her own family.

But Bertha Gilkey's dream of self-sufficiency for her community does not end there. Plans for tenant purchase of Cochran under special federal legislation are on the drawing board. And Bertha's group promotes economic empowerment by operating successful community-wide enterprises including a catering service, daycare centers, a cable television installation service for low-income neighborhoods, a reverse commute transportation service for workers, and a limited partnership in several private housing complexes nearby.

Bertha's innovative Cochran Gardens People's Factory is being developed to provide training and at least 300 jobs in manufacturing, construction and computer work for unemployed residents. A full plate, to be sure, but typical of the response of grassroots leaders to the needs of the community that they know best -- their own.

The media exposure given to the Cochran Gardens story on the network telecast was particularly gratifying for those of us at the National Center. In our ongoing efforts to identify and lend technical assistance to local self-help groups pursuing enterprise development, we fought vigorously for the resident management concept in the urban public housing trenches alongside courageous activists including Bertha and Loretta Hall of Carr Square Village in St. Louis and Kimi Gray of Kenilworth-Parkside in Washington, D.C.

But the viability of resident management rising out of strong grassroots leadership -- as confirmed initially by the successes in these two cities -- was winning powerful converts even before the "60 Minutes" coup. Among them was Rep. Jack Kemp, then an influential Congressman from New York. When Kemp was later named Secretary of Housing and Urban Development, he brought his sensitivity to the strengths of indigenous leadership in public housing management, ownership and economic empowerment to the Department and to the Administration.

As the Secretary acknowledged in his address last March to the National Convention on Resident Management and Urban Homesteading, the desire to control their own destinies exemplified by the efforts of Bertha Gilkey, Loretta Hall, Kimi Gray and Mildred Hailey, among others, "reminds us of what America was meant to be."

So it is particularly appropriate that St. Louis -- the base of operation of two of the outstanding public housing activists

cited by Secretary Kemp -- has been chosen to inaugurate a three-city national tour sponsored by the National Center to spotlight community-based implementation of President Bush's HOPE (Homeownership and Opportunity for People Everywhere) initiative. It expands upon the comprehensive agency reforms introduced by the Secretary last October. There are few, if any, urban areas which offer more compelling examples of grassroots-led efforts consistent with HOPE's housing and inner city job creation strategy than this heartland city whose majestic arch symbolizes its historic role as the "Gateway to the West."

The American tradition of boldly proceeding to new frontiers of independence and self-sufficiency are indeed alive and well today in Cochran Gardens and Carr Square Village. I encourage each of the tour participants to absorb fully the myth-shattering reality of what has been accomplished because it is the cornerstone of a new strategy to combat poverty.

At Cochran, for example, the capacity of poor people to move beyond the shackles of social service client dependency to self-management and economic empowerment has been demonstrated impressively. Here is a textbook case of what grassroots people in a disinvested community can achieve if given the opportunity and resources (e.g., incentives, information, capital, and technical assistance) to control their own lives. Cochran is also a classic example of how public and private sector partnerships can be forged successfully.

In the past, we believed and acted upon the principle that if the system were changed, people will respond. A greater influx of money became the panacea for all urban ills, including public housing, even when the evidence clearly showed that spending on people whose attitudes are not rehabilitated is of no consequence. As Bertha Gilkey explained to Morley Safer on "60 Minutes," "We changed the thinking of the people," and in the process, kindled in them the belief that they could achieve and take advantage of the available opportunities.

Item: American business will continue to require a disciplined workforce if it is to compete successfully in the world economy. Increasingly, workers will be drawn from groups in crisis such as public housing residents. Cochran/HOPE offers a comprehensive solution.

In addition to having been cited by an influential national publication as "a showcase of urban ingenuity," Cochran enjoys a distinction shared by few, if any, public

housing developments: the presence of market rate housing in the immediate vicinity. A major supermarket chain, too, has displayed its confidence in the stability of the area by opening up a store next to Cochran after others had moved out because of the high crime rate.

The NCNE tour will also provide an opportunity for participants to observe firsthand the stark contrast between the legacy of the Public Housing Authority-managed past and the resident-managed future. At Darst Webbe, a decaying high-rise complex in a St. Louis slum, the cumulative effect of decades of poor maintenance and management are dramatically illustrated. It is typical of the PHA's pattern of neglect, which exacts a human toll in the "spiral of decline," where the individual abandons his self-respect and dignity. Neither PHA contractors nor managers are responsive to residents, who become dispirited because their needs are constantly submerged into the priorities of others.

