Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	Paul J. Weinstein Jr. to Lara.Muldoon at 13:03:20.00. Subject: Re: LIHTC. [partial] (1 page)	03/12/1999	b(6)
002. email	Lara.Muldoon to Paul J. Weinstein Jr. at 14:10:05.00. Subject: Re: LIHTC - Reply. [partial] (1 page)	03/12/1999	b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
OPD ([Quality Housing or LITHC])
OA/Box Number: 250000

FOLDER TITLE:

[02/05/1999 - 01/13/2000]

2014-0224-F
ab1494

RESTRICTION CODES

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

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

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

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-MAR-1999 13:03:20.00

SUBJECT: Re: LIHTC

TO: "MULDOONL%DOM13.DOPO7" <LARA.MULDOON ("MULDOONL%DOM13.DOPO7" <LARA.MULDOON @ MS01.DO.treas.sprint.com> [UNKNOWN])
READ:UNKNOWN

TEXT:

[redacted] (b)(6)

[001]

[redacted] (b)(6)

Anyway, I guess we should follow up with Baucus, Matsui and Doggett. How do you want to proceed?

[redacted] (b)(6)

Adios.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-FEB-1999 15:59:41.00

SUBJECT: Meetings On The Hill Regarding Tax Legislation

TO: "THOMASM%DOM3.DOPO5" [UNKNOWN])
READ:UNKNOWN

CC: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
I would like to set up some meetings on the Hill on Better America Bonds and Low Income Housing Tax Credit. Obviously courtesy meetings with Moynihan, Roth, and Rangel. Then in the Senate need to meet with Chafee, Jeffords, Baucus on BABs and regarding LIHTC we should meet with Graham of Florida. Do you want to set these up? Not a lot of people though. Prefer you, Chuck, yourself, and one other person from Treasury (your choice). I hate when we have twenty people in the room.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:10-FEB-1999 15:26:23.00

SUBJECT: moderate republicans

TO: Jonathan Orszag (CN=Jonathan Orszag/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Here is a quick summary of components of in Johnson plan from press reports. I'll fill in more as we learn more. Jon -- note the LIHTC.

=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D67]MAIL496[illegible]7445.036 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT 1 ==================

Components of Moderate Republican Tax Package

From press reports, the Moderate Republican tax cut proposal offered by Nancy Johnson and supported by 11 others, reportedly includes:

- **Marriage Penalty Relief** -- sets the standard deduction for married couples at twice the level for singles. This is a relatively progressive, albeit poorly targeted (increases marriage bonuses), way to address marriage penalty. This would amount to about a $1,400 increase in the standard deduction. This would mean a tax cut for a non-itemizing family in the 15% bracket of roughly $210 and a tax cut of roughly $400 for a family in the 28% bracket. It would cost roughly $28 billion over five years.

- **Raise Social Security Earnings Limit** -- no details yet. Last year Republicans called for raising it from $15,500 to $17,000 in 1999.

- **100% Deduction for Health Premiums of Self-Employed** -- accelerates the full deduction.

- **Long-term Care and Low Income Housing Tax Credit** -- press reports says that Johnson has included both. She in the past has been a supporter of the Low Income Housing Tax Credit.

(Note: these are not all of the elements, just those mentioned so far in press reports).

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:10-FEB-1999 17:32:36.00

SUBJECT: 8:00

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Moderate Republican Tax Package
The Moderate Republican tax cut proposal offered by Nancy Johnson and supported by 11 others, reportedly costs about $100 billion over five years and includes:

-- Marriage Penalty Relief -- sets the standard deduction for married couples at twice the level for singles. This is a relatively progressive, albeit poorly targeted (increases marriage bonuses), way to address marriage penalty. This would amount to about a $1,400 increase in the standard deduction. This would mean a tax cut for a non-itemizing family in the 15% bracket of roughly $210 and a tax cut of roughly $400 for a family in the 28% bracket. It would cost roughly $28 billion over five years.

-- Raise Social Security Earnings Limit -- no details yet. Last year Republicans called for raising it from $15,500 to $17,000 in 1999.

-- 100% Deduction for Health Premiums of Self-Employed -- accelerates the full deduction.

-- Long-term Care and Low Income Housing Tax Credit -- press reports says that Johnson has included both. She in the past has been a supporter of the Low Income Housing Tax Credit.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:18-FEB-1999 15:55:28.00

SUBJECT: Low-income Housing tax Credit, BABs, and New Markets Initiative

TO: Lisa M. Kountoupes (CN=Lisa M. Kountoupes/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

TO: Kay Casstevens (CN=Kay Casstevens/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TO: Roger S. Ballentine (CN=Roger S. Ballentine/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: Jonathan Orszag (CN=Jonathan Orszag/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

CC: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

CC: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
It seems to me that Treasury has dropped the ball on setting up these meetings. Is there a way we could set up a one on one meetings with Rangel, Moynihan, and Roth's staff (what about Archer) Is that the wrong or right approach? I am not sure what doing a large meeting of Ways and Means and Finance staff gets us. But you all know better. On BABs, do we do Doggett, Matsui, Chafee, Jeffords, and a Senate Democrat (Baucus?)

What do you all think?

I am ready, and I am certain Sarah and Chuck and Jon are as well, to do as many meetings as necessary.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:25-FEB-1999 20:51:22.00

SUBJECT: 800

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Financial Modernization: Treasury draft of a memo (from Rubin, Sperling and whomever) to the President is expected this morning. At Sarbanes' request, they are asking for his okay to send a veto threat letter on the Gramm bill. Gramm's bill is still in flux. A committee print is expected tomorrow. Apparently he has made various changes to gain insurance industry support. Not clear where he is on banking and commerce. Reportedly, he has eliminated the CRA "safe harbor" and antiextortion amendments, although he continues NOT to have a requirement that banks "have and maintain" a satisfactory CRA rating in order to engage in new non-banking activities. Falce and Leach have apparently reached a deal. Their committee print will be published tomorrow. Treasury is happy with what they think is in it. Op Sub went there way they think, but have to see. (However, Commerce Committee staff were quoted today as saying its provisions were "completely unacceptable." Recall that in the house Commerce will also have jurisdiction.)

Y2K Liability: Sarah and Bruce Lindsey both talked to Trial Lawyers yesterday. They asked to come to meet next Tuesday. (Meeting will include Beier, Marcus, Lisa Brown, Sarah and Bruce.) Sarah also met with the American Small Business Alliance yesterday. (They want to help suggest that small business shouldn't support bill.) Working with Jake to see if we can interest anyone in an op ed about need to go slow. SEC has significant concerns with the bill. Sarah and some in WG meeting with Gephardt and Conyers staff tomorrow.

Federal Home Loan Bank Legislation/Race Initiative: Sarah is meeting with small group and Edley to discuss his proposal. Now scheduled for next Monday. Gene or Sally to attend to enforce importance of NEC process.

Bankruptcy: Yesterday (Wednesday) House members held a press conference to announce that they are introducing a bill - - effectively the conference report from last year. Rep. Nadler and consumer groups held a dueling press conference to emphasize why that bill will harm families.

New Markets: Treasury scheduled briefing for Ways and Means on BABs, Low Income Housing Tax Credit, New Markets, climate change, etc. for today (Friday). Chuck and Sarah will participate.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen@EOP@LNGTWY@LNGTWY (Sarah Rosen@EOP@LNGTWY@LNGTWY [OPD])

CREATION DATE/TIME: 9-MAR-1999 17:29:46.00

SUBJECT: Re: Presidential Letter

CC: Paul J. Weinstein Jr.@EOP (Paul J. Weinstein Jr.@EOP [OPD])
READ:UNKNOWN

TEXT:
Message Creation Date was at 9-MAR-1999 17:18:00

Probably, the better person is Chuck Marr who handles tax items for NEC.
Also,
Paul Weinstein from DPC on the lOw income housing tax credit.

Shannon M. Hinderliter
03/08/99 03:30:20 PM
Record Type: Record

To: Sarah Rosen/OPD/EOP
cc:
Subject: Presidential Letter

I was told that you would be able to clear our response to a letter
regarding
low income housing tax credits and private activity bonds. Please let me
know
if you are the person I should send the text to, or if there is someone
else I
should contact. If you have any questions I can be reached at 6-5526.
Thank you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-MAR-1999 21:10:41.00

SUBJECT: Revised Strategy Document

TO: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TEXT:
5. COMMUNITY EMPOWERMENT

Our major objectives on community empowerment over the next few months will be to: 1) secure passage of an expansion of the Low-Income Housing Tax Credit, and 2) protect the Community Reinvestment Act from attempts by Senator Gramm to gut the law as part of passage of the Financial modernization legislation; 3) secure passage of the Better America Bonds.

A. Low-Income Housing Tax Credit (LIHTC). Legislation to increase the cap on the LIHTC by 40 percent to create an additional 150,000-180,000 new rental housing units for low-income American families over the next five years.

I. Legislative Status: Last year, over two-thirds of House and Senate members were co-sponsors on bills to raise the cap on the LIHTC -- more support than on any other tax legislation.

II. Possible Presidential Actions:
Bipartisan event after we reach a certain number of cosponsors.

III. Republican Agenda: Finance Chairman Roth ,s staff have privately indicated that LIHTC will pass if there is a tax bill this year. Representative Nancy Johnson has already introduced legislation in the House with over seventy cosponsors.

IV.Timing and Strategy: The legislation has been introduced in the House but not yet in the Senate. We can expect Republicans to take up tax legislation sometime this spring in both the House and Senate Committees. However, it is not clear whether Republicans will include the LIHTC in their committee mark. We will be working to build up as many cosponsors as possible, from both sides of the aisle. In turn, this will give us leverage when the LIHTC is offered as an amendment in committee or on the floor. No major events forseen.

B. Community Reinvestment Act -- Efforts are undwerway by Senators Gramm and Shelby to gut the CRA law by providing a &safe harbor 8 for banks.

I. Timing. Issue is currently in the forefront due to the markups of financial modernization legislation in the House and Senate.

II. Responses. We have already issued a veto threat from the President. We are continuing to press our views on CRA and will be giving the President some additional options shortly.

III. Presidential Action. Additional statements will be needed at a later date from both the President and the Vice President reaffirming our position that CRA not be weakened as part of financial modernization legislation. The President has already made these remarks (Jesse Jackson event and statement from last week).

C. Better America Bonds -- Legislation to provide tax credits for bonds in the amount of $9.5 billion to be used to purchase open spaces, improve water quality, and cleanup brownfields.

I. Legislative Status. The proposal was included in Treasury ,s &green book 8 of tax proposals. We have briefed all the staff of relevant House and Senate Committees and have now begun one on one discussions with key Senators and House Members.

II. Possible Presidential Actions. At the bill ,s introduction, we could do an event with POTUS or VPOTUS and the Members introducing the bill.

III. Republican Response. Republicans may be cool to the idea because it is closely associated with the Vice President. We are working with Senators Baucus and Daschle on securing some Republican interest, particularly among Senators Chafee, Roth, and Jeffords.

IV. Timing and Strategy. Treasury is working with House and Senate Members on drafting legislation that hopefully could be introduced in April. Out of all the livability agenda, this proposal stands the best chance of passing because it is a tax incentive. However, like all our tax ideas, it requires a resolution of the Social Security issue and then a tax bill. If reconciliation occurs, passage in early August or September likely.

7. POLITICAL REFORM

A. Bipartisan Campaign Finance Reform. The McCain-Feingold and Shays-Meehan legislation would ban soft money and increase disclosure of independent expenditures.

I. Legislative Status: Shays-Meehan passed the House last year and should be able to muster a majority again this year. The Senate sponsors are taking a House-first approach.

II. Presidential Actions:
Invite sponsors to the White House.

III. Republican Agenda: The Republican Leadership strongly opposes this legislation. Speaker Hastert has placed this bill on the back burner. Getting the bill to the floor may require another successful discharge petition.

IV.Timing and Strategy: Norm Ornstein is working with Senators Lieberman and McCain about revising the core bill from last year. He is trying to develop ways in which to add Republicans to the bill. He believes a tax credit for small contributions and an increase in the pers onal contribution limit may draw some additional Republican votes. The big challenge will be getting floor time. McCain may be too busy with his Presidential race in order to focus on the bill. Timing of the bill is unclear, but history suggests it will be later in the session rather than earlier before the legislation reaches the floor. prepared to release a poll on the day of the event relating to youth and

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CREATOR: Sarah Rosen (CN=Sarah Rosen/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-MAR-1999 17:18:58.00

SUBJECT: Re: Presidential Letter

TO: Shannon M. Hinderliter (CN=Shannon M. Hinderliter/OU=WHO/O=EOP @ EOP [WHO])
READ:UNKNOWN

CC: WEINSTEIN_P@A1@CD@VAXGTWY (WEINSTEIN_P@A1@CD@VAXGTWY @ VAXGTWY [
UNKNOWN]) (OPD)
READ:UNKNOWN

CC: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
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cc:
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CREATOR: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:10-MAR-1999 11:12:22.00

SUBJECT: Revised Strategy Document

TO: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Laura Emmett/WHO/EOP on 03/10/99 11:12 AM ---------------------------

Paul J. Weinstein Jr.
03/09/99 09:09:47 PM

Record Type: Record

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cc:
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OPD ([Quality Housing or LITHC])
OA/Box Number: 250000

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CREATOR: "MULDOONL%DOM13.DOPO7" <LARA.MULDOON@MS01.DO.treas.sprint.com> ("MULDOONL%DOM13.DOPO7" <LARA.MULDOON@MS01.DO.treas.sprint.com> [UNKNOWN])

CREATION DATE/TIME:12-MAR-1999 14:10:05.00

SUBJECT: Re: LIHTC -Reply

TO: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Date: 03/12/1999 01:33 pm (Friday)
From: Lara Muldoon
To: EX.MAIL("Paul_J._Weinstein_Jr@opd.eop.gov")
Subject: Re: LIHTC -Reply

I think that Linda has some ideas about which issues I will be getting. Marti is the Tax goddess though. I would bet that any issues that are added to my stuff would more than likely not be in the tax area. I'm more of an econ geek than a tax wonk.

[redacted] (b)(6)

[002]

>>> EX.MAIL."Paul_J._Weinstein_Jr@opd.eop.gov" 03/12/99 02:02pm
>>>

[redacted] (b)(6)

[redacted] (b)(6)

Anyway, I guess we should follow up with Baucus, Matsui and Doggett. How
do you want to proceed?

[redacted] (b)(6)

Adios.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "MULDOONL%DOM13.DOPO7" <LARA.MULDOON@MS01.DO.treas.sprint.com> ("MULDOONL%DOM13.DOPO7" <LARA.MULDOON@MS01.DO.treas.sprint.com> [UNKNOWN])

CREATION DATE/TIME:12-MAR-1999 12:51:37.00

SUBJECT: LIHTC

TO: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Date: 03/12/1999 12:26 pm (Friday)
From: Lara Muldoon
To: EX.MAIL("Paul_J._Weinstein_Jr@opd.eop.gov")
Subject: LIHTC

Not that I know of. I am working on Social Security with Linda R and
Marti as the leads of course, BABs, and a little bit of Climate Change.
the
portfolio has not yet been decided and I have been working on the
issues as they come up.

Lara
>>> EX.MAIL."Paul_J._Weinstein_Jr@opd.eop.gov" 03/12/99 12:20pm
>>>
Are you working the Low Income Housing Tax Credit as well? Any other
tax
issues.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:25-MAR-1999 18:42:31.00

SUBJECT: Re: LRM MDH43 - - DEPARTMENT OF LABOR INSERT TO HEALTH & HUMAN SERVICES Draft Bill on Older Americans Act Amendments of 1999

TO: Maureen H. Walsh (CN=Maureen H. Walsh/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Sarah A. Bianchi (CN=Sarah A. Bianchi/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

CC: Larry R. Matlack (CN=Larry R. Matlack/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

CC: Melinda D. Haskins (CN=Melinda D. Haskins/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TEXT:
Maureen, I believe the provision on disallowing earned income from rent determination is in Section 508 of the Quality Housing and Work Responsibility Act of 1998. HUD did a briefing on the welfare reform related provisions of the Act at one of our Tuesday welfare reform meetings this fall and I believe DOL was there, but I know it's a big place. I'd suggest DOL contact Debby Greenstein in HUD's policy shop (she attends these meetings and raised a particular concern about this provision in OAA on Tuesday). Her # is 708-1520 x 5923. While the concept of what DOL is trying to do with this income exclusion has some merit, it definitely needs to be thought through carefully both for its implications for other programs (i.e. Food Stamps and Housing), cost, and for the precedent it may set.

Maureen H. Walsh
03/25/99 04:36:06 PM
Record Type: Record

To: Andrea Kane/OPD/EOP
cc: Melinda D. Haskins/OMB/EOP, Larry R. Matlack/OMB/EOP
Subject: Re: LRM MDH43 - - DEPARTMENT OF LABOR INSERT TO HEALTH & HUMAN SERVICES Draft Bill on Older Americans Act Amendments of 1999

Earlier today, we passed back to DOL comments of OMB, EXOP, and agencies on the Title V reauthorization proposal.

DOL was unaware of, and intrigued by, the provision in the 1998 public housing act which you mentioned in #3 of your comments below. They would like to research the issue and wondered if you had any more information on the statutory citation. Do you happen to have the cite?

In answer to your Q2 below, the program enrolls roughly 92,300 participants in 61,500 job slots annually. The FY 2000 budget requests $440 M for SCSEP.

FYI, we asked FNS for a PAYGO cost estimate of sec. 156, and a conservative estimate of the Food Stamp cost alone is $22 M over 5 years. The estimate used very low assumptions about the Food Stamp participation rate (was not adjusted upward to reflect the fact that SCSEP participants have income of 125% of poverty or lower). The cost would easily double using more realistic assumptions. We suggested DOL drop the new sec. 156 PAYGO provision, and they tentatively have agreed. We're trying to wrap this up by cob Friday.

Thanks for any help you can provide.

---------------------- Forwarded by Maureen H. Walsh/OMB/EOP on 03/25/99 04:18 PM ---------------------------

Melinda D. Haskins 03/22/99 04:58:44 PM

Record Type: Record

To: Maureen H. Walsh/OMB/EOP@EOP, Michele Ahern/OMB/EOP@EOP
cc:
Subject: Re: LRM MDH43 - - DEPARTMENT OF LABOR INSERT TO HEALTH & HUMAN SERVICES Draft Bill on Older Americans Act Amendments of 1999

FYI.
---------------------- Forwarded by Melinda D. Haskins/OMB/EOP on 03/22/99 04:58 PM ---------------------------

Andrea Kane
03/22/99 04:55:21 PM
Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP
cc: Cynthia A. Rice/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP
Subject: Re: LRM MDH43 - - DEPARTMENT OF LABOR INSERT TO HEALTH & HUMAN SERVICES Draft Bill on Older Americans Act Amendments of 1999

A few questions that probably reflect my ignorance of this program - so if someone at OMB knows the answer, no need to ask DOL:

1. I found the purpose a bit confusing: Is the goal unsubsidized employment but this program specifically provide community service as a

transitional step to help people prepare for unsubsidized employment? Is the part-time community service paid employment? And is it "Community Service Employment" (per Part D title) or "Community Employment Service" (per Sec 151).

2. Just for context, how big is this program - how many served/funding level. What's in our FY 2000 budget?

3. Sec 156 excludes income earned by a participant from unsubsidized employment for purposes of determining eligibility for federal housing and food stamps for one year. Just curious whether there's a cost estimate for this? And, how does this interact with provision in 1998 public housing act which says rent may not be increased as a result of increased income from employment during the 12 months beginning on the date of commencement of employment? Is this extending a similar provision to people who weren't covered under the housing act?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Deborah Greenstein <Deborah_Greenstein@hud.gov> (Deborah Greenstein <Deborah_Greenstein@hud.gov> [UNKNOWN])

CREATION DATE/TIME:22-APR-1999 11:59:16.00

SUBJECT: Accomplishments

TO: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: "Stephen J. Yank" <Stephen_J._Yank@hud.gov> ("Stephen J. Yank" <Stephen_J._Yank@hud.gov> [UNKNOWN])
READ:UNKNOWN

TEXT:
Andrea - You may want to add the HUD IDA provisions to the IDA paragraph. Starting in Oct. a pubic housing family eligible for an income disregard as defined in the new public housing reform law - Quality Housing and Work Responsibility Act of 1998 - will have the option of an IDA instead. Section 508(d) of the law gives the income disregards and Section 508(e) provides for the IDA option. I'll fax this language to you.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Allen I. Polsby" <Allen_I._Polsby@hud.gov> ("Allen I. Polsby" <Allen_I._Polsby@hud.gov> [UNKNOWN])

CREATION DATE/TIME: 3-MAY-1999 09:47:18.00

SUBJECT: Re: Revised APIC draft legislation - for Tuesday mtg at OEOB

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: "MICHAEL J. MORAN" <MICHAEL_J._MORAN@hud.gov> ("MICHAEL J. MORAN" <MICHAEL_J._MORAN@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: "Gail W. Laster" <Gail_W._Laster@hud.gov> ("Gail W. Laster" <Gail_W._Laster@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: ROBERT DUNCAN <ROBERT_DUNCAN@hud.gov> (ROBERT DUNCAN <ROBERT_DUNCAN@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: jorszag@doc.gov (jorszag@doc.gov [UNKNOWN])
READ:UNKNOWN

CC: phil_rosenfelt@ed.gov (phil_rosenfelt@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: don.christensen@sba.gov (don.christensen@sba.gov [UNKNOWN])
READ:UNKNOWN

CC: nina.levine@sba.gov (nina.levine@sba.gov [UNKNOWN])
READ:UNKNOWN

CC: bcurry@mbda.gov (bcurry@mbda.gov [UNKNOWN])
READ:UNKNOWN

CC: mcook1@doc.gov (mcook1@doc.gov [UNKNOWN])
READ:UNKNOWN

CC: "Jacquie M. Lawing" <Jacquie_M._Lawing@hud.gov> ("Jacquie M. Lawing" <Jacquie_M._Lawing@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: "Hal C. DeCell" <Hal_C._DeCell@hud.gov> ("Hal C. DeCell" <Hal_C._DeCell@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: edward-montgomer@dol.gov (edward-montgomer@dol.gov [UNKNOWN])
READ:UNKNOWN

CC: irma.tucker@do.treas.gov (irma.tucker@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: marti.thomas@do.treas.gov (marti.thomas@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: andrew.bershadker@do.treas.gov (andrew.bershadker@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: jon.talisman@do.treas.gov (jon.talisman@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: leonard.burman@do.treas.gov (leonard.burman@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: cliff.kellogg@do.treas.gov (cliff.kellogg@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: alvin brown@ovp (alvin brown@ovp [UNKNOWN])
READ:UNKNOWN

CC: phyllis a. love@ovp (phyllis a. love@ovp [UNKNOWN])
READ:UNKNOWN

CC: Alice Veenstra (CN=Alice Veenstra/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Charles R. Marr (CN=Charles R. Marr/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Michael Deich (CN=Michael Deich/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Alexandra Gianinno (CN=Alexandra Gianinno/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Thomas D. Janenda (CN=Thomas D. Janenda/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

CC: Edward A. Brigham (CN=Edward A. Brigham/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Alan B. Rhinesmith (CN=Alan B. Rhinesmith/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Courtney B. Timberlake (CN=Courtney B. Timberlake/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Sonyia Matthews (CN=Sonyia Matthews/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Bert I. Huang (CN=Bert I. Huang/OU=CEA/O=EOP [CEA])
READ:UNKNOWN

CC: "John P. Ross" <John_P._Ross@hud.gov> ("John P. Ross" <John_P._Ross@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: "Joseph A. D'Agosta" <Joseph_A._D'Agosta@hud.gov> ("Joseph A. D'Agosta" <Joseph_A._D'Agosta@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: "David S. Kass" <David_S._Kass@hud.gov> ("David S. Kass" <David_S._Kass@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: psingerm@doc.gov (psingerm@doc.gov [UNKNOWN])
READ:UNKNOWN

CC: jane.merkin@sba.gov (jane.merkin@sba.gov [UNKNOWN])
READ:UNKNOWN

CC: millicent.hodge@sba.gov (millicent.hodge@sba.gov [UNKNOWN])
READ:UNKNOWN

CC: saunders.miller@sba.gov (saunders.miller@sba.gov [UNKNOWN])
READ:UNKNOWN

CC: ccox@mbda.gov (ccox@mbda.gov [UNKNOWN])
READ:UNKNOWN

CC: "Susan M. Wachter" <Susan_M._Wachter@hud.gov> ("Susan M. Wachter" <Susan_M._Wachter@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: "John F. Bohm" <John_F._Bohm@hud.gov> ("John F. Bohm" <John_F._Bohm@hud.gov> [UNKNOWN])
READ:UNKNOWN

CC: hayes-pamela@dol.gov (hayes-pamela@dol.gov [UNKNOWN])
READ:UNKNOWN

CC: harris-seth@dol.gov (harris-seth@dol.gov [UNKNOWN])
READ:UNKNOWN

CC: lara.muldoon@do.treas.gov (lara.muldoon@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: louise.gillespie@do.treas.gov (louise.gillespie@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: steve.arkin@do.treas.gov (steve.arkin@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: gary.gensler@do.treas.gov (gary.gensler@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: michael.barr@do.treas.gov (michael.barr@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: aram h. kailian@ovp (aram h. kailian@ovp [UNKNOWN])
READ:UNKNOWN

CC: elizabeth j. potter@ovp (elizabeth j. potter@ovp [UNKNOWN])
READ:UNKNOWN

CC: jonathan weiss@ovp (jonathan weiss@ovp [UNKNOWN])
READ:UNKNOWN

CC: Xavier Briggs <Xavier_Briggs@hud.gov> (Xavier Briggs <Xavier_Briggs@hud.gov> [UNKNOWN])
READ:UNKNOWN

TEXT:
SRW (et al.) -- Your comments are, of course, a mix of legal and policy.
On the more legal points:

"Safety and soundness" is the handmaiden of "examine" in bank regulation lingo. Treasury asked us to add the latter term, and we carried through an implication of their comment that that which constitutes a safety and soundness standard ought to be identified in the bill. In this connection, the penalties (
õ110(b)) are all linked to safety and soundness specifically and exclusively, and so, as an element of due process, I think its incumbent on us to identify clearly that to which the penalties relate. Further, the community of profit oriented entities that carry out some of HUD's programs include many that are not banks. For them, I think the added clarity is warranted, I think.

The "antipirating provision" is an adaptation of the one enacted in the Quality Housing and Work Responsibility Act of 1998. To my knowledge, the Administration has never proposed an antipirating provision, but one has been added during Congressional deliberations in the case of some economic development programs. APIC would be a clear candidate for the addition of such a provision. The policy call is whether to (a) change course by having the Administration propose such a provision, and in so doing, (b) have on the table a provision that HUD staff believes is more workable than any that have been heretofore enacted. Given the likelihood that the APIC bill will end up with an antipirating provision of some kind, in my view the one in õ107(d) would minimize the litigation risk.

The "bankruptcy exclusion" has legislative precedent in SBA programs. Its purpose is to afford the best protection we can that the APIC will use whatever stream of cash that is has, in an insovency, or near insolvency, situation, to fund the FF&C pledge, and will not be prevented from so doing by declaring bankruptcy and obtaining a Bankruptcy Judge's order to deal with its debt in any other way. I believe that Judiciary has jurisdiction over Bankruptcy, and I'm not aware of anything else in the HUD bill that would result in a referral to that Committee. AIP

Sarah_Rosen_Wartell@opd.eop.gov on 05/03/99 08:15:23 AM

To: Xavier Briggs/PDR/HHQ/HUD
cc: Bert_I._Huang@cea.eop.gov, Sonyia_Matthews@opd.eop.gov, Courtney_B._Timberlake@omb.eop.gov, Alan_B._Rhinesmith@omb.eop.gov, Edward_A._Brigham@omb.eop.gov, Thomas_D._Janenda@who.eop.gov, Paul_J._Weinstein_Jr@opd.eop.gov, Alexandra_Gianinno@omb.eop.gov, Michael_Deich@omb.eop.gov, Charles_R._Marr@opd.eop.gov, Alice_Veenstra@omb.eop.gov, jonathan_weiss%ovp@oa.eop.gov, phyllis_a._love%ovp@oa.eop.gov, elizabeth_j._potter%ovp@oa.eop.gov, alvin_brown%ovp@oa.eop.gov, aram_h._kailian%ovp@oa.eop.gov, cliff.kellogg@do.treas.gov, michael.barr@do.treas.gov, leonard.burman@do.treas.gov, gary.gensler@do.treas.gov, jon.talisman@do.treas.gov, steve.arkin@do.treas.gov, andrew.bershadker@do.treas.gov, louise.gillespie@do.treas.gov, marti.thomas@do.treas.gov, lara.muldoon@do.treas.gov, irma.tucker@do.treas.gov, harris-seth@dol.gov, edward-montgomer@dol.gov, hayes-pamela@dol.gov, Hal C. DeCell/CIR/HHQ/HUD, John F. Bohm/CIR/HHQ/HUD, Jacquie M. Lawing/SECY/HUD/GOV, Susan M. Wachter/PDR/HHQ/HUD, mcook1@doc.gov, ccox@mbda.gov, bcurry@mbda.gov, saunders.miller@sba.gov, nina.levine@sba.gov, millicent.hodge@sba.gov, don.christensen@sba.gov, jane.merkin@sba.gov, phil_rosenfelt@ed.gov, psingerm@doc.gov, jorszag@doc.gov, Francis_S._Redburn@omb.eop.gov, David S. Kass/CIR/HHQ/HUD, ROBERT DUNCAN/CPD/HHQ/HUD, Joseph A. D'Agosta/CPD/HUD/GOV, Gail W. Laster/OGC/HHQ/HUD, John P. Ross/PDR/HHQ/HUD, MICHAEL J. MORAN/OGC/HHQ/HUD, Allen I. Polsby/OGC/HUD/GOV, Lisa_Green@opd.eop.gov
Subject: Re: Revised APIC draft legislation - for Tuesday mtg at OEOB

A few minor comments:

Is the term "safety and soundness" used in the SBIC legislation. It is a banking term with specific meaning and I am not sure it works here.

In findings, the discussion is about high levels of joblessness, although our criteria for eligibility don't involve joblessnes. Shouldn't it talk about poverty and low incomes.

We need a finding about the business opportunities that existing in areas of poverty and low incomes. Congress needs to find that there is money to be made here but barriers to private investors now doing so. And that there is a need for gov't to try to create incentives to overcome those barriers.

In public purpose goals -- goal to incolve cb organizations and residents "to balance the interests of investors and residents" -- what does that mean. Scare the hell out of me as an investor.

Isn't the antipirating provision an invitation to litigation. I agree it is a goal, but should we legislate????

Why the bankruptcy exclusion? What does that do about referrral of bill to other committees?

Obviously, need to discuss big unresolved issues.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 6-MAY-1999 13:49:53.00

SUBJECT: Weekly Report

TO: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TEXT:
Political Reform -- Campaign Finance Reform: A group of moderate House Republicans Wednesday extracted a commitment from Speaker Hastert to bring campaign finance reform legislation to the floor by the end of September. However, Hastert's pledge may not hold off a split within the GOP over this contentious issue. According to sources at the meeting, moderate Republicans made it clear to that they believe September is too late. The discharge petition on the Shays-Meehan bill has 191 Democratic signatures but no Republicans.

Community Empowerment -- Low Income Housing Tax Credit (LIHTC): 235 Members of House of Representatives have now signed on as cosponsors of H.R. 175, the bill to expand the LIHTC. This legislation, which mirrors your proposal, has achieved wide bipartisan support. Of the 235 cosponsors, 96 are Republicans and 139 are Democrats. 69% of the Members of the House Ways and Means Committee are cosponsors of the bill. The companion bill in the Senate, Introduced by Senators Mack and Graham, has 37 cosponsors. This includes 18 Republicans and 19 Democrats.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Laura Emmett (CN=Laura Emmett/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME: 6-MAY-1999 13:52:19.00

SUBJECT: Re: Weekly Report

TO: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
who won last week?

Paul J. Weinstein Jr.
05/06/99 01:49:46 PM

Record Type: Record

To: Laura Emmett/WHO/EOP
cc:
Subject: Weekly Report

Political Reform -- Campaign Finance Reform: A group of moderate House Republicans Wednesday extracted a commitment from Speaker Hastert to bring campaign finance reform legislation to the floor by the end of September. However, Hastert's pledge may not hold off a split within the GOP over this contentious issue. According to sources at the meeting, moderate Republicans made it clear to that they believe September is too late. The discharge petition on the Shays-Meehan bill has 191 Democratic signatures but no Republicans.

