URBAN AMERICA

Background Material

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URBAN ISSUES
BACKGROUND MATERIALS

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THE AMERICAN ECONOMY AND THE CITIES

Urban Population Losses have Slowed -- with cities as diverse as New York, San Francisco, Kansas City, Atlanta and Seattle beginning to grow once again. The aggregate population of the nation's fifty largest cities grew by more than 450,000 between 1990 and 1994.

Unemployment is Down -- to 5.1% nationally, a drop of 2.41 percentage points from 4 years ago. In the fifty largest cities the unemployment rate has dropped even more, 2.46 percentage points -- from 9.11% in June 1992 to 6.65% in June 1996. Unemployment in Detroit declined by 6.67 percentage points; Chicago by 3.94%, Philadelphia by 2.34%, Baltimore by 2.01%, New York by 2.45%, Cleveland by 4.09%, Atlanta by 3.97%, Akron by 3.19% and Oakland by 3.34%.

New Jobs are Up -- a total of 10.5 million, over 90% of them in the private sector. Real wages are increasing for the first time in a decade. In America's 50 largest cities, 1,043,365 more city residents are working than four years ago. Between 1992 and 1994, real per capita income rose by almost 6% in St. Louis, 4.4% in New Orleans and by almost 3% in Baltimore.

Industry has Recovered -- 916,000 construction jobs created since January 1993, compared to a loss of 667,000 construction jobs in the previous four years. The economy has added 186,000 new manufacturing jobs since January 1993, a stark contrast to the 2.1 million manufacturing jobs that were lost in the previous eight years.

Violent Crime is Down -- the first three-year decline for the entire nation since 1960. In the nation's fifty largest cities violent crime fell 6% in 1995, and 13% from 1992-1995. Over the same three-years, violent crime fell by 26% in New York City, by 21% in Los Angeles and San Franscisco, and by 8% in Boston.

Homeownership is up -- to 65.4% of all households in the second quarter of 1996, the highest homeownership rate in fifteen years. Today, more Americans own their own homes than ever before, with a total of 4.4 million new homeowners nationally since January 1993. More than 680,000 additional central city residents have become homeowners since 1990. And in just the last three years, the share of total urban mortgage lending in historically underserved neighborhoods in our central cities increased by 20%.

Shrinking Deficits Help Cities -- to $116 billion, down by more than half compared to four years ago, to the lowest share of the total economy since 1974. Cities, local school districts and states across the country, saved over $3 billion by refinancing an estimated $100 billion in debt in 1993 alone.

REBUILDING AMERICA'S DISTRESSED COMMUNITIES IN THE NEW ECONOMY

President Clinton's New Proposals for Strengthening Urban America

September 1996

Under President Clinton, urban America is leading the economic recovery and cities are coming back. All across America, city after city is returning as an engine of growth for their local regions and for the country. President Clinton is committed to building on this success to empower distressed inner-city neighborhoods and their families to seize the new sources of prosperity and opportunity in the new economy. President Clinton is pursuing the following proposals to help America and its families move forward into the 21st century.

President Clinton Is Committed to Building on the Successes of the Empowerment Zones and Enterprise Communities

- A second round of empowerment zones and enterprise communities with $2 billion for tax incentives and $1 billion for direct grants and loans
- Targeted welfare to work credit for businesses who hire EZ residents who are on welfare
- EZ tax benefits to employers outside of the Empowerment Zone who hire Zone residents

President Clinton Is Committed to Ensuring that Private Capital Is Available for Businesses and Homeownership

- A total of $1.7 billion in Federal co-investment in Community Development Financial Institutions (CDFIs) over the next six years
- A 25% tax credit for investments in for-profit CDFIs to spur private sector investment in community development banks and venture capital funds
- Elimination of capital gains taxation for virtually all primary residences

President Clinton Is Committed to Cleaning Up and Redeveloping America's Urban Waste Sites

- Doubling of the pace of Superfund clean-ups over the next four years -- to 500 sites.
- Challenge to clean-up and redevelop 5,000 brownfields sites by 2000, producing thousands of new jobs and generating substantial new sources of sustainable growth
- $2 billion tax incentive -- immediate expensing -- to all firms that clean up brownfields located in distressed communities
- $250 million in EPA grants and loans for remediation
- $100 million in Economic Development Initiative to link cleanup with redevelopment and re-use

President Clinton Is Committed to Transforming Public Housing

- Challenge to demolish 100,000 dilapidated public housing units by the year 2000
- Enactment of comprehensive reform of public housing laws to accelerate demolition and replacement of deteriorated public housing, reduce crime and reward working families
- $340 million for anti-crime grants in public housing
- Crack down on mismanagement in troubled public housing agencies

President Clinton Is Committed to Making Welfare Reform Work

- Welfare-to-Work Jobs Challenge to create job opportunities for the hardest-to-employ welfare recipients. This challenge includes a targeted $10,000 Welfare-to-Work Tax Credit for employers and a $3 billion Welfare-to-Work Jobs Initiative to encourage states and localities to work in cooperation with the private sector and other employers

- Partnership with states to ensure that absent parents meet their responsibilities to support their children

President Clinton Is Committed to Helping Homeless Families and Individuals Move Off the Streets and Into Transitional Housing and Greater Self-Sufficiency

- $1.1 billion in homeless funding, a $300 million increase
- Consolidation and simplification of all homeless programs into one Homeless Assistance Fund
- Greater emphasis on addressing the unique needs of homeless persons with mental illness

President Clinton Is Committed to Keeping America's Streets Safe

- Protection of funds that put 100,000 cops on the street
- Extension of Brady Bill to keep guns out of the hands of domestic abusers
- Broader and tougher implementation of "One Strike and You're Out" policies to keep gang members, drug dealers, and violent criminals out of public housing
- Ban on the manufacture of "cop-killer" bullets
- Keeping drugs off our streets

President Clinton Is Committed to Enabling All Americans to Learn the Skills They Need to Thrive in the New Economy

- $2.75 billion "America Reads" Challenge to ensure that every child can read a book by age 8
- $2 billion Technology Literacy Challenge to leverage state, local and private sector support to connect every classroom and library to the Information Superhighway by the year 2000
- $5 billion School Construction Initiative
- Hope Scholarship Tax Cut to make two years of college as universal as four years of high school is today
- After-School Challenge to call on localities to keep schools, community centers, and churches open late and in the summer for young people
- Challenge to states and schools, businesses and colleges, principals and teachers, and students and parents to accept greater responsibility for achieving higher standards
- Lifelong learning available to every single American who wants to invest their time in learning new skills for a more rewarding future

HIGHLIGHTS OF PRESIDENT CLINTON'S URBAN RECORD
September 1996

<u>President's Economic Strategy Is Working for Urban America</u>

Unemployment in the nation is down to 5.1%, from 7.5% four years ago. In the 50 largest cities, the unemployment rate has dropped 2.5 percentage points

10.5 million new jobs have been created since January 1993. In America's 76 cities with populations over 200,000, 1.67 million more city residents are now working than in January 1993.

Violent crime is down, the first three-year decline for the entire nation since 1960. In the nation's 50 largest cities, violent crime fell over 13% from 1992 to 1995.

Homeownership is up to 65.4% of all households in the second quarter of 1996, the highest rate in 15 years. In a survey of just 40 of America's 50 largest metropolitan areas, there are now 2,828,000 more homeowners than in the end of 1992. Since 1993, home mortgage lending in low- and moderate-income neighborhoods increased by over 25%.

The Federal deficit is down by 60%, the lowest level as a share of the economy since 1974. In cities, local school districts and states nationwide, this federal fiscal responsibility has helped to save over $3 billion and helped to repair local and state fiscal capacity.

Competitiveness is up to first in the world for three straight years, after falling to fifth in 1992. Urban America's exporters generated $447.5 billion in export sales in 1994 alone, as much as the entire country generated in 1992.

<u>President Clinton Is Making Empowerment Zones and Enterprise Communities Work for America's Distressed Communities</u>

- Created 105 urban and rural empowerment zones and enterprise communities.
- The Zones and Communities are already improving America's cities. Every $1 in obligated EZ funds leverages $18 in private sector investment. In Detroit, thousands of new jobs have been created and $2 billion in private sector commitments have been made.

<u>President Clinton Is Working to Provide Private Capital to Expand Businesses and Buy Homes in Urban America</u>

President Clinton helped spur private investment in urban areas by:
- enacting legislation for Federal co-investment in Community Development Financial Institutions (CDFIs);
- reforming the regulations under the Community Reinvestment Act (CRA) to encourage banks and thrifts to make more investment capital available in distressed communities
- making the low-income housing tax credit permanent, preserving the incentive for the private sector to invest in the construction and renovation of affordable, private housing;
- implementing a homeownership strategy with 58 major housing and finance industry groups to expand affordable mortgage lending to low- and moderate-income neighborhoods; and
- implemented the Economic Development Initiative (EDI) to attract private investment and stimulate job creation in distressed communities.

Today, there is more capital available in distressed areas.
- 31 CDFIs will receive a capital infusion of $175 million.

- During the last three years alone, banks and thrifts under CRA pledged over $96 billion to community development lending and investment.
- Since 1993, home mortgage lending in low- and moderate-income neighborhoods increased by over 25%.
- $370 million in EDI has leveraged $2 billion in private investment, creating 70,000 jobs in 112 cities.

President Clinton Is Committed to Cleaning Up and Redeveloping America's Urban Waste Sites

- Streamlined Superfund. In three years, more toxic waste dumps were cleaned up than in the previous twelve years, and 27,000 sites were removed from the Superfund list.
- Launched the Brownfields Pilot Project, enabling 60 selected cities to clean up brownfields and convert them to job-generating sites.

President Clinton Has Launched a Bold Transformation of Public Housing

The President is implementing the most far-reaching changes in public housing in decades.
- Demolishing the nation's worst public housing projects -- like Chicago's Henry Horner Homes and Cabrini Green -- and replacing them with lower-density, townhouse-style apartments
- Cracking down on bad management, changing rules and incentives to reward residents who work, and cracking down on crime

The President's transformation of public housing is already turning around distressed neighborhoods.
- The Administration will tear down an unprecedented 30,000 dilapidated units in four years; far surpassing the 22,000 units demolished in the previous 12 years. Over 21,000 units have been demolished to date.
- Initiated Campus of Learners program to convert public housing communities into learning centers that will link residents to job training, educational opportunities, and the Information Superhighway
- Implemented tougher screening and eviction procedures, community policing and tougher law enforcement to crack down on gangs, drugs and violent crime in public housing

President Clinton's Welfare Reforms Are Providing Opportunities for Urban America.