But the calculus of the downward spiral is changed when residents are given the opportunity to improve themselves and the quality of their lives. As it turns upward, you get more of what you reward; less of what you punish. Community improvement is thus a response/reward for changed behavior.

Like the HOPE initiative, the concepts of homeownership and economic empowerment implemented so successfully at Cochran Gardens and other resident management corporations, including Carr Square Village, were developed from the bottom up, as opposed to the top down.

When you plant seeds of HOPE by encouraging low-income people to take the self-help route and provide the resources to mobilize and reward their efforts, the results are bound to be positive. Cochran/HOPE is indeed a microcosm of these exciting possibilities -- a prototype of what can happen when we change our mindsets and approaches to dealing with poor people and maximize the strengths that exist within their own communities. The Bertha Gilkeys, Loretta Halls and Kimi Grays are both the inspiration and keepers of the flame for this national initiative which can and should enhance their groundbreaking work in the empowerment of poor people.

Accordingly, NCNE reaffirms its commitment to work closely with Secretary Kemp to carry his message of HOPE to the American public. We will continue to identify and expose potential private sector partners to those grassroots communities which can offer the greatest opportunities for their investment in the future of this country.

Welcome to St. Louis -- NCNE's "Gateway to HOPE"!

COCHRAN GARDENS

71el-unit

~~531~~

May 3 St. Louis

Walter Jones

Exec. Dir.

Stanley Williams

HOPE pending sup. lang.

Peoples Factory
Consulting
Halfway Hse. counselling-type

Car square thinking of turning

Danforth

Tom Humbert 708-3890

Mary Brunett

Pictures in comm. Ctr lobby —

Mahalia Jackson

Maya Angelou

Sojourner Truth

MLK Jr.

Frederick Douglass

Booker T Wash.