Community Empowerment -- Low Income Housing Tax Credit (LIHTC): 235 Members of House of Representatives have now signed on as cosponsors of H.R. 175, the bill to expand the LIHTC. This legislation, which mirrors your proposal, has achieved wide bipartisan support. Of the 235 cosponsors, 96 are Republicans and 139 are Democrats. 69% of the Members of the House Ways and Means Committee are cosponsors of the bill. The companion bill in the Senate, Introduced by Senators Mack and Graham, has 37 cosponsors. This includes 18 Republicans and 19 Democrats.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Alexandra Gianinno (CN=Alexandra Gianinno/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:10-MAY-1999 14:40:18.00

SUBJECT: Re: Community Empowerment Fund paragraph and other edits

TO: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Theodore Wartell (CN=Theodore Wartell/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
I completely forgot to add a sentence in there on the proposed 15,000 vouchers for extremely low-income elderly households linked to the LIHTC.

If you want to include it in the document, here is suggested wording:

In addition to the proposed volume cap increase the Administration also proposes to add 15,000 new vouchers for extremely low income elderly people to be used initially in tax credit projects (Note: the vouchers will not be paid for out of the proposed cap increase).

Alex

---------------------- Forwarded by Alexandra Gianinno/OMB/EOP on 05/10/99 02:32 PM ---------------------------

Lisa Green
05/10/99 01:05:41 PM
Record Type: Record

To: Alexandra Gianinno/OMB/EOP@EOP
cc: theodore wartell/omb/eop@eop, francis s. redburn/omb/eop@eop
Subject: Re: Community Empowerment Fund paragraph and other edits

Thank you for your prompt response. This information was incorporated into the latest draft.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Carl Haacke (CN=Carl Haacke/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:10-MAY-1999 21:30:55.00

SUBJECT: Fannie Mae

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Fannie Mae is the largest private investor in Multifamily Low Income Housing tax Credit investments. Their new American Communities Fund has closed $210 million in investments for urban revitalization and plans to invest $350 million in revitalization activities. Through March 1999, Fannie Mae has committed to invest close to $50 million in CDFIs and by the end of 2000 they will have invested $75 million. They have also invested $75 million in DC ,s revitalization corporation.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:18-MAY-1999 19:24:40.00

SUBJECT: Re: Historic Homeownership Tax Credit

TO: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: melissa g. green (CN=melissa g. green/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

CC: jonathan a. kaplan (CN=jonathan a. kaplan/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

TEXT:
Check with Orszag and Paul Weinstein. They may have been involved in the past.

Generally, historic tax credits are a yuppie gentrification issue sometimes but sometimes it can be used in consort with the Low Income Housing Tax Credit to do good stuff. When it is homeownership, however, I am less sure. I would ask Kitty hard questions about data about who will use it; what portion of the tax credit will be used in underserved areas; etc.

I suspect it won't be a high priority for us, but not something we'd strongly oppose. In addition to Michael, I would ask Steve Redburn and someone in OMB Leg Reference to check files for prior administraiton statements on this. Thanks.

P.S. Kitty was Cabinet Secretary for the President and then (until a week ago) the Deputy Secretary of Labor. She has worked closely with Gene, Sally, Lael, me and others here.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Raphael W. Bostic" <Raphael_W._Bostic@hud.gov> ("Raphael W. Bostic" <Raphael_W._Bostic@hud.gov> [UNKNOWN])

CREATION DATE/TIME: 1-JUN-1999 18:21:06.00

SUBJECT: state of the cities

TO: Eugenia Chough (CN=Eugenia Chough/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Eugenia,

I don't remember if I sent you a copy of the State of the Cities draft report for distribution to the DPC Welfare Interagency working group. I don't think that I did. I meant to send it last week. If not, a full report is attached. It is in 3 parts. For those who are short on time, the welfare stuff is in the Executive Summary pages 17-18, and the Policy Blueprint pages 10-16.

We're currently expecting responses Wednesday, so any feedback ASAP would be great. Thanks and sorry for messing this up!

Raphael

(See attached file: soc_execsum_5_26b.doc)

(See attached file: soc_findings_citiesup_5_26b.doc)

(See attached file: soc_policyblueprint_5_26b.doc)
- soc_execsum_5_26b.doc - soc_findings_citiesup_5_26b.doc -
soc_policyblueprint_5_26b.doc=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
 > kljhc eaPPPPP\x4PA(EXH`W[DDDDl)C<pD^D State of the Cities 1999: Executive Su
mmary

<Hold for quote from President Clinton>

Introduction

After 30 years of
erratic fits and starts that saw the fraying of our cities social and economic fabric, most of the nations 539 central cities are today sharing in Americas h
istoric economic expansion. Last years State of the Cities reported that Ameri
cas cities found themselves on the losing side of fundamental structural and de
mographic trends. This year, we are witnessing for the first time in decades wh
at could be the slowing or even reversal of some of these long term development
trends.

But while Americas cities as a group are showing clear signs of revitalization and renewal, too many places have not yet shared in this prosperity. Many cities are still experiencing the familiar challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty. As detailed in an April 1999 HUD report, Now Is The Time: Places Left Behind in the New Economy, the new urban challenge touches all parts of the country, not just the large cities that once epitomized urban decay. Todays lagging cities include mostly small or mid-sized cities, found throughout the nation, from farm cities to former industrial giants, from timber towns to former mining centers.

Three factors are responsible for the improving circumstances in most of our cities. First, the Clinton-Gore economic expansionthe longest peacetime expansion in American historyhas resulted in more jobs, lower unemployment, higher wages and incomes, and less poverty. Second, the Administrations community empowerment policies are paying off: central cities have experienced a revitalization that has made them more attractive places to live and work. And third, the success of public-private partnerships spearheaded by a new generation of innovative mayors and local community and business leaders has brought significant new investments in our downtowns and in many distressed neighborhoods, too. Faith and community-based groups, as well as businesses seeking to make a difference, have been critical partners in these efforts. So has a revitalized and more customer-friendly HUD under the leadership of Secretary Andrew Cuomo. In addition to economic expansion which has driven revitalization, such partnerships can and are working to bring back cities.

While last years report focused only on the problems of our nations central cities, Americans increasingly recognize the common stake that city and suburb have in ensuring economic competitiveness and a high quality of life throughout our metropolitan areas, where eight in ten Americans now live. This means energizing new relationships that will make metro regions as a whole good places to live and work. It also means seeking solutions for the challenges now facing many of our older suburbs. While suburbs still capture a larger share of total metropolitan growth, our nations graying suburbs are beginning to experience the problems of job loss, population decline, crime, and disinvestment that were previously associated only with the central cities. At the same time, many suburbs are showing the strains of sprawling growth that creates commuting problems and traffic congestion, overcrowds schools, and robs communities of open space and other environmental treasures. The same growth pattern results in underinvestment in urban markets, making metro regions less competitive. Last November, millions of suburbanites went to the ballot box and showed support for growth alternatives and for new investments to enhance community livability.

These initiatives point to an historic opportunity for an alliance of cities and suburbs to address the challenges facing our metropolitan areas. Perhaps never before have the interests of the dual pillars of regional communitycentral cities and suburbsconverged so sharply toward a common agenda for metropolitan vitality. Perhaps never before has that agenda been so important, with our Nation entering a new millennium and racing to compete in a dynamic global economy.

Part One reports on recent trends in our nations cities and the potential for a city-suburb alliance to promote a

common agenda to address the challenges the trends point to. Part Two describe
s the path to meet our cities remaining challenges and enhance metropolitan com
munities.

State of the Cities: Three Major Findings

Finding #1: Thanks to a
booming national economy, most cities are in the strongest fiscal and economic
recovery they have experienced in recent years. There are early signs that som
e of the structural trends that caused cities decline for three decades may be
slowing or reversing. However, too many central cities are still left behind.
They continue to suffer from the challenges of population decline, loss of midd
le-class families, slow job growth, income inequality, and poverty.

Finding #2
: Some suburbs are beginning to experience problems of job loss, population dec
line, crime, and disinvestment that were previously associated only with the ce
ntral cities. At the same time, many suburbs are showing strains of sprawling g
rowth that create traffic congestion, overcrowded schools, loss of open spaces,
and other problems related to sprawl.

Finding #3: We now have a historic opp
ortunity for cooperation between cities and suburbs to address the challenges f
acing our metropolitan areas.

Part One: Findings -- Revitalization, Renewal a
nd Remaining Metropolitan Challenges

Finding #1. Thanks to a booming national
economy, most cities are in the strongest fiscal and economic recovery they ha
ve experienced in recent years. There are early signs that some of the structur
al trends that caused cities decline for three decades may be slowing or revers
ing. However, too many central cities are still left behind. They continue to
suffer from the challenges of population decline, loss of middle-class families
, slow job growth, income inequality, and poverty.

The strong economy is helpi
ng cities recover and there are early signs of a slowing or reversal of some st
ructural trends that worked against cities.

Two-thirds of central cities incr
eased in population from 1980 to 1996. The popular conception that center city
residents continue to pour out of their older neighborhoods and head for the su
burbs is no longer accurate for the majority of cities. Between 1980 and 1996,
two-thirds of the countrys 539 central cities enjoyed population growth.

Over
all, population is still growing far faster in suburbs than in central cities,
but the gap is narrowing. From 1970 to 1980, more than 95 percent of total met
ropolitan growth nationwide occurred in suburbs. Since 1980, the suburban share
of metropolitan growth has been 77 percent.

Central city unemployment rates
have fallen dramatically. From 1992 to 1998, many cities registered dramatic d
rops in unemployment, which fell overall in central cities from 8.1 percent to
4.8 percent. Unemployment rates are also falling in suburbs but not as sharply
as in central cities. Central city unemployment rates are still double the jo
bless rates in the suburbs, implying that there is a significant pool of availa
ble labor in central cities to continue to power the economic expansion. In ad
dition, wages for central city jobs are rising. Between 1991 and 1996, average
annual pay for jobs in 77 large central cities rose by 6.9 percent, compared to
5.2 percent for suburban jobs.

For the first time in three decades, the perc
entage of central city households who are poor appears to have stopped growing.
For the first time in three decades, central city poverty rates have declined
. From 1969 to 1993, the central city poverty rate steadily increased from 14.3
percent to 21.7 percent. From 1993 to 1998, however, this trend reversed and t
he central city poverty rate dropped to 18.8 percent.

For the first time in hi
story, the majority of central city households are homeowners. In 1998, for the
first time in history, the central city homeownership rate topped 50 percent.
For the first quarter of 1999, 50.3 percent of urban residents owned their own
homes, compared to 48.9 percent in 1993. Minorities have led the way in increa
sing homeownership.

Cities across the country are demonstrating new vitality
and showing marked improvement in fiscal conditions, service delivery and quali
ty of life indicators. Moreover, central cities have shown a particular improv
ement in public safety, and most big cities are safer today than they were 25 y
ears ago.

<Hold for up quote from Vice President Gore>

Too many central citi
es are left behind in the new economy

Despite the positive news, many cities a
re being left behind in urban Americas impressive comeback. They continue to su
ffer from the challenges of population decline, loss of middle-class families,
slow job growth, income inequality, and poverty.

As detailed in Now is the T
ime: Places Left Behind in the New Economy, population declines continue to pla
gue about 20 percent of our Nations 539 central cities. Nearly one in three cen
tral cities had poverty rates of 20 percent or more in 1995, and even in cities
with lower rates, poverty remains concentrated in selected urban neighborhoods
.

Serious population losses continued to plague about one in five central cit
ies. A total of 116 central cities lost 5 percent or more of their people betw
een 1980 and 1996, and 57 cities more than 1 in 10 lost 10 percent or more of
their population. Most central cities losing population are small or mid-sized
, and they tend to be clustered regionally across the Nations rustbelt and Nort

heastern states.

Unemployment remains unacceptably high in about one in six ce
ntral cities. High unemployment (50 percent or more above the national rate) a
ffects 17 percent of central cities. Ninety-five central cities and the Distric
t of Columbia had jobless rates of 6.75 percent or higher in 1998; 64 had a rat
e of 7.9 percent or more (75 percent above the national rate), and 37 had rates
of 9 percent or more (100 percent above). Even in cities with low unemployment
overall, there are pockets of high joblessness.

Stubborn poverty persists in
one-third of our central cities. Poverty rates of 20 percent or more can be fou
nd in 32 percent of central cities, most of which are small or medium sized. Th
is amounts to 170 central cities in 34 states and the District of Columbia. In
30 cities, the poverty rate is estimated to be 30 percent or higher. Many citie
s with the highest poverty rates are small or medium-sized.

Poor central city
residents continue to experience homelessness and related problems of poverty.
Homelessness and related problems continue to plague the poorest residents of
many central cities. Affordable housing shortages are worsening, as documented
in Waiting in Vain. Moreover, households in poverty continue to be geographica
lly concentrated in urban areas, a problem that especially affects the minority
poor.

Moreover, a 1998 survey of 30 major cities by the US Conference of Mayo
rs indicates that requests for emergency food assistance increased by an averag
e of 14 percent during 1998. Requests for shelter also increased in 72 percent
of the surveyed cities during 1998, by an average of 11 percent. Requests for a
ssisted housing rose in three-quarters of the cities. A similar number reported
that they had stopped accepting applications for at least one assisted housing
program due to the excessive length of the waiting list.

Finding #2: Some sub
urbs are beginning to experience problems of job loss, population decline, crim
e, and disinvestment that were previously associated only with the central citi
es. At the same time, many suburbs are showing strains of sprawling growth that
create traffic congestion, overcrowded schools, loss of open spaces, and other
problems related to sprawl.

The challenges once concentrated in central citi
es have spread to some older communities, such as Euclid and Garfield Heights o
utside of Cleveland, Southfield and Oak Park near Detroit, and Chicago Heights
just outside the city of Chicago, which are facing such urban ills as crime, po
verty and population loss. The challenges are not restricted to one or two regi
ons of the country, but are national in scope.

More than 400 suburban jurisdi
ctions in 36 states meet HUDs criteria for distress as defined in Now Is The Ti
me: Places Left Behind in The New Economy. Suburban jurisdictions like centra
l cities are considered to be suffering from distress if their population decl
ined by 5 percent or more between 1980 and 1996 and if their 1995 estimated pov
erty rate exceeded 20 percent. More than 400 suburban jurisdictions in 36 stat
es meet these criteria for distress. While many are small communities, 77 had p

opulations over 5,000. As in central cities, disinvestment is creating blighted
areas and sapping these communities of their economic vitality.

Many suburbs
are showing the strains of sprawling growth that creates long commutes and tra
ffic congestion, overcrowded schools, and other problems related to sprawl. At
the same time that disinvestment is harming central cities and some suburbs, m
any suburbs are showing the strains of sprawling growth. Suburban residents are
suffering from the effect of increased traffic congestion and commutes and the
loss of recreational opportunities and open space. Last November, voters arou
nd the country approved almost three-quarters of the 240 initiatives to make al
ready developed communities more attractive for growth.

The costs associated w
ith sprawl are mounting and curtailing sprawl could save substantial sums over
coming decades. A research team at Rutgers University carefully studied the cos
ts of sprawl and concluded that pursuing strategies to facilitate growth in dev
eloped communities would generate savings by decreasing the consumption of deve
lopable land and by increasing land available for recreation. By growing smarte
r, traffic congestion could be reduced and the nation could save billions of do
llars in spending for roads. Sewer and water infrastructure could also be subst
antially reduced. These savings reflect only a small proportion of the costs of
sprawl.

Cost of poverty concentration and job mismatches. The steady migrati
on of middle and upper income Americans out of central cities has left behind c
oncentrations of poor people and has sapped once-thriving areas of their econom
ic vitality. Rapid development outside of central cities has created a mismatch
between where many potential workers live and where jobs are located. This lea
ds to pockets of high joblessness in parts of otherwise healthy metropolitan ar
eas while jobs go unfilled in other parts of the same metro areas.

Public capi
tal and operating costs. Sprawl drives up the cost of roads, bridges, sewers, a
nd other public capital because the development is so much less dense. New syst
ems typically have to be provided at high cost. Road costs in communities mark
ed by sprawl are 25 to 33 percent higher, and utility costs 18 to 25 percent hi
gher, than in communities without sprawl. Municipal and school district operati
ng costs are 3 to 11 percent higher in sprawl developments.

Loss of open spac
e and environmentally sensitive land. Sprawl encroaches on forests and fragile
natural habitats. Sprawl consumes 20 to 40 percent more open land than non-spra
wl development and produces about one-third more water pollution.

Travel dista
nces, travel time and congestion costs. Sprawl development means Americans are
driving more. The average suburban household drives 3,300 more miles than its
central city counterpart, or about 31 percent more annually. That translates to
an additional cost of $211 per year per household in transportation costs. Ass
uming an average car speed of 30 miles per hour, suburban drivers spend an addi
tional 110 hours behind the wheel each year almost three full weeks of work.

Sprawl detracts from the sense of community. Sprawl developments contribute to

the loss of community because of their leapfrog development patterns and relia
nce on automobiles. Studies show that people living in sprawling developments g
ather less in public places and feel less attached to one another and to shared
surroundings.

Finding #3: The Nation now has a historic opportunity for coope
ration between cities and suburbs to address the challenges facing our metropol
itan areas.

The revitalization of our central cities, along with the emerging
problems in suburbs, have brought us to a historic moment of convergence on a c
ommon urban-suburban agenda. The interests of city and suburban residents are
rapidly coinciding in support of a better approach to growth. After 40 years of
city versus suburbs, the game has changed. Cities and suburbs are no longer co
mpeting against one another. Rather, they are increasingly cooperating to maint
ain the health of the whole metro area to increase the livability of their com
munities and maximize the competitiveness of their regions. Last year, more th
an a dozen governors from both parties advanced land use and growth management
notions in their state-of-the-state or inaugural addresses. This year, more th
an 30 governors spoke out in their annual addresses.

Metropolitan regions are
the growth engines of the economy in our globally-competitive modern world. Am
erica's regional economies can only compete effectively if they are supported b
y healthy cities at their core. In an era of high mobility, low transportation
and information costs, and global competition, a metropolitan region without a
healthy urban core finds itself at a competitive disadvantage. In the modern g
lobal economy, however, firms choose among regions and the health of the centr
al city is a key factor in deciding which region is best.

Moreover, in the c
urrent unprecedented economic expansion, central cities have the resources and
untapped consumer markets to extend the boom. A decade ago, Wall Street invest
ors eagerly looked to emerging markets overseas to generate high returns on the
ir capital. Today, Americas own central cities are the emerging markets of the
21st century. These new domestic markets and available labor force are right he
re, with developable land close to supply lines. Yet, for the most part, they a
re undiscovered territory for many businesses. The largest pools of untapped in
vestment opportunities and new customers are not beyond our shores, President C
linton said earlier this year. Theyre in our backyard. Investing in the untappe
d markets of central cities and implementing regional solutions at the local l
evel to address regional problems are key to creating competitive metro econom
ies and livable communities for the 21st century.

< Hold for quote from Secret
ary Cuomo >
Part Two: A 21st Century Agenda for Cities and Suburbs

The 21st C
entury Agenda for Cities and Suburbs is designed to capitalize on todays favora
ble conditions for tapping new markets, anchor the positive trends in central c
ities, and help cities and suburbs address their remaining challenges. The agen
da is designed to help metropolitan communities deal with sprawling development
and forge coordinated regional approaches to growth. While many cities and sub

urbs are beginning to recognize their common stake in ensuring economic competi tiveness and a high quality of life throughout our metropolitan areas, many com munities need support in taking the next step toward effective metro-wide coope ration.

The 21st Century Agenda relies on the strategies and approaches that h ave already proven their effectiveness over the past six years:

Public-private partnerships. The evidence is overwhelming: the right mix of public incentive s, combined with the willingness of the private sector to invest in untapped ma rkets, is a highly effective strategy for revitalizing distressed communities. The 21st Century Agenda for Cities and Suburbs uses targeted public incentives to encourage more partnerships among the public, private and nonprofit sectors and to attract larger multiples of private sector investment in central city bu sinesses and redevelopment projects.

Comprehensive approaches. In the past, well-meaning programs often took a narrow, single focus to urban problems. We h ave now learned that the most effective initiatives tackle distress in a much m ore comprehensive and integrated manner. In recognition of this fact, the initi atives in the 21st Century Agenda span multiple federal agencies and department s.

Local and bottom up. Todays successful revitalization initiatives operate on a much smaller scale than the large federal programs of the past. They focu s on the neighborhood level and are much more local and more personal. The 21st Century Agenda continues the efforts of the past six years to refashion federa l programs so that they support and encourage the work of community-based organ izations and local governments.

A strong and capable HUD. Urban communities b enefit from a strong and reinvented HUD as their partner. The best HUD budget in 10 years underscores HUDs renewed strength in offering a comprehensive menu of federal support that is integrated, flexible and decentralized. HUDs role i s not to dictate but rather to ensure that cities have the resources they need to create jobs, promote affordable housing, fight crime, and create healthier, more livable communities for all citizens.

Individual empowerment and financ ial self-sufficiency. With a new welfare reform law enacted in 1996, the Admin istration began to overhaul completely the approach the Nation uses to supporti ng its poorest residents. We have clearly seen that the most effective initiat ives stress job training and placement, child care, medical insurance coverage and other supports to enable people to build careers, not just find low wage jo bs. Theres also a growing understanding that an effective anti-poverty strategy needs to incorporate initiatives that help people build assets and equity thro ugh homeownership, savings programs and microenterprise development.

The 21st Century Agenda for Cities and Suburbs is composed of five parts:

Tapping New Markets. Federal support is needed in two critical areas providing adequate

supplies of affordable risk capital and developing workforces -- to ensure that
central cities untapped markets for labor, retail opportunities, and land are
realized. The Agenda includes initiatives to close the capital gaps faced by p
ublic, private and nonprofit developers who are ready right now to meet the unt
apped market demand in cities for homes, stores, offices, entertainment, and bu
siness services if only more affordable equity and debt capital were available
.

Workforce Investment and Welfare-to-Work. The Agenda also provides the too
ls to help ensure that central city residents have the right skills needed for
todays job market and the means to learn about and get to jobs that may be dis
tant from their neighborhoods.

Creating Healthy and Safe Communities. Commun
ities must be seen as safe to be attractive to new residents and businesses. Th
e 21st Century Agenda includes initiatives to help localities, in partnership w
ith the private sector, build healthy communities.

Expanding Homeownership a
nd Affordable Housing. Homeownership fosters community stability and safety by
encouraging families to maintain their properties, watch out for their neighbor
s, and get involved in neighborhood improvement activities. Homeownership is al
so the single best way for families to build assets. Promoting homeownership mu
st be a vital component of any national urban strategy, especially one that see
ks to encourage growth into our already developed urban communities. Providing
more assistance for rental housing is equally critical, particularly as shortag
es of affordable rental housing worsen in many communities. The landmark public
housing legislation proposed by HUD offers innovative approaches to ensuring t
hat housing remains affordable for all Americans.

Promoting Smarter Growth. T
o realize the billions in savings that could be generated by curtailing sprawl
and promoting growth in already developed communities, the agenda provides supp
ort to local government and private sector partners in four areas creating sma
rt growth strategies, redeveloping urban land and industrial sites, removing bl
ighted and vacant buildings, and preserving natural resources and historic amen
ities. By providing cities with strong tools to tackle these challenges, we can
help enhance their attractiveness for residents, businesses, and investors.

TAPPING NEW MARKETS

Each of the capital-based initiatives in the 21st Century
Agenda for Cities and Suburbs targets a financing need that must be addressed t
o accelerate city redevelopment. All of the programs are based on the proven ur
ban revitalization principles of public private partnership and leverage that
is, using public funds and guarantees to encourage much larger multiples of pri
vate sector investment in central city businesses and redevelopment projects.

New Markets Initiative (NMI). NMI is a series of measures designed to stimulat
e $15 billion in new private capital investment in low income areas with high c
oncentrations of poverty to ensure that the opportunity for job growth, neighbo
rhood and economic development of Americas untapped new markets is not lost. NM
I will build a network of private investment institutions to help provide the c

apital and expertise that businesses and microenterprises need to flourish in d
istressed communities.

The NMI components are:

New Markets Tax Credit. Th
e Clinton Administrations FY2000 budget includes a new tax credit to help spur
$6 billion in private investment for business growth in low and moderate income
communities. Under this plan, qualified investors could claim a tax credit wo
rth 25 percent of the amount invested. The tax credit would be available to org
anizations whose primary mission is to develop these communities in partnership
with the private sector including community development financial institution
s, community development corporations, and SBICs serving low and moderate incom
e communities.

Americas Private Investment Companies (APIC). Modeled after su
ccessful programs run by the Small Business Administration (SBA), APIC is a new
proposal to encourage major private investment in economically distressed area
s. APIC would fund the creation of private investment companies APICs that wi
ll, in turn, invest in large businesses seeking to expand or locate in inner ci
ties and distressed rural communities. Jointly administered by HUD and SBA, API
Cs will fill a major capital gap by providing equity and debt capital to these
businesses.

SBICs Targeted to New Markets. Over the past 40 years, small busi
ness investment companies (SBICs) have provided about $20 billion in private eq
uity and debt financing to support the growth and development of 85,000 small b
usinesses. The New Markets Initiative proposes to use this highly successful st
ructure specifically to attract new private investment to low and moderate inco
me communities. The Low and Moderate Income-Focused SBIC (LMI-SBIC) would promo
te the growth of small businesses in central cities and rural areas where 20 pe
rcent of the population is below the poverty level or median income is less tha
n 80 percent of the area median.

New Markets Venture Capital Firms. SBA propo
ses to fund 10 to 20 new markets venture capital companies (NMVCs) that provide
a combination of equity venture capital financing and technical assistance to
small businesses in low and moderate income areas. The program will engage comm
unity development organizations which have already established successful recor
ds in venture investing. Such institutions are already playing a major role in
the creation and expansion of businesses in distressed areas, but their efforts
have been limited by a lack of adequate funding for both investments and techn
ical assistance. NMVC venture investments will typically range between $50,000
and $300,000.

Microenterprise Lending and Technical Assistance. Microenterpris
e programs provide access to capital, financial services, and training to entre
preneurs who are traditionally bypassed by the mainstream financial sector. Sup
porting microenterprises has proven to be a powerful tool for empowering people
and promoting economic growth. The Administrations FY2000 budget includes a 1
59-percent increase in support for domestic microenterprise programs, with a si
gnificant strengthening of the Administration's commitment for training and tec
hnical assistance.

Community Development Financial Institutions (CDFI) Fund. A crucial component in the capital equation of rebuilding distressed communities are community-based financial institutions (CDFIs) including community development banks, credit unions, venture capital funds, and microenterprise loan funds which anchor revitalization initiatives by providing a wide range of financial products and services directly to small businesses and individuals. The FY2000 Budget seeks $125 million for CDFIs, a $30 million increase.

BusinessLINC. This initiative is a new partnership between the federal government and Americas business community to encourage large businesses to work with small business owners and entrepreneurs, especially in central cities and rural areas. BusinessLINC which stands for Learning, Information, Networking and Collaboration is designed to stimulate business-to-business mentoring relationships that will produce individualized technical and business assistance for small firms.

Community Empowerment Fund (CEF)/CEF Trust. By integrating and streamlining two existing HUD programs, CEF would help ensure that local governments have the public capital they need to support critical business investment and job creation projects in distressed communities. The FY2000 Budget would combine $125 million in Economic Development Initiative grants with an estimated $625 million in Section 108 guaranteed private loans to provide a total of $750 million in grants and low-cost loans in these communities. In FY 2000, the CEF will emphasize two priorities ensuring welfare-to-work targeted job creation and connecting central cities to areas of regional economic growth. The CEF Trust, an innovative and pathbreaking pilot program, is designed to pool loans and enable a fully private secondary market for economic development loans to emerge. The lack of secondary market instruments, which have had such a major positive impact on our housing finance system, traps billions of dollars in capital that could otherwise be used to expanding private investments in distressed communities.

Empowerment Zone and Enterprise Community (EZ/EC) Initiative. This initiative is the foundation of the Administrations empowerment agenda for communities with high unemployment and poverty rates. Under this program, investment in EZs and ECs is promoted in many ways including tax incentives, flexible block grants, and regulatory waivers. The FY 2000 Budget proposes guaranteed funding for 10 years for a total commitment of $1.6 billion for EZs and ECs. The FY 2000 Budget would also provide $50 million for a Regional Empowerment Zone Initiative to help EZs/ECs link their economic development strategies with the broader economy of the surrounding metropolitan region. The EZ/EC initiative couples business capital investment with targeted social capital investment to produce comprehensive approaches to revitalization.

Community Development Block Grants (CDBG). The CDBG program is the federal governments most flexible tool for assisting cities, towns, and states to meet local community development priorities and objectives. With its multi-faceted eligible uses, the block grant program is routinely used to rehabilitate housing, improve infrastructure, provide job training, finance revolving loan funds, and finance other community-determined projects. The FY 2000 Budget will increase funding for this linchpin program to $4.775 billion, an increase of $25million over 1999 enacted levels.

WORKFORCE INVE
STMENT AND WELFARE-TO-WORK

Untapped labor markets can only contribute to natio
nal economic growth if those workers can access jobs and perform well. The fede
ral government must continue to provide a full range of tools to ensure that ci
ty residents have the right skills needed for todays job market, as well as the
means to learn about and get to jobs that may be distant from center city neig
hborhoods.

Expanding Education and Training Initiatives. The FY2000 Budget pr
oposes a major three-part initiative to strengthen adult education, provide uni
versal re-employment, and expand youth employment initiatives.

Strengthening W
elfare-to-Work. For the second year in a row, the Administration is requesting
new vouchers to help families make the transition from welfare-to-work by provi
ding the housing assistance needed to enable families to move near jobs.

Provi
ding More Affordable Child Care. To help urban families balance the demands of
work and family, the Administrations FY2000 Budget proposes a significant new i
nvestment in strengthening child care -- making it better, safer, and more affo
rdable.

Strengthening Our Schools. Lagging educational systems remain the si
ngle most important impediment facing cities in attracting and keeping middle a
nd upper income residents. The Administrations FY2000 program proposes signific
ant new funding to modernize schools, hire new teachers, reduce class size, int
egrate technology in classrooms, and expand after-school and summer school prog
rams.

CREATING HEALTHY AND SAFE COMMUNITIES

21st Century Policing Initiative
. Communities must be seen as safe to be attractive to new residents and busine
sses. For FY2000, the Administration proposes a $1.3 billion initiative to put
more police on the streets and strengthen community crime prevention efforts. T
he FY2000 Budget provides funds to help communities hire and redeploy 30,000 -
50,000 more law enforcement officers, as well as new money to help state and lo
cal enforcement agencies use new technologies to communicate more effectively,
solve more crimes, and conduct comprehensive crime analysis. Other expanded in
itiatives focus on community crime prevention.

EXPANDING HOMEOWNERSHIP AND AFF
ORDABLE RENTAL HOUSING

HOME Investment Partnership Program (HOME). HOME is on
e of HUDs most successful housing rehabilitation and production programs. The F
Y2000 Budget requests $1.6 billion for HOME, which works through local governme
nts to finance the construction and rehabilitation of multifamily rental housin
g, improve substandard housing for current owners, and assist new home buyers t

hrough acquisition, construction, and rehabilitation. Beyond its impact in term s of bricks and mortar, HOME has been an important tool for enhancing the capab ility and experience of nonprofit organizations and other affordable housing pr oducers.

Low Income Housing Tax Credit. Since 1986, this tax credit has gene rated one million rental units for low income American families. However, the a mount of the credit has never been adjusted for inflation. The Administrations FY2000 Budget would adjust for inflation, enabling the tax credit to build an e stimated 75,000-90,000 new affordable housing units each year. The tax credit is the nations largest source of assistance for producing affordable rental hou sing.

Raising Federal Housing Administration (FHA) Volume Caps. The Administ ration has asked Congress to permit FHA to insure more home mortgages to accomm odate rising demand generated by housing markets and by last years historic inc rease in the value of mortgages that FHA can insure. The new request would enab le FHA to insure 400,000 additional mortgages this year and next above the numb er it would insure if the cap remained at its current level.

National Partners in Homeownership. This unprecedented public-private partnership is working to dramatically increase homeownership opportunities in America. The Partnership consists of 66 members representing lenders, real estate professionals, home bu ilders, nonprofit housing providers, as well as federal, state, and local gover nments. Its goal is to achieve a homeownership rate of 67.5 percent of all Amer ican households by the end of the year 2000.

Homeownership Zones. The FY2000 B udget requests $25 million as a set-aside in the CDBG program to fund large sca le homeownership projects in targeted areas. Funds will be awarded competitivel y to communities that have large numbers of housing units that need rehabilitat ion and that have made homeownership part of a holistic strategy for community revitalization. The request will support five to seven Homeownership Zones and create an estimated 1,500 new homeowners. In 1997, HUD was able to fund just si x of the 70 zone applications received.