- Helped 43 states end welfare as they knew it, enabling them to move forward with 78 of their own experiments to help move more people from welfare to work
- Expanded the Earned Income Tax Credit for 15 million working families
- Signed into law an increase in the minimum wage
- As a result, 15 million low- and moderate-income working families already earn more after taxes; welfare roles have declined by 1.8 million persons; and child support collections are up 40% to $11 billion
- Signed the welfare reform bill

President Clinton Is Committed to Reducing the Number of Homeless People on the Streets

- Increased funding from $571 million in FY 1993 to $1.1 billion in FY 1995; as a result, assisted 823 housing providers in 345 communities, up from 215 providers in 129 cities in the previous four years
- Implemented a "continuum of care" strategy which moves beyond providing emergency shelters to helping homeless persons move out of the streets and into transitional and permanent housing and self-sufficiency
- Are serving 14 times the number of homeless individuals than in 1993

President Clinton Is Committed to Keeping America's Streets Safe

In 1994, the President fought for and won passage of a tough, smart crime bill that includes:

- funding to put 100,000 community police officers on the streets
- a Three Strikes and You're Out provision to put career violent criminals behind bars for life
- an expanded death penalty
- funding for 100,000 more prison cells
- increased penalties for sex offenders

President Clinton stood up to the gun lobby.

- Passed the Brady Bill which provides for a 5-day waiting period and background check for gun purchases
- Passed the Assault Weapons ban, barring the manufacture and importation of 19 of the deadliest assault weapons

President Clinton is ending the scourge of domestic violence and the violence in our schools and communities.

- Tripled funding for battered women's shelters
- Bolstered local law enforcement, prosecution, and victims services to better address violence against women
- Enforcing a zero-tolerance gun policy in schools
- Protected funding for Safe and Drug-Free Schools
- Instituted a One Strike and You're Out policy to screen out and evict gang members, drug dealers and violent criminals from public housing

The President's fight against crime is paying off.

- Brady Law has stopped more than 60,000 felons, fugitives and others from buying guns.
- Violent crime has gone down in each and every year of the Clinton Administration.
- The epidemic of cocaine use is finally abating, with cocaine use dropping by 30% since 1992.
- Juvenile crime is finally beginning to come down. Since 1993, the juvenile murder rate has dropped by nearly 23%.

President Clinton Is Working to Enable All Americans to Learn the Skills They Need to Thrive in the New Economy

President Clinton has expanded educational opportunity for all Americans.

- Increased funding for Head Start
- Signed the Goals 2000 Act and the Improving America's Schools Act to strengthen academic standards
- Launched initiative to link every child in every classroom to the Information Superhighway
- Signed the School-to-Work legislation to expand work-based learning opportunities for high school students
- Increased Pell Grants to help low- and moderate-income families pay for college
- Transformed the student loan program
- Signed into law the AmeriCorps program to enable young people to earn money for school while serving their communities

American Education Is Beginning to Answer the Challenge under President Clinton.

- The proportion of high school students taking the tough core of academic subjects has increased to 52% in 1994, up from 40% in 1990.
- A higher proportion of students are graduating from high school: achievement on college entrance exams is rising with drop out rates for African-Americans and Whites dropping.
- More high school graduates are going to college, reaching an all-time high in 1994.

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: 1

Employment Data for the 50 Largest Cities and their Metropolitan Areas

Unemployment Rate by Place of Residence

R	City	MSA/PMSA			City			Suburbs*		
		July 1992†	July 1996†	Change†	July 1992†	July 1996†	Change†	July 1992†	July 1996†	Change†
1	New York	11.2%	8.4%	-2.8%	11.7%	9.1%	-2.6%	8.8%	4.9%	-3.8%
2	Los Angeles	10.8%	8.9%	-1.9%	12.7%	10.1%	-2.6%	9.5%	8.1%	-1.4%
3	Chicago	7.7%	5.0%	-2.7%	10.0%	6.7%	-3.3%	6.5%	4.2%	-2.4%
4	Houston	7.0%	5.7%	-1.4%	8.6%	6.9%	-1.6%	5.6%	4.4%	-1.1%
5	Philadelphia	7.9%	5.5%	-2.4%	9.3%	7.0%	-2.3%	7.4%	5.0%	-2.4%
6	San Diego	7.3%	5.7%	-1.6%	7.4%	5.8%	-1.6%	7.2%	5.6%	-1.6%
7	Phoenix	6.8%	3.8%	-3.0%	7.4%	4.1%	-3.3%	6.3%	3.6%	-2.8%
8	Dallas	6.6%	4.2%	-2.4%	8.3%	5.3%	-2.9%	5.5%	3.6%	-2.0%
9	San Antonio	6.3%	5.1%	-1.2%	7.1%	5.8%	-1.3%	4.5%	3.6%	-0.8%
10	Detroit	10.5%	5.6%	-4.9%	20.0%	11.1%	-8.8%	8.2%	4.3%	-3.9%
11	San Jose	6.5%	3.8%	-2.7%	7.6%	4.5%	-3.1%	5.3%	3.1%	-2.2%
12	Indianapolis	5.6%	3.5%	-2.2%	6.4%	4.0%	-2.4%	4.8%	2.9%	-2.0%
13	San Francisco	6.1%	4.6%	-1.5%	7.1%	5.5%	-1.6%	5.2%	3.8%	-1.4%
14	Baltimore	7.5%	5.5%	-2.0%	11.3%	8.1%	-3.2%	6.1%	4.6%	-1.5%
15	Jacksonville	7.1%	4.0%	-3.0%	7.5%	4.4%	-3.1%	6.0%	3.2%	-2.8%
16	Columbus	5.1%	3.0%	-2.1%	5.6%	3.3%	-2.3%	4.6%	2.7%	-1.9%
17	Milwaukee	5.0%	3.6%	-1.5%	6.6%	5.5%	-1.1%	4.0%	2.4%	-1.6%
18	Memphis	5.8%	4.1%	-1.8%	6.7%	5.0%	-1.8%	4.6%	2.9%	-1.7%
19	El Paso	10.8%	12.4%	1.6%	10.4%	11.9%	1.6%	14.6%	16.7%	2.1%
20	Washington	5.2%	3.8%	-1.4%	8.6%	9.3%	0.7%	4.7%	3.2%	-1.5%
21	Boston	7.8%	4.0%	-3.8%	8.6%	5.2%	-3.5%	7.7%	3.8%	-3.9%
22	Seattle	6.2%	4.2%	-2.0%	7.3%	4.9%	-2.4%	5.9%	4.0%	-1.9%
23	Austin	4.4%	3.3%	-1.1%	4.9%	3.7%	-1.2%	3.6%	2.7%	-0.9%
24	Nashville	5.1%	3.1%	-1.9%	5.0%	3.0%	-2.0%	5.1%	3.3%	-1.8%
25	Denver	5.4%	3.7%	-1.6%	6.7%	4.7%	-2.0%	4.8%	3.4%	-1.5%
26	Cleveland	7.2%	5.1%	-2.1%	13.3%	9.6%	-3.7%	5.8%	4.1%	-1.7%
27	New Orleans	7.7%	6.8%	-0.9%	8.0%	8.1%	0.1%	7.5%	6.1%	-1.4%
28	Oklahoma City	4.3%	3.3%	-1.0%	4.9%	3.7%	-1.2%	3.8%	3.1%	-0.8%
29	Fort Worth	6.6%	4.1%	-2.5%	8.7%	5.4%	-3.4%	5.7%	3.6%	-2.1%
30	Portland	6.2%	4.1%	-2.2%	7.4%	4.9%	-2.5%	5.8%	3.7%	-2.0%
31	Kansas City	4.6%	4.2%	-0.5%	6.8%	5.4%	-1.3%	3.8%	3.7%	-0.1%
32	Charlotte	6.0%	3.8%	-2.1%	5.7%	3.5%	-2.2%	6.1%	4.0%	-2.1%
33	Tucson	5.8%	3.8%	-2.0%	6.4%	4.2%	-2.2%	4.8%	3.1%	-1.7%
34	Long Beach**				5.8%	4.3%	-1.5%			
35	Virginia Beach	6.7%	5.0%	-1.7%	5.8%	4.3%	-1.6%	7.1%	5.3%	-1.8%
36	Albuquerque	5.0%	5.5%	0.5%	4.8%	5.3%	0.5%	5.5%	5.8%	0.4%
37	Atlanta	6.6%	3.8%	-2.8%	10.4%	6.3%	-4.1%	6.2%	3.5%	-2.6%
38	Fresno	12.3%	12.2%	-0.1%	10.8%	10.7%	-0.1%	13.6%	13.4%	-0.2%
39	Honolulu***	3.4%	5.2%	1.8%						
40	Tulsa	4.8%	3.2%	-1.6%	4.9%	3.3%	-1.6%	4.5%	3.1%	-1.5%
41	Sacramento	7.8%	6.2%	-1.5%	9.6%	7.8%	-1.8%	7.2%	5.7%	-1.5%
42	Miami	10.5%	7.5%	-3.0%	14.9%	10.8%	-4.1%	9.6%	6.8%	-2.8%
43	St. Louis	6.2%	4.7%	-1.5%	8.8%	7.7%	-1.1%	5.8%	4.2%	-1.5%
44	Oakland	6.6%	5.3%	-1.3%	10.3%	8.6%	-1.7%	5.9%	4.7%	-1.2%
45	Pittsburgh	7.1%	5.0%	-2.1%	7.3%	5.6%	-1.8%	7.1%	4.9%	-2.2%
46	Cincinnati	5.9%	4.1%	-1.8%	8.4%	5.8%	-2.6%	5.2%	3.7%	-1.5%
47	Minneapolis	4.4%	2.8%	-1.6%	5.3%	4.0%	-1.3%	4.3%	2.6%	-1.6%
48	Omaha	3.5%	3.0%	-0.6%	4.0%	3.5%	-0.5%	3.1%	2.4%	-0.7%
49	Las Vegas	7.5%	5.3%	-2.2%	7.3%	5.2%	-2.1%	7.6%	5.4%	-2.2%
50	Toledo	8.5%	4.8%	-3.7%	10.3%	5.8%	-4.5%	6.6%	3.7%	-2.9%
	Total	7.4%	5.2%	-2.2%	9.3%	6.8%	-2.8%	6.4%	4.4%	-2.1%

Notes: * Suburbs are the remainder of the Metropolitan Area less the central city.

** Los Angeles and Long Beach are in the same PMSA so Suburb data for the Los Angeles-Long Beach PMSA are reported with Los Angeles city data above.