Geo Wash Carter

Ussie Jackson

Bishop Tutu

Jackie Robinson

Jackson
Manhattan

* New Haven County - North and

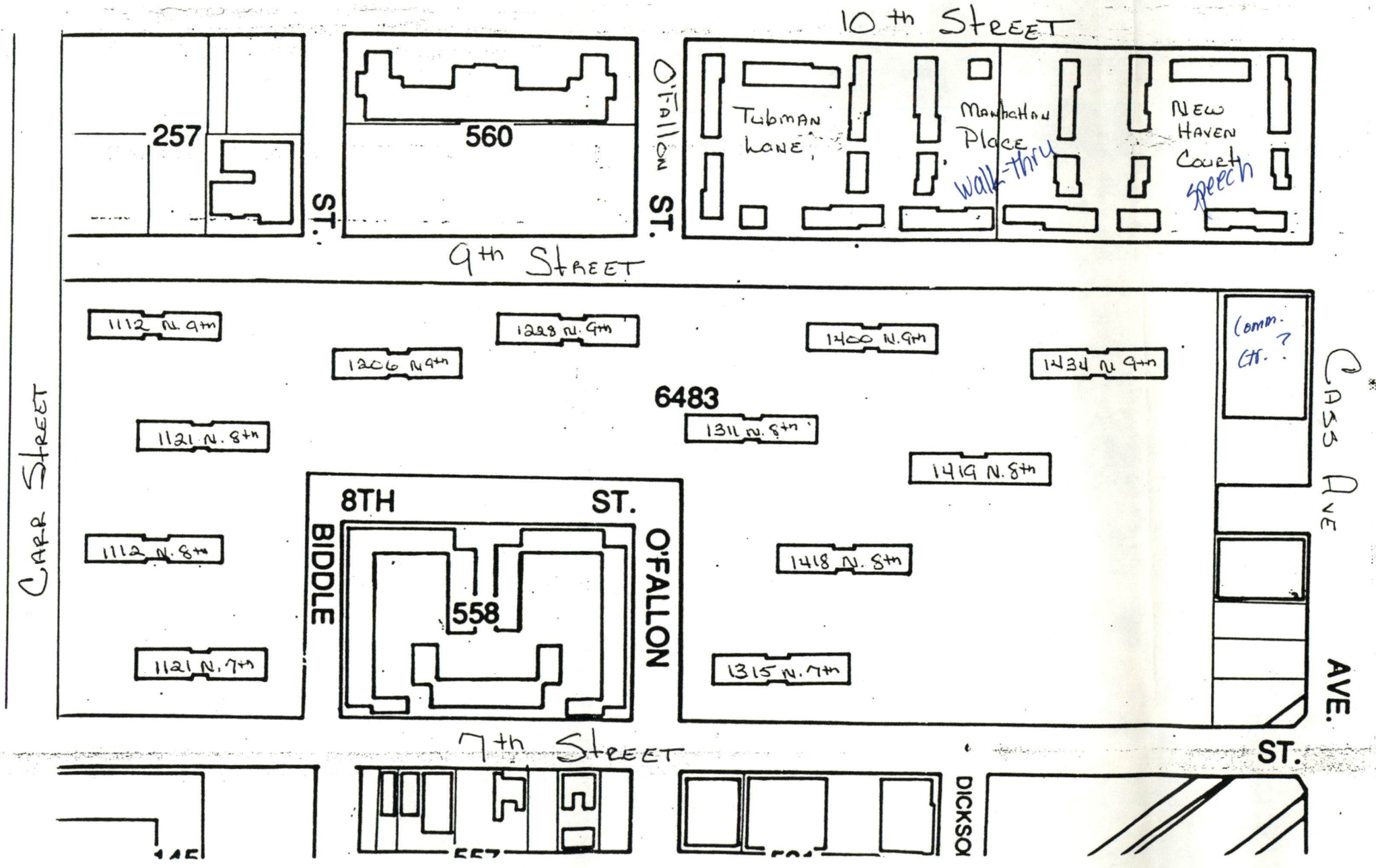
31 units

Buckling - Jackson Conn. Ct.

Manhattan County - walk thru

Playground

New Haven County - green
front steps No. 19 (187)



WAGING WAR ON POVERTY

HOPE

HOMEOWNERSHIP AND OPPORTUNITY FOR PEOPLE EVERYWHERE

- Public and Indian Housing Homeownership
 - Multifamily Homeownership
 - Single-Family Homeownership
 - Family Self-Sufficiency
- Preservation of Affordable Housing
 - Elderly Independence
- Shelter Plus Care for the Homeless

PRESIDENT GEORGE BUSH and SECRETARY JACK KEMP



U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

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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.

President George Bush

*From remarks by the President
in Signing Ceremony for
National Affordable Housing Act
The White House
November 28, 1990*



This agenda is the most dramatic, far-reaching, incentive-oriented approach to fighting poverty in the last 25 years. It will tear down the walls that come between people and their self respect...that prevent people from exercising their talents and reaching their potential.

Jack Kemp
Secretary of Housing
and Urban Development

HOPE

Homeownership and
Oppportunity for
People **E**verywhere

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Introduction

On November 28, 1990, President Bush signed into law a set of new initiatives called HOPE—Homeownership and Opportunity for People Everywhere. This program is the first stage of a new and successful war against poverty, deploying the forces of private-sector entrepreneurship and economic incentive to create opportunity, jobs, and affordable housing.

Offering seven new initiatives, the HOPE agenda amounts to more than \$3.1 billion in total resources over 2 years, including more than \$2.5 billion in authorized budget authority and over \$630 million in State/local and nonprofit matching funds. Together, these initiatives will dramatically expand homeownership and affordable housing opportunities to help low-income families achieve self-sufficiency.

But affordable housing and homeownership must be coupled with jobs and entrepreneurial opportunities to make self-sufficiency a rewarding alternative to dependence. While Congress has passed most of the HOPE housing initiatives, other HOPE programs to expand economic opportunity, jobs, and entrepreneurship were not passed into law. These include: the Administration's Enterprise Zone legislation, which eliminates capital gains taxes in depressed communities; the Housing Opportunity Zones proposal to encourage State and local regulatory relief for affordable housing; Individual Retirement Accounts (IRAs) for first-time homebuyers to help finance homeownership; and extension of the Low-Income Housing Tax Credit (LIHTC) to create and rehabilitate affordable housing for low-income families and the working poor. If affordable housing opportunities are combined with powerful entrepreneurial incentives, poverty can be fought with a comprehensive strategy that attacks despair on all fronts and replaces powerlessness with hope and opportunity for a better future.

Instead of simply ameliorating the symptoms of poverty, HOPE builds a ladder of opportunity so that poor people will be better able to pull themselves out of the poverty trap to live a life of dignity, independence, and self-sufficiency. If there is one overriding theme of the HOPE initiatives, it is to empower people to take control of their lives, their homes, and their destinies.