100,000 Vouchers - Section 8 Rental Assistance. In FY2000, the Administration is requesting funds to renew all exis ting Section 8 contracts and to continue its comprehensive reform of the progra m. The Administration is also requesting funding for 100,000 new Section 8 vouc hers to help address the substantial housing need that remains.

Hope VI/Publi c Housing. Hope VI provides funds for innovative and comprehensive approaches to address the problems of severely distressed public housing. The program prom otes new ways for HUD and public housing authorities to work together, includin g leveraging HUD funds with private resources and creating resident-based self-sufficiency programs. By going beyond bricks and mortar, HOPE VI gives local pa rtnerships the chance to undertake comprehensive community building and to use the revitalization of public housing as an opportunity to turn neighborhoods ar ound. The FY2000 budget proposes an appropriation of $625 million for HOPE VI, the same as in FY 1999. For public housing overall, the budget proposes an incr ease in operating funds from $2.8 billion in FY 1999 to $3.0 billion in FY2000.

These operating subsidies go to approximately 3,200 public housing authorities
with 1.2 million units under their management. The FY2000 budget also proposes
to pursue important reforms that will remove and replace the worst units, rest
ore troubled housing authorities to financial integrity, demand household accou
ntability, and promote greater diversity in public housing. In addition to ope
rating funds, the FY2000 budget also proposes public housing capital funds of $
2.55 billion for modernization and capital needs.

Continuum of Care Homeless A
ssistance. In 1994, the Administration launched a new approach to address homel
essness focused on long-term solutions, not just emergency or stop-gap measures
. The program works with communities nationwide to establish a continuum of pro
grams that help homeless persons move into jobs and permanent housing. As a res
ult of the success of this approach in helping thousands of people move from ho
melessness to self-sufficiency, the FY2000 budget is requesting $1.13 billion i
n continuum of care funding, a significant increase over the levels enacted in
FY1999.

Housing for Older Americans. As many as one in five Americans will be
elderly by 2050, swelling the current elderly population to 80 million people
over the age of 65. To address this growing demographic challenge, the Administ
ration is proposing $750 million in FY2000 for housing assistance to senior cit
izens. The initiative is aimed at both increasing the supply of housing for Ame
ricas low-income seniors and improving the housing of those already receiving a
ssistance. The funding includes an initiative to help house-rich but cash-poor
elderly convert the equity in their homes into rehabilitation and property impr
ovement loans through HUDs reverse mortgage program. The initiative would also
continue the federal governments longstanding commitment to the Section 202 Hou
sing for the Elderly program. The FY2000 budget calls for $660 million for Sect
ion 202, an increase which will enable it to expand nonprofit housing available
for unserved elderly by an estimated 5,790 new units.

Partnership for Advanc
ing Technology in Housing (PATH). The PATH initiative, a public private partne
rship announced by the President last year, aims to dramatically improve the qu
ality, cost efficiency, durability, safety, and disaster resistance of the next
generation of housing. PATH will do this by speeding the identification and ad
option of building technologies. In FY2000, the Administration is again request
ing $10 million for this multi-year program.

PROMOTING SMARTER GROWTH AND LI VABLE COMMUNITIES

To realize the savings that could be generated in coming dec
ades by facilitating growth in already developed communities, many cities and m
etropolitan areas need support in at least five areas: creating smart growth st
rategies that span jurisdictional boundaries and apply multiple tools; redevelo
ping urban land and industrial sites; removing blighted and vacant buildings; p
reserving open space and other natural resources and historic amenities; and pr
omoting community safety.

Regional Connections. This new initiative would p

rovide $50 million in FY2000 to fund local partnerships to develop and implemen
t locally-driven smarter growth strategies by addressing economic and community
development needs across jurisdictional lines. Broadly speaking, such strategi
es will include incentives for coordinated reinvestment in already built-up and
infrastructure-rich areas especially cities and older suburbs and strategies
that promote alternatives to uncontrolled sprawl wherever new development does
occur.

Brownfields Redevelopment. The Administration proposes to double HUD f
unding for redevelopment of abandoned or underused industrial sites in urban ar
eas to capitalize on this large untapped resource for development within alread
y established communities.

Better America Bonds. The Administration proposes
to generate $9.5 billion in new bond authority for state and local governments
to promote redevelopment by cleaning up brownfields, creating or restoring urba
n parks, and protecting water quality.

Redevelopment of Abandoned Buildings In
itiative. The Administration proposes a new $50 million initiative for each of
the next three years to pave the way for accelerated urban redevelopment by re
moving one of the primary causes of blight in urban neighborhoods: abandoned ap
artment buildings, homes, warehouses, offices, and commercial centers.

Lands
Legacy. To help communities preserve the natural and historic treasures that m
ake them more attractive places to live, work, and invest, the Administrations
FY2000 Budget proposes a $1 billion initiative to protect land and water resour
ces, preserve natural and historic sites, expand open space planning, preserve
threatened farmland, create urban parks and forests, and save endangered specie
s.

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ry Agenda for Cities and Suburbs

The 21st Century Agenda for Cities and Suburb
s is designed to capitalize on todays favorable conditions for tapping new mark
ets, anchor the positive trends in central cities, and help cities and suburbs
address their remaining challenges. The agenda seeks to capitalize on what we h
ave already learned over the past six years are the most effective approaches t
o revitalize cities and spur meaningful city-suburb collaboration:

Public-pri
vate partnerships. The evidence is overwhelming: the right mix of public incen
tives, combined with the willingness of the private sector to invest in untappe
d markets, is a highly effective strategy for revitalizing distressed communiti
es. The 21st Century Agenda for Cities and Suburbs uses targeted public incenti
ves to encourage more partnerships among the public, private and nonprofit sect
ors and to attract larger multiples of private sector investment in central cit
y businesses and redevelopment projects.

Comprehensive approaches. In the pa
st, well-meaning programs often took a narrow, single focus to urban problems.
We have now learned that the most effective initiatives tackle distress in a mu
ch more comprehensive and integrated manner. In recognition of this fact, the i
nitiatives in the 21st Century Agenda span multiple federal agencies and depart
ments.

Local and bottom up. Todays successful revitalization initiatives ope
rate on a much smaller scale than the large federal programs of the past. They
focus on the neighborhood level and are much more local and more personal. The

21st Century Agenda continues the efforts of the past six years to refashion fe
deral programs so that they support and encourage the work of community-based o
rganizations and local governments.

A strong and capable HUD. Urban communiti
es benefit from a strong and reinvented HUD as their partner. The best HUD bud
get in 10 years underscores HUDs renewed strength in offering a comprehensive m
enu of federal support that is integrated, flexible and decentralized. HUDs ro
le is not to dictate but rather to ensure that cities have the resources they
need to create jobs, promote affordable housing, fight crime, and create health
ier, more livable communities for all citizens.

Individual empowerment and fi
nancial self-sufficiency. With a new welfare reform law enacted in 1996, the A
dministration began to overhaul completely the approach the Nation uses to supp
orting its poorest residents. We have clearly seen that the most effective ini
tiatives stress job training and placement, child care, medical insurance cover
age and other supports to enable people to build careers, not just find low wag
e jobs. Theres also a growing understanding that an effective anti-poverty stra
tegy needs to incorporate initiatives that help people build assets and equity
through homeownership, savings programs and microenterprise development.

The
21st Century Agenda for Cities and Suburbs is composed of five parts:

Tapping
New Markets. Federal support is needed in two critical areas providing adequ
ate supplies of affordable risk capital and developing workforces -- to ensure
that central cities untapped markets for labor, retail opportunities, and land
are realized. The Agenda includes initiatives to close the capital gaps faced
by public, private and nonprofit developers who are ready right now to meet the
untapped market demand in cities for homes, stores, offices, entertainment, an
d business services if only more affordable equity and debt capital were avail
able.

Workforce Investment and Welfare-to-Work. The Agenda also provides the
tools to help ensure that central city residents have the right skills needed
for todays job market and the means to learn about and get to jobs that may be
distant from their neighborhoods.

Creating Healthy and Safe Communities. Comm
unities must be seen as safe to be attractive to new residents and businesses.
The 21st Century Agenda includes initiatives to help localities, in partnership
with the private sector, build healthy communities.

Expanding Homeownership
and Affordable Housing. Homeownership fosters community stability and safety b
y encouraging families to maintain their properties, watch out for their neighb
ors, and get involved in neighborhood improvement activities. Homeownership is
also the single best way for families to build assets. Promoting homeownership
must be a vital component of any national urban strategy, especially one that s
eeks to encourage growth into our already developed urban communities. Providin
g more assistance for rental housing is equally critical, particularly as short
ages of affordable rental housing worsen in many communities. The landmark publ

ic housing legislation proposed by HUD offers innovative approaches to ensuring
that housing remains affordable for all Americans.

Promoting Smarter Growth.
To realize the billions in savings that could be generated by curtailing spraw
l and promoting growth in already developed communities, the agenda provides su
pport to local government and private sector partners in four areas creating s
mart growth strategies, redeveloping urban land and industrial sites, removing
blighted and vacant buildings, and preserving natural resources and historic am
enities. By providing cities with strong tools to tackle these challenges, we c
an help enhance their attractiveness for residents, businesses, and investors.

Tapping New Markets

For central city redevelopment and business growth to oc
cur, there must be access to sufficient investment capital both equity capital
and loans at affordable costs. While the groundwork for renewed economic devel
opment has been laid over the past six years, lack of access to capital is stil
l a problem, forcing central cities to forgo billions of dollars in redevelopme
nt activity that would otherwise almost surely occur based on existing market d
emand for more retail outlets, more affordable housing, more community faciliti
es, and other emerging development opportunities.

New Markets Initiative (NMI
). NMI is a series of measures designed to stimulate $15 billion in new privat
e capital investment in low income areas with high concentrations of poverty so
as to ensure the opportunity to stimulate job growth, neighborhood and economi
c development of Americas untapped new markets is not lost. NMI will build a ne
twork of private investment institutions to help provide the capital and expert
ise that businesses and microenterprises need to flourish and grow in distresse
d communities.

The NMI components are:

New Markets Tax Credit. The Admini
strations FY2000 budget includes a new tax credit to help spur $6 billion in pr
ivate investment for business growth in low and moderate income communities. Q
ualified investors could claim a tax credit worth 25 percent of the amount inve
sted. The tax credit would be available to organizations whose primary mission
is to develop these communities in partnership with the private sector includi
ng community development financial institutions, community development corporat
ions and SBICs serving low and moderate income communities.

Americas Private
Investment Companies (APIC). Modeled after successful programs run by the Small
Business Administration, APIC is a new proposal to encourage major private inv
estment in economically distressed areas. APIC would fund the creation of priva
te investment companies APICs that will, in turn, invest in large businesses
seeking to expand or locate in inner cities and distressed rural communities. J
ointly administered by HUD and SBA, APICs will fill a major capital gap by prov
iding patient equity and debt capital to these businesses. For FY2000, HUD is r
equesting $37 million in credit subsidy to cover the cost of providing Federal
guarantees on $1billion in private loans made through APICs. These loans will l

everage an additional $500 million in private equity commitments for new invest
ment partnerships. Under APIC, private investment companies would be competiti
vely selected and licensed. A wide range of projects from inner-city retail ce
nters to rural factories would be eligible for investment. APIC will encourage
substantial community benefits, including quality jobs at good wages.

SBICs T
argeted to New Markets. Over the past 40 years, small business investment comp
anies (SBICs) have provided about $20 billion in private equity and debt financ
ing to support the growth and development of 85,000 small businesses. Licensed
by SBA, SBICs are private companies with private management and private investo
rs. Equity participation in the businesses they support is typically a signific
ant component of the financial return for SBIC investors. The New Markets Initi
ative proposes to use this highly successful structure specifically to attract
new private investment to low and moderate income communities. The Low and Mode
rate Income-Focused SBIC (LMI-SBIC) would promote the growth of small businesse
s in central cities and rural areas where 20 percent of the population is below
the poverty level or median income is less than 80 percent of the area median.
Investments would range from $150,000 to $1 million and investors would agree
to defer interest payments for five years. As part of the initiative, SBICs m
aking LMI investments will be eligible for a new form of financing known as LMI
debentures. These debt instruments are sold with an SBA guarantee to augment
their private capital.

New Markets Venture Capital Firms. SBA proposes to f
und 10 to 20 new markets venture capital companies (NMVCs) that provide a combi
nation of equity venture capital financing and technical assistance to small bu
sinesses in low and moderate income areas. The program will work through commun
ity development organizations that have already established successful records
in venture investing. Such institutions are playing a major role in the creatio
n and expansion of businesses in distressed areas, but their efforts have been
limited by a lack of adequate funding for both investments and technical assist
ance. NMVCs must be organized as for-profit entities and raise at least $5 mill
ion in investment capital, which SBA will match with up to $10 million for any
single venture firm. Interest on the government funding will be deferred for t
he first five years. NMVCs must also secure commitments to provide at least $1.
5 million in technical assistance funding over five years. NMVC venture invest
ments will typically range between $50,000 and $300,000.

Microenterprise Lendi
ng and Technical Assistance. Microenterprise programs provide access to capita
l, financial services, and training to entrepreneurs who are traditionally bypa
ssed by the mainstream financial sector. Supporting microenterprises has proven
to be a powerful tool for empowering people and promoting economic growth. Th
e Administrations FY2000 budget includes a 159-percent increase in support for
domestic microenterprise programs, with a significant strengthening of the Admi
nistration's commitment for training and technical assistance. The President's
plan includes $15 million to support the Program for Investments in Microentrep
reneurs (PRIME) Act, which authorizes the Community Development Financial Insti
tutions (CDFI) Fund to establish a microenterprise technical assistance and cap
acity building program. The Administration proposes to double support for techn
ical assistance provided under the SBA Microloan Program, from $16 million in F
Y1999 to $32 million in FY2000, and to expand direct SBA lending to microenterp
rises from $3 million in FY1999 to $6 million in FY2000. This expanded funding

should help leverage over $75 million in new loans from private sources. To hel
p low income individuals save for their education, buy a home or start a busine
ss, the Administration proposes to double funding for Individual Development Ac
counts (IDAs), which offer families matching contributions of between $1 and $8
for each dollar they save in an IDA. Last year, President Clinton signed legis
lation authorizing IDAs. The President's FY2000 budget increases the IDA budget
from $10 million in FY1999 to $20 million in FY2000. To further encourage micr
oenterprise development the FY2000 budget would triple funding for SBA's One-St
op Capital Shops, from $3.1 million in FY1999 to $10 million in FY2000. The sho
ps provide financial and technical assistance for microenterprise development i
n Empowerment Zones.

Community Development Financial Institutions (CDFI) Fund
. CDFIs stimulate investment in and revitalization of low income communities by
providing financial products and services directly to small businesses and ind
ividuals. CDFIs include community development banks, credit unions, venture cap
ital funds and microenterprise loan funds. These institutions provide home mort
gages for first-time home-buyers, financing for needed community facilities, co
mmercial loans, small businesses financing, and loans to rehabilitate rental ho
using. In 1994, President Clinton proposed and Congress established the CDFI F
und to ensure these institutions have the capital they need. The FY2000 Budget
seeks $125 million for CDFIs, a $30 million increase. Administered by the US Tr
easury Department, the CDFI Fund provides relatively small infusions of capital
that leverage private sector investments from banks, foundations and other fun
ding sources. Every CDFI that receives financial assistance from the Fund must
provide at lease a one-to-one match with funds from non-Federal sources. Since
the Fund's creation, it has made over $120 million in awards to community deve
lopment organizations through its Community Development Financial Institutions
Program. Through the Bank Enterprise Awards Program, the CDFI Fund has provided
another $60 million to traditional banks and thrifts which increase their acti
vities in distressed areas by investing in CDFIs.

BusinessLINC. This initiati
ve is a new partnership between the federal government and Americas business co
mmunity to encourage large businesses to work with small business owners and en
trepreneurs, especially in central cities and rural areas. BusinessLINC which
stands for Learning, Information, Networking and Collaboration is designed to
stimulate business-to-business mentoring relationships that will produce indivi
dualized technical and business assistance for small firms.

Community Empower
ment Fund/CEF Trust. The Community Empowerment Fund will help ensure local gove
rnments have the public capital they need to support critical business investme
nt and job creation projects in distressed communities. The FY2000 Budget would
combine $125 million in Economic Development Initiative grants with an estimat
ed $625 million in Section 108 guaranteed private loans to provide a total of $
750 million in grants and low-cost loans in these communities. Under the Sectio
n 108 program, HUD guarantees repayment of funds that local governments borrow
from private sources, against the cities Community Development Block Grants, to
enhance the financial viability of economic development projects. The program
has enabled local governments provide billions in loan commitments for projects
that otherwise would not be possible, at a very low default rate. CEFs public
funds are projected to leverage up to five times the guaranteed loan amount in
additional private sector financing. Projects funded through the CEF will inclu

de loans for business expansion and modernization, start-up costs for new and s mall and medium-sized businesses, preservation and expansion of existing indust rial facilities, and retail and commercial revitalization initiatives.

In FY 2 000, the CEF will emphasize two priorities ensuring welfare-to-work targeted j ob creation and connecting central cities to areas of regional economic growth. The Welfare-to-Work Targeted Job Creation Initiative will provide up to $75 mi llion in grants for local programs that support initiatives creating private se ctor jobs for people who have recently come off of welfare or who will enter th e laborforce as welfare reform time limits take effect. Communities competing s uccessfully under this targeted job creation program will combine the HUD incen tives for business development with local public and private supports for job t raining, transportation, child care and more as needed. A second component of the CEF in FY 2000, City-Suburb Business Connections, will provide up to $25 million for local projects which boost economic partnerships between city and s uburban firms in a common metropolitan area. The linkages might include joint v entures, regional employer commitments to targeted hiring in central cities, an d first sources agreements between suburban firms and urban suppliers. In this way, the CEF could help local public and private sector leaders create vibrant clusters that include firms in inner cities as well as in more affluent parts o f the metro economy. Closer city-suburb relationships are also vital to address ing worker shortages outside of cities and linking urban residents to expanding job markets.

The CEF Trust, an innovative and pathbreaking pilot program, is designed to pool loans and enable a fully private secondary market for economi c development loans to emerge. The lack of secondary market instruments, which have had such a major positive impact on our housing finance system, traps bill ions of dollars in capital that could otherwise be used to expanding private in vestments in distressed communities. The CEF Trust is being operated on a pilo t basis this year with previously appropriated FY1998 funds. The Administration would provide an additional $25 million in FY2000.

Empowerment Zone and Ente rprise Community (EZ/EC) Initiative. This initiative is the foundation of the Administrations empowerment agenda for communities with high unemployment and poverty rates. The EZ/EC initiative couples business capital investment with ta rgeted social capital investment to produce comprehensive approaches to revital ization. Under this program, adopted in 1994, investment in EZs and ECs is prom oted in many ways including tax incentives, flexible block grants and regulato ry waivers. EZs and ECs are also eligible for flexible block grants for housing , job training, day care, and other purposes. The FY 2000 Budget proposes guara nteed funding for 10 years for a total commitment of $1.6 billion for EZs and E Cs. The FY 2000 Budget would also expand funding for three programs to compleme nt the EZ/EC initiative. The Administration is requesting $50 million in FY 200 0 for a Regional Empowerment Zone Initiative, which will award competitive gran ts to help EZs/ECs link their economic development strategies with the broader economy of the surrounding metropolitan region. Special emphasis will be placed on expanding the strategies to include regional employers and job markets, wit h priority going to applicants with well-defined plans to increase employment a mong EZ/EC youth.

Community Development Block Grants (CDBG). The CDBG program

is the federal governments most flexible tool for assisting cities, towns and S
tates to meet local community development priorities and objectives. With its m
ulti-faceted eligible uses, the block grant program is routinely used to rehabi
litate housing, improve infrastructure, provide job training, finance revolving
loan funds, and finance other community-determined projects. The FY 2000 Budge
t will increase funding for this program to $4.775 billion, an increase of $25m
illion over 1999 enacted levels.

Workforce Investment and Welfare-to-Work

A
century ago, as the economy was shifting from agriculture to manufacturing, the
way Americans lived and worked changed dramatically. Today, the economy has sh
ifted again this time from manufacturing to information and technology. These
changes have been the engine of todays prosperity. But Americans who have not h
ad access to education and training to prepare them for this new economy risk b
eing left behind.

Education and training have been the cornerstone of the Admi
nistration's efforts over the past six years to ensure that all Americans have
the tools they need for the 21st century. Such initiatives are vital for tappin
g the labor force in cities and ensuring urban workers can perform well in the
expanding job market. Expanded education and training initiatives, however, are
only part of the equation. Empowering the workforce also requires building upo
n our Nations highly successful track record with welfare-to-work initiatives
which have slashed rolls in half since 1996 and providing more affordable chil
d care to help families balance the demands of work and family. More efforts t
o strengthen urban schools are also critical for preparing our future workforce
and for helping cities attract and keep middle and upper income residents.

E
xpanding Education and Training Initiatives

Last year, President Clinton signe
d the Workforce Investment Act transforming the job training system by streamli
ning services and empowering workers with a simple skills grant so that they ca
n choose the training they need. However, more work needs to be done. On averag
e, employers report that one out of every five of their workers is not fully pr
oficient in his or her job and in manufacturing, and 88 percent of companies ar
e having trouble finding qualified applicants for at least one job function. T
he FY2000 Budget proposes a $965 million, three-part initiative to close Americ
as skills gap, focusing on adult education, universal re-employment and youth i
nitiatives.

Adult Education and Family Literacy. Today, 44 million adults str
uggle with a job application, cannot read to their children, or cannot fully pa
rticipate in our economic and civic life because they lack basic skills or Engl
ish proficiency. The goal of the Adult Literacy initiative is to improve the qu
ality of adult basic education programs and help States both meet the new quali
ty goals and serve more people. The FY2000 Budget calls for a $190 million incr
ease in spending on adult education and family literacy.

This initiative has f

ive major components. Adult Education State Grants would be increased by $95 m
illion to $468 million to boost the number of full-time adult education teach
ers and instructional hours per student, make more computer stations available
at adult education centers, and provide more child care and counseling services
. Because we have absorbed record numbers of immigrants, the English Literacy/C
ivics Initiative would receive $70 million in the FY2000 Budget to expand high
quality English language instruction, linked to practical instruction in civics
and how to navigate the workplace, public education system, and other essentia
ls. America Learns Technology would receive $23 million in the FY2000 Budget t
o promote more effective use of technology in adult education.

Other tools fo
r adult education include the High Skills Communities Campaign, which would be
funded in the FY2000 Budget at $2 million, to mobilize States and local communi
ties to implement strategies to promote adult education and lifelong learning.
And under the Workplace Education Tax Credit, employers who provide certain wor
kplace literacy, English language instruction, and basic education programs wil
l be allowed a 10 percent income tax credit for eligible educational expenses,
with a maximum credit of $525 per participating employee per year.

Universal
Re-Employment Initiative. Very few Americans today work at the same job through
out their careers. Because our workforce is so dynamic, retraining is critical.
The FY2000 Budget would increase funds for re-employment training and placeme
nt by $368 million. The budget makes a commitment to our Nation's reformed job
training system to ensure that within five years, all displaced workers will re
ceive the job training and re-employment services they want and need. Since 199
3, dislocated worker funding has been expanded by 171 percent.

This initiativ
e includes three major components. The Dislocated Worker Program would be incre
ased by $190 million to enable it to serve 169,400 additional workers. The FY20
00 Budget also expands the Employment Service, putting it on a path to serve 1.
4 million displaced workers within five years. One-Stop Career Centers would al
so be expanded. Last year, Congress and the Administration ensured that One-Sto
p Centers would be available in every part of the country. The FY2000 Budget pr
ovides $65 million to give unemployed people job leads the moment they apply fo
r Unemployment Insurance and create a nationwide toll-free telephone system so
workers can find out what services are available and where they can go to recei
ve them. The One-Stop initiative would ensure job search information is availab
le at 4,000 community-based organizations, create 100 new mobile centers for ru
ral areas, and include special services to help the disabled.

Youth Employmen
t. Dealing with the problems of at-risk youth is one of our Nations most impor
tant challenges. In December 1998, the national unemployment rate was 4.3 perce
nt its lowest peacetime level in 41 years. The jobless rate among African-Ame
rican teens (aged 16-19) also reached its lowest peacetime level in four decade
s however, it was still 6.5 times higher than the national average and much hi
gher than the rate for white youth. The youth employment initiative funds promi
sing approaches to increase the educational attainment and employment rates of
disadvantaged youth. The FY2000 budget proposes a $405 million increase for you
th employment initiatives.

As part of this initiative, the Administration prop
oses an increase in funding for the JobCorps and another $250 million investmen
t in Youth Opportunity Areas. The FY2000 Budget also expands the popular YouthB
uild initiative, which promotes on-the-job experience combined with academic as
sistance for school drop outs. Funding for YouthBuild would increase by more th
an 75 percent, enabling this initiative to provide $75 million to offer disadva
ntaged young adults the opportunity for an education and employment skills by r
ehabilitating and building housing for low-income and homeless people. The FY2
000 Budget proposes a new $100 million Right-Track Partnerships initiative to p
romote innovative partnerships between schools, employers, and community-based
organizations to reduce high school drop out rates, improve high school achieve
ment and enhance post secondary education and career opportunities among econom
ically disadvantaged and limited-English proficient youth.

Other initiatives w
ould be targeted to help disadvantaged young people get ready for college. The
FY2000 budget doubles funding for GEAR-UP for College, from $120 million to $24
0 million, to enhance partnerships between high-poverty middle or junior high s
chools and colleges to help low-income children prepare for and enroll in colle
ge. In 2000, GEAR UP will reach 381,000 students. The FY2000 Budget proposes a
$30 million increase in other Federal initiatives, including Upward Bound, to f
und outreach, counseling, and educational support to help disadvantaged student
s prepare for academic success in college. A new $35 million initiative is als
o proposed to help disadvantaged students stay in college and earn diplomas.

S
trengthening Welfare-to-Work

Hundreds of thousands of welfare recipients have
already made the transition from welfare rolls to payrolls -and the percentage
of the US population on welfare is at its lowest since 1969. Nevertheless, im
portant challenges remain. Although most new jobs are being created in the subu
rbs, half of all households that receive public assistance income live in citie
s. This concentration means that cities must do a better job of connecting city
welfare recipients to the jobs in the metropolitan economy. Today, long commut
es on public transit often create formidable barriers to getting and keeping jo
bs.

To address this gap, for the second year in a row, the Clinton-Gore Admin
istration requests new housing vouchers to help families make the transition fr
om welfare-to-work. The FY2000 Budget seeks $144 million to fund an additional
25,000 vouchers, in addition to the 50,000 vouchers enacted in 1999. Welfare-t
o-work vouchers are especially valuable when job opportunities in a region are
located some distance from where welfare recipients live. The vouchers go beyon
d transit solutions by providing the rental assistance needed to allow families
to move near jobs.

Providing More Affordable Child Care

Child care remains
a significant barrier to tapping city labor pools. Nationwide, only about 10 p
ercent of the families who qualify for Federal child care assistance receive he
lp. Many cities have tens of thousands of families on waiting lists for child c

are assistance. To help urban families balance the demands of work and family,
the FY2000 Budget proposes a significant new investment in strengthening child
care -- making it better, safer, and more affordable.

The FY2000 Budget expan
ds the Child Care and Development Block Grant the primary federal subsidy prog
ram to pay for child care. Funds are distributed by formula to the states to op
erate direct child care subsidy programs, as well as to improve the quality and
availability of care. In FY 1997, States provided child care assistance to on
ly 1.25 million of the 10 million low-income children eligible for assistance.
The FY2000 Budget would increase funding for child care subsidies by $1.2 billi
on to provide child care subsidies for 500,000 more families.

The Child and D
ependent Care Tax Credit provides tax relief to taxpayers who, in order to work
, must pay for the care of a child under 13 or a disabled dependent or spouse.
The FY2000 Budget proposes to increase the credit for families earning under $6
0,000, providing an additional average tax cut of $345 for these families and e
liminating income tax liability for almost all families with incomes below $35,
000 (for a family of four) that claim the maximum allowable child care expenses
. The budget includes $5 billion over five years to expand the tax credit for n
early 3.3 million working families paying for child care.

Research shows that
children's experiences in the earliest years are critical to their development
and ability to reach school ready to learn. One of the Clinton-Gore Administra
tions highest priorities is to expand Head Start, America's premier early child
hood development program. Head Start supports working families by helping paren
ts get involved in their children's educational lives and by providing services
to the entire community. The FY2000 Budget provides $5.267 billion a $607 mil
lion increase over FY1999 levels for Head Start. This increase would enable th
e program to serve 42,000 additional children in 2000 bringing the total serve
d to 877,000 and keep Head Start on track to reach the Administrations goal of
serving 1 million children by 2002. Since 1993, the Administration has worked
with Congress to increase annual Head Start funding by 68 percent. The FY2000
Budget also proposes to increase the Early Learning Fund block grant to improve
early learning and the quality and safety of child care for very young childre
n.

Strengthening Our Schools

While education is primarily a state and local
responsibility, the federal government has a crucial role to play in supporting
education, from preschool through adulthood. Urban school systems are finally
showing signs of improvement but much more remains to be done. City schools ar
e still failing to prepare an alarming number of children to meet the challenge
s of the new high-technology economy. Disproportionately, minority children are
paying the highest price. In 1997, more than 81 percent of urban schools had a
student population that was at least 70 percent poor and 50 percent minority.

In addition, lagging urban educational systems remain the single most importan
t impediment facing cities in attracting and keeping middle and upper income re
sidents. Put another way, strategies to combat unchecked sprawl and facilitate
more growth in already developed areas must be accompanied by aggressive measur

es to address remaining shortcomings in urban schools.

A centerpiece of the Administrations FY2000 Budget is a New Classrooms and Modernized Schools initiative to provide Federal tax credits to pay interest on nearly $25 billion in bonds to build and renovate public schools. Two types of bonds are being proposed: School Modernization Bonds ($22.4 billion) and Qualified Zone Academy Bonds ($2.4 billion). The tax credits on these bonds will cost the US Treasury a total of $3.7 billion over 5 years.

The FY2000 Budget also provides $1.4 billion as the second installment of the President's plan to help schools recruit, hire, and train 100,000 new teachers by 2005 and reduce class size in the early grades. In addition, the budget provides $115 million to help improve the quality of teacher preparation programs at colleges and universities, including $35 million in scholarships and other support for 7,000 prospective teachers who commit to teach in high-poverty schools. The budget includes $18 million to expand the Troops to Teachers program, and $10 million to train and recruit 1,000 new Native American teachers over the next five years.

The FY2000 Budget ensures teachers can integrate technology effectively into their instruction by providing $450 million for the Technology Literacy Challenge Fund and $65 million for Community-Based Technology Centers. The Pre-Service Teacher Training in Technology initiative would receive $75 million, and $30 million would be provided for a new Middle School Teacher Training initiative to train technology experts. In addition, $1.3 billion will be made available through the education rate program E-rate created under the Telecommunications Act of 1996. E-rate provides discounts for schools and libraries to buy high-speed Internet access, internal wiring, and telecommunications services.

Experts agree that school-age children who are unsupervised after school are far more likely to use alcohol, drugs, and tobacco, commit crimes, receive poor grades, and drop out of school than those who are involved in supervised, constructive activities. The FY2000 Budget proposes to triple funding for the 21st Century Learning Center Program, which supports after-school and summer school programs nationwide. The initiative funds programs that use public school facilities and existing resources. In awarding these new funds, the Education Department will give priority to school districts that are ending social promotions. The FY2000 Budget includes $600 million to help 1.1 million children each year participate in after-school and summer school programs.

Creating Safe and Healthy Communities

Communities must be safe to attract new residents and businesses. The Nation has made much progress. Serious crime is down six years in a row. The murder rate has fallen more than 28 percent and is at its lowest point in three decades. But there is still much to be done to stop crime and improve still further the investment climate in urban neighborhoods. The FY2000 Budget proposes a new 21st Century Policing Initiative to enhance Federal anti-crime capabilities and empower States and communities, which play the central role in controlling crime, particularly violent cri me.

A centerpiece of the $1.28 billion initiative is a program to put More P
olice on the Streets. The FY2000 Budget provides $600 million to help communiti
es hire and redeploy 30,000 - 50,000 more law enforcement officers over five ye
ars, especially in crime "hot spots." About $20 million will fund programs to
combat violence in schools. The FY2000 Budget also provides a $350 million Crim
e-fighting Technology initiative to help State and local enforcement agencies u
se new technologies to communicate more effectively, solve more crimes, and con
duct comprehensive crime analysis. The initiative will promote better compatibi
lity among criminal justice agencies and foster improvement of the forensic sci
ences capabilities of state and local labs. The FY2000 Budget provides $200 mil
lion to hire, redeploy or train Community-based Prosecutors who will interact d
irectly with the community to fight crime on a proactive basis. And $125 milli
on would be provided for Community Crime Prevention, to engage entire communiti
es in preventing and fighting crime including community residents, probation a
nd parole officers, faith-based organizations and the private sector.