*** BLS provides data only for the Honolulu MSA and not for the Honolulu CPD, which the Census Bureau defines as the central city of the Honolulu MSA.

† Due to differences in the method of calculating local area monthly data for 1992 and 1996 which result in higher seasonal variation in earlier years' data, BLS does not endorse the comparison of 1992 and 1996 monthly data. In addition, 1994 changes in the methods of the survey from which these data are compiled cause post-1993 unemployment rates to be somewhat higher than pre-1994 rates.

Source: Bureau of Labor Statistics.

KEY FACTS on CENSUS INCOME AND POVERTY REPORT

September 26, 1996

TODAY, THE CENSUS BUREAU RELEASED A REPORT ON INCOME AND POVERTY IN AMERICAN IN 1995. HERE ARE SOME OF THE RESULTS:

- **Typical Household Income Up $898 In 1995 -- Largest Increase In A Decade.** In 1995, median household income increased 2.7 percent -- or $898 -- in 1995 after adjusting for inflation, from $33,178 to $34,076 -- that's the largest one-year increase since 1986.

- **Typical Family Income Up $1,631 Since The President's Economic Plan Passed.** Median family income has increased from $38,980 in 1993 to $40,611 in 1995 -- that's a $1,631 increase in income, adjusted for inflation, since President Clinton's Economic Plan passed in 1993.

- **Under President Clinton, The Typical African-American Family's Income Is Up $3,000.** Since 1992, the median income of African-American families has increased from $22,923 to $25,970 -- that means their income was $3,047 higher in 1995 than the year before President Clinton took office.

- **The Largest Decline In Income Inequality In 27 Years.** In 1995, household income inequality fell, as every income group -- from the most well-off to the poorest -- experienced a real increase in their income for the second straight year. One measure of inequality -- the Gini coefficient -- dropped more in 1995 than in any year since 1968.

- **The Number Of People In Poverty Fell By 1.6 Million -- Largest Drop In 27 Years.** The number of people in poverty dropped 1.6 million, from 38.06 million in 1994 to 36.43 million in 1995 -- that's the largest one-year decline since 1968.

- **Poverty Rate Fell To 13.8 Percent -- Biggest Drop In Over A Decade.** In 1995, the poverty rate dropped from 14.5 percent in 1994 to 13.8 percent -- that's the largest one-year fall in the poverty rate since 1984. Since President Clinton's Economic Plan was signed into law, the poverty rate has declined from 15.1 percent in 1993 to 13.8 percent last year -- that's the biggest two-year drop in the poverty rate since 1973.

- **The African-American Poverty Rate Dropped To It Lowest Level In History.** In 1995, the African-American poverty rate declined from 30.6 percent to 29.3 percent -- that's the first time it dropped below 30 percent and its lowest level since data were first collected in 1959.

- **Elderly Poverty Rate Dropped To 10.5 Percent -- Lowest Level Ever.** In 1966, 28.5 percent of America's elderly citizens lived in poverty. In 1995, the elderly poverty rate declined from 11.7 percent to 10.5 percent -- that's a <u>new</u> record low for the elderly poverty rate.

- **Biggest Drop In Child Poverty In 20 Years.** In 1995, the child poverty rate declined from 21.8 percent to 20.8 percent -- that's the largest one-year drop since 1976. Since President Clinton's Economic Plan was signed into law, the child poverty rate has declined from 22.7 percent to 20.8 percent -- that's the biggest two-year drop since 1968.

- **Largest Drop In The Poverty Rate of Female-Headed Households In 30 Years.** In 1995, percentage of female-headed households living in poverty fell from 38.6 percent to 36.5 percent -- that is the largest one-year decline since 1966.

INCOME

Median Household Income:
1992: $33,278 1993: $32,949
1993: $33,178 1995: $34,076

- Up 2.7% in 1995 -- up $898 in real terms from 1994
- Largest increase since 1986
- $798 higher in 1995 than 1992
- Under Bush fell $1,795 between 1988 and 1992

Median Family Income:
1992: $39,727 1993: $38,980
1994: $39,881 1995: $40,611

- Up 1.8% in 1995 -- up $730 in real terms from 1994
- $1,631 increase since Economic Plan passed (1993)
- Under Bush fell $1,743 between 1988 and 1992

African American Families:
1992: $22,923 1993: $22,720
1994: $25,398 1995: $25,970

- Up 2.3% in 1995 -- up $572 in real terms from 1994
- Up 13.3% since 1992 -- $3,047 higher in real terms.
- Under Bush fell $1,978 between 1988 and 1992

INEQUALITY

Household Inequality:
1994: 0.456
1995: 0.450

- Largest decline in inequality since 1968
- Every income group rose for the 2nd straight year and every group is up since 1992
- Largest rise in share of income going to middle-class since 1968.
- Under Bush, every group's income <u>fell</u>

Family Inequality:
1993: 0.429
1994: 0.426
1995: 0.421

- Down two years in a row -- first time since 1974
- Largest two-year decline since 1968
- Every income group grew for 2nd straight year and every group is up since 1992

POVERTY

Overall Poverty:
1992: 14.8% 1993: 15.1%
1994: 14.5% 1995: 13.8%

- Largest drop in poverty rate since 1984
- Largest 2-year drop in poverty rate since 1973
- 1.6 million drop in people in poverty -- largest drop since 1968 (38.05 million in 1994 vs. 36.43 million in 1995)

Black Poverty:
1992: 33.4% 1993: 33.1%
1994: 30.6% 1995: 29.3%

- Lowest *EVER* -- Below 30%.
- Largest two-year drop since 1968

Elderly Poverty:
1992: 12.9% 1993: 12.2%
1994: 11.% 1995: 10.5%

- Lowest *EVER* -- 600,000 fewer than in 1992.
- In 1966, eldery poverty rate was 28.5%.

Female-Headed Households:
1992: 39.0% 1993: 38.7%
1994: 38.6% 1995: 36.5%

- Largest drop since 1966

Child Poverty:
1992: 22.3% 1993: 22.7%
1994: 21.8% 1995: 20.8%

- Largest drop since 1976
- Largest 2-year drop since 1968

11TH STORY of Level 2 printed in FULL format.

Los Angeles Times

July 29, 1996, Monday, Home Edition

SECTION: Part A; Page 5; National Desk

LENGTH: 1475 words

HEADLINE: RONALD BROWNSTEIN / WASHINGTON OUTLOOK;
FROM WHITE HOUSE TO A DREAM HOUSE, A FLOW OF FUNDS TO LIFT COMMUNITIES

BYLINE: RONALD BROWNSTEIN

DATELINE: BOSTON

BODY:

Crack and guns and teenage pregnancies haven't been conquered, but the news from the cities isn't all bad. Joel Garcia and his family testify to that.

Until last spring, Garcia, his wife, Marta, their two teenage daughters and their baby girl all squeezed into a timeworn two-bedroom apartment in East Boston, a neighborhood just north of Logan Airport. Now the Garcias can spread out: They own their home on East Boston's Prince Street.

Garcia, who emigrated from Mexico 10 years ago, works nights as a waiter in a Boston hotel; his wife works days as a health aide in a senior citizens' center. He still seems amazed to find himself in this bright and airy row house with three bedrooms, an elegant bay window, hardwood floors, a spacious kitchen and a porch in the back that overlooks a small yard.

"I feel like rich people," Garcia said brightly one cloudy morning last week. "The older girls, right now, they have their own rooms, and we live here much better, because before they were sharing."

The Garcias' good fortune is also good news for Prince Street. The house where they now live had been a dilapidated eyesore that dragged down the entire block. Then the building was bought and renovated by NOAH, a nonprofit community development corporation working to stabilize this weathered working-class community where young Latina mothers buy ices on the street from old Italian men, and Taqueria Cancun serves up lunch just down the block from Frankie's Cleaners.

Sitting in his new home, Joel Garcia doesn't think of himself as a pioneer, but he is on the front lines of a transformation in urban policy--one the Clinton administration is about to offer a substantial boost.

*

NOAH (Neighborhood for Affordable Housing) renovated the Garcias' home with money from the Boston Community Loan Fund, a nonprofit lending group that extends money to community groups working in some of Boston's most distressed neighborhoods. The fund was founded in 1985 by a small group of activists who had been pressuring banks to lend more in poor neighborhoods; it opened its doors with assets of $ 3,500.

But DeWitt Jones, a 39-year-old Cape Cod native who has directed the fund since its founding, has steered the group toward steady growth. The fund has attracted investments from hundreds of individuals, churches, foundations and banks; with the money it has provided 122 loans across Boston to community development groups building affordable housing in low-income neighborhoods and to small neighborhood organizations operating such services as day-care centers and shelters for homeless families.

Today the fund has $ 7 million in assets and provides a lifeline to neighborhood groups that banks consider too risky. Yet the loan fund's default rate is just .5%--comparable to any well-managed bank--largely because its borrowers tend to view themselves not as creditors but as collaborators in its effort. "You die to try to pay this loan back so this organization can continue," said Ann Beckert, the program administrator for a shelter that turned to the loan fund after no bank would finance their plan to build a longer-term home for battered women.

The Boston loan fund is one of dozens of small, entrepreneurial community development financial institutions--banks, credit unions and loan funds--that have sprouted in some of America's most barren neighborhoods in the past decade. On Wednesday, President Clinton will give them a measurable hand-up: Administration sources say he is planning to announce about $ 35 million in federal grants and loans for community lending groups working in distressed neighborhoods. The Boston loan fund is expected to be among the 30 recipients--all of which must match the federal money dollar for dollar with local investments.

Together with community development corporations like NOAH, these local lending operations and the foundations and banks that support them are quietly building what amounts to "a veritable revolution in urban policy," said Richard P. Nathan, the director of the Rockefeller Institute of Government at the State University of New York.

The men and women running NOAH and the Boston loan fund, and their analogues around the country, are infused with that quintessentially American combination of idealism and pragmatism: They are creative, clear-eyed and tenacious--committed to rebuilding blocks house-by-house and neighborhoods block-by-block. Rather than demanding large social programs, these groups pursue a vision of urban renewal grounded in bottom-up revitalization, neighborhood control and partnership with the private sector. They see Washington as neither an enemy nor a deliverer but as one of many assets to be mobilized.

"We don't want direction from Washington," said Elyse D. Cherry, a real estate lawyer who serves as president of the Boston loan fund's board. "We absolutely believe it has to be community-directed. We need Washington to support the effort. But then they need to get out of the way and let us build."

From equal parts necessity and inclination, Clinton's urban policy has paralleled this grass-roots revolution. With the funds available for direct federal investment in cities declining, the administration has focused its energy on increasing the flow of private investment and lending into low- and moderate-income neighborhoods.

