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INTRODUCTION

I'd like to talk to you today about the future of our cities. I have good news of new potentials and possibilities: American cities are at a point of rebirth and renewal.

We have been to the bottom of the well, and now America's cities are proving that they're capable of climbing back. One school at a time. One neighborhood at a time.

We are climbing back because now we know what works and what doesn't. In the past three years, mayors and citizens, business leaders and federal officials have identified those strategies and programs that work, and we have invested our time and money in them.

PART ONE: AMERICAN CITIES ARE BEING RENEWED Examples and Principles

Our cities are climbing back because the seeds of opportunity the Clinton Administration has been planting in the cities are beginning to sprout.

Our strategy has been simple: Invest in neighborhoods, in housing and in people. Give communities the opportunity to help themselves. Get the private sector to re-engage in urban communities. This isn't social welfare redux. This is something new.

In a moment, I will show you some examples of places where it's beginning to happen, but first, I want to tell you the principles which underlie everything that we've been doing within President Clinton's urban policy. A policy that's been led so effectively by Vice President Gore.

First, we believe that real solutions to the problems which plague communities must come from within those communities themselves, not from Washington. No one can possibly care more about a city or its neighborhoods than the people who live there. Community development corporations, locally based churches, neighborhood groups have shown that they are willing and able leaders.

Second, urban solutions must reflect and reinforce traditional values. We not only encourage, we insist upon community values in our own policies. That means we reward those who work hard, we remove those who harass and intimidate, we encourage family and stability.

Third, urban solutions must come about not in isolation, but in partnership with business and market forces. Thirty years ago, Robert Kennedy said, "To ignore the potential contribution of private enterprise is to fight the war on poverty with a single platoon, while great armies are left to stand aside."

with the worst problems.

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He was right. Simply providing social services will not solve the underlying problems in many of the ~~worst~~ cities. Business opportunities, jobs, incomes, careers, and futures must flourish there.

Finally, perhaps our most important principle: our national policies must break down the destructive barriers that separate Americans by race and class. The time to shift toward a more inclusive, less class- and race-divided country is now. We know how if we have the will to do it. We must work to break down concentrated areas of poverty, develop mixed income communities, and encourage collaboration between cities and their suburbs.

From the start of his Administration, President Clinton has worked to change the role of the federal government in the cities. Knowing that we must become providers of opportunity rather than obstacles of bureaucracy, President Clinton has set policies which revitalize communities by encouraging private investment, by cleaning up environmental hazards, and by enlisting new and existing financial institutions to provide the ~~capital to them~~ *for stability and growth.*

PART TWO: WHAT WE HAVE LEARNED
 Three Programs that Work

At HUD, we are doing our part to advance the President's new urban approach by casting off many of the old attitudes and orthodoxies. Poverty Incorporated is not our game. Well-meaning paternalism is not our method. We see ourselves as champions of opportunity. It is as simple as that. If a community has the vision, the strength, the ingenious American drive to turn itself around, then we will move heaven and earth to help that community get the tools to create success. It works.

I have seen it work in three of our most hopeful programs in the cities. These three programs: Our Homeownership Zones, our Empowerment Zones and our Public Housing reforms are different from the urban programs of the past because each starts with principles of locally-driven self-improvement, ~~which I've just discussed.~~

A. Homeownership Zones

In our homeownership zone strategy, cities use a combination of funds from HUD and other sources to reclaim large tracts of vacant or blighted land and renovate whole neighborhoods by building affordable homes. I don't mean a few affordable homes in a neighborhood. Cities are actually building whole neighborhoods of homes. Hundreds of homes which together create a community of safety, prosperity, jobs, and better schools.

This is one of the important ways we're carrying out President

Clinton's national homeownership strategy, a nationwide public/private partnership to increase homeownership by eight million new homeowners and reach an all time high national homeownership rate by the end of the decade.

There is no better way to encourage a multi-class, multi-ethnic population in the cities than by creating opportunity in the form of homeownership. Let me show you how this works:

Take a look at Newark's Central Ward. [BEFORE slide] Once a literal wasteland, broken by riots and the devastation of years of decay. Now, a neighborhood lives and thrives there. [AFTER slide] Eight hundred townhouses have brought homeownership and new construction and hope.