Expandi
ng Homeownership and Affordable Housing

Today, homeownership has never been hi
gher in our history, including in our urban areas. But homeownership rates are
70 percent in suburbs and just 50 percent in cities. Central city residents o
f all income levels are less likely to own a home than suburban residents with
similar incomes. Because homeownership is a vital component of stable and more
livable communities, initiatives to promote homeownership must remain a vital c
omponent of any national strategy to facilitate growth in already developed are
as and make cities attractive to new residents, businesses and investment.

Whi
le our homeownership record is improving, shortages of affordable rental housin
g are worsening. The US Conference of Mayors reports that in 1998, requests for
housing assistance by low income families rose in 25 of the 30 major cities it
surveyed. Providing rental assistance to low income families not only addresse
s vital housing needs. When families pay out less of their earnings simply to h
ave a roof over their heads, more disposable income is left over to purchase go
ods and services, save for college, start a business or accumulate a downpaymen
t on a home.

HOME Investment Partnership Program (HOME). HOME is one of the Na
tions most successful housing rehabilitation and production programs. HOME work
s through local governments to finance the construction and rehabilitation of m
ultifamily rental housing, improve substandard housing for current owners, and
assist new home buyers through acquisition, construction and rehabilitation. Be
yond its impact in terms of bricks and mortar, HOME has been an important tool
for enhancing the capability and experience of nonprofit organizations and othe
r affordable housing producers. The FY2000 Budget requests $1.61 billion for HO
ME, an increase of $10 million over the 1999 enacted level. This will provide 8
5,400 additional housing units for owners and renters. About 3 percent of the H
OME funds will be used for tenant based assistance.

Raising Federal Housing Ad

ministration (FHA) Volume Caps. Since 1934, the Federal Housing Administration
(FHA) has made homeownership possible for nearly 25 million families by insuri
ng the mortgages issued by private lenders. FHA loans are particularly importan
t to first-time homebuyers and minority homebuyers. Eighty percent of FHA loans
last year went to first-time homebuyers. FHA insures over 40 percent of all mo
rtgages to black and Hispanic homebuyers.

In 1999, the Administration succeede
d in raising the limit on the amount a mortgage that FHA can insure to enable m
ore families purchase their first homes, especially in areas with high housing
prices. Now the Administration now is asking Congress to permit FHA to raise it
s annual cap on the total volume of home mortgages it can insure to accommodate
growing homebuyer demand. If Congress approves, the annual cap would be increa
sed to $130 billion in each of the next two years. This would allow FHA to insu
re about 400,000 additional mortgages above the number it would insure if the c
ap remained at its current level during the two-year period.

National Partner
s in Homeownership. This unprecedented public-private partnership working to d
ramatically increase homeownership opportunity in America. The Partnership cons
ists of 66 members representing lenders, real estate professionals, home builde
rs, nonprofit housing providers, and federal, state and local governments. HUD
Secretary Cuomo leads the Partnership. The Partnerships goal is to achieve a ho
meownership rate of 67.5 percent of all American households by the end of the y
ear 2000, creating up to eight million additional homeowners since 1995. To dat
e, more than 150 local partnerships have signed on to the National Homeownershi
p Strategy.

Homeownership Zones. The FY2000 Budget requests $25 million as a s
et-aside in the CDBG program to fund large scale homeownership projects in targ
eted areas. Funds will be awarded competitively to communities which have large
numbers of housing units that need rehabilitation and which have made homeowne
rship part of a holistic strategy for community revitalization. The FY2000 requ
est will support five to seven Homeownership Zones, based on the average grant
of $3 million to $5 million. The funds will create an estimated 1,500 new homeo
wners. In 1997, HUD was able to fund just six of the 70 zone applications recei
ved.

100,000 Vouchers/Section 8 Rental Assistance for Needy Families. Over th
ree million families depend on the annual renewal of Section 8 rental assistanc
e, either through contracts with private landlords or through vouchers and cert
ificates provided directly to tenants. The Administration has steadfastly maint
ained a policy that all contracts will be renewed every year. In FY2000, HUD wi
ll require $10.6 billion in new budget authority to renew existing contracts co
vering 2.4 million rental units. In addition, the Department began last year a
comprehensive reform of the administration of Section 8 project-based contracts
. This initiative will ensure more effective oversight of the program.

The FY2
000 Budget also requests $580 million in increased funding for 100,000 new Sect
ion 8 vouchers to help address the substantial housing need that remains. A num
ber of vouchers have designated purposes, including elderly (15,000 vouchers),
homeless (18,000 vouchers) and welfare-to-work (25,000 vouchers). The remaining
42,000 vouchers will be distributed to housing authorities to help the many fa

milies on the lengthy Section 8 waiting lists throughout the country.

Low Inco
me Housing Tax Credit. Since its enactment in 1986, the Low-Income Housing Tax Credit (LIHTC) has allocated Federal tax credits to States to award to affordab le housing developers. The initiative has supported creation of about 1 million rental units for low income families. Even though building costs have increase d 40 percent in the last decade, the amount of the credit has never been adjust ed for inflation. The FY2000 Budget proposes to increase the cap on the LIHTC f rom $1.25 per capita to $1.75 per capita restoring the value of the credit to its 1986 level. The LIHTC currently helps build an estimated 75,000-90,000 affo rdable housing units each year. Increasing the cap by 40 percent will create an additional 150,000-180,000 new rental housing units over the next five years. This proposal will cost $1.7 billion over five years.

Hope VI/Public Housing.
Hope VI provides funds for innovative and comprehensive approaches to address the problems of severely distressed public housing. By going beyond bricks and mortar, HOPE VI gives local partnerships the chance to undertake comprehensive community building and use the revitalization of public housing as an opportuni ty to turn neighborhoods around. The FY2000 budget proposes an appropriation of $625 million for HOPE VI. As part of the initiative, HUD plans to approve the demolition of 10,000 obsolete public housing units in FY2000, which will bring the Administration closer to its goal of approving demolition of 100,000 obsole te units. The units will be replaced through a combination of new units and exp anded Section 8 rental assistance. The new units will be in well designed, mix ed income communities where needed services are readily available.

For public
housing overall, the budget proposes a small increase in operating funds to $3. 0 billion in FY2000. These operating subsidies go to approximately 3,200 public housing authorities with 1.2 million units under their management. The Adminis tration is pursuing reforms that will remove and replace the worst units, resto re troubled housing authorities to financial integrity, demand household accoun tability and promote greater diversity in public housing. In addition to opera ting funds, the FY2000 budget also is proposing $2.55 billion for public housin g capital needs.

Continuum of Care Homeless Assistance. In 1994, the Administr
ation launched a new approach to address homelessness, focused on long-term sol utions, not just emergency or stop-gap measures. The program works with communi ties nationwide to establish a continuum of programs that help homeless persons move into jobs and permanent housing. The federal grants help communities prov ide a wide array of comprehensive supports for homeless people, including emerg ency shelter, single room occupancy dwellings, social services and training, an d assistance for homeless people who are also disabled. As a result of the succ ess of this approach in helping thousands of people move from homelessness to s elf-sufficiency, the FY2000 budget is requesting $1.13 billion in continuum of care funding, a significant increase over the levels enacted in FY1999. Among many initiatives in the program, the funds will support 18,000 incremental Sect ion 8 vouchers to help homeless persons secure permanent housing.

Housing fo

r Older Americans. As many as one in five Americans will be elderly by 2050, sw
elling the current elderly population to 80 million people over the age of 65.
To address this growing demographic challenge, the Administration is proposing
$750 million in FY2000 for housing assistance to senior citizens to both increa
se the supply of housing for Americas low-income and improve housing of those a
lready receiving assistance. Many elderly homeowners often find themselves hous
e-rich but cash-poor. To help them get the money they need to stay in their hom
es, the Administration want to expand its initiative to convert seniors home eq
uity into rehabilitation and property improvement loans through HUDs reverse mo
rtgage program. The Administration wouls also continue the federal governments
longstanding commitment to the Section 202 Housing for the Elderly program. The
FY2000 budget calls for $660 million for Section 202, an increase which will e
nable it to expand nonprofit housing available for unserved elderly by an estim
ated 5,790 new units. As part of the program, 15,000 new housing vouchers woul
d provided to very low income elderly who move into apartments constructed usin
g the Low Income Housing Tax Credit.

Partnership for Advancing Technology in
Housing (PATH). The PATH initiative, a public private partnership announced by
the President last year, aims to dramatically improve the quality, cost effici
ency, durability, safety and disaster resistance of the next generation of hous
ing. PATH will do this by speeding the identification and adoption of building
technologies. In FY2000, the Administration is again requesting $10 million for
this multi-year program.

Promoting Smarter Growth

Regional Connections. Thi
s new initiative would provide $50 million in FY2000 to fund local partnerships
to develop and implement locally-driven smarter growth strategies by addressin
g economic and community development needs across jurisdictional lines. Broadl
y speaking, such strategies will include incentives for coordinated reinvestmen
t in already built-up and infrastructure-rich areas especially central cities
and older suburbs and incentives and rules to curtail sprawl where new develop
ment does occur. Participating regions will be asked to outline strategies for
managing the economy and workforce in ways that reinforce the overall developme
nt strategy. Eligible lead applicants will include states and groups of localit
ies, working in active partnerships with the private sector, nonprofit institut
ions and community groups, as well as regional institutions, such as councils o
f government (COGs), regional councils, and metropolitan planning organizations
(MPOs). This years request is for a separate program with its own appropriatio
n, rather than as a set aside in the Community Development Block Grant program,
as proposed last year.

Brownfields Redevelopment. Brownfields are former ind
ustrial and commercial properties that may contain low to moderate levels of co
ntamination. An estimated 450,000 brownfields exist across the country, the vas
t majority of which are located in urban areas. Brownfields redevelopment is cr
itical to economic development and community revitalization. Brownfields also o
ffer a large untapped resource for land development within already established
communities. A recent survey by the US Conference of Mayors on brownfields in 2
24 American cities estimated that these communities had more than 178,000 acres
brownfields which, if redeveloped, could bring in additional tax revenues of $
955 million to $2.7 billion and create more than 675,000 jobs on former brownfi

eld sites.

The Administration's Brownfield National Partnership, announced in May 1997, brings together the resources of more than 20 federal agencies to ad dress brownfields clean-up and redevelopment issues. As part of the Partnership , HUD provides grants in conjunction with Section 108 loan guarantees to redeve lop moderately contaminated industrial or commercial sites. The Administrations FY 2000 Budget proposes to double HUDs funding for the brownfield redevelopmen t, from $25 million to $50 million per year for the next three years. Other key components of the Clinton-Gore Brownfields program include Environmental Prote ction Agency (EPA) funding for assessment, clean-up and job training. Last year , EPA received $90 million to make grants to approximately 100 communities for site assessment and redevelopment planning, as well as for capitalizing revolvi ng loan funds to finance clean-up efforts. The FY2000 Budget proposes XXXXX fo r EPA.

Another key incentive is the brownfields tax incentive, enacted as part of the Taxpayer Relief Act of 1997. It is projected to leverage another $4 bi llion in private investment in brownfield clean up by allowing businesses to de duct certain clean up costs on environmentally contaminated land.

Better Amer
ica Bonds. Urban redevelopment efforts would also get a boost from a new Admin istration initiative Better America Bonds providing a new financing tool for State and local governments to clean up abandoned industrial sites, preserve gr een space, create or restore urban parks and protect water quality. The initiat ive is designed to generate $9.5 billion in bond authority over five years for such investments. The FY2000 Budget proposes tax credits totaling almost $700 m illion over five years to support the Bonds. The program will be administered jointly by the Department of the Treasury and EPA.

Redevelopment of Abandoned
Buildings Initiative. One of the primary causes of blight in urban neighborhoo ds are abandoned apartment buildings, homes, warehouses, offices and commercial centers. Through this new initiative, which would receive $50 million in the A dministrations FY2000 budget, HUD will provide competitive grants to local gove rnments to support removal abandoned buildings as part of a holistic plan to re develop properties for commercial use or housing. Such plans would require sign ificant private-sector participation. Eliminating abandoned buildings will give these areas new hope by shifting their direction from deterioration to develop ment. Once these buildings are removed, the remaining land becomes a valuable r esource that can be converted to usable housing and other positive tax revenue producing uses.

Lands Legacy Initiative. A key component of building strong co mmunities is to protect and preserve the natural environment and historic treas ures. The FY2000 Budget proposes a $1 billion Lands Legacy Initiative for the p rotection of America's land and coastal resources. This initiative, a 125 perce nt increase over FY 1999, renews Americas commitment to its natural environment . The initiative would fully fund the Land and Water Conservation Fund for the first time, providing $900 million, and provide $442 million to protect natural and historic sites, including critical lands in the Mojave Desert and Florida' s Everglades, Civil War battlefields, and the Lewis and Clark Trail.

The Land
s Legacy Initiative provides $588 million to state and local governments to enc
ourage open space planning, protect threatened farmland, restore urban parks an
d forests, and safeguard endangered species. Open Space Planning Grants would g
o to State, regional and local governments to help them develop smarter growth
strategies. Priority for the $50 million in open space grants will go to propos
als that link State open space protection plans to regional strategies for bala
ncing growth, land use, infrastructure development and quality of life concerns
. $150 million in Land Conservation Grants would be provided to help State and
local governments acquire land and easements for open spaces, greenways, outdoo
r recreation, urban parks, wildlife habitat, and coastal wetlands. And under th
e Urban parks and Recreation Recovery initiative, the Federal government would
provide $4 million in matching grants and technical assistance for the restorat
ion of parks in economically distressed urban communities. The urban parks prog
ram, administered by the National Park Service, awarded over 1,200 grants from
1978 to 1995, but has not been funded since 1995.

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Part One: Findings -- Revitalization, Renewal and Remaining Metropolitan Challenges

Finding #1. Thanks to a booming national economy, most cities are in the strongest fiscal and economic recovery they have experienced in recent years. There are early signs that some of the structural trends that caused cities' decline for three decades may be slowing or reversing. However, too many central cities are still left behind. They continue to suffer from the challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty.

The strong economy is helping cities recover and there are early signs that some structural trends that worked against cities may be slowing.

The strong economy is helping cities recover in many important ways. Most city balance sheets are the healthiest they've been in decades, and city services are improving as a result. For the first time in American history, a majority of our urban residents are homeowners. Crime in our cities continues to decline dramatically, and urban school achievement is improving. Downtown urban cores have been coming back as centers for commerce, tourism, sports, the arts, entertainment and even housing. That progress is now spreading to neighborhoods outside of the downtown core.

1. Population

Two-thirds of central cities increased in population from 1980 to 1996. Between 1980 and 1996, two-thirds of the country's 539 central cities enjoyed population growth. More than a dozen cities in the South and West grew by 100 percent or more. The most rapid gains were in small cities, but some big cities ballooned, too, such as Las Vegas, which grew by 129 percent. [1] Among central cities, the population growers included some older cities: New York City, for example, grew by 4.4 percent between 1980 – 1996; Oakland by 8.2 percent; Miami by 5.3 percent; Indianapolis by 6.6 percent; and

Jersey City by 2.5 percent. [2]

The key decade for central city population loss was the 1970s, when central city populations nationwide hardly grew at all and when many large cities suffered considerable population loss.

Year	Population Growth Central Cities	Population Growth Suburbs
1970-1980	1.2%	18.9%
1980-1990	7.0%	15.0%
1990-1996	3.5%	9.0%

Source: Kurt (SOCDS Census Data)

During the 1990s, 14 of the nation's 30 largest cities continued to lose residents, but at a slower pace than before. Detroit, for example, lost more than 30 percent of its population between 1970 and 1990, but lost 2 percent of its residents from 1990 to 1996. Cleveland, too, lost more than one-third of its residents during the 1970s and 1980s, with slight population declines since then. Moreover, six central cities which lost population in the 1970s gained residents in the 1990s.

Population Change Among Large Cities: Decline Slowed in the 1990s

Rank 1970	City	State	1970-1980	1980-1990	1990-1994	1994-1996
1	New York	NY	-10.4%	3.5%	0.6%	0.2%
2	Chicago	IL	-10.6%	-7.4%	-1.2%	-1.1%
3	Los Angeles	CA	5.4%	17.5%	1.8%	0.2%
4	Philadelphia	PA	-13.4%	-6.1%	-4.0%	-2.9%
5	Detroit	MI	-20.4%	-14.6%	-2.1%	-0.6%
6	Houston	TX	29.4%	2.2%	5.6%	1.3%
7	Baltimore	MD	-13.1%	-6.5%	-4.5%	-3.9%
8	Dallas	TX	7.1%	11.4%	3.7%	0.9%
9	Washington	DC	-15.6%	-4.9%	-6.4%	-4.4%
10	Cleveland	OH	-23.6%	-11.9%	-0.5%	-0.9%
11	Indianapolis	IN	-5.9%	4.4%	2.2%	-0.1%
12	Milwaukee	WI	-11.3%	-1.3%	-4.0%	-2.1%
13	San Francisco	CA	-5.1%	6.6%	0.7%	0.8%
14	San Diego	CA	25.7%	26.8%	4.0%	1.4%
15	San Antonio	TX	20.1%	19.1%	10.5%	3.3%
16	Boston	MA	-12.2%	2.0%	-3.7%	1.0%
17	Memphis	TN	3.6%	-5.6%	-0.6%	-1.7%
18	St. Louis	MO	-27.2%	-12.4	-7.3%	-4.4%
19	New Orleans	LA	-6.1%	-10.9%	-2.3%	-1.8%

[1] Now is the Time: Places Left Behind in the New Economy, page 29 and Table 13.
[2] Now is the Time: Places Left Behind in the New Economy, Table 13

20	Phoenix	AZ	35.8%	24.5%	8.7%	8.4%
21	Columbus	OH	4.7%	12.0%	3.3%	0.5%
22	Seattle	WA	-7.0%	4.5%	1.4%	0.3%
23	Jacksonville	FL	2.3%	17.4%	4.4%	2.5%
24	Pittsburgh	PA	-18.5%	-12.8%	-2.9%	-2.5%
25	Denver	CO	-4.3%	-5.0%	5.5%	0.9%
26	Kansas City	MO	-11.6%	-2.9%	1.2%	0.2%
27	Atlanta	GA	-14.5%	-7.3%	2.3%	-0.3%
28	Buffalo	NY	-22.7%	-8.3%	-3.0%	-2.4%
29	Cincinnati	OH	-14.8%	-5.6%	-3.0%	-2.1%
30	Nashville	TN	1.7%	7.2%	3.4%	1.2%

Immigrant families are playing a significant role in rebuilding some urban communities. Between 1981 and 1996, more than 13 million immigrants came to the US – the most since the last great immigration waves at the turn of the 20th century. The newcomers have had an important impact on population growth, especially in such gateway cities as Los Angeles, Miami, New York and Seattle.

Number of Foreign-Born Who moved from Abroad to US

Year	US	Metropolitan Areas		Central Cities		Not in Central Cities		Non-metro areas	
		Number	% of US	Number	% of US	Number	% of US	Number	% of US
1990-95	3,305,000	3,107,000	94.0	1,621,000	49.0	1,486,000	45.0	199,000	6.0
1996	932,000	868,000	93.1	412,000	44.2	455,000	48.8	64,000	6.9
1997	920,000	858,000	93.3	472,000	51.3	386,000	42.0	62,000	6.7
1997	797,000	729,000	91.5	302,000	37.9	428,000	53.7	68,000	8.5
Total	5,954,000	5,562,000	93.4	2,807,000	47.1	2,755,000	46.3	393,000	6.6

Source: March 1994-1998 CPS Files

Overall, population is still growing faster in suburbs than in central cities, but the gap is narrowing. The US population continues to disperse toward suburban areas. Between 1970-1996, the Nation's suburban population grew by 49.2 percent, compared to 12.1 percent growth in central cities. Today, only slightly more than one-third of residents live in central cities, compared to 44.9 percent in 1970. However, the relative rate of suburbanization has declined. From 1970 to 1980, more than 95 percent of total metropolitan growth nationwide occurred in suburbs. Since 1980, the suburban share of metropolitan growth has been a still large 77 percent.

US Population Continues to Suburbanize

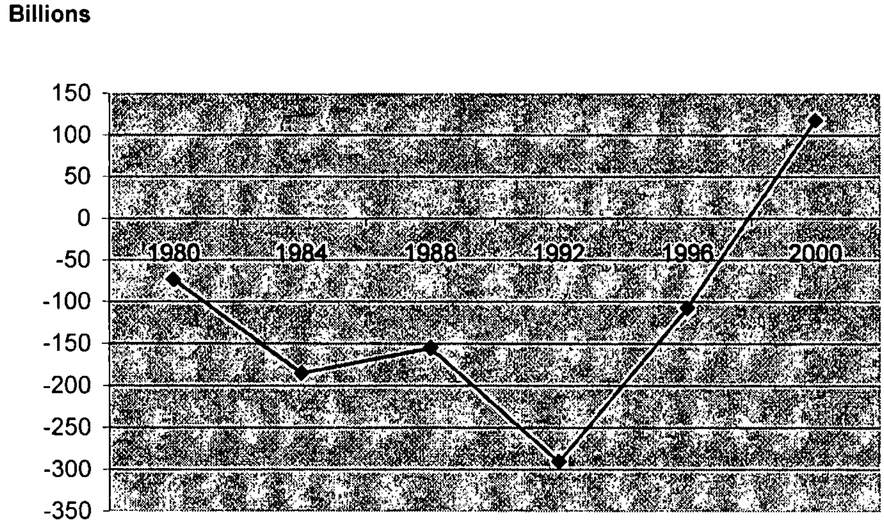
Year	All MSAs/PMSAs	Central Cities	Suburbs	Central City Share of US Metro Population
1970	159,853,825	71,727,831	88,125,994	44.9%

1980	177,399,088	72,586,529	104,812,559	40.9%
1990	198,250,684	77,669,885	120,580,799	39.2%
1996	211,879,835	80,401,868	131,477,967	37.9%

2. Jobs and Employment

A strong national economy is driving an economic recovery in most parts of urban America. Nationwide, the familiar villains – inflation, unemployment, high interest rates, budgetary red ink – have been overcome, and the nation is experiencing budget surpluses, high employment, declining poverty, and a record high stock market. The US is in the midst of the longest peacetime economic expansion in our history. The Nation's gross domestic product (GDP) has grown by an average of 3.2 percent each year since President Clinton took office – and recorded an especially robust 3.9 percent annual increase in 1998. More new businesses are forming, and interest rates remain low. During this time period, the economy has created 18 million new jobs. The national unemployment rate, 4.5 percent in 1998, was the lowest since the 1960s. Living costs have remained relatively stable even as wages and incomes rise. Inflation fell to 1.6 percent in 1998, its lowest level in many years.[3]

Federal Budget Receipts Minus Expenditures: 1979-2000*



***Estimated** **Source: Economic Report of the President, February 1999**

[3] Economic Report to the President, February 1999

Employment is on the rise in the majority of central cities. The economic recovery is putting new paychecks in the hands of hundreds of thousands of urban residents, many of whom were previously unemployed or on welfare. From 1992 to 1998, the number of employed residents living in central cities grew by 11 percent – or more than four million people.

Total Number of Employed People by Place of Residence

City	1992	1998	Change
1 New York	2,902,214	3,093,370	6.6%
2 Los Angeles	1,614,309	1,713,426	6.1%
3 Chicago	1,196,666	1,228,369	2.6%
4 Houston	855,877	965,321	12.8%
5 Philadelphia	621,694	610,286	-1.8%
6 San Diego	510,069	572,632	12.3%
7 Phoenix	495,372	675,766	36.4%
8 San Antonio	431,166	508,403	17.9%
9 Dallas	540,798	641,606	18.6%
10 Detroit	329,830	369,877	12.1%
11 San Jose	393,146	469,280	19.4%
12 Indianapolis	368,514	412,478	11.9%
13 San Francisco	373,752	401,090	7.3%
14 Jacksonville	307,324	380,900	23.9%
15 Baltimore	300,172	289,455	-3.6%
16 Columbus	342,301	380,377	11.1%
17 El Paso	217,345	239,402	10.1%
18 Memphis	264,556	301,281	13.9%
19 Milwaukee	273,844	285,494	4.3%
20 Boston	263,117	288,382	9.6%
21 Washington	283,586	239,469	-15.6%
22 Austin	279,306	357,229	27.9%
23 Seattle	291,022	347,591	19.4%
24 Nashville	250,672	304,957	21.7%
25 Cleveland	182,202	193,504	6.2%
26 Denver	238,031	279,907	17.6%
27 Portland, OR	232,012	271,125	16.9%
28 Fort Worth	218,719	253,104	15.7%
29 New Orleans	191,132	194,466	1.7%
30 Oklahoma City	216,173	237,531	9.9%
31 Tucson	190,812	222,342	16.5%
32 Charlotte	221,251	261,387	18.1%
33 Kansas City	222,674	254,618	14.3%
34 Virginia Beach	194,425	209,540	7.8%
35 Honolulu**			
36 Long Beach***	190,489	202,185	6.1%
37 Albuquerque	203,314	234,966	15.6%
38 Atlanta	171,827	210,237	22.4%

39 Fresno	152,318	171,198	12.4%
40 Tulsa	189,025	209,964	11.1%
41 Las Vegas	148,472	212,033	42.8%
42 Sacramento	165,677	177,957	7.4%
43 Oakland	163,319	174,841	7.1%
44 Miami	153,583	164,891	7.4%
45 Omaha	173,980	205,453	18.1%
46 Minneapolis	189,945	207,848	9.4%
47 St. Louis	160,525	154,996	-3.4%
48 Pittsburgh	155,730	154,363	-0.9%
49 Cincinnati	162,745	172,596	6.1%
50 Colorado Springs	135,547	180,990	33.5%
Top 10 Total	9,497,995	10,379,056	9.3%
Top 50 Total	18,741,295	20,694,582	10.4%
ALL MSAs*	35,484,067	39,439,174	11.1%

Source: Bureau of Labor Statistics

Central city unemployment rates have fallen dramatically – and at a faster pace than the suburbs. From 1992 to 1998, many cities registered dramatic drops in unemployment, which fell overall in central cities from 8.1 percent to 4.8 percent. Unemployment rates are also falling in suburbs, but not as sharply as in central cities. From 1992 to 1998 in the 50 largest central cities, unemployment fell by 3.3 percent, compared to jobless rate declines of only 2.8 percent in these cities' suburbs.

During the current expansion, the improving urban jobs picture was so consistent in central cities nationwide that unemployment rose in only three of the nation's 539 central cities. In the 50 largest central cities, unemployment fell from 8.2 percent to 4.9 percent.

Central city unemployment rates are still nearly double the jobless rates in the suburbs, however, implying that there is a significant pool of available labor in central cities to continue to power the economic expansion.

Some central city unemployment declines have been modest, but others have been substantial. Between 1992 and 1998, unemployment in Detroit fell from 17.0 percent to 7.0 percent; in Flint from 20.0 percent to 9.8 percent; in Fall River, MA from 15.1 percent to 4.3 percent; and in Camden, NJ from 24.3 percent to 13.5 percent.[4] Lower unemployment has had significant ripple effects throughout the economy. More workers mean more adults who can provide for their families, support local merchants, buy a

[4] Now is the Time: Places Left Behind in the New Economy, Table 13

home, invest in the community, start a business and serve as a role model for the next generation.

Unemployment Rate by Place of Residence

City	Central City			Suburbs		
	1992	1998	Change	1992	1998	Change
1 New York	11.0%	8.0%	-3.0%	6.3%	3.3%	-3.0%
2 Los Angeles	11.1%	7.3%	-3.8%	8.9%	5.9%	-3.1%
3 Chicago	9.5%	5.6%	-3.9%	6.2%	3.5%	-2.7%
4 Houston	8.7%	5.0%	-3.7%	5.5%	3.2%	-2.3%
5 Philadelphia	8.9%	6.0%	-3.0%	6.7%	3.5%	-3.2%
6 San Diego	7.5%	3.7%	-3.8%	7.2%	3.5%	-3.7%
7 Phoenix	7.2%	2.9%	-4.3%	6.9%	2.8%	-4.1%
8 San Antonio	7.0%	4.1%	-2.9%	4.5%	2.6%	-1.8%
9 Dallas	8.7%	4.2%	-4.5%	5.7%	2.6%	-3.1%
10 Detroit	17.0%	7.0%	-10.0%	7.2%	2.6%	-4.6%
11 San Jose	8.1%	3.8%	-4.3%	5.3%	2.4%	-2.9%
12 Indianapolis	5.9%	2.8%	-3.1%	4.2%	1.9%	-2.3%
13 San Francisco	6.9%	3.6%	-3.2%	5.1%	2.4%	-2.7%
14 Jacksonville	7.0%	3.3%	-3.7%	5.9%	2.9%	-3.0%
15 Baltimore	11.0%	8.7%	-2.3%	6.2%	3.9%	-2.3%
16 Columbus	5.4%	2.9%	-2.5%	4.1%	2.2%	-2.0%
17 El Paso	11.2%	9.6%	-1.6%	15.7%	13.6%	-2.1%
18 Memphis	7.0%	4.6%	-2.4%	4.4%	2.6%	-1.8%
19 Milwaukee	6.2%	4.8%	-1.4%	3.8%	2.0%	-1.8%
20 Boston	8.0%	3.3%	-4.7%	7.4%	2.6%	-4.8%
21 Washington	8.6%	8.6%	0.0%	4.8%	2.6%	-2.2%
22 Austin	4.8%	2.9%	-1.8%	3.3%	2.2%	-1.1%
23 Seattle	7.5%	3.5%	-4.0%	6.0%	2.8%	-3.3%
24 Nashville	4.9%	2.6%	-2.3%	5.0%	2.9%	-2.1%
25 Cleveland	13.7%	8.4%	-5.3%	5.7%	3.2%	-2.5%
26 Denver	6.6%	3.4%	-3.2%	4.9%	2.5%	-2.4%
27 Portland, OR	7.7%	4.8%	-2.9%	6.2%	3.8%	-2.4%
28 Fort Worth	9.4%	4.4%	-5.0%	6.0%	2.8%	-3.1%
29 New Orleans	7.2%	5.5%	-1.7%	6.7%	4.1%	-2.6%
30 Oklahoma City	5.6%	3.6%	-2.0%	4.4%	3.0%	-1.4%
31 Tucson	6.1%	3.0%	-3.1%	4.6%	2.2%	-2.4%
32 Charlotte	5.5%	2.5%	-3.0%	5.1%	2.5%	-2.6%
33 Kansas City	6.2%	4.4%	-1.9%	3.8%	2.7%	-1.0%
34 Virginia Beach	5.3%	2.9%	-2.4%	5.4%	2.8%	-2.5%
35 Honolulu**						
36 Long Beach***	9.1%	6.0%	-3.2%			
37 Albuquerque	4.8%	4.4%	-0.4%	5.5%	5.4%	-0.1%
38 Atlanta	10.0%	5.2%	-4.7%	6.0%	2.9%	-3.1%
39 Fresno	14.1%	12.5%	-1.6%	16.7%	14.6%	-2.1%
40 Tulsa	5.5%	3.2%	-2.3%	5.2%	2.9%	-2.2%
41 Las Vegas	6.6%	4.0%	-2.6%	7.1%	4.0%	-3.0%
42 Sacramento	9.9%	6.2%	-3.7%	7.5%	4.5%	-3.1%
43 Oakland	10.1%	6.5%	-3.7%	5.8%	3.4%	-2.4%
44 Miami	15.0%	9.6%	-5.3%	9.4%	6.0%	-3.5%
45 Omaha	3.9%	2.4%	-1.5%	2.7%	1.4%	-1.2%
46 Minneapolis	5.0%	2.5%	-2.5%	4.4%	1.8%	-2.6%
47 St. Louis	8.3%	7.2%	-1.1%	5.4%	3.5%	-1.9%
48 Pittsburgh	6.8%	4.5%	-2.3%	7.1%	4.5%	-2.6%
49 Cincinnati	8.0%	4.8%	-3.2%	5.5%	2.9%	-2.6%
50 Colorado Springs	7.2%	3.9%	-3.3%	7.1%	3.8%	-3.3%
Top 10 Total	**10.0%**	**6.2%**	**-3.8%**	**6.9%**	**3.7%**	**-3.2%**

Top 50 Total	**8.7%**	**5.3%**	**-3.4%**	**6.2%**	**3.4%**	**-2.9%**
ALL MSAs*	**8.6%**	**5.1%**	**-3.4%**	**6.6%**	**3.7%**	**-3.0%**

Source: Bureau of Labor Statistics

Central city job bases are growing again. From 1991 to 1993, 77 major central cities lost employment at a rate of 1.3 percent, but from 1993 to 1996, employment in these same cities rose by 4.4 percent.