Empowerment is a radical departure from the past because it attacks the disincentives at the root of America's poverty problems rather than accepting poverty as a long-term and intractable condition. In this respect, it means incentivizing our housing and economic systems so that everyone has the chance to reach as high as their aspirations and abilities will take them. In short, HOPE promises to help Americans overcome the barriers that stand between themselves and their full potential. Empowerment is furthered through HOPE initiatives in two principal ways:

■ **Empowering people with the opportunity to manage and own their own homes and apartments**

The Administration's HOPE homeownership grant programs and the preservation initiative are based on turning renters into homeowners and property managers. Broadening ownership of private property improves maintenance and upkeep of housing, increases pride of ownership, and gives low-income people reasons to save, invest, and plan for the future.

■ **Empowering low-income people to live in dignity and independence by offering necessary support services**

Poverty is not simply a housing problem, it is a multifaceted human problem as well. The Administration's "Shelter Plus Care" program provides the homeless who are seriously mentally ill or substance abusers (over one-half of the homeless population) with the necessary support services to live dignified lives. Family Self-Sufficiency ties vouchers and certificates to comprehensive services—including child care, job training, and transportation—to make shelter a platform for self-sufficiency. HOPE also targets support services to the elderly to help them enjoy independent lives.

In short, HOPE ambitiously offers not a Band-aid for poverty, but a beginning effort at a cure. By strengthening the link between effort and reward, by increasing equity stakes in homes and neighborhoods, by expanding job creation and enterprise, the Administration's HOPE programs are opening a path of opportunity out of poverty and beginning to recapture the American dream for millions who have been left behind. Most importantly, President Bush's initiative offers hope—hope for economic opportunity and better housing, hope for a better life for more Americans, hope for the future.

HOPE Grants

The HOPE grants program is a multifaceted initiative created to increase homeownership for low-income and working poor families. Authorized at \$1.0 billion over 1991 and 1992, HOPE grants are provided for:

- Public and Indian Housing Homeownership (\$448 million)
- Multifamily Homeownership (\$331 million)
- Single Family Homeownership (\$231 million)

Empowering the poor through resident management and homeownership are two of the Administration's most important housing policy goals. HOPE grants fund new programs to meet these housing goals.

The HOPE grants program enables public housing residents to purchase their homes; it capitalizes on existing strengths and abilities of nonprofit organizations and community-based housing development organizations; and it increases the housing resources of the Nation's poor.

Grants can be used for public housing; properties financed or owned by Federal, State, or local governments; and distressed properties in the Federal Housing Administration (FHA) portfolio.

Recipients are required to match Federal HOPE grant funds with State, local, or private funds.

Grants can be used for acquisition, rehabilitation, technical assistance, counseling, and operating and replacement reserves.

HOPE grants provide initial and short-term subsidies for the promotion of homeownership and other self-sufficiency opportunities.

Public and Indian Housing Homeownership

HUD is authorized to provide \$448 million in grants over 2 years to fund activities needed to develop and implement a successful homeownership program for public and Indian housing residents.

Purpose

Homeownership is superior to rental housing in cost effectiveness and in resident satisfaction. Homeownership instills pride, improves neighborhoods, enhances independence, and encourages stable and intact families.

Many Public Housing Agencies (PHAs), Indian Housing Authorities (IHAs), and resident organizations have been involved in providing homeownership opportunities to public and Indian housing residents through Federal programs, as well as through their own initiatives. Until now, there has been no national program to guarantee all residents of public and Indian housing the right to manage and own their residences.

Highlights

Assistance is available through national competitions to resident management corporations, resident councils, cooperative associations, nonprofit organizations, and public agencies (including PHAs and IHAs). This assistance is available for two kinds of grants:

1. Planning and technical assistance grants to assess viability and prepare residents for homeownership. Planning grants are limited to \$200,000 per project.
2. Implementation grants for the rehabilitation of developments, as well as for counseling and training, economic development activities, capital reserves, operating expenses and reserves, and transaction costs.

Applicants are required to provide \$1 for every \$4 in Federal HOPE implementation grant funds, except for funding for operating expenses and for planning grants, which do not require matching funds. The match can be provided through: Community Development Block Grants (CDBG) for administrative expenses; taxes; fees or other charges waived for the

development; the donation of real property; and in-kind contributions, including sweat equity by the purchasers.