*

One tool has been Clinton's empowerment zone program, which provides substantial tax incentives for entrepreneurs to relocate in inner-city areas. Even more important, bank regulators and the Justice Department have put sharp new teeth into both the fair-lending laws and the Community Reinvestment Act, which requires banks to serve the communities where they are located.

These efforts have produced head-turning results. Today the Treasury Department is expected to release figures showing that the number of mortgages granted to African American borrowers increased nearly 70% from 1993 through 1995, while lending increased nearly 48% to Latinos and just under 26% in low-income neighborhoods. Those are numbers worth remembering the next time a politician declares the futility of federal efforts to help poor communities.

The assistance for community-development financial institutions that will be announced later this week opens another channel for irrigating low-income neighborhoods with new investment.

This channel won't be as large as Clinton proposed while a candidate in 1992. Budget pressures forced him to scale back the program--known formally as the Community Development Financial Institutions fund (CDFI)--when Congress finally approved it in 1994. And, after initially attempting to kill the fund, the Republican Congress last year forced the president to reduce it again.

But in the hands of these civic entrepreneurs, even the modest $ 35 million in new federal aid (plus $ 15 million in grants to encourage commercial banks to invest in the community lenders) can leverage many times its weight in new activity. At the Boston Community Loan Fund, Jones says the half-million-dollar capital infusion they have requested from the federal government will ultimately support $ 10 million in new lending. Eventually that will mean more families like the Garcias will own homes they never imagined within their grasp.

And that will mean stronger neighborhoods. It is common now in Republican circles to contend that the key to reviving low-income communities is social capital--voluntary, civic and church associations that not only provide services but fortify moral order. Yet in the neighborhoods where Jones makes his loans, it is clear that social capital cannot be built without investment capital.

Capital investment creates ownership, and ownership in turn inspires social investment. Homeowners and small-business owners are the prime candidates to enlist in the little platoons that make neighborhoods work: crime watches and PTAs and cleanup details. Like trees on a hillside, local ownership offers a source of stability for neighborhoods battling through heavy weather.

Neither private investment nor civic engagement is a panacea for poor neighborhoods confronting family breakdown, crime and the flight of jobs. But Clinton's initiative to strengthen the community lending institutions working to reclaim these streets represents the best kind of federal support: money that sets in motion activities whose ultimate success still depends on marshaling local resources and commitment.

*

"Federal programs change a lot," said Kirsten S. Moy, a former investment executive who directs the CDFI program in the Treasury Department. "We are trying to build institutions that will be out there in the community long after there is a CDFI fund or not."

The Washington Outlook column appears here every other Monday.

GRAPHIC: PHOTO: Large federal programs are no longer seen as the way to save urban housing, such as this project in New Orleans. Community-based funds are filling the bill. PHOTOGRAPHER: Associated Press

LANGUAGE: English

LOAD-DATE: July 29, 1996

Urban Issues

Opening Line: Since I took office urban America is better off today than four years ago. Unemployment in American cities is down, crime in American cities has come down, central city homeownership is up, and I have implemented an empowerment strategy that focuses on botton-up solutions, spurs entrepreneurship, and creates jobs.

I. Key Answer Points

Mike [illegible]

- ***Lower Unemployment in American Cities:*** In the last four years unemployment has dropped both nationally and in America's cities. Since 1992, Cleveland's unemployment rate has dropped from 7.4% to 5.1%, Chicago's from 7.2% to 5.2%, Tampa from 7.2% to 3.9%, and San Francisco from 6.0% to 4.3%.
  [Source: Bureau of Labor Statistics]

- ***Strong Empowerment Strategy:*** After twelve years of failed promises, Vice-President Gore and I fought for and signed into law the first federal Empowerment Zones and Enterprise Communities initiative. This historic legislation provides to 105 designated urban and rural zones and communities a flexible block grant and targeted tax breaks for better business opportunities in urban America.

- ***Lower Crime Rates in American Cities:*** Before I took office, crime in America's cities had risen four straight years. So, I signed the Brady Bill and the Crime Bill into law which is putting new 100,000 police officers on our nation's streets, banned 19 of the deadliest ~~assault~~ weapons and their copies, and has prevented over 60,000 fugutive, felons and stalkers from buying handguns. Each and every year of my administration violent crime has fallen. Violent crime in the nation's largest cities has fallen 7.4% since 1992 and these cities have witnessed their ~~overall crime rate fall 6% in 1995.~~ New York's overall crime rate dropped 15% in 1995, San Francisco's fell 16% and Pittsburg's fell 17%. [Source: FBI Release 5/5/96, Bureau of Justice Statistics]

  I think this 9% to 13%

  Dennis Burke

- ***Revitalized Public Housing:*** My Administration has committed $1.44 billion in grants to replace 30,000 units of the worst public housing with lower-density, townhome-style developments which can serve as anchors for neighborhood renewal. Additionally, I fufilled my 1992 promise to make the low-income housing tax credit ~~permanent~~ spurring the private development of low-income housing and helping to produce more than 60,000 units of affordable housing every year.

  Paul W
  Don't use words. Not true. See the way this is handled

- ***Cleaning Up Contaminated Property:*** I proposed and signed a new tax incentive to help spur the private sector to clean up and put back into productive use environmentally contaminated properties in distressed communities, or brownfields. This incentive is expected to leverage $10 billion in private sector clean up investment, and help clean up 30,000 brownfield sites.(*Accomplishments as well?*)

- ***Increased Private Sector Investment In Distressed Communities:*** ~~Vice-~~ President Gore and I reformed enforcement of the Community Reinvestment Act (CRA) to focus more on performance and less on paperwork and process.

  [illegible] huge [illegible] billion

103D CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
103-213

OMNIBUS BUDGET RECONCILIATION ACT OF 1993

CONFERENCE REPORT

OF THE

COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H.R. 2264

A BILL TO PROVIDE FOR RECONCILIATION PURSUANT TO SECTION [illegible] OF THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1994

August [illegible], 1993.—Ordered to be printed

OMNIBUS BUDGET RECONCILIATION ACT OF 1993

CONFERENCE REPORT

Subchapter C—Empowerment Zones, Enterprise Communities, Rural Development Investment Areas, Etc.

PART I—EMPOWERMENT ZONES, ENTERPRISE COMMUNITIES, AND RURAL DEVELOPMENT INVESTMENT AREAS

SEC. 13301. DESIGNATION AND TREATMENT OF EMPOWERMENT ZONES, ENTERPRISE COMMUNITIES, AND RURAL DEVELOPMENT INVESTMENT AREAS.

(a) IN GENERAL.—Chapter 1 (relating to normal taxes and surtaxes) is amended by inserting after subchapter T the following new subchapter:

"Subchapter U—Designation and Treatment of Empowerment Zones, Enterprise Communities, and Rural Development Investment Areas

"PART I—DESIGNATION

"SEC. 1391. DESIGNATION PROCEDURE.

"(a) IN GENERAL.—From among the areas nominated for designation under this section, the appropriate Secretaries may designate empowerment zones and enterprise communities.

"(b) NUMBER OF DESIGNATIONS.—

"(1) ENTERPRISE COMMUNITIES.—The appropriate Secretaries may designate in the aggregate 95 nominated areas as enterprise communities under this section, subject to the availability of eligible nominated areas. Of that number, not more than 65 may be designated in urban areas and not more than 30 may be designated in rural areas.

"(2) EMPOWERMENT ZONES.—The appropriate Secretaries may designate in the aggregate 9 nominated areas as empowerment zones under this section, subject to the availability of eligible nominated areas. Of that number, not more than 6 may be designated in urban areas and not more than 3 may be designated in rural areas. If 6 empowerment zones are designated in urban areas, no less than 1 shall be designated in an urban area the most populous city of which has a population of 500,000 or less and no less than 1 shall be a nominated area which includes areas in 2 States and which has a population of 50,000 or less. The Secretary of Housing and Urban Development shall designate empowerment zones located in urban areas in such a manner that the aggregate population of all such zones does not exceed 750,000.

BUDGET OF THE UNITED STATES GOVERNMENT

Fiscal Year 1995

THE PRESIDENT'S 1995 BUDGET: THE "NEW DIRECTION" INDEX

Economic Growth

• Unemployment rate, December 1993	6.4%
• Unemployment rate, December 1992	7.3%
• Number of private sector jobs created, February 1993-December 1993	1.6 million
• Number of private sector jobs created, January 1989-January 1993	1.0 million
• Mortgage rate, January 1994	7.09%
• Mortgage rate, January 1993	8.22%
• Number of Americans who saved money by refinancing their mortgages, 1993	5.4 million
• Rate of business investment growth, first three quarters 1993	16.5%
• Rate of business investment growth, 4th quarter 1988-4th quarter 1992	2.2%

Fiscal Responsibility

• Number of programs terminated in 1995 budget proposal	More than 115
• Number of programs cut below last year's dollar level	More than 300
• Annual spending growth (nominal), 1994 to 1999	4.6%
• Annual spending growth (nominal), 1981 to 1993	6.3%
• Annual spending growth (real), 1994 to 1999	1.4%
• Annual spending growth (real), 1981 to 1993	2.2%
• Federal spending as share of GDP, average 1994 to 1999	21.6%
• Federal spending as share of GDP, average 1981 to 1993	23.1%
• Deficit as share of GDP, 1997	2.4%
• Deficit as share of GDP, 1992	4.9%
• Annual discretionary spending growth (nominal), 1994 to 1999	–0.1%
• Annual discretionary spending growth (nominal), 1981 to 1993	4.8%
• Annual discretionary spending growth (real), 1994 to 1999	–2.9%
• Annual discretionary spending growth (real), 1981 to 1993	1.0%
• Annual non-defense domestic discretionary spending growth (nominal), 1994 to 1999	1.7%
• Annual non-defense domestic discretionary spending growth (nominal), 1981 to 1993	4.4%
• Annual non-defense domestic discretionary spending growth (real), 1994 to 1999	–1.2%
• Annual non-defense domestic discretionary spending growth (real), 1981 to 1993	0.6%
• Change in public debt as share of GDP, 1994 to 1999	52.3% to 50.7%
• Change in public debt as share of GDP, 1981 to 1993	26.5% to 51.6%
• Number of years of projected consecutive deficit declines, 1993 to 1995	3
• Last President with 3 years of consecutive deficit declines	Truman
• Number of Federal employees added, 1981 to 1993	44,000
• Number of Federal employees cut, 1993 to 1995	–118,000
• Number of Federal employees cut, 1993 to 1999	–252,000
• Number of new police officers on the street by 1998	100,000
• Projected number of Federal employees, 1999	1.9 million
• Last year Federal employment was below 2 million	1966

Investing in People

• Increase in Head Start funding by 1995 (over 1993)	45%
• Additional children enrolled in Head Start by 1995 (over 1993)	126,000
• Percent of students able to make income-contingent college loan repayments, 1993	Less than 1%
• Percent of students able to make income-contingent college loan repayments, 1995	100%
• Typical student's savings from lower fees and interest under phased-in loan reforms	$1,250
• Number of young Americans providing community service for partial loan repayment, 1995	33,000
• Increase in Chapter 1 education dollars going to schools in poorest districts by 1998	40%
• Number of working families getting tax cut to reward work, 1994	15 million *
• Number of dislocated workers receiving help finding a new job, 1993	350,000
• Number of dislocated workers receiving help under Workforce Security program	1.3 million
• Number of small businesses getting SBA-backed loan guarantees in 1995	35,000
• Average number of small businesses getting such loans yearly in the late 1980s	15,000

Keeping America Strong

• Average defense budget, Eisenhower Administration (1995 dollars)	$243.3 billion
• Average defense budget, Ford Administration (1995 dollars)	$249.8 billion
• Average defense budget, Nixon Administration (1995 dollars)	$254.8 billion
• Proposed defense budget, 1995	$252.2 billion

Note: Projected fiscal estimates include health care reform.