Jobs and Establishment in Central Cities and Average Annual Pay ($1998) for 77 Central Cities and their Metropolitan Areas: 1991-1996

	MSAs	Central Cities	Suburbs
1991			
Jobs	52,524,822	23,305,144	29,219,678
Establishments	3,215,833	1,256,679	1,959,154
Average Annual Pay	30,300	31,911	29,015
1993			
Jobs	53,254,032	22,995,065	30,258,967
Establishments	3,303,761	1,263,869	2,039,892
Average Annual Pay	30,814	31,911	29,445
1994			
Jobs	54,180,896	23,271,430	30,909,466
Establishments	3,356,893	1,270,214	2,086,679
Average Annual Pay	30,978	32,738	29,653
1995			
Jobs	56,226,587	23,950,126	32,276,461
Establishments	3,415,046	1,284,211	2,130,835
Average Annual Pay	31,287	33,256	29,826
1996			
Jobs	57,381,656	23,999,209	33,382,447
Establishments	3,479,687	1,286,931	2,192,756
Average Annual Pay	32,015	34,103	30,515
Change 1991-1993			
Jobs	1.4%	-1.3%	3.6%
Establishments	2.7%	0.6%	4.1%
Average Annual Pay	1.7%	2.2%	1.5%
Change 1993-1996			
Jobs	7.8%	4.4%	10.3%
Establishments	5.3%	1.8%	7.5%
Average Annual Pay	3.9%	4.6%	3.6%
Change 1991-1996			
Jobs	9.2%	3.0%	14.2%
Establishments	8.2%	2.4%	11.9%
Average Annual Pay	5.7%	6.9%	5.2%

Source: HUD Special Tabulant

Moreover, wages for central city jobs are rising at a faster rate than elsewhere. Between 1991 and 1996, average annual pay for jobs in 77 large central cities rose by 6.9 percent, compared to 5.2 percent for suburban jobs.

Central City Job Bases Are Growing Again: Change in Jobs in 77 Central Cities

City	1991-1993	1993-1996	City	1991-1993	1993-1996
Albuquerque	9.6%	15.8%	Long Beach	-22.0%	1.4%
Anchorage	2.9%	6.7%	Los Angeles	-7.2%	-4.8%
Atlanta	0.8%	9.8%	Louisville	-4.8%	1.7%
Austin	8.7%	23.7%	Memphis	0.1%	8.6%
Baltimore	0.3%	-3.6%	Miami	-4.8%	-4.0%
Billings	4.9%	5.6%	Milwaukee	2.3%	-4.7%
Birmingham	-3.2%	5.8%	Minneapolis	-3.2%	-1.7%
Boise City	7.4%	21.5%	St. Paul	-2.4%	4.6%
Boston	-1.3%	8.3%	Nashville	2.6%	12.1%
Manchester	-5.3%	11.4%	New Orleans	2.2%	-2.5%
Buffalo	-3.9%	-2.3%	New York	-4.3%	2.6%
Burlington	-4.7%	-14.3%	Newark	-0.7%	5.7%
Charleston	1.3%	1.3%	Virginia Beach	2.2%	15.0%
Charlotte	6.0%	10.0%	Oakland	-5.5%	4.6%
Cheyenne	12.1%	3.7%	Oklahoma City	1.5%	10.6%
Chicago	-4.0%	0.4%	Omaha	8.2%	10.5%
Cincinnati	-1.9%	-0.6%	Santa Ana	-11.2%	4.8%
Cleveland	-5.8%	4.5%	Philadelphia	-2.1%	-1.2%
Columbia	8.8%	4.8%	Phoenix	4.0%	17.0%
Columbus	1.8%	8.9%	Pittsburgh	-1.8%	-0.1%
Dallas	-2.1%	6.3%	Portland, ME	-4.5%	2.5%
Denver	3.3%	1.6%	Portland, OR	6.8%	15.8%
Des Moines	3.3%	-2.2%	Providence	-2.5%	-3.2%
Detroit	-3.0%	0.4%	Sacramento	-2.0%	3.1%
El Paso	9.8%	6.0%	St. Louis	5.3%	2.3%
Fargo	4.1%	18.3%	Salt Lake City	8.7%	-1.7%
Fort Worth	0.2%	7.7%	San Antonio	7.0%	13.9%
Fresno	-6.6%	7.3%	San Diego	-2.6%	5.2%
Hartford	-2.9%	-7.3%	San Francisco	-5.1%	0.3%
Honolulu	-6.6%	-5.0%	San Jose	0.0%	13.2%
Houston	-1.7%	5.0%	Seattle	-3.8%	6.6%
Indianapolis	1.7%	-0.6%	Sioux Falls	7.8%	11.0%
Jackson	2.5%	3.4%	Tampa	-3.6%	7.4%
Jacksonville	4.4%	11.0%	Toledo	-6.8%	6.0%
Kansas City, KS	-4.1%	-0.8%	Tucson	5.3%	9.2%
Kansas City, MO	-1.7%	5.6%	Tulsa	-0.3%	6.0%
Las Vegas	-4.5%	44.7%	Washington	3.3%	-6.9%
Little Rock	0.9%	17 9%	Wichita	-1.9%	4.7%
			Wilmington	-15.8%	29.6%

Some large cities that have continued to lose population in the 1990s have gained jobs. Of the 49 largest central cities in 1970, 21 were continuing to lose population from 1990 to 1996. However, 14 of those same cities expanded their job base from 1993 to 1996.

Central Cities which lost population from 1993 to 1996 but still gained jobs:

Chicago Detroit Washington Cleveland Memphis	St. Louis Atlanta Toledo Newark Oakland	Louisville Long Beach St. Paul Birmingham

Job growth is happening faster in the suburbs around central cities. Even while virtually all cities are adding jobs and reducing unemployment, growth in the suburbs is happening at a faster pace. Between 1992 and 1998, central city labor forces in 500 US metropolitan areas grew by 7.5 percent. The suburban labor forces in those same metropolitan areas grew by 9.2 percent – or 23 percent faster. For the Nation's 50 largest metropolitan areas, suburban labor forces grew 52 percent faster than central city labor forces.[5] The rapid increase in suburban jobs has led to mismatches between where available untapped pools of workers are – in central cities – and where the employment needs are greatest – in suburbs.

3. Poverty and Incomes

For the first time in three decades, central city poverty rates have declined slightly. From 1969 to 1993, the central city poverty rate steadily increased from 14.3 percent to 21.7 percent. From 1993 to 1995, however, this trend reversed and the central city poverty rate dropped to 19.8 percent, according to HUD estimates. From 1996-1997, the number of poor people living in central cities declined from 15.6 million to 15.0 million.[6] New figures from the Current Population Survey suggest that central city poverty has continued to decline, from 19.6 percent in 1996 to 18.8 percent in 1997.

[5] Bureau of Labor Statistics, Employment Statistics for Selected Cities and their Metropolitan Areas, Total Labor Force by Place of Residence, 1998.

Poverty remains concentrated in central city neighborhoods, however. In 1995, central city poverty rates were double those in the suburbs.

US Poverty Rates: 1969-1995

Year	Metropolitan Areas	Central Cities	Suburbs
1969	11.4%	14.3%	9.0%
1979	11.4%	16.2%	8.2%
1989	12.1%	18.0%	8.4%
1993*	14.7%	21.7%	10.3%
1995*	13.3%	19.8%	9.3%

*estimated Source: HUD calculations

For the first time in three decades, the percentage of central city households who have the lowest incomes appears to have stopped growing. Conversely, the percentage of central city households of middle and upper incomes on balance no longer appears to be declining. Between 1993 and 1997, the percentage of central city households that were in the lowest 20 percent income category declined slightly, from 25.6 percent to 25.2 percent. This reverses a trend that began in 1969 of steadily increasing share of central city households in the lowest income brackets. At the same time, the percentage of city households that were in the top 20 percent of income rose in central cities by 0.2 percent. While these changes are slight, they may be the first sign that cities are beginning to retain the middle and upper income households who are so important to stabilizing central city economies and tax bases.

Population by income level and location

1969	**All Central Cities**	**All Suburbs**
Low Income (National lowest 20%)	21.9%	14.8%
Middle Income (National middle 60%)	59.8%	59.1%
High Income (National top 20%)	18.3%	26.2%
1989	**All Central Cities**	**All Suburbs**
Low Income (National lowest 20%)	23.9%	14.1%
Middle Income (National middle 60%)	58.8%	59.8%
High Income (National top 20%)	17.2%	26.1%
1993	**All Central Cities**	**All Suburbs**
Low Income (National lowest 20%)	25.6%	14.2%
Middle Income (National middle 60%)	58.1%	59.3%
High Income (National top 20%)	16.3%	26.5%
1997	**All Central Cities**	**All Suburbs**
Low Income (National lowest 20%)	25.2%	14.5%

[6] Interim Report on The State of the Cities, HUD, January 26, 1999, page 2

Middle Income (National middle 60%)	58.3%	59.5%
High Income (National top 20%)	16.5%	26.0%

Source: SOCDS Census Data (1969, 1989) and sheet from Kurt (from Table 7: Number of Households by Income Quintiles and Metro Status, March 1994-1998 CPS Files ??)

Children in Poverty: 1993 – 1997

Year	U.S.	Central Cities	Not in central Cities	Non-metropolitan areas
1993	22.0%	33.0%	14.4%	23.5%
1994	21.2%	32.7%	14.2%	21.9%
1995	20.2%	32.3%	12.4%	21.7%
1996	19.8%	30.3%	12.9%	21.5%
1997	19.2%	28.3%	12.8%	21.9%

Poverty among children in central cities is approximately 50 percent higher than the national rate, but the rate is declining faster than in the nation as a whole. Nationwide, the rate of children living in poverty fell from 22 percent in 1993 to 19.2 percent in 1997. Of all jurisdictions, child poverty declined the most in central cities, falling from 33 percent in 1993 to 28.3 percent in 1997, a decline of 14.2 percent.[7]

Median Family Income: 1998 dollars

Year	All Central Cities	All Suburbs	City-Suburb Gap
1969	$42,251	$47,971	$5,720
1979	$41,657	$50,224	$8,567
1989	$42,217	$53,740	$11,523

Source: State of the Cities Data Series

Median family income has started rising again in central cities. During the 1970s, when many cities suffered major population declines, median family incomes in central cities fell in constant dollars. During the 1980s, however, the trend reversed and median income in central cities began rising again. During those decades, suburban incomes rose consistently and the gap between city and suburban incomes grew significantly. In 1989, city residents' incomes were only 78 percent of suburban incomes, a wider gap than in 1969, when city residents earned 88 percent as much as suburbanites.

Welfare households are declining in central cities. Welfare rolls have fallen substantially across the nation since 1993, including in central cities. The percentage of central city households receiving public assistance income fell from 8.4 percent in 1993 to 5.3 percent in 1997, a decline of 37 percent.

Welfare Rolls Have Fallen

	US Total	Metropolitan Areas	Central Cities	Suburbs	Non-Metro Areas
1969	5.7%	5.4%	7.0%	4.0%	6.9%
1979	8.0%	7.8%	10.5%	5.7%	8.7%
1989	7.5%	7.2%	10.2%	5.2%	8.8%
1993	5.4%	5.5%	8.4%	3.5%	4.9%
1994	4.9%	5.1%	8.1%	3.3%	4.2%
1995	4.5%	4.6%	7.2%	3.0%	4.2%
1996	4.2%	4.3%	6.7%	2.8%	4.2%
1997	3.4%	3.4%	5.3%	2.2%	3.3%

Source: Decennial Census 1970, 1980, 1990: March 1994 to March 1998 CPS

Public assistance includes AFDC/Cash TANF and other General Welfare Payments

4. Homeownership

For the first time in history, more than half of central city households are homeowners. Homeownership fosters community stability and safety by encouraging families to maintain their properties, watch out for their neighbors, and get involved in neighborhood improvement activities. Homeownership is a primary way families build assets for the future. And homeownership serves as a foundation for bringing back commercial reinvestment and more, because new owners create demand for neighborhood economic activities, such as grocery stores and other retail.

In 1998, for the first time in history, the central city homeownership rate rose above 50 percent. For the first quarter of 1999, 50.3 percent of urban residents owned their own homes, compared to 48.9 percent at the end of 1993.[8]

Homeownership Rates: 1988-1998

Year	National Rate	Central City	Suburban	Rural	White	Black	Hispanic

[7] From Kurt

[8] Now is the Time: Places Left Behind in the New Economy, HUD, April 1999, page 17

1988	64.0	48.7	71.1	72.1	69.1	42.9	40.6
1989	64.0	48.7	70.4	73.1	69.3	42.1	41.6
1990	64.1	48.9	70.1	73.5	69.4	42.6	41.2
1991	64.0	48.3	70.4	73.2	69.5	42.7	39.0
1992	64.1	49.0	70.2	73.0	69.6	42.6	39.9
1993	64.1	48.9	70.2	72.9	70.2	42.0	39.4
1994	64.0	48.5	70.3	72.0	70.0	42.5	41.2
1995	64.7	49.5	71.2	72.7	70.9	42.9	42.0
1996	65.4	49.7	72.2	73.5	71.7	44.5	42.8
1997	65.7	49.9	72.5	73.7	72.0	45.4	43.3
1998	66.3	50.0	73.2	74.7	72.6	46.1	44.7

Source: US Housing Market Conditions, February 1999, HUD, pages 78-79.

America's overall homeownership rate rose to 66.7 percent for the first quarter of 1999, up from 63.7 percent in 1993. A total of 69.6 million American families owned their own homes – more than at any time in American history. Since President Clinton took office in 1993, 7.8 million more families own homes.[9]

Minorities have led the way in increasing homeownership. The number of homeowners includes a record 5.9 million African American and 4.2 million Hispanic families – the highest number of minority homeowners in American history. The homeownership rates for minorities – 46.9 percent for blacks and 46.2 percent for Hispanics – are the highest since these rates were separately reported in 1983, and are believed to be the highest ever. A total of 39 percent of the net new homeowners since 1994 are minorities, even though minorities account for just 24 percent of the population. African American and Hispanic homeownership rates have been growing twice as fast as the white homeownership rate.

5. Central City Fiscal Conditions and Quality of Life Indicators

Cities across the country are reasserting themselves as the geographic and cultural centers of their regions. Downtown areas are becoming the vibrant hubs of commerce, tourism, culture, and entertainment.

Downtown renaissance. Examples of major downtown renaissance are everywhere – from Cleveland to San Antonio, from Providence to Seattle. These efforts not only signal urban turnaround: they also generate revenues as increased visitors spend money in

[9] HUD Press Release, No 99-69, April 21, 1999

establishments that hire local workers. In Baltimore, for example, where a downtown renaissance has been underway for more than a decade, tourism rose 47 percent between 1993 and 1997. The 13.4 million visitors to Baltimore in 1997 generated 16,000 jobs and $2.6 in spending.[10] Other central cities are experiencing a similar growth in tourism.

> "Among the most admirable and enjoyable sights to be found along the sidewalks of big cities are the ingenious adaptations of old quarters to new uses. The town-house parlor that becomes a craftsman's showroom, the stable that becomes a house, the basement that becomes an immigrants' club, the garage or brewery that becomes a theater, the beauty parlor that becomes the ground floor of a duplex, the warehouse that becomes a factory for Chinese food."
>
> Jane Jacobs, The Death and Life of Great American Cities, 1961

Rents charged for office space in central business districts are another good indicator of the health of downtown markets. According to the National Real Estate Index, rents for downtown office space rose 13.6 percent in the 12 months ending in the second quarter of 1998, outperforming all other property types, including suburban office space, which was the next strongest market, with rents rising by nearly 8 percent.[11]

Some downtowns are experiencing a surprising gain in residential population, some for the first time in decades, according to an Urban Land Institute survey of 24 cities. Nearly all of the surveyed cities expected significant increases in their downtown residential populations by 2010. Some cities, including Cleveland, Houston, Memphis, and Seattle, are expecting triple-digit increases. According to the report, most new downtown residents are well-off empty nesters seeking to live closer to work and cultural amenities.[12]

Fiscal conditions. The fiscal condition in many central cities has improved significantly over the past six years, due both to better economic conditions overall and to financial

[10] PlanBaltimore: City Planning Department, April 1999, page 76.
[11] Urban Land Institute: Land Use Digest, Vol. 31, No. 12, December 1998
[12] Urban Land Institute: Land Use Digest, Vol. 32, No. 2, February 1999

management reforms instituted in city governments. One indicator of city fiscal strength are rating made by Wall Street on the bonds that cities issue to raise funds. Since 1994, Standard and Poor's has raised the stand alone general obligation rating on bonds for 24 of the 91 major central cities it currently rates; 8 cities had their bond ratings lowered during that period. The upgraded ratings not only reflect improved fiscal outlook in the cities. Higher bond ratings also mean cities pay investors a lower interest rate when they sell bonds, saving city taxpayers millions of dollars annually. Those savings, in turn, translate into more revenues cities can apply to vital service and infrastructure improvements, investments in schools and even tax cuts for residents and businesses.

24 cities have had their general obligation bond ratings upgraded since 1994

City	State	Current Rating	Prior Rating	Current Rating Date
Anaheim	CA	AA	AA-	9/14/94
Boston	MA	A+	A	9/27/95
Chicago	IL	A+	A	3/20/98
Cleveland	OH	A	A-	6/20/94
Columbus	GA	AA	A	5/12/95
Columbus	OH	AAA	AA+	5/12/95
Denver	CO	AA+	AA	3/9/99
Detroit	MI	BBB+	BBB	12/9/97
Fort Wayne	IA	AA-	A+	10/9/97
Grand Rapids	MI	AA-	A+	9/4/98
Jackson	MS	AA-	A+	6/21/94
Knoxville	TN	AA	AA-	4/24/97
Las Vegas	NV	A+	A	2/14/96
Mesa	AZ	AA-	A+	11/10/95
Miami	FL	BB	B	5/13/97
Montgomery	AL	AA	AA-	3/24/95
New York	NY	A-	BBB	7/16/98
Newport News	VA	AA	AA-	3/5/98
Philadelphia	PA	BBB	BBB-	3/25/97
San Antonio	TX	AA+	AA	12/8/98
Shreveport	LA	A+	A	4/28/95
Tacoma	WA	A+	A	5/20/94
Tucson	AZ	AA	AA-	4/16/96
Washington	DC	BBB	BB	4/22/99

Source: Standard and Poor's Rating Information Services, April 1999

City Services. Many central cities are offering residents higher levels of city services. In a 1999 survey, 88 percent of municipal officials reported their cities were able to offer residents good or very good levels of services. Of the nearly 400 officials surveyed, 40 percent expected to increase service levels in the coming year and 75 percent said their cities offered a wider range of city services today than five years ago.[13]

Public safety. One area where cities have shown the biggest improvement is in crime. Most big cities are safer today than they were 25 years ago. For the nation as a whole, the FBI crime index dropped 13 percent from 1994 to 1998. But crime fell even faster in cities. The largest declines were recorded in violent crimes such as murder, rape, robbery, and aggravated assault. From 1997 to 1998, the total crime index fell by six percent in cities with populations over 1 million – including an 11 percent reduction in murders and robberies, a 12 per cent decline in motor vehicle theft, and 16 percent drop in arson. The next largest group of cities – those with a population between 500,000 and 999,999 – recorded a 13 percent reduction in violent crime between 1997 and 1998, a 15 percent drop in robberies, a 12 percent decline in aggravated assault, and a 9 percent drop in motor vehicle theft.[14]

<Hold for table on crime rates>

Source: Bureau of Justice Statistics, January 1999

The longer run crime trends for key large cities are encouraging. Between 1991-1997, violent crime dropped 20 percent in Minneapolis, 25 percent in Atlanta, 32 percent in Cleveland, 35 percent in Boston, 36 percent in Kansas City, 42 percent in Seattle, 44 percent in Dallas, 45 percent in Los Angeles, and over 51 percent in New York City.[15]

The nation's murder rate in 1997 fell to its lowest level in 30 years, with much of the decline in cities with more than 1 million people, where the murder rate fell from 35.5 per 100,000 population in 1991 to 20.3 per 100,000 in 1997.[16] Americans experienced fewer violent and property crimes in 1997 than in any other year since the survey began in 1973, according to National Crime Victimization Survey.[17]

[13] National League of Cities, January 1999
[14] Uniform Crime Reports, January-June 1998, Federal Bureau of Investigation, December 13, 1998
[15] Interim Report on The State of the Cities, HUD, January 26, 1999, page 3.
[16] Homicide Trends in the United States, Bureau of Justice Statistics, Jan.1999, p.1.

According to the internet company Yahoo, the most wired US cities are:[18]

1. San Francisco	2. Atlanta	3. Washington, DC
4. Austin	5. Seattle	6. Minneapolis
7. Boston	8. New York	9. Chicago
10. Miami	11. Denver	12. San Diego
13. Dallas	14. Pittsburgh	15. St. Louis
16. Los Angeles	17. Houston	18. San Jose
19. Philadelphia	20. Portland (OR)	

The view that new telecommunications technologies would only harm the economic viability of central cities has not been borne out. Some economists believe that central cities may have a growing competitive advantage over less densely populated areas in today's information economy. Central cities' high concentration of telecommunications infrastructure and tightly integrated populations may facilitate the high level information exchanges and spontaneous conversations that lead to innovation and productivity advances in a knowledge-based economy.

Central cities may also have a growing competitive advantage because of the high number of professional service firms clustered in their central business districts and surrounding neighborhoods. A growing number of large and small companies alike rely on outside consultants and firms to handle their legal, tax, accounting, marketing, special projects, and other professional service needs, rather than employ these services in-house. Central cities may have an economic advantage in such an outsourcing environment because the consultants and outside professionals providing services need to be able to meet and communicate easily with one another and with the companies that retain them.

Cities may also start to benefit soon from new trends in consumer purchasing driven by technology. As more and more people shop for standard commodities over the internet and through catalogues, shops that offer unique and unusual goods and niche market items may start to capture more consumer shopping interest and time. Such stores typically need a concentrated environment in which to be profitable – an environment

[17] Criminal Victimization 1997, Bureau of Justice Statistics, Dec. 1998, p.1.
[18] Urban Land Institute: Land Use Digest, Vol 31, No. 6, June 1998

which central cities already offer.

Too many central cities are left behind in the new economy

Despite the positive news, too many cities and pockets of concentrated poverty are being left behind in urban America's impressive comeback. They continue to suffer from the challenges of population decline, loss of middle-class families, slow job growth, income inequality, and poverty.

As detailed in *Now is the Time: Places Left Behind in the New Economy*, while cities overall are doing well, population declines continue to plague about 20 percent of our Nation's 539 central cities. Nearly one in three central cities had poverty rates of 20 percent or more in 1995, and even in cities with lower rates, poverty remains concentrated in selected urban neighborhoods. City school systems show improvement, but are still an Achilles' heel of urban revitalization.

1. Population Loss

Serious population losses continue to plague about one in five central cities. The fact that many central cities still suffered significant population loss at a time when the overall US population grew by 17 percent between 1980 and 1996 is a cause for concern. A total of 116 central cities lost 5 percent or more of their people during that time period, and 57 cities – more than 1 in 10 – lost 10 percent or more of their population. These cities lost workers and consumers to grow their economy, as well as the tax base needed to protect livability and strengthen the local business climate. Shrinking cities tend to have higher rates of poverty and unemployment than central cities with a growing or stable population base.

Most cities losing population are small or mid-sized. They tend to be clustered regionally across the Nation's "rustbelt" and Northeastern states. The most extreme cases of urban population loss reflect a massive exodus of people: East St. Louis (IL) lost over 30 percent of its population during 1980-1996; Gary lost 27 percent; Johnstown

26 percent; Youngstown 24 percent; Wheeling (WV) 23 percent; and St. Louis 22 percent.[19]

Insert Figure 4: High Population Loss Cities Map from Now Is The Time, page 70

The differences in central city population trends across the Nation are striking. Every central city gained population from 1980 to 1996 in Arizona, Idaho, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oregon, South Dakota, Utah and Washington. All but four of Texas's 44 central cities gained residents during that time period. In California, only one of the state's 59 central cities lost residents.[20]

By contrast, 12 of Michigan's 18 central cities lost population between 1980 and 1996, including Detroit, whose population declined by 16.9 percent. In New York, 14 of the state's 19 central cities lost population, led by Utica, which lost nearly one in five residents. Of Ohio's 24 central cities, 16 lost population. In Pennsylvania, 17 of the 18 central cities lost population, while in Illinois, 13 of 23 central cities lost residents. All of West Virginia's five central cities lost population, by an average of 16 percent.

2. Jobs And Employment

Unemployment remains unacceptably high in about one in six central cities. Even while the majority of cities are doing extremely well, high unemployment (50 percent or more above the national rate) affects 17 percent of central cities. This amounts to 95 central cities in 25 states and the District of Columbia with jobless rates of 6.75 percent or higher in 1998; 64 had a rate of 7.9 percent or more (75 percent above the national rate), and 37 had rates of 9 percent or more (100 percent above). And while unemployment has fallen over the past six years even in the cities with the highest rates, the decline has not kept pace with "the lowest peacetime unemployment in over 40 years" that the Nation enjoys. These higher unemployment cities are mostly in small or mid-sized cities and found throughout the nation.[21]

[19] Now is the Time: Places Left Behind in the New Economy, Table 13
[20] Now is the Time: Places Left Behind in the New Economy, Table 13

Despite a strong recovery, unemployment in 37 central cities is still at least double the national average

City	State	1998 unemployment %	City	State	1998 unemployment %
Yuma	AZ	18.8	Flint	MI	9.8
Fresno	CA	12.5	Atlantic City	NJ	13.7
Hemet	CA	9.3	Camden	NJ	13.5
Madera	CA	18.3	Jersey City	NJ	9.3
Merced	CA	15.2	Newark	NJ	9.9
Modesto	CA	10.8	Trenton	NJ	9.1
Porterville	CA	18.5	Niagara Falls	NY	10.4
Salinas	CA	14.0	Youngstown	OH	10.6
Stockton	CA	12.4	Brownsville	TX	14.4
Tulare	CA	13.4	Edinburg	TX	15.6
Turlock	CA	10.6	El Paso	TX	9.6
Visalia	CA	10.2	Harlingen	TX	9.1
Watsonville	CA	14.6	Laredo	TX	9.2
Yuba City	CA	17.7	McAllen	TX	12.7
Fort Pierce	FL	17.6	Mission	TX	15.0
Miami	FL	9.6	Port Arthur	TX	10.8
East St. Louis	IL	9.6	Texarkana	TX	9.4
Kankakee	IL	9.6	Yakima	WA	10.2
North Chicago	IL	10.3			

Source: Now Is The Time: Places Left Behind in the New Economy

3. Incomes And Poverty

Stubborn poverty persists in about one-third of our central cities. Many central cities are still struggling with high rates of poverty that appear not to have dropped significantly in the first half of this decade. Poverty rates of 20 percent or more can be found in 170 central cities in 34 states and the District of Columbia.[22] In 30 cities, the poverty rate is estimated to be 30 percent or higher. Many cities with the highest poverty rates are small or medium-sized.

30 cities have central city poverty rates of 30 percent or higher

		Poverty Rate %	Estimated Poverty Rate %	
City	State	1989	1993	1995
Pine Bluff	AR	27.7	32.9	31.8
Madera	CA	26.9	33.4	33.0
Merced	CA	25.1	31.6	33.9
Porterville	CA	26.8	32.2	31.8
San Luis Obispo	CA	27.4	28.5	30.0
Hartford	CT	27.5	38.3	35.2
Fort Pierce	FL	29.2	38.9	39.3
Miami	FL	31.2	45.4	42.8

[21] Now is the Time: Places Left Behind in the New Economy, page 25
[22] Now Is The Time: Places Left Behind In The new Economy, HUD, April 1999, page 33.

Miami Beach	FL	25.2	37.7	35.2
Atlanta	GA	27.3	35.6	33.6
Augusta	GA	33.3	42.4	42.7
East St. Louis	IL	43.9	47.9	44.3
Monroe	LA	37.8	37.6	35.0
New Orleans	LA	31.6	37.9	33.6
Lawrence	MA	27.5	37.5	30.3
Benton Harbor	MI	58.0	74.0	64.3
Detroit	MI	32.4	39.6	33.1
Flint	MI	30.6	35.9	30.4
Saginaw	MI	31.7	36.7	32.8
Camden	NJ	36.6	49.2	44.2
Newark	NJ	26.3	35.3	30.5
Newburgh	NY	26.2	34.3	31.5
Brownsville	TX	43.9	38.8	39.9
Edinburg	TX	33.8	31.9	33.6
Harlingen	TX	29.9	29.3	30.6
Laredo	TX	37.3	35.1	35.2
McAllen	TX	32.7	32.4	34.4
Mission	TX	37.3	36.5	37.5
Port Arthur	TX	28.1	29.1	30.1
San Benito	TX	36.8	36.8	39.0

Source: HUD: Now Is The Time: Places Left Behind In The New Economy: Table 11

Persistently high poverty rates tend to reflect structural barriers to participation in the changing economy – barriers such as a large skills gap in the workforce and rapidly disinvested and blighted portions of a city that have trouble attracting investment even where significant market potential exists.

We have not yet seen evidence of any reversal in the growing concentration of poverty. For example, the number of central-city census tracts with high poverty rates has increased steadily from 1970; the percentage of such tracts reached 13.8 in 1990, the last year for which data are available. The growing concentration of poverty has hit inner-city residents particularly hard.

Poor central city residents continue to experience homelessness and related problems of poverty. Even with an improving economy, homelessness and related problems continue to plague the poorest residents of many central cities. A 1998 survey of 30 major cities by the US Conference of Mayors indicates that while cities are improving in many important indicators, hunger and homelessness have not been eradicated and affordable housing shortages may be worsening. Officials in the surveyed cities estimated that requests for emergency foot assistance increased by an average of 14 percent during 1998 – with 78 percent of the cities registering an increase. About two-thirds of those requesting emergency food assistance were children or their parents. More than one-third of those requesting food assistance were employed.

Requests for shelter also increased in 72 percent of the surveyed cities during 1998, by an average of 11 percent. People remain homeless for an average of 10 months. Lack of affordable housing led the list of causes of homelessness identified by the city officials. On average, single men comprised nearly half of those requesting emergency shelter in the mayors' survey Requests for assisted housing rose in three-quarters of the cities. A similar number reported that they had stopped accepting applications for at least one assisted housing program due to the excessive length of the waiting list.

Last year, HUD released a survey of worst case housing needs that found that 5.3 million low income households – the highest number ever recorded – paid half or more of their earnings for housing or lived in substandard dwellings. The report covered Americans in all jurisdictions, not just central cities. A 1999 HUD report – *Waiting In Vain* – confirmed the difficult housing situation for Americans at the bottom rung of the economic ladder. The report finds that the time families spend on waiting lists for HUD housing assistance has grown dramatically, and that market rents are rising faster than the incomes of poor people.

Urban schools systems show slight improvement but are still failing to prepare an alarming number of children. The National Assessment of Educational Progress reported in 1999 that test scores among central city middle school students have begun to inch up slowly as a result of education reform efforts nationwide. Nevertheless, central city school systems across the board are still underperforming and remain the most significant barrier to center city revitalization, especially attempts to attract middle income households back to cities.

The challenges confronting central city schools have not changed significantly since being reported in detail in last year's State of the Cities:

- Central city schools serve much greater concentrations of poor and minority children than do suburban schools. In 80 percent of large central city schools, at least 70 percent of students are poor and more than half are minority.

- Some central city schools systems have difficulty recruiting highly qualified teachers

- Basic achievement in central city schools continues to lag: In 1996, 60 percent of the children in urban schools failed to achieve basic levels of competency in ready and math on the National Assessment of Educational Progress.

- About half of all students in large city school districts fail to graduate in four years.

Finding #2: Some suburbs are beginning to experience problems of job loss, population decline, crime, and disinvestment that were previously associated only with the central cities. At the same time, many suburbs are showing strains of sprawling growth that create traffic congestion, overcrowded schools, loss of open spaces, and other problems related to sprawl.

The challenges once concentrated in central cities have spread to some older communities – such as Euclid and Garfield Heights outside of Cleveland, Southfield and Oak Park near Detroit, and Chicago Heights just outside the city of Chicago – which are facing such urban ills as crime, poverty and population loss. The challenges are not restricted to one or two regions of the country, but are national in scope.