Detroit's Victoria Park, [Aerial slide] not far from the Detroit River, is a suburban oasis in Detroit's inner city. Here you'll find 157 new homes, an expansion of the local shopping center, a new police substation and the demolition of many deteriorated and abandoned structures.

San Antonio. [BEFORE slide] For generations, the predominantly Hispanic families on the West Side of San Antonio have lived on lots much too small for livable space, and sometimes without clear titles to the property. A partnership of the city administration and community organizations changed all that beginning in the late 70's.

Together, [AFTER slide] they built more than 1,000 new, larger homes on bigger land plots. Instead of spending their lifetimes, and sometimes their life savings, paying rent, the residents have become homeowners for the first time.

In South Central Los Angeles, [BEFORE slide] no new homeownership subdivision had been built in Watts since the 1950s. Until now.

[AFTER slide] A public/private partnership recently built Santa Ana Pines, a new development that will consist of 82 affordable townhomes, and located just a block away from the 21 new single-family homes constructed last summer by Habitat for Humanity.

Let me just briefly show you some of the other homeownership zones in cities all across the country:

[Cities and Slides]

- Charlotte Street, South Bronx, B&A;
- South Bronx NYC, B&A;
- Brooklyn Nehemiah Development, B&A;
- Baltimore Sandtown-Winchester, B&A;
- Pittsburgh B&A;
- Buffalo, 1 Slide;
- Chicago, 1 Slide;
- Atlanta, 1 Slide;
- Houston, 1 Slide;
- Kansas City, 1 Slide;
- Tampa -1 Slide.

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All these cities -- and others, such as Cleveland ... in these slides -- are places where homeownership zones have renewed neighborhoods and the architecture of the new urbanism has helped turn these neighborhoods into real communities. Homeownership zones are one of the most hopeful trends spurring the recovery of the cities, a 21st century urban program that undoes the damage of 1960s urban clearance by recharging our cities with people, life, families, children, schools, businesses, and hope.

B. Empowerment Zones

So, we start with homes, and then we raise our sights to neighborhoods and their economic underpinnings. That's where our empowerment strategy begins, at places such as this neighborhood supermarket in Philadelphia's Empowerment Zone [slide]. The philosophy behind our Empowerment Zones is simple. President Clinton saw distressed communities and disadvantaged people who were being left behind. The system wasn't working for them. He asked the Vice President to search for ways that the federal government could become partners with institutions and resources already there.

The Vice President has provided leadership at a level urban programs have never had. Here is what he has created:

[3 Slides] Many new plants, attracted by incentives, are investing in empowerment zones. In the Detroit zone, for example, the just-opened Piston Packaging factory has created 40 new jobs. Its owner, Detroit Pistons star Vinnie Johnson, has made a commitment to his city. And in the same area, we're helping organizations like Focus: Hope prepare and train young adults for the jobs of the future.

[Slide]

Empowerment zones build on community involvement, as in the Philadelphia zone, where residents have taken charge by forming an organization called Sea Change to beautify distressed neighborhoods and create jobs through gardening, landscaping, and tree farming.

The zones bring together the private sector with educational and religious institutions.

[Slide]

LA's Community Development Bank is a case in point. The bank works to bring financial capital to places which typically don't have access to investment funds. We brought together all the stakeholders -- the city, the banks, community groups, the public, private and community sectors -- to create the bank which is now working to turn empty lots of land like this into an area of business and job creation.

The Empowerment Zones represent a strategic vision.

Starts [2 Slides]

Look at the Boston Zone, where an industrial park has been created, in which the factory being built there is expected to save 25 jobs and create 65 new ones. Where a public housing complex is being redeveloped. Where YouthBuild trains area young people for jobs and life skills. Where the Empowerment Zone grants match resident's skills to the job requirements in the growth sectors of the metropolitan economy.

The result of all this: people whose faces reflect new hope. Businesses are growing in areas once left for dead. Jobs have been created. Housing has improved and neighborhoods have been strengthened. And the results will be lasting because the communities have designed the formula themselves and can do it again and again and again and again and again. Until we see the future. [Pause for slides]

first 6 slides - then not (not all) 14 slides

C. Public Housing

[Slide]

As we look across the panorama of urban American, no neighborhoods cry out for change louder than the huge superblocks of desolate public housing, those islands of pain that Senator Mikulski has referred to as "zip codes of pathology."