43RD STORY of Level 1 printed in FULL format.

Los Angeles Times

September 24, 1996, Tuesday, Home Edition

SECTION: Part A; Page 5; National Desk

LENGTH: 1220 words

HEADLINE: POLITICS;
AS CLINTON COURTS SWING VOTERS, GORE TENDS TO THE URBAN BASE;
CAMPAIGN'S DIVISION OF LABOR IS NO ACCIDENT. GOP TAKES SIMILAR TACK, SENDING KEMP TO CITIES.

BYLINE: JOHN M. BRODER and JONATHAN PETERSON, TIMES STAFF WRITERS

DATELINE: WASHINGTON

BODY:

Vice President Al Gore emerged from his glistening limousine one day last week into a gray drizzle and dedicated a new low-income housing project on a particularly bleak block on New York's Lower East Side.

He spoke of "compassion" and "hope" and the need to tear down the "towers of despair" that imprison the urban poor. He invoked the "great progressive tradition" of activism on behalf of the downtrodden embodied by Robert F. Kennedy, for whom the new 96-unit residence was named.

That same day, President Clinton addressed high school pep rallies in Westland, Mich., and Flossmoor, Ill., middle-class suburbs of Detroit and Chicago. He talked brightly of bridges to the future, making no mention of the poverty and unemployment that rack the urban cores just a few miles away.

This Clinton-Gore division of labor is no accident.

One of Gore's central jobs this campaign season is to secure the Democratic base, which includes African Americans and white urban liberals. For the most part, he's doing it below the radar of the national media, which treats his appearances as sidebars to the main presidential story--if at all.

Clinton, on the other hand, is courting so-called swing voters--white suburbanites, women, Reagan Democrats and European ethnics--who have been key to determining recent presidential campaigns.

Clinton woos these voters as a "New Democrat," one who has moved beyond the liberal philosophy once so sacred to his party. And, so far, he has avoided settings that might associate him with such "Old Democrat" concerns as homelessness, poverty and urban decay.

Indeed, while Gore's recent itinerary has taken him to a crime-ridden section of central Philadelphia as well as the stop in New York, some of Clinton's recent stops included virtually all-white gatherings in Indianola, Iowa, and Wingo, Ky.

"Cities have been out of fashion for two decades in American politics," said Ron Walters, professor of government at the University of Maryland. "The whole New Democrat approach is to compete for the suburban vote, which is more conservative and more race-conscious as a consequence.

"This was a winner for Clinton in 1992; he recaptured some of the Reagan Democrats, and now they're following that playbook all over again," said Walters, an prominent African American political analyst and a onetime advisor to former presidential candidate Jesse Jackson.

Signing the Republican-sponsored welfare bill was part of the strategy of catering to the concerns of middle-class voters while taking for granted the support of the poor and minorities, Walters added.

White House political advisors acknowledge that there has been a de facto division of duties that puts Clinton in white middle-class precincts where unemployment is down and housing values are up, while Gore tends to the nation's more distressed communities.

"I do think the president is largely engaged in a campaign based on swing voters, largely speaking to swing voters while Gore is appealing to the base, below swing voters," said a senior member of the Clinton reelection team.

But other officials insisted that Clinton does not intend to neglect urban audiences and will schedule several urban appearances before election day.

"Things could change in October," said senior presidential advisor George Stephanopoulos. "You'll see a mix and match" of events and an occasional role-reversal between Clinton and Gore.

"The main thing is to make sure at any time that you're covering all the bases," Stephanopoulos added.

Campaigning by the Republican ticket has been marked by a similar split. For the most part, presidential nominee Bob Dole has steered clear of urban settings and issues. But his running mate, Jack Kemp, has been a surprisingly frequent visitor to core-city neighborhoods, especially given the small likelihood that the GOP team ultimately will win many votes in such places.

Kemp, a former secretary of Housing and Urban Development who long has pushed for the GOP to make greater efforts to attract support from minorities, has stumped in poorer parts of Newark, N.J.; Memphis; Los Angeles; New York; and Chicago since the Republican convention in mid-August, bringing a message of hope and "empowerment."

He also has sought to make an issue of Clinton's absence from these locales.

Speaking at a public housing project in Memphis last week, Kemp charged that the president had "abandoned the inner cities" in his courtship of white voters. He said that the administration had "absolutely no urban policy" and a Dole administration would address urban troubles through tax cuts and establishment of inner-city enterprise zones.

Clinton, who leveled much the same charges against President Bush in 1992, ran for the presidency promising new activism on behalf of the cities.

He sprinted to South-Central Los Angeles in the aftermath of the 1992 riots, which followed the verdicts in the first Rodney G. King police beating trial. He vowed then that his administration would quickly address the underlying causes of urban violence and despair.

In office, Clinton's record on this issue has been mixed.

On the one hand, he has not made a high-profile drive for increased urban assistance. But the administration can point to a number of initiatives designed to improve public housing and ease poverty for inner-city children, in particular, through increased funding for Head Start and food stamps.

Under Secretary Henry G. Cisneros, HUD has demolished dozens of the nation's most dilapidated public housing projects, replacing them with low-rise complexes or a system of vouchers for residents to move into private housing.

Funding for the homeless has risen from $ 570 million in 1993 to $ 820 million last year. The administration had requested $ 1.12 billion.

Clinton also has established urban "empowerment zones" in some of the nation's most troubled cities, including Los Angeles, which provide tax breaks and low-cost loans for businesses that will operate in the zones.

Still, Clinton rarely mentions these accomplishments on the campaign trail. And even Gore puts a spin on his rhetoric when he travels to the inner city.

As he dedicated the new housing project near Manhattan's Union Square last week, Gore said that the development represented "compassion in the form of programs that really work."

He spoke of the end of the "big government model" of helping the poor through expensive bureaucratic programs. He said that the project, funded largely with public monies but aided by private developers and businesses, was a paragon of the "new way" of housing the homeless and disadvantaged.

Sending Gore into the central cities represents a mere nod to black and other minority voters, not a lasting commitment during a second Clinton term, contends David Bositis, senior political analyst at the Joint Center for Political and Economic Studies.

"I don't expect Clinton to either talk about nor appear in all that many urban venues for the remainder of the campaign," Bositis said. "On the other hand, I'm sure Gore doesn't mind taking on this job, because part of what he's doing in this campaign is preparing for his next candidacy for president in 2000 . That's a big plus for Gore. He's perfectly happy doing it."

GRAPHIC: PHOTO: President Clinton greets supporters in Flossmoor, Ill. PHOTO: Al Gore meets residents of low-income apartments in N.Y. PHOTOGRAPHER: Associated Press

LANGUAGE: English

LOAD-DATE: September 24, 1996

HOMEOWNERSHIP

More Families Are Buying Homes in the Cities: (Molly, you can use the following bullet instead... which summarizes all central city lending...not just the share targeted at the historically underserved. Depending on the effect you want, the bullet can be written to focus on the # of loans issued -- as below -- or the # of central city families served -- as implied by the heading. Hey, I want to give you all the options.)

- The number of conventional home mortgage loans issued to families living in the central city have grown from 708,000 loans in 1993 to nearly 800,000 loans in 1995, a 13 percent increase in the number of new central city homeowners. (Molly, this can also be quantified by cost -- $75 billion in home mortgage loans in 1993 to $83 billion in 1995, a 10 percent increase). [site HMDA 1996]

Homeownership Is at its Highest Level in 15 Years. (as current bullet)

More Public Housing Families Are Becoming Homeowners. Since 1993, HUD has approved the sale of almost 4,700 units of public housing for homeownership -- 40 percent more than in the previous four years. The Administration aims to help 25,000 public housing families become homeowners by the year 2000. [site Aug. 7, 1996 press release].

PRESIDENT CLINTON HAS REVITALIZED PUBLIC HOUSING

The Worst Developments Are Being Torn Down and Rebuilt. The Administration has committed $3.2 billion in grants to tear down and replace 30,000 units of the worst public housing in the country. Already, over 21,000 units have been demolished, making way for the development of lower-density, townhouse-style apartments which will serve as anchors for neighborhood renewal. To date, 62 cities across the nation are transforming 145 public housing communities, spurring economic development, and creating new opportunities for families. [site HUD Office of Public Housing Investments Report, 1996]

Cracking Down on Drugs and Violent Crime in Public Housing. The Administration has taken a no-tolerance approach to crime in public housing. The President's "One Strike and You're Out" policy in public housing toughens screening and evictions procedures in public housing to keep gangs, drugs and violent crime out of these communities. The President's Operation Safe Home, a local and federal law enforcement collaboration that cracks down on crime in federally-assisted neighborhoods, has resulted in more than 8,000 arrests and the confiscation of $3 million in drugs, almost $2 million in cash, and more than 1,000 weapons. [site PH report]

PRESIDENT CLINTON HAS PRODUCED MORE AFFORDABLE HOMES (add this new section)

Homes Are More Affordable (as the current bullet)

The Low Income Housing Tax Credit Is Made Permanent (as the current bullet)

U.S. Department of Housing and Urban Development
Office of Public Affairs
Washington, D.C. 20410

News Release

HUD No. 96-135
Contact: Alex Sachs 202/708-0685
Bill Connelly 202/708-0685 Ext. 115

FOR IMMEDIATE RELEASE
Wednesday, August 7, 1996

HUD UNVEILS PLAN FOR 25,000 PUBLIC HOUSING FAMILIES TO BECOME HOMEOWNERS; WASHINGTON, D.C. EFFORT A MODEL FOR NATIONAL ACTION

WASHINGTON, DC -- Twenty-five thousand American families living in public housing will become homeowners by the year 2000 under a new initiative announced today by Housing and Urban Development (HUD) Secretary Henry G. Cisneros.