- In the 1990s, 90 percent of Minneapolis' inner ring suburbs gained poor children at a faster rate than Minneapolis itself.

- Six of the 10 communities in the San Francisco Bay Area with the highest poverty rates are inner ring suburbs surrounding the San Francisco Bay.

- In four Atlanta suburbs, the growth in median family income between 1960 and 1990 lagged income growth in the central city.

- In the older suburbs surrounding the central city of Rochester, NY, property values are a fraction of those in newer suburbs in the same metropolitan area. A study found that assessed property value in three inner-ring suburbs was only 40 percent of those in three outer-ring suburbs. Also, between 1977 and 1995, the tax bases in these older suburbs grew by an average of 28 percent, compared to a booming 122 percent in the outer ring suburbs.

More than 400 suburban jurisdictions in 36 states meet HUD's criteria for distress. Suburban jurisdictions – like central cities – are considered to be suffering from significant distress if their population has declined by 5 percent or more between 1980 and 1996 and if their 1995 estimated poverty rate exceeds 20 percent. More than 400 suburban jurisdictions met these criteria for distress in 1996. While many are small communities, 77 had populations over 5,000 and 20 had populations of 15,000 or more.

As in central cities, disinvestment is creating blighted areas and sapping these communities of their economic vitality.

Distressed Suburban Places With Populations Over 15,000

City	State	1996 population	1995 estimated poverty rate	Population change 1980-'96
Pritchard	AL	32,887	51.6%	-16.8%
Hallandale	FL	31,163	21.4%	-14.5%
College Park	GA	20,300	30.5%	-17.6%
East Point	GA	34,155	21.2%	-8.9%
Forest Park	GA	17,060	20.0%	-9.2%
Chicago Heights	IL	31,899	21.1%	-13.8%
Harvey	IL	29,097	26.9%	-18.7%
Covington	KY	40,971	23.8%	-17.4%
Newport	KY	16,957	29.5%	-21.4%
Gretna	LA	16,862	31.2%	-18.2%
Hamtramack	MI	18,262	30.7%	-14.3%
Highland Park	MI	19,788	45.9%	-29.1%
Inkster	MI	30,992	24.8%	-11.9%
East Orange	NJ	70,534	20.8%	-9.4%
Oswego	NY	18,522	22.7%	-6.4%
Ashtabula	OH	21,315	21.7%	-9.1%
East Cleveland	OH	31,141	30.4%	-15.7%
Chester	PA	40,660	31.8%	-11.2%
McKeesport	PA	23,343	24.3%	-24.7%
Orange	TX	18,953	23.4%	-19.8%

Suburbs are showing the strains of sprawling growth that creates long commutes and traffic congestion, overcrowded schools, and other problems related to sprawl. At the same time that disinvestment is harming central cities and many suburbs, other suburbs are showing the strains of sprawling growth. Suburban residents are suffering from the effects of increased traffic congestion and commutes, as well as the loss of recreational opportunities and open space. Last November, voters around the country approved almost three-quarters of the 240 initiatives to make already developed communities more attractive for growth.

The costs associated with sprawl are mounting, and curtailing sprawl could save substantial sums over coming decades. A research team at Rutgers University carefully studied the costs of sprawl and concluded that pursuing strategies to facilitate growth in developed communities would generate savings by decreasing the consumption of developable land and by increasing land available for recreation. By growing smarter, traffic congestion could be reduced and the nation could save billions of dollars in spending for roads. Sewer and water infrastructure could also be substantially reduced. These savings reflect only a small proportion of the costs of sprawl.

- **Cost of poverty concentration and job mismatches.** The steady migration of middle and upper income Americans out of central cities has left behind concentrations of poor people and has sapped once-thriving areas of their economic vitality. Rapid development outside of central cities has created a mismatch between where many potential workers live and where the jobs are located. This leads to pockets of high joblessness in parts of otherwise healthy metropolitan areas while jobs go unfilled in other parts of the same metro areas.

  In a study of the changes in metropolitan area settlement patterns between 1980 and 1990, Jordan, Ross, and Usowski (1998) found that metropolitan areas where central city poverty was more concentrated in high-poverty census tracts suburbanized faster than metropolitan areas where central city was less concentrated. For example, if Chicago's poverty population in 1980 were half as concentrated as it actually was, the Chicago metropolitan area would have suburbanized at a rate 19 percent slower than it actually did between 1980 and 1990.[23]

  Moreover, an analysis from the Woodstock Institute quantifies the city-suburban job disparity in the Chicago region. From 1991 to 1996, employment in the Chicago region rose by almost 8 percent. But the city suffered a loss of manufacturing and retailing jobs even more rapid in the 1990s than in the 1980s. In many older suburban areas, employment growth was slowing. too; some registered actual job declines in certain key sectors.[24]

23 Jordan, Stacy, John P. Ross, and Kurt G. Usowski, "U.S. Suburbanization in the 1980s," *Regional Science and Urban Economics*, October 1998, pages 611-627.
24 *A Rising Tide But Some Leaky Boats*, Woodstock Institute, *1998*, Chicago

A significant share of central city residents do not have cars to access those suburban jobs. Residential segregation exacerbates the situation by limiting minorities' access to housing in the suburbs. As a result, blacks and Hispanics are likely to bear the largest employment losses from the discrepancy between central-city and suburban rates of job growth.

In Boston, researchers found that welfare recipients using public transit would, after a one hour commute, still access only 14 percent of the jobs in the metropolitan area's fast growth areas. In Atlanta, less than half of the region's entry level jobs are located within a quarter mile of a public transit route – and almost no jobs are accessible by transit in job-rich Cobb and Gwinnett counties.[25]

> "Every new classroom costs $90,000. Every mile of new sewer line costs roughly $200,000. And every single-lane mile of new road costs at least $ 4 million.
>
> Gov. Parris Glendening of Maryland, which adopted a Smart Growth program in 1997[26]

- **Public capital and operating costs.** Sprawl drives up total spending on roads, bridges, sewers, and other public capital because existing networks have to be extended further and because new systems – typically underutilized – have to be constructed at high cost. Road costs in communities marked by sprawl are 25 to 33 percent higher, and utility costs 18 to 25 percent higher, than in communities without sprawl. Municipal and school district operating costs are 3 to 11 percent higher in sprawl developments.

- **Loss of open space and sensitive environmental land.** Sprawl encroaches on forests and fragile natural habitats. Sprawl consumes 20 to 40 percent more open land than non-sprawl development and produces about one-third more water pollution.

[25] Chen – 125
[26] Chen – page 91

- **Travel distances, travel time, and congestion costs.** Because of our development patterns, Americans are driving more. Between 1983 and 1990, the average miles traveled per person in the US rose by 19 percent; vehicle miles traveled went up even faster, by 37 percent.[27] Put another way, Americans now spend the equivalent of almost two waking hours every day driving somewhere in their cars.[28] Persistent traffic jams used to be a problem in a handful of cities such as Los Angeles and New York. Now congested freeways are a national epidemic. An index developed by the Texas Transportation Institute indicates that congestion worsened in 47 of 50 major US cities between 1982 and 1991.[29] Concerns about traffic aren't just coming from people that have to commute. Increasingly, employers, too, are worried about long and enervating commutes for their workers and the negative impact of traffic on the capacity to fill suburban jobs.

  The average suburban household drives 3,300 more miles than its central city counterpart, or about 31 percent more annually. That translates to an additional cost of $211 per year per household in transportation costs. Assuming an average car speed of 30 miles per hour, suburban drivers spend an additional 110 hours behind the wheel each year – almost three full weeks of work.

- **Sprawl detracts from the sense of community.** Sprawl developments contribute to the loss of community because of their leapfrog development patterns and reliance on automobiles. Studies show that people living in sprawling developments gather less in public places and feel less attached to one another and to shared surroundings.

Box: Roots of the Urban Decline – Sprawl Cycle

Until the 1960s, most growth in metropolitan areas still occurred within the boundaries of central cities. In 1950, almost 70 percent of the population of our major metropolitan areas lived within the city limits. After that, however, suburban counties began capturing

[27] The State of the Cities and Sprawl: Burchell paper prepared for HUD, page 6.
[28] Chen - page 130.
[29] The State of the Cities and Sprawl: Burchell paper prepared for HUD, page 6.

more and more residents, commercial development and jobs. By 1990, more than 60 percent of our population lived outside central cities.[30]

Sprawl was not part of earlier expansion out of central cities. Before World War II and for a decade thereafter, suburban communities pretty much followed the growth patterns that had guided the development of our urban communities. The first suburbs, in inner rings around major cities, were multi-purpose communities, with a mix of public and private spaces, stores, shops, parks and homes of varying size and value.

By the 1960s, however, a new development pattern took hold. The Nation began building subdivisions for homes only, with shopping centers, commercial strips and industrial parks built in another location – without much connection among any of them. Increasingly there were no town centers. As steadily we moved to new communities, we disinvested in the communities we left behind.

> Land in the US is being consumed at triple the rate of household formation; automobile use is growing twice as fast as the population.
>
> *The Cost of Sprawl – Revisited*, Transportation Research Board, 1998[31]

As a result of this new pattern, by the 1980s, US metropolitan areas started to become much less densely developed. According to a recent report, growth in developed land between 1970 and 1990 outpaced growth in urban populations by almost 4 to 1.[32] Nationwide, land in urban areas increased from 47.3 million acres in 1980 to 55.9 million acres in 1990 – a 15 percent expansion in just one decade.[33] By 1990, Western Europe, which can hardly be considered overcrowded, was ten times more concentrated in its development than the US.[34]

[30] The State of the Cities and Sprawl: Burchell paper prepared for HUD, page 7.
[31] Report 39: *The Cost of Sprawl – Revisited*, Transportation Research Board, National Research Council, Washington, DC, 1998, page 4.
32 David Rusk, *Inside Game, Outside Game*, Table A-4.
[33] Kahn
[34] The State of the Cities and Sprawl: Burchell paper prepared for HUD, page 2.

Today sprawl occurs on a micro basis in almost all of the Nation's 3,200 counties and is a dominant form of development in about 20 percent of those counties. Sprawl is especially evident in metropolitan areas that are widening out much faster than their populations grow. Between 1950 and 1990, for example, Phoenix's population grew by 828.7 percent – but its land area expanded by 1247 percent.[35] The land area of Kansas City's metropolitan area grew by 70 percent between 1990-1996, while the population increased just 5 percent.[36] Metropolitan Atlanta measured 65 miles from north to south in 1990. By 1998 its was 110 miles long.[37]

Finding #3: The Nation now has an historic opportunity for cooperation between cities and suburbs to address the challenges facing our metropolitan areas.

The revitalization of our central cities, along with the emerging problems in suburbs, have brought us to a historic moment of convergence on a common urban-suburban agenda. The interests of city and suburban residents are rapidly coinciding in support of a better approach to growth. After 40 years of city versus suburbs, the game has changed. Cities and suburbs are no longer competing against one another. Rather, they are increasingly cooperating to maintain the health of the whole metro area – to increase the livability of their communities and maximize the competitiveness of their region. Last year, more than a dozen governors from both parties advanced land use and growth management notions in their state-of-the-state or inaugural addresses. This year, more than 30 governors spoke out in their annual addresses.

<Hold for discussion of reversal of politics of urban-suburban antagonism and alienation - Xav>

Investing in central cities is the key to creating competitive metro economies. Metropolitan regions are the growth engines of the economy in our globally-competitive modern world. America's regional economies can only compete effectively if they are

[35] Kahn paper - 1
[36] The Brawl over Sprawl, by Richard Lacayo, Time Magazine, March 22, 1999, Vol. 153, No. 11
[37] The Brawl over Sprawl, by Richard Lacayo, Time Magazine, March 22, 1999, Vol. 153, No. 11

supported by healthy cities at their core. In an era of high mobility, low transportation and information costs, and global competition, a metropolitan region without a healthy urban core finds itself at a severe competitive disadvantage. In the modern global economy, however, firms choose among regions – and the health of the central city is a key factor in deciding which region is best. Even firms that choose to relocate to suburban areas will choose the suburbs surrounding a vibrant central city.

In other words, after 40 years of city versus suburbs, the game has changed. Cities and suburbs are no longer competing against one another. Rather, they must cooperate to maintain the health of the whole metro area – and to maximize their region's competitiveness.

Central cities have untapped markets – for labor, retail and land development – which can help the nation continue its economic growth and can serve as an alternative to uncontrolled suburban growth. A decade ago, Wall Street investors eagerly looked to emerging markets overseas to generate high returns on their capital. Today, America's own central cities are the emerging markets of the 21st century. These new domestic markets are right here, with developable land close to supply lines. Yet, for the most part, they are undiscovered territory for many businesses. "The largest pools of untapped investment opportunities and new customers are not beyond our shores," President Clinton said earlier this year. "They're in our backyard." Investing in the untapped markets of central cities and implementing regional solutions – at the local level – to address regional problems are key to creating competitive metro engines and livable communities for the 21st century.

Central cities have a pool of more than four millions of workers who are available to continue the expansion of our economy without re-igniting inflation. Some economists are becoming concerned that labor shortages could curtail the Nation's record peacetime expansion by fueling inflation, as demand for labor collides with a limited labor supply and pulls up wages. Fortunately, urban areas have the untapped labor pools needed to continue our economic growth. More than 2.3 million of these workers are unemployed but are actively seeking work. Another 550,000 have stopped looking for jobs because they are discouraged or because problems with day-care, transportation or skill levels prevent them from taking a job. An additional 1.5 million workers could be added to the labor pool with the proper motivation.

Central cities offer large untapped consumer markets that represent new profit opportunities for businesses. Inner-cities have enormous huge purchasing power, but many residents end up doing much of their shopping in the suburbs, where the selections are wider and the bargains are better. The retail purchasing power of all central city residents has been conservatively estimated at $665 billion. Even households in the most economically distressed urban neighborhoods have $85 billion in buying power – more than the total purchasing power of Mexico.

Central cities and older suburbs have a significant supply of land that is well-served by infrastructure, strategically located, and available for new development. There are five million acres of abandoned industrial sites in our nation's cities – roughly the same amount of land that is taken up by 60 of our largest cities. If these sites were filled with residential neighborhoods, they could house nearly 45 million people. Alternatively, they could accommodate hundreds of millions of square feet of new stores, businesses, offices and other commercial and industrial uses. Many developable sites are brownfields, but cities, states and the federal government are pursuing innovative strategies to level the playing field so that cities can absorb more growth and relieve suburban sprawl.

As urban conditions improve, cities' enormous assets – infrastructure, public transit, strategic location, cultural amenities, college and universities, available labor force, retail markets and developable land – are ready to be put to work. These untapped urban markets can provide a significant source of national economic and social growth in the next century.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 7-JUN-1999 12:22:02.00

SUBJECT: Ramseyer Version of the USHA of 1937

TO: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Theodore Wartell (CN=Theodore Wartell/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Sarah Rosen Wartell/OPD/EOP on 06/07/99 12:21 PM ---------------------------

"Ventrone, Joe" <Joe.Ventrone@mail.house.gov>
06/02/99 06:04:07 PM
Record Type: Record

To: Republican Cmte Staff <CmteStaff@mail.house.gov>, Republican LA's <RepLA's@mail.house.gov>, Democrat LA's <Dem.LA's@mail.house.gov>
cc: Paul Callen <pcallen@holc.house.gov>
Subject: Ramseyer Version of the USHA of 1937

HUD's Office Legislation and Regulations has provided us with a Ramseyer version of the United States Housing Act of 1937. The Ramseyer shows the changes made to the 1937 Act by the Quality Housing and Work Responsibility Act of 1998 (Title V of the FY 99 VA/HUD Appropriations Act, Pub. L. 105-276).

A copy of this document is on the Banking Committee Web page (www.house.gov/banking/) under Reports where the Basic Housing Laws are posted. A copy of this document is on the HUD web also.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-JUN-1999 11:38:45.00

SUBJECT: Conference of Mayors Video

TO: Loretta M. Ucelli (CN=Loretta M. Ucelli/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

CC: Karin Kullman (CN=Karin Kullman/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: June Shih (CN=June Shih/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

CC: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Courtney M. Manning (CN=Courtney M. Manning/OU=WHO/O=EOP@EOP [UNKNOWN])
READ:UNKNOWN

CC: Jennifer M. Palmieri (CN=Jennifer M. Palmieri/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

CC: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Thomas D. Janenda (CN=Thomas D. Janenda/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
I am sorry I missed the meeting yesterday in your office. Andrea has briefed me on the message strategy and I concur in general. However, I want to emphasize that the President's remarks and the paper we hand out regarding the report should focus on the positive message of what is happening in our cities (eg the first time in history that a majority of individuals own their own home in central cities) rather than on HUD's negative message of what a disaster we face in urban America. The President's remarks should not include a discussion of HUD's three findings, they are not helpful. Instead it should focus on the positives we have achieved and the need for the Mayors to support our budget initiatives, including new markets, expansion of the Low-Income Housing Tax Credit, Better America Bonds (which they are endorsing this week), and to protect CRA. Cuomo will inevitably call you at some put to twist your arm about the findings, let me know, I will twist it back.

I also understand from Bruce we may want to highlight some of our gun stuff.

June, call me if you need any more guidance on the remarks, I agree with you it only needs to be about seven minutes.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:10-JUN-1999 13:04:02.00

SUBJECT: Re: draft remarks to mayors -- pls do not circulate but do comment to Jeff Shesol ASAP 6-2796

TO: Jeffrey A. Shesol (CN=Jeffrey A. Shesol/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

CC: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
I like it. I think you did the transition well to guns. I would tone down in the first paragraph the line about Cuomo singlehandedly reinventing. Seems a little gratuitous and probably Secretary Cisneros would find it insulting.

My one edit would be the following:

"Third, we want to make housing even more affordable and available, that is why we should expand the Low-Income Housing Tax Credit"

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:11-JUN-1999 11:46:57.00

SUBJECT: Re: Memo of NEC event ideas

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
I also think we should keep on the list something about the benefits of CRA -- we don't have much to announce but Enterprise has an event with the 100 thousands home with low income housing tax credit or the like -- that could be in late june or pushed back a bit -- that could press CRA and help in the Fin Mod bill fight as it goes to Conference.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:13-JUN-1999 18:27:29.00

SUBJECT: Scheduling Request from The Enterprise Foundation

TO: Lisa A. Berg (CN=Lisa A. Berg/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

Omarosa O. Manigault (CN=Omarosa O. Manigault/O=OVP [UNKNOWN])
READ:UNKNOWN

TEXT:
Because of a conflict with New Markets trip planning, I was unable to make last week's Communications/Scheduling "message meeting". However, I wanted to pass on some information related to the request you considered at the meeting from the Enterprise Foundation. Before joining the staff of the National Economic Council Staff in April, I worked for Fannie Mae, prior to which I worked at the Enterprise Foundation.

As you probably know, Enterprise is one of the major non-profit intermediaries in affordable housing. One of Enterprise's subsidiaries, the Enterprise Social Investment Corporation, is the largest non-profit syndicator of Low Income Housing Tax Credit Investments in the country The President's FY 2000 budget includes an increase for the allocation of Low Income Housing Tax Credits, as described below.

Since its creation in 1986, the Low-Income Housing Tax Credit (LIHTC) has given states tax credits of $1.25 per capita to allocate to developers of affordable housing. While building costs have increased 40 percent in the last decade, the amount of the credit has not been adjusted for inflation. President Clinton and Vice President Gore propose to increase the cap on the LIHTC from $1.25 per capita to $1.75 per capita -- restoring the value of the credit to its 1986 level and helping to an create additional 150,000-180,000 new low-income rental housing units over the next five years.

The event proposed by the Enterprise Foundation for the celebration of their 100,000th home, could be an opportunity to bring attention to President Clinton and Vice President Gore's proposal to increase the LIHTC cap.

As you also may know, Enterprise's founder was the late James Rouse, who was presented with the Presidential Medal of Freedom by President Clinton in 1995, and is best know for his development of the Columbia, MD and festival type malls such as Harbor Place in Baltimore, MD and Faneuil Hall in Boston, MA. As a result of Mr. Rouse's high profile, the Enterprise Foundation has many high profile supporters. Members of its Board of Trustees include senior executives and CEOs from a number of Fortune 500 companies.

Based on a recent conversation with a former colleague from Enterprise I understand that they are now looking at a dates for this event in the Fall rather than in the Summer. They are also extremely flexible as to location. Enterprise has more than 20 concentration cities throughout the country where this event could be located.

I understand that a decision was made on Friday to decline the request. I just wanted to make sure you had this additional information before a regret was sent.

Thank you and feel free to call me at x6-2803 if you have any questions regarding this message or the Enterprise request.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:18-JUN-1999 10:12:25.00

SUBJECT: Re: BABs briefing for Congressman Kanjorski

TO: lara.muldoon@do.treas.gov (lara.muldoon@do.treas.gov [UNKNOWN])
READ:UNKNOWN

CC: Kay Casstevens (CN=Kay Casstevens/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

CC: Lisa M. Kountoupes (CN=Lisa M. Kountoupes/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
Lara:

I assume you and the rest of Treasury know that Senator Moynihan is preparing a Democratic alternative on taxes. Not that the Senator is ever a great friend of this Administration, but it would seem that we would want to definitely get the LIHTC included in the Democratic package. On BABs, it would be nice, but I am not sure how that would impact our efforts with Hatch. Let's talk

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:15-JUL-1999 19:01:37.00

SUBJECT: Informal Meeting on LIHTC

TO: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
I received a request today for a meeting with Alan Greenlee from the Enterprise Foundation and his consultant Bobby Rosen to discuss the Commercial Revitalization Tax Credit piece of Nancy Johnson's proposal for changes to the Low Income Housing Tax Credit. I'm slightly familiar with Johnson's bill, but did not realize there was a Commercial Revitalizaiton Tax Credit provision. I'm planning to do some research tonight.

I was wondering if you have any interest in joining the meeting. They are flexible on time, but wanted to know if 2:00 tomorrow would be okay. From my standpoint this will just be an informational and informal chat, but I'm sure they are going to ask if we have a position on the bill, and you probably have a much better perspective on that than I do at the moment. Whether or not you have time or interest in coming to the meeting, please let me know what information you can share with me about Johnson's proposal that might be useful for the discussion tomorrow.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:16-JUL-1999 18:11:42.00

SUBJECT: Weekly - One more clarification - Thank you.

TO: William G. Dauster (CN=William G. Dauster/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
The costs of this provision would be paid for as part of Medicare reform.
The Committee adopted a Nancy Johnson amendment to raise the Low-Income
Housing Tax Credit cap from $1.25 to $1.75 [BILLION??]. Its $3.8 billion
cost was paid for by reducing and delaying the corporate capital gains tax
cut. Although Archer opposed the amendment, it passed by voice vote.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: JOrszag@doc.gov (JOrszag@doc.gov [UNKNOWN])

CREATION DATE/TIME:16-JUL-1999 10:04:03.00

SUBJECT: Meeting

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Sarah:

I was talking with Bobby Rozen yesterday. He has been hugely helpful to
the
Administration on a number of initiatives (e.g., Low Income Housing Tax
Credit,
IDAs, etc.). He is also close with Gene -- in fact, he was Gene's top
choice
for the deputy slot in 1997.

I know you are busy, but he wants to meet with you on some banking
issues. I
wasn't sure if you knew him, so I thought I would send this note.

Hope all is well at the NEC. You are one of the fortunate ones for not
working
on the New Markets tour -- what fun that was.

Jon

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:16-JUL-1999 18:38:50.00

SUBJECT: Weekly - One more clarification - Thank you.

TO: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: William G. Dauster (CN=William G. Dauster/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
The costs of this provision would be paid for as part of Medicare reform.
The Committee adopted a Nancy Johnson amendment to raise the Low-Income
Housing Tax Credit cap from $1.25 to $1.75 (it is a per capita cap). Its
$3.8 billion cost was paid for by reducing and delaying the corporate
capital gains tax cut. Although Archer opposed the amendment, it passed
by voice vote.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian A. Barreto (CN=Brian A. Barreto/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:16-JUL-1999 10:19:15.00

SUBJECT: Weekly ???

TO: William G. Dauster (CN=William G. Dauster/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Are the two days backwards?? Should it read:

On Wednesday (7/14), the Ways and means . . . On Thursday (7/15), the markup continued . . .

Thanks.

Taxes: On Thursday (7/15), the Ways and Means Committee began its markup of Chairman Archer ,s $864 billion tax bill. On Wednesday (7/14), the markup continued with Committee debate and vote on a number of amendments. Republicans opened by adding to their mark a new tax deduction for prescription drug insurance coverage and making it contingent on later congressional action on Medicare reform. The costs of this provision would be paid for as part of Medicare reform. The Committee adopted a Nancy Johnson amendment to raise the Low-Income Housing Tax Credit cap from $1.25 to $1.75. Its $3.8 billion cost was paid for by reducing and delaying the corporate capital gains tax cut. Although Archer opposed the amendment, it passed by voice vote. Amo Houghton later used corporate capital gains to pay for a longer extension of the welfare-to-work and Work Opportunity Tax Credit. Archer again voiced opposition but lost a roll call vote on that amendment. Democrats offered five broad message amendments that all failed on straight party-line votes. These amendments sparked lengthy debate that led members to focus on overall budget issues. Republicans seemed intent on using Social Security surpluses for both Medicare reform and Social Security reform and using all on-budget surpluses for tax cuts. The Committee voted to report the bill on party lines.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:19-JUL-1999 17:53:53.00

SUBJECT: you probably already are but just in case ....

TO: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: William G. Dauster (CN=William G. Dauster/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Lisa -- You should ask Treasury to provide you with an analysis of HR 2400 -- Rep. Nancy' Johnson's proposal to reform the low-income housing tax credit. This is separate from H.R. 175, the popular bill to raise the per capita tax credit cap. You will need to be familiar with the issues and make sure that Gene is as well (in summary form). You should also know (I don't) if the cap proposals were in the Archer or Roth tax packages. (There is a HDR coming to you with more info on this.) Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:20-JUL-1999 22:36:58.00

SUBJECT: House Dem alternative per Chick Brain

TO: Patrick M. Dorton (CN=Patrick M. Dorton/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: William G. Dauster (CN=William G. Dauster/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
ú There will be one Democratic Alternative) Gephardt/Rangel in conjuncture with the New Democrats

ú Will have:

EITC-Marriage Penalty relief
Permanent expiring provisions, esp. R & D tax credit
New Markets
Child care
School Construction
Long-term care
Minimum Tax relief for middle income families
Deductions for health care premiums for the self-employed
Expansion of low-income housing tax credit
Better America Bonds
Speed up of the rate reduction for estate tax
Nothing in capital gains
AMT relief

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:21-JUL-1999 19:36:01.00

SUBJECT: Other Legislative Issues for Your Information

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Melissa, this is only so you know that I'm aware of these issues. No guidance or action requested. Just an FYI for you.

Other legislation that may have some activity (although unlikely) in my portfolio includes the Low Income Housing Tax Credit (lead sponsor Rep. Nancy Johnson, R-Conn) and the Historic Homeownership Assistance Tax Credit (lead sponsor Rep. Clay Shaw, R-Fl).

The former is part of the President's Budget and both proposals are in Archer's proposal. There are new particularly controversial issues on either bill. Also Paul W. has some knowledge of both issues.

I will have files with me on both bills, in case something happens and they end up on Gene's radar screen (i.e. he gets a call from someone). Otherwise, I will provide a summary when/if something happens on either of the bills upon my return.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:27-JUL-1999 19:19:09.00

SUBJECT: Re: Appropriations Priorities

TO: William G. Dauster (CN=William G. Dauster/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
the document on the H drive is updated (except waiting for one thing from OMB/Treasury branch on customs enforcement).

Also -- I have a more detailed chart that I use to track all the Labor initiative issues -- I will update and provide to you as we move forward. (Needs some OMB info right now.)

P.S. Lisa added the tax (New Markets and Low Income Housing Tax Credit) information to the chart under Treasury postal. Perhaps you want to create a separate place to track tax initiatives? I suggested the same to her. ================== ATTACHMENT 1 ==================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D31]ARMS28519780D.236 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

BUDGET STATUS OF CHILD LABOR AND OTHER LABOR INITIATIVES
As of July 27, 1999
(awaiting OMB input)

Program	FY99	Request	House SubCom Mark	House Full Mark	House Floor	Senate Subcom Mark	Senate Full Mark	Senate Floor	Conf.	Final Request	Notes
Labor											
IPEC	$30m	$30m	*	*	*	*	*	*	*	*	No problem expected if funding levels sufficient.
Dom Enf. (incl. Ch lab.)	$9	$13.3	*	*	*	*	*	*	*	*	Requested $4.3 million additional for standards compliance (including child labor)
CLS ILO Arm	--	$25m	*	*	*	*	*	*	*	*	Strong Appropriations Committee support.
CLS Bilat Aid	--	$10.5m	*	*	*	*	*	*	*	*	
State											
Sweat-shops	--	$5m	$0	$0		$0	$0	$0		*	Meeting next week to address failure to gain support.
School-works!	--	$10m	$0	$0		$10	$10	$10		*	Strong Senate support from Harkin and Leahy.
Treas											
Ch Lab Customs Enf.	$3	$5									**AWAITING OMB INPUT**

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa Green (CN=Lisa Green/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:27-JUL-1999 18:11:41.00

SUBJECT: Re: Appropriations Priorities

TO: William G. Dauster (CN=William G. Dauster/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
You were kind in your earlier note to say that the document showed "little signs of editing." I want to make sure that I used the right file --- if I was working off of the correct file, mine are the first updates. Do I get bonus points or at least a check plus for responds well to instructions?

I used H: ! Priority Program Update and with the help of Sarah's reference information have been able to revise and add to the table most of the New Markets information --- there are actually several budget areas for New Markets (which I've added to the table), although only three of the programs require enabling legislation.

I need to track down information for you on the Low Income Housing Tax Credit, which is a Treasury item, that I know was in the President's budget, but I'm not sure for how much. There was also an item listed on the table, that I have to confirm whether or not it is my issue area -- the Neighborhood Reinvestment Corporation. I think this is one of those issues that DPC and NEC cover together. Also, I noticed this list does not have EZ/EC Round II funding on it. This is definitely an issue area that I cover and it is definitely a budget priority --- is there a reason it's not on this table or should I just add it in?

GOOD LUCK with the rest of the table.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason Furman (CN=Jason Furman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 4-OCT-1999 17:08:49.00

SUBJECT: Para from speech

TO: Patrick M. Dorton (CN=Patrick M. Dorton/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Gene's concerns (which I am not working on right now) are:

1. This gives too much detail, but not enough explanation of why these are good;
2. He wants it checked with Sandra L. or something like that at HUD (melissa would know)
3. He wants Secretary Cuomo's name linked in.

In order to breathe life into their Third Way vision, President Clinton and Vice President Gore set out in 1993 to put in place a comprehensive empowerment agenda to tackle the problems of distressed communities. This administration created the first-ever federal Empowerment Zones and Enterprise Communities. With Vice President Gore ,s leadership, we have completed two rounds of Empowerment Zones, which are helping to bring growth and opportunity to some of the most economically distressed communities in our nation. We have also passed a brownfields tax incentive to help clean up nearly 11,000 environmentally contaminated sites in our inner cities and rural areas, and bring them back to life) and we have proposed to Congress that this incentive be a permanent part of our tax code. We have also established a network of Community Development Financial Institutions (CDFI ,s) and expanded the nation ,s affordable housing stock by making the Low-Income Housing Tax Credit (LIHTC) permanent, reinventing the Department of Housing and Urban Development, and increasing the number of housing vouchers. The President has proposed that these EDI projects be eligible to participate in the Community Empowerment Fund Trust, a pilot program, which will enable the pooling of loans and the creation of a private sector secondary market for economic development loans. The CEF specifically targets projects connected with Welfare-to-Work and City-Suburb Business Connections.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-OCT-1999 18:52:22.00

SUBJECT: LIHTC and MRBs

TO: Jason Furman (CN=Jason Furman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
You were right--nothing more to add. Sorry about the delay.
---------------------- Forwarded by Natasha F. Bilimoria/OPD/EOP on 10/05/99 06:51 PM ---------------------------

Alexandra Gianinno
10/05/99 06:51:12 PM
Record Type: Record

To: Natasha F. Bilimoria/OPD/EOP@EOP
cc:
Subject: LIHTC and MRBs

We were thinking of the BBA of 1995. There is no mention of either MRBs or LIHTC in the BBA of 1997. Sorry about that . All of the BBA's BEAs, and Taxpayer relief acts can get mixed up a bit. Sorry.

Alex

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason Furman (CN=Jason Furman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-OCT-1999 16:00:18.00

SUBJECT: Just a reminder

TO: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
I am waiting for you to hear if we should include the following bullet and if there is language for it. I think this is all that is still pending from you.