Both multifamily and contiguous single-family public and Indian housing units can be acquired. Multifamily developments can be sold as condominiums, cooperatives, or other ownership arrangements approved by HUD.

Families will not be required to pay more than 30 percent of their adjusted income to purchase a residence.

Recipients are required to protect the rights of non-purchasing tenants by allowing them to remain as renters after the development is sold, or by giving them Section 8 certificates or vouchers to move into private housing.

Applicants must replace any housing sold on a one-for-one basis.



Multifamily Homeownership

HUD is authorized to provide \$331 million in grants over 2 years to help residents in government-insured or -owned, or FHA distressed multifamily buildings to purchase and maintain their properties.

Purpose

There is a large stock of existing multifamily housing that has been insured by Federal, State, or local governments. In addition, many FHA-insured multifamily properties are in financial or physical distress or have been foreclosed. This available and affordable housing represents another potential homeownership resource.

Restoring these properties to good condition offers a major opportunity to extend the benefits of homeownership to low-income families across the country.

Owners who have mismanaged their rental properties should be replaced with resident owners committed to their homes and their neighborhoods.

Subsidies which had been given to owners will be replaced with subsidies targeted directly to residents, offering them greater control over their housing.

Highlights

Assistance is available through national competitions to resident management corporations, resident councils, cooperative associations, nonprofit organizations, and public agencies (including PHAs and IHAs) for two kinds of grants:

1. Planning grants to assess viability and prepare residents for homeownership. Planning grants are limited to \$200,000 per project.
 2. Implementation grants for acquisition, rehabilitation, technical assistance, counseling and training, economic development activities, capital reserves, operating expenses and reserves, and trans-
-

action costs. Implementation grants are limited to the present value of 10 years' worth of Section 8 Existing fair market rents.

Applicants are required to provide \$1 for every \$3 in Federal HOPE implementation grant funds, except for funding for operating expenses and for planning grants, which do not require matching funds. The match can be provided through: CDBG for administrative expenses; taxes, fees or other charges waived for the development; the donation of real property; and in-kind contributions, including sweat equity by the purchasers.

Multifamily properties that are financed or insured by HUD; owned by HUD, Farmers Home Administration, Resolution Trust Corporation, or a State or local government; or HUD properties in serious physical or financial distress can be purchased under this program.

Multifamily projects can be sold as condominiums, cooperatives, or other ownership arrangements approved by HUD.

Families will not be required to pay more than 30 percent of their adjusted income to purchase a residence.

Recipients are required to protect the rights of non-purchasing tenants after the development is sold by giving them Section 8 certificates or vouchers to use as a subsidy to remain in the development or to move into other private housing.



Single Family Homeownership

HUD is authorized to provide \$231 million in grants over 2 years to promote low-income homeownership in publicly held single-family properties.

Purpose

Single-family properties owned by Federal, State, or local agencies represent a significant potential resource for homeownership for low-income families.

Scattered-site, single-family public and Indian housing units are also suitable for conversion to homeownership.

Nonprofit organizations are another vast, untapped resource in many communities. They are in an ideal position to develop homeownership programs because of their strong ties to the communities and neighborhoods where low-income families live.

Highlights

Two kinds of grants are available through national competitions to non-profit organizations or to public agencies (including PHAs and IHAs) in cooperation with nonprofits:

1. Planning grants to assess viability and prepare families for homeownership. Planning grants are limited to \$200,000 per applicant. No planning grants will be funded for Fiscal Year 1991.
2. Implementation grants for acquisition, rehabilitation, counseling and training, and transaction costs. While an applicant may be approved for multiple projects in multiple neighborhoods, it may not receive more than \$1 million a year for implementation grants in any one HUD Region.

Single-family properties with one to four units owned by HUD, the Department of Veterans Affairs, Farmers Home Administration, Resolution Trust Corporation, or a State or local government; or scattered-site, single-family public and Indian housing can be purchased under the program.

Applicants are required to provide \$1 for every \$3 in Federal HOPE implementation grant funds. The match can be provided through: CDBG for administrative expenses; taxes, fees or other charges waived for the development; the donation of real property; and in-kind contributions, including sweat equity by the purchasers.

Families must be first-time homebuyers.

Families will not be required to pay more than 30 percent of their adjusted income to purchase a residence.