This initiative is HUD's first comprehensive homeownership plan for public housing families, Cisneros said. The plan expands on earlier, more limited efforts that were focused on the sale of public housing units to residents.

The new HUD initiative has several elements: sale of single-family homes and townhomes and garden apartments already in the public housing inventory; sale of homes developed or acquired by housing authorities for homeownership as part of national efforts to replace demolished high rise projects; and enabling qualified families to buy homes from the private sector and graduate from public housing.

Since 1993, the Department has approved the sale by public housing authorities of almost 4,700 units for homeownership -- 40 percent more than in the previous four years. By creating locally-designed homeownership programs, HUD's new initiative will accelerate that pace.

"For thousands of families in public housing who have been struggling to work their way up and out of public housing, the opportunity to own their own home can change their lives forever," Cisneros said. "This plan builds on our efforts to dramatically transform public housing and to help raise the number of homeowners under the President's National Homeownership Strategy."

HUD's public housing homeownership initiative will make it possible for qualified families living in public housing -- those who are working or participating in job training and education that will lead to work -- to reap the benefits that homeownership provides.

In announcing the new national initiative, Cisneros also committed the Department to work with Washington, D.C.'s housing authority to create 2,500 homeownership opportunities for public housing families by the year 2000.

Today Cisneros joined community groups, Fannie Mae, the Local Initiatives Support Corporation (LISC), and District of Columbia Housing Authority Receiver David Gilmore to announce an agreement for the sale and rehabilitation of more than 50 vacant single-family homes in the District's Columbia Heights and Shaw neighborhoods to provide homeownership for public housing families.

HUD officials also touted the public housing homeownership initiative by celebrating with new homebuying families in **High Point, NC, Grand Rapids, MI, Milwaukee** and **New Orleans**.

"In Washington, we will be restoring vacant houses which are an eyesore and providing opportunities for many families living in D.C. public housing to become homeowning, contributing members of their communities," Cisneros said.

HUD will implement the initiative by taking the following actions:

* **Making grants for employment and homeownership activities eligible for funding under the Economic Development and Supportive Services grant program.**

  HUD will make grants to public housing authorities which partner with local non-profit groups, resident organizations, financial institutions, community development organizations and city agencies.

  Eligible for these grants will be programs for job training; employment counseling and enhancement; entrepreneurship training; and pre- and post-sale homeownership counseling and training services.

* **Investing $500,000 for expanded technical assistance to public housing authorities and others seeking to implement HUD's homeownership initiatives.**

* **Engaging the Federal Housing Administration (FHA) and Ginnie Mae (Government National Mortgage Association) in support of this homeownership initiative.**

- more -

By utilizing FHA mortgage insurance for loans, private lenders will be able to use more flexible underwriting practices and require lower downpayments for homes purchased by public housing families.

In addition, more affordable financing for home purchase and renovation can be made available through FHA's 203 (k) mortgage insurance program.

As part of the initiative, Ginnie Mae and the FHA are also educating private lenders and Ginnie Mae securities issuers about opportunities to finance local public housing homeownership programs.

- **Working with Fannie Mae and Freddie Mac (Federal Home Loan Mortgage Corporation) to provide secondary mortgage market financing for public housing homeownership initiatives.**

  Fannie Mae and Freddie Mac are committed to purchasing loans made to low-income homebuyers. HUD will work with the two government-sponsored enterprises to insure that, through this commitment, the goals of the public housing homeownership initiative are served.

- **Working with Congress to change existing law to expand public housing homeownership.**

  HUD expects current public housing reform legislation to include provisions allowing non-profit groups to help with public housing sales programs. The legislation should also allow for the creation of a workable lease-purchase (rent-to-own) homeownership program and a time-limited Section 8 post-sale subsidy for low-income families buying existing public housing units.

# # #

U.S. Department of Housing and Urban Development
Office of Public Affairs
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News Release

HUD No. 96-179
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FOR RELEASE
Tuesday
October 8, 1996

HUD AWARDS $716 MILLION TO 74 COMMUNITIES TO CONTINUE HISTORIC TRANSFORMATION OF PUBLIC HOUSING

WASHINGTON -- Housing Secretary Henry G. Cisneros today awarded $716 million to 74 communities around the country as part of "a major step forward in the Clinton Administration's historic and unprecedented transformation of public housing."

Cisneros said almost $477 million of the grants from the Department of Housing and Urban Development will pay for demolishing some of the nation's worst public housing, for improving public housing, and for building new public housing.

Nearly 17,000 substandard units of public housing will be demolished with the grants from HUD's HOPE VI program.

About 4,000 new units of public housing will be built, creating successful residential communities that will help revitalize surrounding neighborhoods, Cisneros said.

Another $239 million of the grants will fund assistance that will allow over 15,000 families displaced from public housing by demolitions and rehabilitation projects to rent apartments on the private market.

"For decades, our nation failed to launch a comprehensive and effective attack on the problems of public housing," Cisneros said. "The Clinton Administration changed that. We've come up with a successful strategy to fundamentally change public housing, and to give the people living there a real chance to improve their lives."

"These grants will allow us to continue transforming public housing developments from isolated ghettos of poverty, crime and despair into neighborhoods of hope and opportunity," Cisneros said.

Cisneros said the new federal budget sets aside another $550 million for public housing grants -- to be awarded in May. That assistance will come on top of the $716 million in grants announced today.

-more-

FACT SHEET: HOPE VI GRANT PROGRAM AND HUD'S EFFORTS TO TEAR DOWN AND REPLACE PUBLIC HOUSING NATIONWIDE

HUD Replaces the Worst Developments Now. HUD has pursued two tracks to physically redesign public housing. First, HUD has aggressively implemented HOPE VI, a large-scale initiative to provide localities with maximum funds and flexibility to reshape public housing neighborhoods and to build lives through education and skills training, job placement and development, and other supportive services. It supplies up to $50 million to remake an entire development from A to Z.

Second, HUD has relaxed existing program and funding rules to speed the reconstruction of public housing. HUD sought and got the repeal of the one-for-one replacement law which forced housing authorities to replace each demolished unit with a new one -- a very expensive mandate. HUD has also invested substantial time and effort to break the gridlock in court over major demolitions, such as the redevelopment plans for Chicago's Henry Horner Homes and Cabrini Green.

HOPE VI: The Funding Vehicle to Transform Public Housing from the Bottom Up. HOPE VI gives public housing authorities the tools to address the complex problems associated with decaying housing, social and economic isolation, and poverty and transform public housing into communities of opportunity. With HOPE VI, cities will be able to:

- tear down and replace deteriorated public housing with garden-style apartments that are indistinguishable from other private, rental housing in the neighborhood;
- reduce concentrations of poverty and promote mixed-income communities;
- establish positive incentives in public housing to reward working families, help welfare recipients transition to jobs and self-sufficiency, give schoolchildren and adults access to computers and the Information Superhighway, and enable families to eventually move out of public housing and rent in the private market or own their own homes; and
- crack down on gangs, drugs, and violent crime by implementing tougher screening and eviction procedures, community policing and other anti-crime programs.

Statistics on the FY 1996 HOPE VI Grant Program

Total HOPE VI grant amount:	$477 million
Total HOPE VI demolition and revitalization grant:	$403.3 million
Total HOPE VI demolition only grant:	$ 73.5 million
Total public housing developments receiving HOPE VI:	44
Total developments receiving HOPE VI demo/revitalization:	20
Total developments receiving HOPE VI demolition only:	24
# of units to be demolished by FY 1996 HOPE VI grantees:	17,000

Statistics on the National Movement to Replace Bad Public Housing

# of units to be demolished by December 31, 1996:	30,000
# of units to be demolished by the year 2000:	100,000
# of units demolished to date (approximate):	22,100
# of units approved for demolition to date:	46,500
# of cities tearing down and rebuilding America's public housing:	72
# of public housing developments undergoing bold transformation:	170

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
TRANSFORMING PUBLIC HOUSING
Summary of FY 1996 HOPE VI and Section 8 Replacement Award Winners (By State)

City (74)	Name of Development (if applicable)	HOPE VI: Demolition and Revitalization	HOPE VI: Demolition Only	Section 8 Relocation and Replacement [1] Dollars (# of Units)	Total
Ozark, AL	N/A	0	0	$188,068 (26)	$188,068
Tucson, AZ	Connie Chambers	$14,600,000	0	$147,640 (10)	$14,747,640
Los Angeles, CA	N/A	0	0	$7,264,112 (350)	$7,264,112
San Francisco, CA	North Beach Eddy Street	$20,000,000 0	0 $360,000	0	$20,360,000
Bridgeport, CT	N/A	0	0	$1,533,660 (107)	$1,533,660
Hartford, CT	Harriet Beecher Stowe	0	$5,025,000	$8,011,512 (566)	$13,036,512
Middletown, CT	N/A	0	0	$1,284,936 (80)	$1,284,936
New Haven, CT	McConaughy Terrace	0	$1,380,000	$8,442,888 (405)	$9,822,888
Stamford, CT	N/A	0	0	$1,574,018 (64)	$1,574,018
Pueblo, CO	Sangre de Cristo	0	$109,550	0	$109,550
District of Columbia	Fort Dupont	0	$1,995,000	$23,024,948 (971)	$25,019,948
Jacksonville, FL	Durkeeville	$21,552,000	0	0	$21,552,000
Ocala, FL	Forest View/N.H. Jones	0	$1,642,957	0	$1,642,957
Tampa, FL	Riverview Terrace	0	$873,000	$811,496 (70)	$1,684,496
Atlanta, GA	Perry Homes Carver Homes	$ 20,000,000 0	0 $ 9,720,520	$ 16,114,488 (1,074)	$ 45,835,008
Fulton County, GA	N/A	0	0	$1,216,274 (71)	$1,216,274
Savannah, GA	Marcus Stubbs Tower	0	$2,336,140	0	$2,336,140
Hawaii	N/A	0	0	$383,332 (18)	$383,332