$3 Billion (at least)) Tax Incentives to Revitalize Our Nation,s Distressed Urban Areas
ú A new tax cut to help clean up and redevelop Brownfields, with a three year cost of $1.5 billion expected to leverage more than $6 billion for private sector cleanups nationwide.

ú The budget also provided $1.65 billion for a second round of Empowerment Zones) 15 urban and 5 rural.

ú [Low-income Housing Tax Credit and Mortgage Revenue Bonds???]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Alexandra Gianinno (CN=Alexandra Gianinno/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 5-OCT-1999 18:51:15.00

SUBJECT: LIHTC and MRBs

TO: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
We were thinking of the BBA of 1995. There is no mention of either MRBs or LIHTC in the BBA of 1997. Sorry about that . All of the BBA's BEAs, and Taxpayer relief acts can get mixed up a bit. Sorry.

Alex

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 5-OCT-1999 18:53:03.00

SUBJECT: Re: LIHTC and MRBs

TO: Alexandra Gianinno (CN=Alexandra Gianinno/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
Not at all. Thanks so much for your help on the other 2 issues--I very much appreciate your quick response.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: rmrozen@washingtoncounsel.com@INET@LNGTWY (rmrozen@washingtoncounsel.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:12-OCT-1999 18:34:01.00

SUBJECT: Low-Income Housing Tax Credit

TO: Paul J. Weinstein Jr.@EOP (Paul J. Weinstein Jr.@EOP [OPD])
READ:UNKNOWN

TEXT:
Paul: You may have read this story from today's Post which clearly shows the affordable housing crisis America confronts even in the midst of a great
economy. Vouchers are great, but they don't help much where there just isn't enough housing. That is why a production program like the Housing Credit is so important. Unfortunately, it looks like we are going to lose another year in our effort to increase the cap. Please continue to be an advocate within the White House for getting this done on whatever vehicle offers a remote opportunity.

<<WPost on Housing shortage Oct 12.doc>>
=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D27]ARMS28502558G.236 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

Affordable Housing Gets Scarcer, More Expensive

By Michael Grunwald
Washington Post Staff Writer
Tuesday, October 12, 1999; Page A1

ST. LOUIS—Audra Bean has some serious problems with her apartment. It has roaches, but no heat or air conditioning. The closet doors are busted. The landlord is abusive. And the rent is crazy: $460 for a tiny one-bedroom in a converted welfare motel.

Related Items
On This Site
- Profile: HUD Secretary Cuomo

Right now, though, Bean's most serious problem with her dingy apartment is that she might lose it. She fell behind on her rent in August after she was fired from her job as a health aide: Her 2-year-old son was having seizures, and she kept missing work to take care of him. She quickly found a new job as a cashier on a riverboat casino, but her landlord is trying to evict her anyway. She wouldn't mind, if only she could find a new place she could afford.

"Finding a job, that's easy. But it's impossible to find an apartment," she says. "I can't even find another nasty place. I can't find anything at all."

By all accounts, the nation is mired in a severe affordable-housing crisis, with record low vacancy rates, rents rising at twice the rate of inflation, interminable waiting lists for federal aid and an unprecedented 5.3 million families paying half their incomes in rent. So in a startling turnaround last week -- as Housing and Urban Development Secretary Andrew M. Cuomo clamored about the worst shortages in history, and Republican presidential front-runner George W. Bush warned his party not to balance the budget on the backs of the poor -- congressional Republicans agreed to drop demands for cuts and prepared to approve one of the most generous housing budgets in years.

While Republicans and Democrats are touting the deal as a key first step to easing the crisis, both sides agree that this modest budget boost will barely dent the problems facing the nation's Audra Beans.

In many ways, it was a signature moment for this new era of swelling budget surpluses and tight budget caps. Somehow, government budget analysts discovered $750 million worth of untapped housing funds last week, an unexpected windfall that could bring St. Louis about 1,900 new housing vouchers. But those vouchers -- guarantees that the government will subsidize rents in private apartments that cost more than 30 percent of a tenant's income -- would reach only one of every 20 "worst-case" St. Louis residents who either live in unsanitary apartments or pay half their income in rent. Congress has shown no inclination to provide any more.

"We've still got a terrible shortage of housing in this country," said Sen. Christopher S. Bond (R-Mo.), chairman of a housing subcommittee. "We haven't solved that yet."

The last-minute deal will include 60,000 new vouchers -- fewer than the 100,000 requested by the president but a far cry from the GOP proposal of zero -- and modest increases for running and renovating public housing projects. It will also help protect thousands of elderly residents whose subsidized apartments are being converted to market-rate housing. And it will preserve funding for business-friendly "empowerment zones" in urban areas such as St. Louis.

Advocates and Democrats are ecstatic, but even after this deal, only one in three American families poor enough to qualify for rental aid will receive it. And while the long-running economic boom has reduced unemployment to record lows, it has also raised rents to record highs, making it much harder for these families to afford housing without government help.

"Obviously, this is nowhere near what we need to serve everyone in need," said a high-ranking HUD official. "But it's a modest step in the right direction. We weren't going to get any more out of this Congress. Not a chance."

This is partly because of HUD's lousy reputation on Capitol Hill, where many lawmakers think of most housing programs as liberal sinkholes for taxpayer dollars. St. Louis, for example, was ranked last year as the worst-managed housing authority in the nation; its new director, Cheryl Lovett, calls her department "a total mess." And many Republicans are furious that after they finally approved 50,000 new vouchers for families leaving welfare last year -- the first new vouchers since 1994 -- HUD did not distribute them until last week.

But the main reason for the reluctance is that housing programs are incredibly expensive; even vouchers, by far the least costly form of aid, cost about $6,000 per year. And when market rents rise, those programs become more expensive, making it harder for Congress to serve even the families already receiving assistance. In 1997, Congress and the president reached a balanced-budget agreement with strict spending limits, and while there have been some creative efforts to sidestep those limits in recent months, housing is nowhere near the top of the congressional agenda -- or the president's, for that matter.

"This is the new fiscal reality. It means we have to make tough decisions," said John Scofield, spokesman for the House Appropriations Committee. "We can't help everybody."

HUD's budget has been rising steadily in recent years; it will approach $30 billion when the deal is completed this week. But the number of households getting help has been stagnant at 4.8 million after years of steady increases. HUD no longer builds new housing for families, and until last year the GOP Congress had cut off the flow of new vouchers.

The nationwide effort to replace blighted high-rise projects with smaller and more manageable developments has also reduced the stock of federally assisted housing. And in recent years, developers have converted more than 100,000 subsidized apartments to market-rate housing after their 20-year government contracts expired; the average rent increase has been 50 percent.

St. Louis reflects these public sector trends. Already, 1,000 of its public housing units have been demolished and more than 1,000 others have been declared uninhabitable, leaving only about 3,500 occupied. Meanwhile, in the private market, where about 100,000 apartments have lead paint problems, gentrification is driving the demolition of even more low-income apartments, giving way to yuppie subdivisions with hipster names like Bohemian Hill, offering single-family homes for sale for $132,000 to $180,000.

That is way out of range for a low-income working mother like Michelle Thompson, 39, a janitor who earns $265 a week, and pays about half that for a rotting two-bedroom with exposed electrical wiring and a nasty sewage odor. Roaches march up and down her kitchen door frame like mutant sentinels. Her ceiling is caving in from water damage. Her younger daughter wants to be a lawyer someday, but she cannot study at home because her asthma flares up. Her older daughter's son, like one in four St. Louis children, has tested positive for lead poisoning; paint literally pours off the back porch when it rains.

"I've rented from every slumlord in this city," Thompson said. "My kids don't complain, but I know they're thinking: Mom, we can do better than this. But where? There's nowhere to go."

Thompson, of course, will be eligible to apply for the new vouchers. But there are already 3,400 families ahead of her on the waiting list. And a voucher is no guarantee of an apartment; last year, a stunning 40 percent of the families awarded vouchers in St. Louis had to return them after four months because they could not find a landlord who would take them. The rental market is just too tight, and many landlords who can afford to be choosy are leery of dealing with either government bureaucrats or government beneficiaries. And the apartments that do come available are often unlivable; Thompson was offered a subsidized unit once, but there were drug dealers doing business in the courtyard, so she said no.

"It's a terrible situation," said Laura Barrett, director of Housing Comes First, a St. Louis advocacy group. "We're losing affordable housing everywhere we look. The economy is great, the budget is in surplus, and we're fighting just to protect what we've got."

In recent years, Congress has essentially decided that protecting people who have federal aid is more important than adding new families to the system. That's a relief for the 247 elderly residents of Park Place, a brick HUD-subsidized complex in a booming neighborhood. In January, the subsidy contracts will expire, so instead of paying just 30 percent of their income, the residents could be charged market rents. Nationwide, more than 1 million residents could encounter a similar plight over the next decade, but Congress and the administration have agreed to give them "enhanced" vouchers that will help them stay put.

"We're tired. We don't want to move anymore," said Henrietta Woods, 69, a retired dietary aide who runs the tenant association. "The politicians better take care of us. We vote."

But most low-income families in inner-city St. Louis don't vote. And in a time of budget austerity, congressional aides say there isn't the political will to address their problems. "Cuomo can shriek all he wants," said one GOP housing aide. "The fact is, this crisis is bigger than we can solve, and it's bigger than he can solve, too."

Take lead paint. In St. Louis, which has the fourth-oldest housing stock in the nation, the childhood lead poisoning rates are about six times the national average. This year, now that Republicans have backed off their proposed cuts, the city's lead poisoning prevention program should be able to decontaminate about 500 low-income apartments. At that rate, it will finish deleading St. Louis in about 200 years.

"It's such a massive problem, people just throw up their hands and say forget it," said Don Weiss, the director of the program. "All I can say is, every day, I see another kid with toxic levels of lead poisoning. I wish we could help more of them."

Back to the top

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Paul J. Weinstein Jr. (CN=Paul J. Weinstein Jr./OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-OCT-1999 19:07:28.00

SUBJECT: Re: Low-Income Housing Tax Credit

TO: rmrozen@washingtoncounsel.com@INET@LNGTWY (rmrozen@washingtoncounsel.com@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TEXT:
I am. Thanks for the update.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bob Rozen <rmrozen@washingtoncounsel.com> (Bob Rozen <rmrozen@washingtoncounsel.com> [UNKNOWN])

CREATION DATE/TIME: 2-NOV-1999 14:55:05.00

SUBJECT: RE: Summers-Herman Letter on Lazio Minimum Wage Bill

TO: William G. Dauster (CN=William G. Dauster/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
good letter Bill; but there is one provision in the bill that we hope you will hold out for at some point (even though it is not directly targeted to small business); the increase in the Low-Income Housing Tax Credit.

-----Original Message-----
From: William_G._Dauster@opd.eop.gov
[mailto:William_G._Dauster@opd.eop.gov]
Sent: Tuesday, November 02, 1999 2:25 PM
To: William_G._Dauster@opd.eop.gov
Subject: Summers-Herman Letter on Lazio Minimum Wage Bill

The Honorable Bill Archer
Chairman, Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20510

Dear Mr. Chairman:

If H.R. 3081, the "Wage and Employment Growth Act of 1999," were presented to the President in its current form, we and other senior advisers to the President would recommend that he veto it.

The President proposed a $1 increase in the minimum wage over two years, effective January 1, 2000. H.R. 3081 would provide a $1 increase over three years, effective April 1, 2000. Compared with the President?s proposal, this would cost a full-time, year-round minimum wage worker approximately $1,500 over three years.

H.R. 3081 does not contain any revenue offsets for its tax initiatives. The President has stated repeatedly that, before we consider using projected surpluses to provide a tax cut or for new spending, we must put first things first and address the long-term solvency of Social Security and Medicare.

The bill also would not meet the pay-as-you-go requirements of the Budget Act, which have helped provide the discipline necessary to bring us from an era of large and growing budget deficits to the potential for substantial surpluses. The bill would therefore require an automatic sequester of mandatory programs, including Medicare.

We also have specific concerns with several tax initiatives in H.R. 3081, many of which have been expressed to you previously. For example, the estate tax relief is expensive and provides no benefit to average working Americans. Moreover, the relief is poorly targeted to its purported purpose of providing relief for small business owners and family farms. Rather, the three major provisions -- conversion of the unified credit to an exemption, repeal of the surtax, and reduction in top marginal rates -- would benefit only the wealthiest estates.

Also, we strongly oppose the pension provisions in the bill that raise the maximum retirement plan contribution and considered compensation limits for business owners and executives and weaken the pension anti-discrimination and top-heavy protections for moderate- and lower-income workers. The current provisions are regressive, would not significantly increase plan coverage or national savings, and could lead to reductions in retirement benefits for moderate- and lower-income workers. The Administration would like to work with Congress to develop initiatives, like those proposed in the President?s FY 2000 budget, that would increase retirement savings for moderate and lower-income workers. In addition, we strongly oppose the provision in H.R. 3081 for a party in active litigation that would, in this and other cases, weaken the Secretary?s ability to protect workers? pension and health benefits.

Finally, we are concerned with provisions that repeal overtime protections for three categories of workers. H.R. 3081 would repeal overtime pay protections for 1.5 million American sales employees. The multi-test exemption in the bill is complex and would be difficult and burdensome for employers, affected employees, and DOL to implement. Second, funeral homes would no longer be required to pay overtime to funeral directors or embalmers who work more than 40 hours per week. Third, we are concerned that the bill would deny overtime pay to additional workers in computer related occupations. In addition, the proposed change in rules for calculating overtime pay in H.R. 3081 is similarly misguided.

We appreciate your consideration of the Administration's concerns. We look forward to working with you and other members of Congress in the coming months to address the solvency of Social Security and Medicare, to meet critical national priorities, to provide a living wage to those at the bottom of the economic spectrum and to enact fiscally responsible tax relief targeted at the needs of working families.

Sincerely yours,

Lawrence H. Summers Alexis M. Herman

Identical letters sent to Speaker Hastert, Leader Gephardt, Chairman Archer, Chairman Goodling, Congressman Rangel, Congressman Lazio, and Congressman Clay

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 7-NOV-1999 11:27:24.00

SUBJECT: LIHTC paper

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Second try.

---------------------- Forwarded by Francis S. Redburn/OMB/EOP on 11/07/99 11:25 AM ---------------------------

Francis S. Redburn
11/07/99 11:26:44 AM
Record Type: Record

To: WEINSTEIN_P@A1@CD@VAXGTWY, Sarah Rosen
cc: Alan B. Rhinesmith/OMB/EOP@EOP, Douglas Pitkin/OMB/EOP@EOP, Alexandra Gianinno/OMB/EOP@EOP, Adam Hoffberg/OMB/EOP@EOP
Subject: LIHTC paper

Attached is a proposal that we submitted Friday internally in response to a routine request for new receipts proposals that deserve further consideration for the 2001 budget. Michael Deich asked me to share it with you and get your reactions before we discuss it with HUD or Treasury.

The proposal, in a nutshell, would gives States an option to increase the income targeting of the credit (for a specified percentage of units in each project), addressing the lowest income group most likely to be paying an excessive proportion of income for rent. Although States could set such a priority now, there is nothing in the federal code now against which to monitor and enforce such a requirement. Most LIHTC-supported units serve people with incomes well above this target range. This proposal would have no cost because it applies only to the capped credit.

Your thoughts?

---------------------- Forwarded by Francis S. Redburn/OMB/EOP on 11/07/99 11:16 AM ---------------------------

Francis S. Redburn
11/05/99 05:33:14 PM

Record Type: Record

To: Michael Deich/OMB/EOP@EOP
cc: See the distribution list at the bottom of this message
Subject: LIHTC paper

In response to the BDR on receipts proposals, due today, we plan to submit on new proposal. It is a no-cost complement to the proposal to expand the per capita dollar cap on the currrent Low-income Housing Tax Credit (as proposed each of the last two years).

This proposal, described in Alex's attachment, would give States a new income targeting option if they use the credit in low poverty areas. The effect would be to direct more of the credit to households with the lowest incomes (below 30 percent of median income), who are likely to be paying more than 50 percent of their income. It is in line with the targeting of the housing voucher. PD&R analysis has shown the LIHTC is mainly producing housing occupied by families with incomes between 50 and 60 percent of median, few of whom would otherwise have high rent burdens.

Do you have any objection to our recommending this proposal?

---------------------- Forwarded by Francis S. Redburn/OMB/EOP on 11/05/99 05:24 PM ---------------------------

Alexandra Gianinno
11/05/99 05:10:45 PM
Record Type: Record

To: Francis S. Redburn/OMB/EOP@EOP, Alan B. Rhinesmith/OMB/EOP@EOP
cc:
Subject: LIHTC paper

The attached document contains the LIHTC proposal we discussed.

Alex

Message Copied
To:
Alan B. Rhinesmith/OMB/EOP@EOP
Sherron Duncan/OMB/EOP@EOP

Douglas Pitkin/OMB/EOP@EOP
Alexandra Gianinno/OMB/EOP@EOP
Adam Hoffberg/OMB/EOP@EOP
Susan M. Carr/OMB/EOP@EOP

==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D33]ARMS28141002P.336 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT 1 ==================

November 5, 1999
BDR 00-03
Attachment B -- Governmental receipts proposals for the FY 2001 budget.

Examiner: Alexandra Gianinno
Division: HTF
Extension: 5/1483

Identify proposal:

Give States a new option to target their Low Income Housing Tax Credits to extremely low-income households in low poverty areas.

Recommendation: __X_ New proposal for inclusion in the FY 2001 budget
___ Proposal to be excluded from the FY 2001 budget
___ Proposal to be included in the FY 2001 budget, with modification

Reason for recommendation:

Current law defines low-income housing eligible for tax credits as housing in which: (a) at least 20 percent of all units in each project are occupied by individuals having incomes of less than 50 percent of area median income; or (b) at least 40 percent of the units are occupied by individuals having incomes of less than 60 percent of the area median income. Owners must decide which of these two definitions these projects will meet and adhere to that rule thereafter.

Most owners select the LIHTC income option whereby at least 40 percent of a project's units must be occupied by tenants at or below 60 percent of area median income. This selection allows rents for the LIHTC units to be as high as 30 percent of 60 percent of area median income. Without some form of Section 8 rental assistance, very low income families are unable to afford the rents.

Description of the new or modified proposal, and estimated effect on receipts:

This proposed option is designed to provide owners with an incentive to market units to very low-income households and, at the same time, increase the range of choices for these very low-income households. This option would allow States to allocate a higher amount of the LIHTC for projects whose owners are required to have some percent of the units occupied by households with incomes at or below 30 percent of the area median income (most such households spend more than 50 percent of their income on rent).

The ability to allocate higher LIHTCs for more deeply income-targeted units would be limited to projects located in census tracts with low poverty rates (less than 20 percent of households with incomes less than the poverty threshold). Such areas generally have few units affordable to very low income tenants.

This targeting option for the credit would not be applicable to those projects funded by credits used with tax exempt financing, this would add a cost because these credits are not under the per capita cap.

This proposal would be coupled with The Administration's proposal to increase the LIHTC per capita cap from $1.25 to $1.75 as proposed in 1999 and 2000.

Estimated Effect on Receipts
(in millions of dollars)

2000	2001	2002	2003	2004	2005	2001-05
0	0	0	0	0	0	0

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-NOV-1999 06:40:27.00

SUBJECT: Re: LIHTC paper

TO: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
very unclear from paper what the so called option and incentives are here.

Can states and owners continue to use the existing program guidelines if they want to? What is the incentive to do more targeted?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 8-NOV-1999 09:16:01.00

SUBJECT: Re: LIHTC paper

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: alan b. rhinesmith (CN=alan b. rhinesmith/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: alexandra gianinno (CN=alexandra gianinno/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

TEXT:
That's the balance we are trying to strike.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 8-NOV-1999 08:56:55.00

SUBJECT: Re: LIHTC paper

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Alan B. Rhinesmith (CN=Alan B. Rhinesmith/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Alexandra Gianinno (CN=Alexandra Gianinno/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
The proposal is to let States choose to target some percentage (probably 20 percent) of the units in a project to occupancy by those with incomes below 30 percent. Although it would be an option, because it would be in the federal statute the requirement, once imposed, would be subject to the federal monitoring and enforcement procedures. Many states already use income targeting as one criterion in ranking proposed projects.

A stronger recommendation along the same lines would be the one made by Stegman in his paper in the latest Housing Policy Debate (v. 10, issue 2, p. 330): "Because the most acute housing problems are suffered by those with incomes below 30 percent of median . . . I would argue that any legislation to increase the tax credit also should change the allocation formula and make it possible for the credit to reach more households. This could be done by permitting a bigger tax credit for projects designed to house poorer people." Mike also endorses Kathy Nelson's proposal that maximum rents be set at the lower of the FMR or at rents afordable to households with incomes at 65 percent of area median, which match the HOME affordability requirements.

Scaling the size of the credit to the depth of the income targeting provides an incentive for developers to use the credit this way. However, because the credit dollars in each state are capped, it would mean that fewer LIHTC units could be produced each year to the extent that they are targeted to the lowest incomes. It also makes the credit more complicated to calculate and to monitor. Would you prefer the stronger option(s)?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-NOV-1999 09:14:25.00

SUBJECT: Re: LIHTC paper

TO: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: alan b. rhinesmith (CN=alan b. rhinesmith/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: alexandra gianinno (CN=alexandra gianinno/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

TEXT:
No preference. Just trying to see what the incentive is. I think that we risk pissing off the existing constituency and loosing badly if we take Mike's prposal == however good the policy. As I read yours, it is just another option -- no incentive -- just choice. Not a bad thing. Thus won't piss off existing users -- true?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Elizabeth M. DiGennaro (CN=Elizabeth M. DiGennaro/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 9-DEC-1999 11:20:33.00

SUBJECT: NEC Meeting on LIHTC

TO: Rachael F. Goldfarb (CN=Rachael F. Goldfarb/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
is okay for Friday at 2:30pm and on Alan Rhinesmith's schedule.

Thanks.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Rachael F. Goldfarb (CN=Rachael F. Goldfarb/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-DEC-1999 11:24:03.00

SUBJECT: Re: NEC Meeting on LIHTC

TO: Elizabeth M. DiGennaro (CN=Elizabeth M. DiGennaro/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Lisa Green <lisa_green@fanniemae.com> (Lisa Green <lisa_green@fanniemae.com> [UNKNOWN])

CREATION DATE/TIME:15-DEC-1999 09:23:57.00

SUBJECT: Re: Do you know anything about the

TO: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
I think this is probably the Historic Homeowernship Tax Credit, which was
included in the Republican tax proposal earlier the year. The idea has
never
gotten a lot of support in the administration, because many people (Orszag,
Weinstein and Treasury folks) saw it as a tax vehicle that would encourage
gentrification and would benefit mostly the wealthy. However, the National
Historic Trust for Preservation (that may not be the exact name for the
institution --- it is usually referred to as the Trust) is a big proponent.
They have worked to make the legislation more acceptable and modeled it in
part after the existing Historic Tax Credit which can be used for
commercial
properties and is frequently used in combination with the Low Income
Housing
Tax Credit.

I had conversations and meetings over the summer with Richard ("Dick") Moe,
Kitty Higgins (who used to have a senior position at the White House) and
Tamar Osterman (the policy person) from the Trust, which is heavily funded
with federal dollars, although I'm not exactly sure if it is considered a
federal agency. Most of the discussions were listening sessions on my
part.
I offered to try to get them an audience and to restart an old working
group
which had given the proposal some consideration in its earlier stages. The
initial proposal, if I remember correctly, was put forth in 1996. I never
did followup and the Trust is and has been in the past, very frustrated by
the
Administration's lack of support for this idea. I think they have actually
made a lot of changes to the proposal, since it was originally introduced,
and
it is credit that would be beneficial to low and moderate income
communities
where there are lots of residential historic properties.

The Act may be something completely different. But check in my files ---
there is a file on the Historic Homeownership Tax Credit somehwhere and
feel
free to call Tamar --- she is very nice and will probably be glad to talk
with
someone from the NEC who will actually return her calls in the future.

Good luck

P.S. I forgot the disk again today, but will do my best to remember
tomorrow. Also call me if you need more info -- my boss is out of the
office
today, so my day is very open.

Natasha_F._Bilimoria@opd.eop.gov wrote:

> Historic Homeownership Assistance Act? Do you know where I could get
some
> info on it?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Michael.Barr@do.treas.gov (Michael.Barr@do.treas.gov [UNKNOWN])

CREATION DATE/TIME:15-DEC-1999 22:10:53.00

SUBJECT: Low Income Homeownership Tax Credit -- Further musings -Reply

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: LEONARD.BURMAN@do.treas.gov (LEONARD.BURMAN@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: cliff.kellogg@do.treas.gov (cliff.kellogg@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: Cliff.Kellogg@do.treas.gov (Cliff.Kellogg@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: Bruce.Davie@do.treas.gov (Bruce.Davie@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: michael.barr@do.treas.gov (michael.barr@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: Jon.talisman@do.treas.gov (Jon.talisman@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: Jon.Talisman@do.treas.gov (Jon.Talisman@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: Leonard.Burman@do.treas.gov (Leonard.Burman@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
Date: 12/15/1999 06:34 pm (Wednesday)
From: Michael Barr
To: Dom13.DOPO7(BurmanL, DAVIEB, TALISMANJ), DOM3.DOPO6(KELLOGGC),
ex.mail("Sarah_Rosen_Wartell@opd.eop.gov", "Bruce.Davie",
"cliff.kellogg", "Jon.talisman", "LEONARD.BURMAN",
"michael.barr")
Subject: Low Income Homeownership Tax Credit -- Further musings
-Reply

I think that the politics are manageable if (a) we spend money so we can
say this is incremental, not directly competing (at least initially); (b)
we
have some construction/rehab component to bring on board the
community development/LIHTC organizations. I think Nick's crowd and
Self-Help will be very pleased with us, despite not focusing on
downpayments.

>>> ex.mail."Sarah_Rosen_Wartell@opd.eop.gov" 12/15/99 10:25am >>>
The more I think about it, the more I believe that, notwithstanding the additional monies (what level are we are?), this proposal will be greeted with some hostility by the State HFAs. ("We have something that works, why
don't you just increase that, why new programs, why new complexity, etc.")
Need to make sure that folks (Gene and Larry included) expect it. To respond to the HFAs, we will have a hard time not explicitly criticizing the inefficiency of the MRB program. And if we do so, NCSHA will be in full battle dress warfare with us.

Wondering whether it makes sense to leave the targeting the same as for the
MRB program, which isn't that deep, as currently proposed. Not sure all the pros and cons. Deeper targeting might make this less threatening to states and it might provide better bang for the buck, but adds a new level of complexity. Interested in your thoughts. Bruce mentioned that it was simpler this way, but we didn't really explore the options.

Closer to the time of rollout, we will need to think about finding some credible validators early before NCSHA gets its publicity machine ginned up. We might find one or two maverick HFA directors who do more innovative
and targeted stuff. Kukab from NC is a candidate but he is also president this year of NCSHA. Other likely candidates are:

Martin Eeks, Self-Help
John Taylor, NCDA
Bob Gnaizda, Greenlining???
National Housing Conference (Conrad Egan)
Neighborhood Reinvestment Corp.
Bruce Katz, Brookings
Nic Retsinas, Harvard Joint Center for Housing
Lenders --
    NAAHL
    ACB
    ABA
    IBAA
    Fannie and Freddie

While some of these folks (Eeks, Katz, Retsinas) will be pleased because it
gives momentum for something, I think they also will note that we don't solve for upfront costs barrier that they were interested in in the Brookings proposal. LISC and Enterprise won't care much (much more interested in NCDI) and the other low income groups are more likely to say
-- why don't you do more for rental housing.

Michael may have a different assessment of how this will play.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:16-DEC-1999 20:04:19.00

SUBJECT: Re: housing vouchers note to Bruce - feel free to edit before sending

TO: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
I think this looks good -- I can't think of anything to change.

Andrea Kane
12/16/99 07:43:28 PM
Record Type: Record

To: Cynthia A. Rice/OPD/EOP@EOP
cc:
Subject: housing vouchers note to Bruce - feel free to edit before sending

Right now, OMB has approved 100,000 vouchers, of which 18,000 are for homeless. HUD opposes anything vouchers designated for Welfare-to-Work. HUD is also now asking for another 20,000 related to the Low Income Housing Tax Credit, but it sounds like OMB can fight that battle.

In terms of adding new vouchers tied to bold goals, the message we're getting from HUD is Cuomo strongly support more vouchers, but opposes targeting them for a particular population or allocating them in any way other than a 'fair share' formula to housing authorities to help them address their waiting lists. He might be willing to accept a rhetorical goal that involved no actual targeting or policy changes (though Jacquie hasn't been able to check with him because he's ill).

Nevertheless, we asked HUD to tell us what goal they could accomplish with a certain number of vouchers over a 5 year period. HUD staff have shared one 'unofficial' option that does not yet have the Secretary's blessing. With 180,000 more vouchers each year for 5 years we could give vouchers to all the most hard-pressed working families with children under 12. These would be distributed to housing authorities on a formula to be used only for the target population. Families living in public housing who met the target criteria would also be eligible. HUD also thinks it makes good policy and politics to also propose 20,000 vouchers a year for the disabled with worst case housing needs (pay more than 50% of income for rent or live in substandard housing). This makes a total of 200,000 new vouchers a year, on top of the 120,000 'fair share', homeless, and LITC vouchers . The '01 cost for 300,000 is $1.7 B in '01 (though outlays are much lower), and the 5 year cost for 1.5 B vouchers is $27 B! Presuming the outyear costs are prohibitive, we could slice this proposal in half by focusing on families with kids under 6.

This new target population will help many families moving from welfare to work, so we could still meet the spirit of the WTW vouchers without the competitive process that the Hill didn't like.

Helping people escape public housing:
HUD opposes targeting new vouchers for the explicit purpose of helping families escape public housing. OMB also says this will be a very tough sell to housing authorities, and therefore on the Hill. The good news is there are some other significant initiatives in the HUD buget to speed up efforts to get rid of the worst public housing. Families moving out of these places can get vouchers and they don't count against our incremental number, so we can generally say our budget is both helping people move out of the worst projects and helping more hard-pressed working families.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:17-DEC-1999 18:24:53.00

SUBJECT: HUD Initiatives Proposals

TO: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
here's what I know about HUD stuff. I didn't get the proposals until recently so I haven't vetted much. My thoughts in itals.
---------------------- Forwarded by Sarah Rosen Wartell/OPD/EOP on 12/17/99 06:23 PM ---------------------------

Sarah Rosen Wartell
12/17/99 12:02:17 PM
Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP
cc: See the distribution list at the bottom of this message
Subject: HUD Initiatives Proposals

HUD understands that new initiatives are being considered and, in the last 24 hours, I have received faxes from HUD on various new ideas that they are promoting for this process. I just got off the phone with Apgar and have a better sense of what they are talking about. I have no idea if any of this has gotten to Gene before. I will fax over the papers they have sent. I provide below a short summary of their proposals. Obviously, there has been no time to vet these or get any good sense of their merit.

20th Century Housing Fund: (Cost: $1 billion in FY 2001; outyears undetermined; proposed at $1 billion per year; both current and future years could be dialed up or down.) The core concept here is that the FHA mortgage insurance and GNMA securitization programs (mostly from homeownership but also from rental housing) make over a billion for the taxpayer each year in negative credit subsidy. With their newest actuarial calculations, they will be adding about a billion in negative credit subsidy in FY 2001 above what was expected, creating an significant excess capital cushion over what current law requires. (There will be significant pressure to return some of that money to the FHA borrowers in the form of rebates if we do not argue that the fund needs the money for insurance solvency or propose alternative housing policy uses.) The housing community has been arguing of late that some of that money should go back into meeting housing needs, not bigger defense department salaries. (Senator Kerry has what HUD thinks is an ill-conceived "trust fund" proposal to do that. HUD is suggesting what they believe is a better conceived alternative.) The HUD proposal would essentially create an investment fund for HUD to use to invest in housing production and preservation, filling gaps unmet by the private market. It would not be self-sustaining but would not simply grant all the money. Instead, they would provide below-market rate loans, equity investments, and grants to housing intermediaries. The NCDI initiative (essentially funds for LISC and Enterprise) would be a likely recipient of the Fund's largess. HUD suggests that the fund would provide a housing component to the New Markets initiative -- for the first time providing flexible housing development resources for underserved communities.