Shelter Plus Care for the Homeless

Shelter Plus Care is authorized to provide \$382 million over 2 years for a program that combines housing with supportive services for the homeless who are most difficult to serve—primarily those who are seriously mentally ill and substance abusers.

Purpose

Ending homelessness is a national priority. In Fiscal Year 1991, HUD McKinney Act homelessness assistance will increase by more than 60 percent.

Over half of the homeless are seriously mentally ill or have problems with alcohol or other drugs. McKinney Act programs do not provide the kind of comprehensive approach needed to address the problems of many of these people.

The complete answer to getting people off the streets is permanent housing supplemented by the necessary supportive services that will help them to return to the economic mainstream.

Highlights

Assistance will be made available only to States and cities that demonstrate vigorous outreach to the homeless street population as part of their program plan.

The Shelter Plus Care program has three types of housing options:

1. Five-year flexible rental assistance; up to 1 year of this assistance may be used in designated buildings, followed by assistance for the remainder of the term in more independent living situations.
 2. Five-year rental assistance in housing owned or leased by non-profits under the Section 202 program.
 3. Ten-year housing assistance for the moderate rehabilitation of single-room occupancy dwellings.
-

The creation of three program choices allows recipients to provide a continuum of housing options ranging from transitional to permanent housing, with the emphasis on creating permanent housing arrangements.

Recipients are required to match each dollar of Federal housing assistance with a dollar of supportive services.

Projects must serve homeless persons with disabilities (primarily persons who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have Acquired Immune Deficiency Syndrome or related diseases) and their families. HUD must ensure that at least 50 percent of the program's funds are awarded to projects that will serve homeless individuals with these three disabilities.

Services expected to be provided through matching funds include health care, mental health treatment, detoxification, case management, education, job training, and other services essential for independent living.

Linking housing with services will mean that the full range of needs for the homeless are addressed in a coordinated and comprehensive way.

Family Self-Sufficiency

Families eligible for, or participating in, the Section 8 certificate or voucher programs or public housing will be provided an opportunity to achieve self-sufficiency and economic independence. Family Self-Sufficiency is a comprehensive program that combines housing assistance with appropriate services such as job training, child care and transportation to help families become self-sufficient and economically independent.

Purpose

The Family Self-Sufficiency program promotes the development of local strategies to coordinate the use of HUD housing programs with public and private resources.

Coordination with the Job Opportunity and Basic Skills training programs and Job Training Partnership Act programs will be especially important in arranging the delivery of services that participating families will need to climb a ladder of opportunity out of poverty and into self-sufficiency.

Highlights

In Fiscal Years 1991 and 1992 the program is voluntary, though a competition for incentive units will be held to encourage and reward successful Family Self-Sufficiency programs. Twelve thousand Section 8 rental certificates and rental vouchers and up to 1,000 units of public housing development funds will be awarded through this competition.

Beginning in Fiscal Year 1993, PHAs *must* operate Family Self-Sufficiency programs. The size of the local program will be determined by the increase in the number of certificates, vouchers, and public housing units made available in the community.

Participation in the program by eligible families is voluntary.

Each participating family will negotiate a contract of participation with the sponsoring PHA. The contract will spell out the provisions of the local program, the services and resources to be provided to the family, and the

responsibilities that the family accepts in entering the program. The contract will also specify the conditions under which the PHA may withhold or terminate services if the family fails to comply with contract requirements.

Local Coordinating Committees, comprised of residents, local community leaders, and government officials, will guide the operation of the Family Self-Sufficiency programs. They are responsible for overseeing development of an action plan, commitment of resources, and delivery of services.



Preservation of Affordable Housing

HUD is authorized to provide more than \$1 billion in assistance over 2 years to help preserve the stock of Federally assisted housing as affordable rental housing, provide homeownership opportunities for tenants, fairly compensate owners, and protect tenants in the few cases where owners will prepay their mortgages.

Purpose

Over the next 15 years, owners of nearly 360,000 units of FHA-insured multifamily housing will become eligible to prepay their mortgages, eliminate low-income use restrictions, and convert these properties to market-rate uses.

It is essential that low-income families continue to have access to affordable housing and opportunities for homeownership. At the same time, it is necessary to fairly compensate owners seeking to prepay their mortgages.