City (74)	Name of Development (if applicable)	HOPE VI: Demolition and Revitalization	HOPE VI: Demolition Only	Section 8 Relocation and Replacement [1] Dollars (# of Units)	Total
Chicago, IL	Robert Taylor Homes Henry Horner Homes[2] ABLA (Brooks Extension)	$25,000,000 $18,435,300 $24,483,250	0 0 0	$54,303,774 (3,340)	$122,222,324
East St. Louis, IL	North Park Tower	0	$1,000,000	0	$1,000,000
Topeka, KS	N/A	0	0	$979,540 (100)	$979,540
Louisville, KY	Cotter & Lang Homes	$20,000,000	0	$3,091,188 (250)	$23,091,188
New Orleans, LA	St. Thomas	$25,000,000	0	$7,256,558 (495)	$32,256,558
Brockton, MA	N/A	0	0	$982,080 (56)	$982,080
Holyoke, MA	Jackson Parkway	$15,000,000	0	0	$15,000,000
Baltimore, MD	Hollander Ridge Fairfield Homes	$20,000,000 0	0 $2,500,000	$3,349,700 (200)	$25,849,700
Westbrook, ME	N/A	0	0	$144,534 (10)	$144,534
Detroit, MI	Herman Gardens Jeffries	$24,224,160 0	0 $10,000,000	0	$34,224,160
Saginaw, MI	Daniels Heights	0	$1,413,200	0	$1,413,200
Minneapolis, MN	N/A	0	0	$983,488 (88)	$983,488
Winona, MN	N/A	0	0	$272,904 (40)	$272,904
Columbia, MO	Bear Creek	0	$169,200	0	$169,200
Kansas City, MO	T.B. Watkins	$13,000,000	0	0	$13,000,000
Saint Louis, MO	Cabanne Court	0	$675,000	0	$675,000
Charlotte, NC	Dalton Village	$24,501,684	0	0	$24,501,684
Mid-East Region, NC	N/A	0	0	$726,404 (99)	$726,404
Sanford, NC	N/A	0	0	$195,264 (18)	$195,264
Wilmington, NC	Robert S. Jervay Place	$11,620,655	0	0	$11,620,655

City (74)	Name of Development (if applicable)	HOPE VI: Demolition and Revitalization	HOPE VI: Demolition Only	Section 8 Relocation and Replacement [1] Dollars (# of Units)	Total
Atlantic City, NJ	N/A	0	0	$2,945,850 (199)	$2,945,850
Jersey City, NJ	N/A	0	0	$1,970,900 (100)	$1,970,900
Newark, NJ	Hayes Homes	0	$9,010,400	0	$9,010,400
New Brunswick, NJ	N/A	0	0	$6,427,988 (323)	$6,427,988
Paterson, NJ	Dean McNulty	0	$2,047,000	$14,074,724 (658)	$16,121,724
Perth Amboy, NJ	N/A	0	0	$2,518,436 (111)	$2,518,436
Buffalo, NY	Commodore Perry	0	$6,304,000	0	$6,304,000
New York, NY	Edgemere/Arvene	$20,000,000	0	$1,959,360 (100)	$21,959,360
Cincinnati, OH	N/A	0	0	$1,796,154 (179)	$1,796,154
Cleveland, OH	Riverview	$29,733,334	0	0	$29,733,334
Dayton, OH	N/A	0	0	$346,122 (50)	$346,122
Chester, PA	Lamokin Village McCaffery Village	$14,949,554 0	0 $839,860	0	$15,789,414
Chester County, PA	N/A	0	0	$1,418,876 (85)	$1,418,876
McKeesport, PA	N/A	0	0	$839,640 (70)	$839,640
Montgomery County, PA	N/A	0	0	$987,044 (59)	$987,044
Philadelphia, PA	N/A	0	0	$12,542,944 (638)	$12,542,944
Pittsburgh, PA	Bedford Additions Allequippa Terrace	$26,592,764 0	0 $8,140,000	$10,397,182 (933)	$45,129,946
Charleston, SC	N/A	0	0	$1,206,280 (106)	$1,206,280
Spartanburg, SC	Tobe Hartwell Courts	$14,620,369	0	$452,680 (50)	$15,073,049
Memphis, TN	Foote Homes	0	$4,542,867	$9,806,458 (1,016)	$14,349,325

City (74)	Name of Development (if applicable)	HOPE VI: Demolition and Revitalization	HOPE VI: Demolition Only	Section 8 Relocation and Replacement [1] Dollars (# of Units)	Total
Nashville, TN	N/A	0	0	$716,500 (50)	$716,500
Dallas, TX	N/A	0	0	$1,691,648 (138)	$1,691,648
El Paso, TX	N/A	0	0	$1,722,492 (120)	$1,722,492
Fort Worth, TX	N/A	0	0	$990,576 (77)	$990,576
Lubbock, TX	N/A	0	0	$1,225,116 (121)	$1,225,116
Mercedes, TX	N/A	0	0	$397,190 (34)	$397,190
San Antonio, TX	Menchaca Homes	0	$840,726	$3,744,724 (325)	$4,585,450
Danville, VA	N/A	0	0	$608,896 (76)	$608,896
Newport News, VA	N/A	0	0	$1,338,060 (100)	$1,338,060
Petersburg, VA	N/A	0	0	$541,100 (365)	$541,100
Portsmouth, VA	N/A	0	0	$6,190,662 (523)	$6,190,662
Richmond, VA	N/A	0	0	$2,559,628 (175)	$2,559,628
Roanoke, VA	N/A	0	0	$989,940 (126)	$989,940
Seattle, WA	Roxsbury Village	0	$788,570	0	$788,570
Tacoma, WA	Hillside Terrace	0	$1,757,940	$2,686,640 (254)	$4,444,580
Charleston, WV	N/A	0	0	$1,901,440 (160)	$1,901,440
Total		$ 403,313,070	$ 73,470,930	$ 239,278,056 (15,499)	$ 716,062,056

1. Section 8 relocation and replacement provides two-year rental assistance for households that need to be temporarily relocated or wish to move to housing in the private, rental market. Section 8 assistance can be renewed after two years. Section 8 relocation and replacement is not limited to the developments noted above.

2. The $43 million HOPE VI grants for Henry Horner Homes and ABLA have been awarded to the Chicago Housing Authority in order to meet HUD's obligation under the Gatreaux Consent Decree requiring HUD to provide comparable relief when HUD cannot provide Section 8 New Construction assistance.

Clinton Presidential Records
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Divider Title: 2

CONFIDENTIAL

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

August 9, 1995

DETERMINED TO BE AN ADMINISTRATIVE MARKING Per E.O. 13526
Sec. 3.2(C) Initials: KBM Date: 9/23/19
2017-1120-S

MEMORANDUM FOR: President Bill Clinton

FROM: Henry G. Cisneros / Henry Cisneros

SUBJECT: President's Urban Strategy

At our first Cabinet meeting, you said that if Cabinet Officers ever had an urgent message which we felt you should see that we should put it in a memo and you would review it. Knowing of the immense demands on your attentions I have tried not to abuse that privilege, but I want now to convey to you in the strongest terms that the time is now or never for a Presidential urban strategy.

I am not making a self-serving plea for budget or programs; this is not a call for a HUD urban strategy. I believe it is time for a Presidential strategy which either takes the form of a definable White House effort or which combines the urban initiatives of several Departments in a cohesive way. I am acutely aware of budget and Congressional barriers, but there are overarching reasons why a Presidential initiative is urgent:

1. <u>The cities are hurting badly and the nation will pay the consequences for many years:</u>

The effects of the Congressional budget cuts further erode urban conditions that were already dangerously deteriorated. Economic vitality and jobs have been sapped from city after city. Daily we lose more of our inner city children to drugs, gangs, and guns. We must draw deeply on our experiences and determine the two or three most important things that can make a difference. I have outlined some suggestions herein.

2. <u>We are about to be flanked by the Speaker:</u>

As hard as it may be to believe in light of the unconscionable House cuts, Speaker Gingrich, on the sheer strength of rhetorical flourish, publicity gymnastics, and the energy to start a dialogue with unlikely activists, is working to end run our agenda. What he has done in the District of Columbia is a foretaste of what he can do nationally and is in fact preparing to do.

His think tank, the Progress and Freedom Foundation, is now meeting with Democratic Mayors concerning a Contract with America's Cities. It will have attractive ideas and could capture the high ground of the public's imagination even as his Congressional allies decimate urban programs.

3. <u>We are running out of time</u>:

The 1997 budget you will prepare this Fall is the last one this term in which you can offer a credible urban package.

4. <u>There is always room in the budget for Presidential priorities of reasonable size</u>:

If you decide early in the budget process that an urban program is needed, it will be a factor throughout the entire budget process instead of an afterthought that cannot be accommodated because it would push out other spending late in the game.

5. <u>We do not have enough to stand on in the cities</u>:

Empowerment Zones in 12 cities are simply not a broad enough program to stand on. We have to have something cooking that is more broadly based and hopeful to more cities.

6. <u>We can be caught flat-footed by the violent outbreaks which will stem from the anger in the cities</u>:

There have been three contained outbreaks of civil unrest in recent weeks - Indianapolis, Coconut Grove outside Miami, and Los Angeles (see attached descriptions and a column from the Boston Globe.) Many local leaders are worried that it won't take much to set off wider disturbances. We do not want to be caught flat-footed if civil unrest occurs, which increasing numbers of local leaders feel is inevitable.

Mr. President, for all of these reasons I recommend that you consider one or a combination of the following kinds of urban initiatives as a centerpiece of the 1997 budget, with an announcement as soon as possible that you intend to do it. The central theme of these suggestions is that they expand economic opportunities for residents of distressed communities and put people to work:

A. Building Competitive Cities: Connecting People to Work

1. Draw private investment to the cities by lowering the business tax burden:

The challenge is to get the capital markets to respond to the cities. A commercial revitalization tax credit for distressed communities would replicate the success of the low-income housing tax credits. Tax credits could spur private investment to generate jobs as well as provide needed community amenities, such as neighborhood shopping districts.

One approach would be to pursue a second round of empowerment zones matched to tax strategies, such as:

- capital gains relief to businesses that reinvest gains in an EZ business asset;
- a portable tax credit, allowing businesses outside the zones credit for hiring residents who live in these communities; and
- a welfare-to-work credit for businesses who hire EZ residents who currently receive AFDC benefits.

The Vice President's involved leadership on the first round of zones has spurred an unprecedented level of community organization and strategic planning. The zones are proving their ability to leverage substantial private capital. (Lead Agency: Treasury)

OR

2. Prime the pump with smart public investment:

The most flexible and successful tools available to local officials for local economic development are HUD's Section 108 and Economic Development Initiative. In FY 1995 alone, the combination of these two programs has helped 70 communities create or retain over 70,000 jobs. The assistance has leveraged billions in public and private investment and has supported such key efforts as the creation of small business revolving funds and the location of inner-city supermarkets. The Mayors describe it as the most effective federal money to use for local economic development, though Commerce's EDA funds are also very effective.