In too many cities, especially the big cities, public housing simply isn't working. Let me be clear about public housing in America. The vast majority of the 3,400 housing authorities HUD works with do a reasonable job. Only about 90 are officially designated as troubled.

But the worst developments in the big cities are very bad. The worst of our public housing developments have not been much help to their low income residents -- for too many, public housing has been their hell.

Now, with the help of Congress and housing authorities and residents, we have changed the drill.

[Slides: Baltimore; Newark-B&A; Norfolk-B&A; Kansas City-B&A]
We are tearing down the worst of the public housing complexes and replacing them with townhouses, with scattered site homes, and with certificates and vouchers. Prior to this Administration, about 1,000 units of public housing were replaced each year. By the end of this year, we will have torn down an unprecedented 23,000 housing units that were vacant, abandoned, unsafe or unlivable.

In their place, new signs of hope are emerging. Instead of the superblocks of Cabrini-Green, grids of traditional streets are being designed. Instead of mammoth apartment buildings, small

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scale, townhouse-style housing is being constructed. Instead of housing built only for the poorest of our society, economically integrated communities are coming to life.

[Slide - PHA Chart]

Our second task is to hold public housing agencies accountable for performance. We have assumed control of the Chicago and San Francisco housing authorities, entered into strong partnerships with the determined Mayors of Detroit and New Orleans, and are actively assisting court-appointed receivers in Kansas City and Washington, DC.

Our third challenge is to change the underlying social dynamic in public housing. Until now, the rules of public housing have discouraged work and created lifetime residential dead-ends.

[Slides - Denver, Oklahoma City]

But now we have changed admission policies so that Housing Authorities can create preferences for working families. We've changed rent rules to end the discouragement of people who work. And we have begun connecting tenants to education and employment opportunities through innovative partnerships with universities, community colleges and schools.

Finally, we've begun to establish a regimen of tougher expectations by drafting stricter conditions for residency. Leases are written more tightly so that drugs and criminal activity can be screened out.

The President has called for, and HUD has issued, "one strike and you're out" guidelines for public housing. [Slide of POTUS] There is a feeling among the drug gangs that public housing is their personal playground. That they have a "right" to live there and that because of this, they can harass and intimidate and frighten with impunity. [Slide - Police]

[Slides - Backdrop while HC talks]

Our expectations for public housing are clear: It should be safe and clean. It should be integrated into neighborhoods. It should be an important part of families' overall efforts to lift themselves. A place from which people can get jobs, and move up the economic ladder, not something that pulls them further down.

PART THREE -- The Challenge

I've just told you about three major HUD programs that are at work right now to turn America's urban landscape around. They work.

But the sad truth is: they are succeeding IN SPITE OF the enormous obstacles they have to overcome in the political arena.

Unless Republicans and Democrats can come together on an urban policy that makes sense for America ... unless all of us sit down together and do the hard work of building cities that can work ... we are all guilty of political malpractice.

Here's my checklist of 5 things that we can do together right now that would send strong signals -- and more importantly, be strong actions -- a real commitment to America's cities and people:

1. We can begin a second round of Empowerment Zones as President Clinton called for.
2. We can protect and preserve the Community Reinvestment Act and the Low-Income Housing Tax Credit and fund community development banks.
3. We can clean up and restore environmentally hazardous brownfields by funding incentives for business in the tax code.
4. We can restore funding for the transformation of public housing and the expansion of affordable housing.
5. We can dramatically increase American homeownership in the cities.

As Americans, we must take on this truly pressing national challenge. We can either proceed as if our best years are behind us, or as if the best is yet to come. Whichever direction we choose will surely become our reality. If our collective will is resigned to a future of greater poverty and hopelessness, of abandonment and inattention, then as a nation we'd better post a red flashing light that signals "Extreme Danger Ahead."

The cities and the attendant crises of race and poverty may not pose the greatest challenge America has ever faced. But, they are the greatest challenge we face right now.

And as with every other challenge we have faced as a nation, we must face them with a double dose: Optimism and action. Those are the values embodied in my favorite quotation from Senator Robert Kennedy:

"It is the shaping impulse of America, but it is not fate, nor is it chance, nor is it the irreversible tides of history that determine our destinies as individuals or as a nation. Rather, it is reason and it is principle and it is the work of our own hands. There is pride in that, even arrogance, but there is also truth and experience, and in any event, it is the only way we can live."

Thank you.