The proposal raises a number of problems: (1) HUD has not provided any concrete specification of how the money would be used. There is neither any targeting nor any program models. While flexibility is good, this is completely without definition at this time. (2) While FHA continues to generate significant revenues for the taxpayer, I have lingering questions about the long-term financial health of the FHA fund when the economy is less glowing. The proposal raids the capital base of the insurance fund (which under our current calculation methods is overfunded); we should do more analysis before we are comfortable that the insurance fund is so healthy to afford such a large diversion of funds. (3) It costs a fortune. However, it could be done on a smaller scale. There is no magic to the numbers. Sarah's view: This is an intriguing idea. Much more work would need to be done before we know if it makes sense. A bit late in the process for an initiative this big. But might do it on a pilot scale and see if we could design something worth building on. The basic idea of using resources generated by housing programs for housing programs has appeal (although it limits OMB and WH discretion).

The Community Renewal Fund: (Cost: $73 million) HUD proposes a new initiative to help spur the production of affordable housing. It would provide vouchers that would be tied to the production of low-income housing tax credit projects using FHA insurance in low poverty areas. The idea is to spur production of mixed income housing in better neighborhoods to create greater income diversity and to provide incentives so that developers build larger units for bigger families -- a resource particularly scarce for families with vouchers. The cost involves $115 million for vouchers, $16 million for incentives for developers, which would be offset by additional volume in existing negative credit subsidy insurance programs generating $58 million in offsets. (Note: If the money is available, HUD agrees to use a program design that is acceptable to Deich. Paper I am faxing hasn't been updated yet to reflect those changes that Deich insists on -- essentially to use tenant-based not project-based subsidy.)

Round 3 Empowerment Zones: (Cost: $3 billion plus tax incentives) HUD is proposing a new round of empowerment zone funding, requested on the mandatory side of the budget, with a new competition structure so that small, medium, and large cities compete against other like-sized cities. The program would give greater credit for areas of greater distress, for communities that have greater committments from state and local governments, and for regional linkages. (This is addition to our current proposals for additional funding for existing zones.)

Anti-Gun Violence and Housing Safety: (Cost $50 million) I assume they are pitching this to DPC. The money would provide public edcuation programs for public and assisted housing residents, technical assistance and seed money for gun violence reduction programs around Federally subsidized housing, and R&D for crime tracking and mapping partnerships for databases on gun-related crime. (attractive idea, seems awfully high)

Faith-Based Community Building Initiative for 2001: (Cost: $50 million) The goal of this initiative is to tap into the capacity of Faith Based Organizations (FBOs) to get involved in: battling fair housing, recruiting landlords to participate in voucher programs, giving input to community planning required for HUD funds, combat NIMBYism, dialogs on smart growth, job training, actual development of housing and CD progjects. The funds would be largely for Technical Assistance to improve the FBOs capacity to play these roles in their community. HUD proposes $40 million competitively awarded to FBOs and intermediaries and $10 million for HUD's Center for Community and Interfaith Parnterships to do outreach to this community. (attractive idea, but ill-defined and high priced)

Homeownership Vouchers for Neighborhood Revitalization: (Cost: $100 million)Congress recently changed the rules for vouchers to make it easier for them to be used for homeownership. This program would be designed to provide funds to Public Housing Authorities working in partnership with community organizations to encourage use of the homeownership vouchers in targeted communities -- old but rapidly revitalizing neighborhoods and communities that need a jump start from a stronger homeownership base. (Seems expensive to me.)

Message Copied
To:
Juliana C. Chen/OPD/EOP@EOP
Jason Furman/OPD/EOP@EOP
Michael Deich/OMB/EOP@EOP
cliff.kellogg@do.treas.gov
Natasha F. Bilimoria/OPD/EOP@EOP

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason Furman (CN=Jason Furman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:20-DEC-1999 12:34:51.00

SUBJECT: Answers to Gene's question

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
[These were compiled from Tom, Natasha, and Cliff]

1. Why the need for $3 million for USDA Rural Business Enterprise Grants?

Unfortunately, the individual at USDA Dep,y Secretary,s Office who is the lead for this idea is gone for the holidays so this is all the information we are able to provide. USDA may not be strongly committed to this, and it could therefore be a lower priority. USDA will target any increase in their Rural Business Enterprise Grant program (anything over the $37.5 million OMB passback) to Native Americans (or lenders in Indian country) -- we should push this linkage to Native American communities hard. This additional $3 million would allow USDA to provide more grants to tribes and nonprofit lenders --USDA claims that they currently have 2 years' worth of applications for the program. Through this program, USDA provides grants to public bodies, nonprofits, and tribes for re-lending and to pay for business training and technical assistance.

2. Universities and New Markets*Could this be done through Small Business Development Centers (SBDC)?

Yes, the technical assistance to small businesses could be partially done through SBDCs, but the vision was much larger. If the university receives SBDC funding, then universities would have to show how the SBDC integrated into the larger undertaking.

The University initiative is different because it provides much broader range of assistance than SBDCs (which only assist small businesses directly), and it would draw on University faculty rather than the business consultants that are used in SBDCs.

This initiative calls on universities, business and law schools to help by serving as:

ú Convener of community organizations and local officials with less &turf 8 in the day-to-day interactions among these organizations;
ú Strategy: providing analytic input and then helping coordinate community planning
ú Market analysis: helping with hard data analysis about local market trends and opportunities
ú Large business Technical Assistance: Helping with larger projects is beyond the scope of most SBDCs.

ú Capacity-building of CDCs: this includes business planning and strategy, but for law schools also includes interpreting state and local regulations, zoning, incorporation and filing for tax-exempt status, use of tax incentives such as Low Income Housing Tax Credit, and assistance with grant applications.

[By the way, HUD confirmed this does NOT require authorizing legislation.]

3. Could the Native American IT initiative be done at NSF?

Yes - they have a similar program for HBCUs. Kalil has a call into NSF, but doesn't anticipate any problems.

4. Indian Microenterprise and CDFI and SBA: Why not do this within their existing programs?

We agree. SBA, CDFI, USDA and we think the best way to encourage Microenterprise for Native Americans is through their existing programs, without a plus-up. SBA could target PRIME money, CDFI could target its Core and TA programs and USDA could target its Intermediary Relending Program and Rural Business Enterprise Grants programs (although you will see above that they would like a $3 million plus up to target to Native Americans). The agencies see the Indian challenge quite similarly, and say they can work together.

The backdrop is that for Indian microenterprise, there are too few qualified organizations to work with, and therefore too little organized consumer demand in Indian Country. Moreover, the financial infrastructure needs are much broader than microenterprise.

5. Broadband: Could we use loan guarantees for broadband?

Yes - Agriculture has said that they could use $200 million in loan authority for rural broadband projects and $200 million in authority for rural Internet Service Providers (in those areas where there currently is no dial-up ISP service).

However -- this uses almost no BA (less than $1.5 million) because it is at Treasury rate of interest and they have had no defaults.

So we could still have money for a grant program at Agriculture as well.

6. Can Dorothy proposal be done w/ more existing money?

Dorothy is still looking into this, but she believes that it can be. Will get you further information ASAP.

7. Total amount for e-commerce & trade promotion:

$50 million (without new MEP centers)
$75 million (with new MEP centers)

$50 million covers:

- technical assistance to help small and medium-sized companies adopt e-commerce (+$15 million)

- Use of Internet to put an export counselor on every desk top (+$15 million)

- Reduction of standards as non-tariff barriers (+$10 million)

- Strengthening electronic linkages between manufacturers and their suppliers ($10 million)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Eric P. Liu (CN=Eric P. Liu/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-DEC-1999 08:31:03.00

SUBJECT: housing vouchers

TO: Anna Richter (CN=Anna Richter/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
---------------------- Forwarded by Eric P. Liu/OPD/EOP on 12/23/99 08:30 AM ---------------------------

Andrea Kane
12/16/99 09:05:52 PM
Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: Cynthia A. Rice/OPD/EOP@EOP, Paul J. Weinstein Jr./OPD/EOP@EOP
Subject: housing vouchers

Right now, OMB has approved 100,000 vouchers, of which 18,000 are for homeless. HUD opposes any vouchers designated for Welfare-to-Work. HUD is also now asking for another 20,000 related to the Low Income Housing Tax Credit, but it sounds like OMB can fight that battle.

In terms of adding new vouchers tied to bold goals, the message we're getting from HUD is Cuomo strongly supports more vouchers, but opposes targeting for a particular population or allocating them in any way other than a 'fair share' formula to housing authorities to help them address their waiting lists. He might be willing to accept a rhetorical goal that involved no actual targeting or policy changes (though Jacquie hasn't been able to check with him because he's ill).

Nevertheless, we asked HUD to tell us what goal they could accomplish with a certain number of vouchers over a 5 year period. HUD staff have shared one 'unofficial' option that does not yet have the Secretary's blessing. With 180,000 more vouchers each year for 5 years we could give vouchers to all the most hard-pressed working families with children under 12. These would be distributed to housing authorities on a formula to be used only for the target population. Families living in public housing who met the target criteria would also be eligible. HUD also thinks it makes good policy and politics to also propose 20,000 vouchers a year for the disabled with worst case housing needs (pay more than 50% of income for rent or live in substandard housing). This makes a total of 200,000 new vouchers a year, on top of the 120,000 'fair share', homeless, and LITC vouchers . The '01 cost for 300,000 is $1.7 B in '01 (though outlays are much lower), and the 5 year cost for 1.5 B vouchers is $27 B!

We think this is a decent way to both talk about and target a significant investment in new vouchers. OMB agrees, but does not think we can handle out year costs of this magnitude. One way to slice costs roughly in half is to on families with kids under 6. The proposed target population (defined as working families with children with income below 30% of area median, with earnings equivalent to half-time at mininum wage--roughly $5,000) includes many families moving from welfare to work, so we could meet the spirit of the WTW vouchers without the competitive process that the Hill didn't like.

Helping people escape public housing:
HUD opposes targeting new vouchers for the explicit purpose of helping families escape public housing. OMB also says this will be a very tough sell to housing authorities, and therefore on the Hill. The good news is there are some other significant initiatives in the HUD buget to speed up efforts to get rid of the worst public housing. Families moving out of these places can get vouchers and they don't count against our incremental number, so we can generally say our budget is both helping people move out of the worst projects and helping more hard-pressed working families.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sonya N. Hebert (CN=Sonya N. Hebert/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:27-DEC-1999 16:32:24.00

SUBJECT: cabinet activity

TO: Irma L. Martinez (CN=Irma L. Martinez/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
Hi Irma, thanks for your help. I just have a couple of questions in bold below about some things coming up. As i mentioned, we are looking for things that might make press for the President during his time down this week. Thanks again.

Treasury: Regulations will be finalized requiring info reporting - income reporting, by U.S. persons who own interests in foreign partnerships. Prior to the legislation authorizing the regulations, it was not required to report this info., and Treasury believes that significant tax receipts were lost. Scheduled for Late Dec. what date?? What is the press plan on the release of these regs? can you get a better description of what the regs will do?

Treasury: Final regulations on the low-income housing tax credit will be issued implementing certain recommendations made by the GAO in a 97 report to Congress. The regs will provide for improved oversight by state and local housing agencies of low-income housing projects qualifying for the credit. Late dec. what date? press plan if any?? better description for this one as well.

Interior: DOI and FWS are reviewing the effects of DDT and PCB contamination off the coast of Los Angeles. Starting in the 40 ,s DDT and PCBs were released into the LA county sewer system for over two decades. This review will help FWS decide whether to support a legal case against the responsible parties. Are they releasing a report? what date?? press plan???

SAMHSA will be releasing the Drug Abuse Warning Network report. This is an annual report which shows this year there have been a stable number of total drug-related episodes in hospital emergency rooms. ONDCP will be sent an information copy. between Christmas and New Years what date?? Press plan?? Can i get some additional info on this, ie. what are drug-related episodes? Better description?

Transportation: Buckle Up America) what is this?? what date will this happen??

THANKS !!!! Hope your holidays are going well!!

sonya

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Xavbriggs@aol.com (Xavbriggs@aol.com [UNKNOWN])

CREATION DATE/TIME: 9-JAN-2000 23:13:37.00

SUBJECT: Re: Per our conversation - APIC

TO: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: xavier_briggs@hud.gov (xavier_briggs@hud.gov [UNKNOWN])
READ:UNKNOWN

CC: ana_marie_argilagos@hud.gov (ana_marie_argilagos@hud.gov [UNKNOWN])
READ:UNKNOWN

CC: david_kass@hud.gov (david_kass@hud.gov [UNKNOWN])
READ:UNKNOWN

CC: ariel_zwang@hud.gov (ariel_zwang@hud.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
natasha --

below is the revised paragraph on APIC. as for the rest of your list, ariel
can help you get simple, punchy text on EZ/EC (full funding of second round
is what we're after) and EDI/108 (a grant program and loan guarantee
program
respectively, they often work together in particular deals. we'll tout the
good stuff EDI/108 have long done and mention "encouraging financial
participation by low-income new market communities themselves" - the
"community equity" aspect we sent you paper on a few weeks back). but the
low
income housing tax credit (LIHTC) is treasury's baby.

i just wrote the APIC example tonight, so if you need something different
or
simpler, lemme know.

and though i'll be bouncing b/t boston and DC, ana marie argilagos will
continue to function as my special assnt--can track me down, keep me
synched
with your process, connect with other folks in HUD to keep trains on time,
etc. she's reachable via 708-4230.

coupla features of APIC in case you need to further re-write or simply
condense, FYI:

* our request for 2001 matches that for 2000: $36M in credit subsidy and
$1M
for administration to set up the program (the latter is in HUD's "salaries

and expense" acct).

* APICs would be able to invest equity as well as certain preferred forms
of
debt. our material has always emphasized the equity aspect cuz of the
so-called "equity gap" confronting most low and mod income areas, but to be
accurate, you can't say "APICs will invest equity [only]..." to ensure that
APICs can make true equity investments (given that they will be borrowing
and
have payments to make on that debt), we'll have to be able to approve
debentures (the debt instrument) with "zero coupon" features (such as no
payments of principal OR interest for first five years). this gets
technical
fast.

* the APIC bill recognize that two agencies cannot "co-run" a complex,
high-financial-stakes program. HUD is accountable for the program and will
staff it. SBA will support. my write-up reflects that but gives each agency
its due in the way of experience and strengths. it also notes that APIC is
modeled after two winning programs (SBA's and OPIC's). truth be known, the
SBIC program at SBA is the grandfather, cuz OPIC's INvestment Funds program
is modeled after SBIC. APIC is the 3rd generation.

-- xav

America's Private Investment Companies (APICs). APICs will stimulate
large-scale private investment in untapped markets by leveraging private
equity capital with government guaranteed loans. APIC is venture capital
for
low and moderate income areas with promising business opportunities witing
to
be tapped. Under this program, investors will put a minimum of $25 million
in
equity capital into new private investment partnerships managed by
experienced fund managers. The Federal government will then provide twice
the
equity amount in guaranteed debt, which--since it is borrowed at favorable
rates--will thereby extend the investors' return. Every dollar of private
equity is at risk ahead of the taxpayer-guaranteed debt, thus ensuring
disciplined, market-driven decisions by the private investment companies.
This approach is modeled after the successful investment company programs
at
SBA (focused on small business only) and the Overseas Private Investment
Corporation (limited to certain kinds of investment funds operating
overseas).

APICs will invest in large-scale businesses that are expanding or
relocating
in inner cities and rural areas. HUD will license the investment companies
and design and run the program with support from SBA. This partnership
blends
HUD's expertise in large-scale economic development in distressed areas

with
SBA's expertise in venture finance. The APIC program received an appropriation of $20 million in credit subsidy (enough to guarantee about $540 million in debt and leverage an additional $270 million in private equity capital) in FY2000, subject to Congressional enactment of authorizing
legislation. In FY2001, the Administration proposes $36 million in credit subsidy and will continue to work with Senator Sarbanes and Congressman LaFalce (who introduced this legislation in Congress last year), as well as other Congressional leaders to ensure the authorization of APIC so that this
break-the-mold program may be launched.

APIC Example: An Investment Company and a First Investment

Five large banks in the multi-state Region X decide to pool $10 million apiece in equity capital commitments and apply for an APIC license. The banks
have recruited an exerienced fund management team that includes expertise in
community development investments and particular strengths in manufacturing and distribution businesses. The investors (banks) generate significant interest among the mayors, county leaders, and other elected officials in their Region, as well as the Region's governors. These leaders are eager to facilitate the investments of the new investment company--called The Region X
Venture Company--if its license application is successful, and have even committed to using Community Development Block Grant funds, State tax credits, and other funding to make projects viable. As part of the license application, the fund management team, working with its investors, outlines and presents a business strategy--focused on the Region's distinctive manufacturing and distribution prospects--and performance targets.

Under a competitive review process carried out with SBA, HUD approves the application for the Region X Venture Company. Its $50 million in equity capital commitments (from the banks) make it eligible for $100 million in Federal guaranteed debt. With its strong networks in the region and pre-application strategy efforts, the Company already has significant "deal flow" -- strong investment proposals that are reviewed for their growth potential. One month after receiving its license, the Company applies to the
APIC program staff to issue its first guaranteed debt. The first deal is a state-of-the-art assembly plant to be located in a rural county recovering from the loss of its earlier industrial and timber base. The Company will invest $4 million in equity and $6 million in low-interest debt. The State will award $500,000 of HUD Community Development Block Grant funds as a grant
to buy down the up-front land acquisition and site preparation costs. A bank
will come in with additional debt financing to help cover inventory and early
operating costs. The project will be a joint venture between a statewide community development corporation and a large manufacturing chain looking to

expand in the region.

The APIC staff at HUD quickly reviews the project for its consistency with
the public purpose of the program (the assembly plant is to be located in
an
eligible low income area, the Company is otherwise fulfilling the terms of
its license, and the project has met appropriate environmental
requirements).
APIC staff do not review the financials of the deal since the Company's
equity capital is fully at risk ahead of the government's prospective
interest--the guaranteed debt. APIC staff approve the debt issue,
debentures
are sold to an interim finance entity, and a few days later, the Company
has
the funding it needs to carry out the investment. Over the next two years,
nine more approved investments, some in rural areas and some in the
inner-city neighborhoods of the Region's two largest cities, round out the
Company's portfolio, with the Company having no more than the approved $100
million in Federally guaranteed debt outstanding at any one time. Like any
good portfolio, the Company's carefully chosen portfolio of 10 investments
diversifies the investors's risk or "exposure" should any of the
investments
fail or yield a much lower-than-expected return. Since most of its
investments involve sizeable real estate financing, the Company winds up
its
portfolio after 15 years (the maximum term of the Federally guaranteed debt
approved by APIC is 21 years). In the interim, the Company has made
interest
payments on the guaranteed debt and offered some dividends to investors. At
wind up, the debt principal is repaid and all after-tax profits are
distributed to the investor banks.

[it can get more confusing than most need: an interim financing agent
purchases the debt (in the form of debentures) on the spot, pools this debt
with other APIC debentures over the next 3 months and then sells shares of
the debt in the form of trust certificates on Wall Street.]

----------------------- Headers --------------------------------
Return-Path: <Natasha_F._Bilimoria@opd.eop.gov>
Received: from rly-yg02.mx.aol.com (rly-yg02.mail.aol.com [172.18.147.2])
by
air-yg05.mail.aol.com (v67.7) with ESMTP; Sun, 09 Jan 2000 17:00:41 -0500
Received: from eop2.eop.gov (eop253.eop.gov [198.137.241.53]) by rly-yg0

In a message dated 1/9/00 5:00:41 PM Eastern Standard Time,
Natasha_F._Bilimoria@opd.eop.gov writes:

<< America?s Private Investment Companies (APICs). APICs will encourage

private investment in untapped markets by providing loan guarantees to the debt issued by these funds. Under this program, investors will put a minimum of $ ___million in equity into new private investment partnerships to be known as APICs, managed by staff with a balance of experience in private investing and in community development. HUD and SBA, working together, will provide up to another $200 million in loan guarantees for each. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities and rural areas. Under the financing structure, the private investors? funds are at risk ahead of the government. However, the individual investment decision must be approved by the government for consistency with the public policy mission of the program?NEED TO CONFIRM THIS WITH HUD. APICs received $20 million in appropriations in FY2000, subject to enactment of authorizing legislation. In FY2001, the Administration proposes $37 million and will continue to work with Senator Sarbanes, Congressman LaFalce (who introduced this legislation in Congress last year) and others to ensure authorization of this legislation.

---------------------- Headers --------------------------------
Return-Path: <Natasha_F._Bilimoria@opd.eop.gov>
Received: from rly-yg02.mx.aol.com (rly-yg02.mail.aol.com [172.18.147.2]) by air-yg05.mail.aol.com (v67.7) with ESMTP; Sun, 09 Jan 2000 17:00:41 -0500
Received: from eop2.eop.gov (eop253.eop.gov [198.137.241.53]) by rly-yg0
>>

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-JAN-2000 17:29:57.00

SUBJECT: My conversation with Xav

TO: Ariel_M._Zwang@hud.gov (Ariel_M._Zwang@hud.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
I spoke with Xav briefly this afternoon about getting some of HUD's comments on some SOTU paper I'm doing right now--specifically on APICs. the attached email is what I sent to Xav. I would appreciate your comments as well. Regarding the info on FY 2001 for EZ/EC, EDI and the Low income Housing Tax Credit--all I need is a few sentences (5-6 tops) explaining what we are doing in 2001 in those programs.

thanks so much. natasha.
---------------------- Forwarded by Natasha F. Bilimoria/OPD/EOP on 01/09/2000 05:27 PM ---------------------------

Natasha F. Bilimoria
01/09/2000 04:58:58 PM
Record Type: Record

To: xavbriggs@aol.com @ inet
cc:
Subject: Per our conversation

Below is the paragraph I have on APICs. I'd appreciate your edits wherever you see fit. I'm look to be as concise and clear about how APICs work--so what ever you think is best would be most appreciated. As we also discussed, I also need an example of an APIC and how it would work. Finally, if possible I also need a few sentences on the what we are doing in FY2001 (funding plus some narrative) for: EZ/ECs, HUD's EDI program and the Low Income Housing Tax Credit. As I mentioned, I am working on an incredibly tight deadline, so I'd really appreciate your comments as soon as possible. I will also send this info to Ariel as you requested.
Thanks for all your help Xav--not only on this but on the other things we have worked on. Good luck in Boston and hope to keep in contact. Thanks.

America ,s Private Investment Companies (APICs). APICs will encourage private investment in untapped markets by providing loan guarantees to the debt issued by these funds. Under this program, investors will put a minimum of $ ___million in equity into new private investment partnerships to be known as APICs, managed by staff with a balance of experience in private investing and in community development. HUD and SBA, working together, will provide up to another $200 million in loan guarantees for each. APICs will make equity investments in larger businesses that are expanding or relocating in inner cities and rural areas. Under the financing structure, the private investors , funds are at risk ahead of the government. However, the individual investment decision must be approved by the government for consistency with the public policy mission of the program *NEED TO CONFIRM THIS WITH HUD. APICs received $20 million in appropriations in FY2000, subject to enactment of authorizing legislation. In FY2001, the Administration proposes $37 million and will continue to work with Senator Sarbanes, Congressman LaFalce (who introduced this legislation in Congress last year) and others to ensure authorization of this legislation.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Natasha F. Bilimoria (CN=Natasha F. Bilimoria/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-JAN-2000 16:59:12.00

SUBJECT: Per our conversation

TO: xavbriggs@aol.com (xavbriggs@aol.com @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:
Below is the paragraph I have on APICs. I'd appreciate your edits wherever you see fit. I'm look to be as concise and clear about how APICs work--so what ever you think is best would be most appreciated. As we also discussed, I also need an example of an APIC and how it would work. Finally, if possible I also need a few sentences on the what we are doing in FY2001 (funding plus some narrative) for: EZ/ECs, HUD's EDI program and the Low Income Housing Tax Credit. As I mentioned, I am working on an incredibly tight deadline, so I'd really appreciate your comments as soon as possible. I will also send this info to Ariel as you requested.
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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:11-JAN-2000 08:56:43.00

SUBJECT: Re: Paragraph on homeless initiative

TO: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: cynthia a. rice (CN=cynthia a. rice/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

CC: jeanne lambrew (CN=jeanne lambrew/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

CC: andrea kane (CN=andrea kane/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

CC: stephen w. ruszczyk (CN=stephen w. ruszczyk/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: andrew j. scott (CN=andrew j. scott/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: devorah r. adler (CN=devorah r. adler/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

CC: j. eric gould (CN=j. eric gould/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

CC: katherine l. meredith (CN=katherine l. meredith/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: patrick aylward (CN=patrick aylward/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: mary l. smith (CN=mary l. smith/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

TEXT:
Steve, speaking of vouchers, we're still waiting to see the proposed
budget language for homeless and WTW vouchers. Will there also be language
for the LIHTC vouchers?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Alan B. Rhinesmith (CN=Alan B. Rhinesmith/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:12-JAN-2000 17:59:09.00

SUBJECT: Re: Community Budget Chapter

TO: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Alexandra Gianinno (CN=Alexandra Gianinno/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Katherine L. Meredith (CN=Katherine L. Meredith/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: James F. Jordan (CN=James F. Jordan/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
I think what we intend to say here is that the overall effect of the
LIHTC, after adjusting the volumn cap, will be to lower rents on average
$450 per month. We'll check and clarify the statement in the next pass.

ar
---------------------- Forwarded by Alan B. Rhinesmith/OMB/EOP on
01/12/2000 05:55 PM ---------------------------

Katherine L. Meredith
01/12/2000 01:18:26 PM
Record Type: Record

To: Alexandra Gianinno/OMB/EOP@EOP
cc: Alan B. Rhinesmith/OMB/EOP@EOP, James F. Jordan/OMB/EOP@EOP
Subject: Re: Community Budget Chapter

Please note below.
---------------------- Forwarded by Katherine L. Meredith/OMB/EOP on
01/12/2000 01:18 PM ---------------------------

Sarah Rosen Wartell
01/12/2000 01:01:56 PM
Record Type: Record

To: Andrea Kane/OPD/EOP@EOP
cc: francis s. redburn/omb/eop@eop, james f. jordan/omb/eop@eop, katherine l. meredith/omb/eop@eop
bcc:
Subject: Re: Community Budget Chapter

I am afraid I haven't followed the housing programs in the budget this year. No one at NEC has been really involved this year. Lisa was just too swamped on NMs and now we don't have anyone. I will look but I will largely defer to OMB. Our primary focus in reviewing is on the NM stuff. I assume OVP is looking and will give special scrutiny to the EZ/EC section.

I hope steve can answer your LIHTC question. If not, michael barr certainly can.

Andrea Kane
01/12/2000 10:07:31 AM
Record Type: Record

To: Sarah Rosen Wartell/OPD/EOP@EOP
cc: Francis S. Redburn/OMB/EOP@EOP, James F. Jordan/OMB/EOP@EOP, Katherine L. Meredith/OMB/EOP@EOP
Subject: Community Budget Chapter

Sarah, I assume you're looking at the home ownership descriptions in above chapter; I'll be sending in a few edits on the housing vouchers. What ever happened to the Treasury homeownership tax credit initiative?

OMB: I'm no expert on LIHTC, but I was just curious about statement that restoring value of LIHTC will help reduce rents by avg of $450/month -- seems like a lot. Can you just briefly tell me how that is calculated? Also, wouldn't we also want to mention the $50 M voucher success language in the same paragraph as the new vouchers?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-JAN-2000 13:02:02.00

SUBJECT: Re: Community Budget Chapter

TO: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: james f. jordan (CN=james f. jordan/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: katherine l. meredith (CN=katherine l. meredith/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: francis s. redburn (CN=francis s. redburn/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

TEXT:
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01/12/2000 10:07:31 AM
Record Type: Record

To: Sarah Rosen Wartell/OPD/EOP@EOP
cc: Francis S. Redburn/OMB/EOP@EOP, James F. Jordan/OMB/EOP@EOP, Katherine L. Meredith/OMB/EOP@EOP
Subject: Community Budget Chapter

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:12-JAN-2000 14:16:34.00

SUBJECT: housing voucher graph for SOTU

TO: Cynthia A. Rice (CN=Cynthia A. Rice/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
CR: things in brackets could be dropped to shorten further. I don't think we'd want to add a sentence here about the $50 M Voucher Success Fund to help make vouchers work better, because that'll just highlight the fact that they don't always work. But, in longer versions, we may want to include and I'm asking OMB about whether it should be mentioned in the Communities budget chapter (it wasn't in the draft we saw).

New Housing Vouchers for Hard-Pressed Working Families
The President ,s FY 2001 budget will include $690 million for 120,000 new housing vouchers to help America ,s hard-pressed working families. These housing vouchers subsidize the rents of low-income Americans, enabling them to move closer to job opportunities [-- many of which are being created far from where these families live]. Of the 120,000 new housing vouchers, 32,000 will be targeted to families moving from welfare to work, 18,000 to homeless individuals and families, and 10,000 to low-income families moving to new housing constructed through the Low Income Housing Tax Credit, with the remaining 60,000 vouchers allocated to local areas to help address the large unmet need for affordable housing. [These new vouchers build on the 110,000 new housing vouchers secured through the President ,s leadership in the past two years.]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Alexandra Gianinno (CN=Alexandra Gianinno/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:13-JAN-2000 12:44:38.00

SUBJECT: Community Budget Chapter: LIHTC question

TO: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Adam Hoffberg (CN=Adam Hoffberg/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: James F. Jordan (CN=James F. Jordan/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Katherine L. Meredith (CN=Katherine L. Meredith/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Yvette M. Dennis (CN=Yvette M. Dennis/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
We have checked with HUD, Treasury and other sources for the LIHTC information. The $450 rent reduction was from the 1997 GAO report and that number has not been updated nor does that sentence make sense given that an increase in the volume cap will not actually reduce rents. An increase in the amount of tax credit available will make more affordable units available to low income people.

We have changed the sentence to read:

Increasing the volume cap will restore the value of the tax credit, which has eroded over the last decade due to an increase in building costs, which will allow for the production of more affordable housing with rents that are approximately 25 percent less than the average Fair Market Rent.

Alex

---------------------- Forwarded by Alexandra Gianinno/OMB/EOP on 01/13/2000 12:31 PM ---------------------------

Andrea Kane
01/12/2000 10:07:31 AM

Record Type: Record

To: Sarah Rosen Wartell/OPD/EOP@EOP
cc: Francis S. Redburn/OMB/EOP@EOP, James F. Jordan/OMB/EOP@EOP,
Katherine L. Meredith/OMB/EOP@EOP
Subject: Community Budget Chapter

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Also, wouldn't we also want to mention the $50 M voucher success language in the same paragraph as the new vouchers?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:13-JAN-2000 20:40:44.00

SUBJECT: Re: Community Budget Chapter: LIHTC question

TO: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
thanks - I trust you guys will resolve this - I don't need to be in the
subsequent loops

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Cliff.Kellogg@do.treas.gov (Cliff.Kellogg@do.treas.gov [UNKNOWN])

CREATION DATE/TIME:13-JAN-2000 18:49:17.00

SUBJECT: EZ language

TO: Sarah Rosen Wartell (CN=Sarah Rosen Wartell/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Date: 01/13/2000 06:39 pm (Thursday)
From: Cliff Kellogg
To: ex.mail("Sarah_Rosen_Wartell@opd.eop.gov")
Subject: EZ language

To be inserted on p.4 after 3d complete para. Still trying to get LIHTC
para. reviewed.
- EZ.DOC==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D0]ARMS20917532W.046 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT 1 ==================

The President's FY2001 budget proposes a series of measures to extend and improve economic growth in the 31 existing Round I and Round II Empowerment Zones and also proposes to create a Third Round of 10 new Empowerment Zones. The total budget cost of the President's proposals is approximately $4 billion over 10 years. To encourage employment and growth, the budget proposes to extend until 2009 the wage credit currently available only for Round I Zones through 2004, and to make the wage credit also available in Round II and Round III Zones through 2009. To lower the cost of investment for small businesses in Empowerment Zones, the budget proposes to allow them to deduct an additional $35,000 in investments above the normal small business investment deductions. The proposal will also allow local governments to issue tax-exempt bonds on behalf of Empowerment Zone businesses. Finally, the President's proposal would permanently extend the Brownfields Tax Incentive in Empowerment Zones.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Francis S. Redburn (CN=Francis S. Redburn/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:13-JAN-2000 20:14:02.00

SUBJECT: Re: Community Budget Chapter: LIHTC question

TO: Andrea Kane (CN=Andrea Kane/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: james f. jordan (CN=james f. jordan/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: katherine l. meredith (CN=katherine l. meredith/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: yvette m. dennis (CN=yvette m. dennis/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: adam hoffberg (CN=adam hoffberg/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: francis s. redburn (CN=francis s. redburn/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: alexandra gianinno (CN=alexandra gianinno/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

TEXT:
Just saw this. I doubt that rents for LIHTC projects average 25 percent less than the FMR/voucher payment standard. I believe that, on average, the two are about the same. Alex, please double check this figure with Jill Khadduri or someone else at HUD.