Highlights

Owners eligible to prepay will have three options under this strategy; each option protects current tenants. The owners' options are:

1. Owners may seek financial incentives from HUD in order to receive a fair rate of return on their investment. Owners who receive these incentives must agree to maintain their properties as affordable rental housing for at least 50 more years.
2. Owners may seek to sell their properties, and tenants will have a "right of first refusal" to purchase them for resident homeownership programs. HUD will provide grants to resident councils to acquire and rehabilitate properties as well as to support homeownership counseling and related activities.

If tenants decide not to pursue a resident homeownership program, nonprofits, public agencies, and for-profit entities will also have a "right" to purchase a property in order to maintain it as affordable rental housing. HUD will provide insured acquisition

and rehabilitation loans and other financial incentives in order to maintain properties as affordable housing. For nonprofit and public agency purchasers, HUD can also provide assistance in the form of grants.

If owners receive no bona fide offers within specified time periods, they may prepay their mortgages and eliminate the low-income, rental-use restrictions.

3. In limited circumstances, owners may seek to prepay their mortgages and end affordability restrictions. In order to do this, owners must demonstrate that: current tenants will not be adversely affected economically; the supply of vacant, affordable housing in the area will not be affected; the ability of low-income residents to find decent, safe, and sanitary housing near jobs will not be adversely affected; the housing opportunities of minorities will not be adversely affected.

Protections for current tenants are dependent upon the option chosen. For projects that will continue as affordable rental housing, lower income tenants will receive Section 8 rental assistance and the rent payments of moderate-income families will not exceed 30 percent of their income.

In other situations, i.e., under owner prepayment and for non-purchasing families in a project with a resident homeownership program, lower income tenants will be eligible for Section 8 vouchers and certificates, relocation payments, and/or other forms of assistance. Moderate-income tenants will be eligible for relocation payments and other types of protection.

Elderly Independence

HOPE for Elderly Independence is a 2-year, \$90-million demonstration program to provide service-supported housing for the elderly, enabling them to live more independent and dignified lives.

Purpose

The elderly, who are the fastest-growing segment of our Nation's population, are often frail and in need of supportive services to help them stay in their homes and avoid institutionalization.

HOPE for Elderly Independence combines housing assistance with the minimum package of services required to help each frail elderly participant remain independent.

Highlights

Services funding, linked with 5-year Section 8 rental housing vouchers or rental certificates, is authorized over 2 years, to be awarded competitively to PHAs in order to help up to 3,000 elderly persons not currently receiving housing assistance.

Services funding of \$10 million in 1991 and \$10.4 million in 1992 can be used for a wide range of services. Program funds can be used to pay for the employment of a case manager/services coordinator to ensure that the services the elderly receive meet their needs. Services funded under the program may include personal care, case management, transportation, meal services, and other services essential for achieving and maintaining independent living.

Housing assistance funding of \$34 million in 1991 and \$36 million in 1992 will allow frail elderly individuals to choose housing suitable to their needs, including the option to remain in their current homes.

HUD services funding covers 40 percent of the total cost of services. Tenants provide 10 percent of the cost, and PHAs are required to provide 50 percent, which they may secure from other Federal, State, local, or

private sources. This co-payment encourages the efficient use of comprehensive services.

PHAs are required to use a local volunteer Professional Assessment Committee to identify the eligible elderly and to develop individualized service plans for them.



HOPE Initiatives
(Dollars in Millions)

FEDERAL FUNDING RESOURCES:	FY 1991	FY 1992	2-Year Total
HOPE Grants	\$165	\$ 865	\$1,030
Public and Indian Housing Homeownership	68	38	448
Multifamily Homeownership	51	280	331
Single Family Homeownership	36	195	231
Elderly Independence Services [†]	10	10	20
Replacement/Nonpurchaser Assistance*	42	270	312
Elderly Independence	34	36	70
Shelter Plus Care for the Homeless	133	258	391
Family Self-Sufficiency	**	**	**
Preservation of Affordable Housing*	0	718	718
Total Federal Funding Resources:	374	2,147	2,521
MATCHING RESOURCES:			
HOPE Grants Match (including Elderly Independence)	47	195	242
Match for Shelter Plus Care for the Homeless	133	258	391
TOTAL RESOURCES	554	2,600	3,154

* Authorized in Housing Act; figures represent budget request
** At least 10 percent of incremental Section 8 vouchers and certificates and public housing development funds must be set aside for Family Self-Sufficiency.
[†] Provided in conjunction with Elderly Independence. Total funding for the program is \$90 million.

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Office of Policy Development and Research
Washington, D.C. 20410-6000

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