The House Appropriations bill drastically curtails these programs, reducing the limitation on Section 108 loan guarantees from $2.05 billion to $1 billion and eliminating the $350 million Economic Development Initiative completely. These were the kind of funds used to make possible the Los Angeles CD bank. A wide variety of local job generation strategies can be built on expansion of these programs. (Lead Agencies: HUD and Commerce)

OR

3. <u>Spur Community Development Banks modeled on the Los Angeles Community Development Bank:</u>

This initiative deals with a critical linkage connecting people to work -- increasing access to job-creating debt capital in the inner city through the creation of CD banks. It builds upon a successful model pioneered in Los Angeles by Mayor Riordan. Vice President Gore has called the Los Angeles community development bank "a model of innovation and creativity for the rest of the nation." If the CDFI appropriation remains mired (it was reduced to $50 million as a result of the FY 1995 rescissions bill and receives no funding in the FY 1996 appropriations bill) it should be remembered that the Los Angeles bank was the result of HUD's Economic Development Initiative and Section 108 programs. They can be a vehicle for putting some banks in place now. (Lead Agency: Treasury and HUD)

OR

4. <u>Reclaim environmentally unsafe central city land and provide training and jobs in clean-up and redevelopment:</u>

One of the most challenging problems facing cities is the clean-up and clearance of old industrial sites that in their existing condition are barriers to redevelopment. Contaminated land represents more than 40 percent of Cleveland, more than 20 square miles of Philadelphia, and thousands of acres of Detroit.

Cities need land that is cleared and free of environmental hazards before they can begin to make businesses or housing strategies work. Capital grants to clean-up "brownfields" can be matched to training funds to employ central city residents in environmental clean-up activities. Available land and ready capital will form a powerful combination to help cities exploit their competitive economic advantages and attract back middle-income homeowners. The scale of this effort should be to clear sites of hundreds of acres so that large scale business developments and subdivisions of up to a thousand homes for homeownership can be built. (Lead Agencies: EPA and Labor).

OR

5. Expand the Bridges-to-Work Demonstration to a National Scale:

"As I try to show in my own work, decades of poverty concentration and job suburbanization have isolated the poor residents of many inner cities from the areas of greatest employment opportunity in their metropolitan regions. While efforts to reduce poverty concentration and to reverse job suburbanization remain important national priorities (e.g. fair housing enforcement and empowerment zones, respectively), Bridges-to-Work would test a third and complementary approach: directly connecting inner city residents to job opportunities outside their local communities." (William Julius Wilson, in letter to Secretary Cisneros, June 15, 1995.)

The Bridges-to-Work demonstration (BtW) is an exciting initiative that directly connects inner-city residents to job opportunities outside their local communities. Five national foundations (Ford, Rockefeller, MacArthur, Casey and Pew) are supporting Public/Private Ventures (PP/V) to design this 8-site national demonstration. During the course of two years of intensive development work, PP/V has assembled an impressive set of eight potential sites including metropolitan Chicago, Philadelphia, St. Louis, Baltimore, Denver, Milwaukee, St. Paul and Newark. These eight partner sites have formed planning collaboratives representing interests from throughout their regions and have developed detailed Bridges-to-Work projects that are ready to be implemented.

William Julius Wilson calls Bridges-to-Work the "single most important anti-poverty R+D initiative underway in the Administration." FY 1997 is the time to expand Bridges-to-Work to a national scale by providing modest federal planning grants to metropolitan planning collaboratives across the country, enabling them to replicate the accomplishments of the demonstration sites. (Lead Agency: Labor)

B. Express Our Commitment to our Children and Youth

1. Create a Network of "Empowerment Schools" and "Fresh Start Academies"

Despite all our current efforts, we stand in jeopardy of losing a large proportion of inner-city youth to the streets. The statistics are grim and unrelenting. Drop-out rates in inner-city high schools typically approach 50 percent. One-half of all African-American male school dropouts under age 25 are now under criminal justice supervision. The employment rate of such dropouts is less than 40 percent.

If any urban strategy is to be successful, we need to address these problems head-on, building upon the lessons of the efforts to date. Two ideas have emerged which, I believe, hold great promise.

The first is to create a network of "empowerment schools" that would stimulate community-wide collaborations and comprehensive strategies for supporting parents, children and youth. As in the successful empowerment zones, communities (including private business) would be challenged to offer integrated solutions that cross agencies and disciplines. Communities would be given the latitude and flexibility to combine existing programs as well as compete for new funding. The possibilities for marrying what are now disparate and unconnected federal funding streams -- public housing, Head Start, school-to-work, summer jobs -- are endless.

The second idea, which is complementary, is to offer a fresh start to troubled youth by providing them with disciplined, structured environments. One approach is to support a network of "Fresh Start Academies" that could offer four years of quality education and vocational training in an environment of character-building discipline. Graduates could be guaranteed college scholarships. There is great potential for the use of retired military personnel in such an effort. (Lead Agency: Education)

C. Linking the Cities to the Momentum of the Information Age

1. Convert public housing complexes to campuses for learners:

Public housing complexes can be restructured as learning campuses, as universities for the residents, as homes to communities of learners. The housing units become dormitories which support the classrooms and computer rooms nearby for residents of all ages - developmental day care for children, public schools adjacent to the campus for youth, training and college curricula for adults, and self-improvement classes for seniors.

Classes are held everyday on-campus, given by faculty who commute there or live there.

Every residential apartment can be wired to offer the computer connnections necessary to make self-paced learning possible at all hours. The information highway need not bypass distressed neighborhoods or poor people.

The psychological difference between public housing as it is and this concept of communities of learners is that, like at a university, residents at the "learning campus" is not viewed as permanent but for as long as the educational program takes. The ever-present expectation is self-improvment and the quest for eventual self-sufficiency. For all but seniors, residential tenure is limited to no more than four years, consistent with the duration of the curriculum. (Lead Agency: HUD)

<u>OR</u>

2. <u>Seed inner cities with a network of "electronic villages":</u>

In the same way that the interstate highway system bypassed poor and disadvantaged communities accelerating their economic and social decline, the information superhighway could bypass and further isolate distressed communities and their residents from the social and economic mainstream.

The theory behind this initiative is that by providing residents of lower income neighborhoods with the primary tools of access to today's information economy, barriers will fall and positive economic results will begin to accrue. This initiative will help fund a network of learning-oriented inner-city neighborhood centers which connect residents, businesses, service providers, and government in a community network. It would build upon and expand FHA's current initiative in the Edgewood community in NE Washington, and upon efforts to train residents in computer literacy and create resident-owned businesses based upon computer technology. Tremendous economic gains would result, for example, by amending CRA to give leaders CRA credit for subcontracting a small fraction of their back-office data processing operations to resident-owned firms.

Pushing the envelope on electronic villages and the broader concept of electronic community development would require the close coordination of HUD, Commerce, Education and Labor -- each of which is experimenting with how to bring the benefits of 21st century technology to inner cities. This initiative builds on the Vice-President's interests in the information super highway and is a win-win initiative for all concerned. (Lead Agencies: Labor, Education, Commerce, HUD)

CONCLUSION

Mr. President, it is obvious that government alone cannot solve the problem of the cities. We will change the course of inner city life only if the nation commits both private and public energies, talent and resources. Churches, family, involved adults, volunteerism, boys and girls clubs - these are the real means for reweaving the social fabric in our distressed communities.

This issue offers you an opportunity to have a sober conversation with the nation on the American future and potential. It places you in a position above party and above individual gain. You are at your best - national service, the Memphis speech, the Affirmative Action decisions - when you lift the national dialogue to a higher, even spiritual, level where you encourage and exhort individuals and communities to fulfill a higher purpose.

Again, I am not advocating for any one of these proposals individually so much as making the case that you and the nation need an urban message. I would like to back-up this case with the opportunity to speak to you and expand upon the urgency of the nation's urban condition.

Indianapolis, Indiana

A protest against alleged police brutality turned into a four square block "mini-riot" as termed by Indianapolis, Indiana Mayor Stephen Goldsmith on July 26, 1995. The incident involved approximately 90-100 protestors and more than 100 police. Twelve people were arrested on this first night of problems and eleven people were injured including one police officer and a television cameraman. At least a dozen police cars were damaged by rocks and bottles.

The incident stemmed from arrest by a white Indianapolis Police Department (IPD) Sergeant of a black individual as a part of a narcotics investigation. The Subject sustained injuries some of which were alleged to have been inflicted by the police officer during the arrest. According to the Police Sergeant, the Subject ran from police and was later located and arrested. The Subject allegedly ran again and was then knocked to the ground by the officer. The Subject was charged with resisting and fleeing arrest. After being released, the subject was joined by several neighborhood residents in an "informal protest" regarding his arrest outside the Northside District station of the Indianapolis Police Department. As a disturbance developed, IPD called in available officers to manage the disturbance. Over a three hour period, approximately 100 police officers used tear gas, K-9 units, and armored riot vehicles to disperse the crowd.

On the following day, July 28, 1995, another disturbance occurred in the same vicinity resulting in the looting of a drug store and the attempted looting of a pawn shop. This rally began as a protest of IPD's handling of the recent arrest and the previous night's confrontation with protestors. At least 100 police officers used tear gas and arrested 27 people for disorderly and other unlawful behavior. Approximately two to three dozen cars were attacked with stones, bricks, and glass bottles.

Police agencies involved include IPD, Marion County Sheriff's Department, and the Indiana State Police.

Indianapolis Police Chief James Toler has ordered and internal investigation into allegations the IPD officer beat the Subject while handcuffed. Toler also requested a separate U.S. Justice Department investigation. No problems have occurred in the following days since the two consecutive nights of disturbances noted above.

The disturbances did not involve Public Housing property or occur in close proximity to such property. The neighborhood involved is the near North side of Indianapolis, and economically poor neighborhood. Residents of this neighborhood have recently requested additional police help to combat drug trafficking problems.

Coconut Grove, Florida

On the night of July 27, 1995, in Coconut Grove, Florida, police responded at 10:15 p.m. to a large crowd gathered for a block party at Douglas Road and Day Avenue. The police told the Disc Jockey he needed a permit for the party which was broken up. Dozens of young people, as a group, began breaking windows, setting fires, attacking motorists and flipping dumpsters. One hour later white police officers arrested two black robbery suspects in the 3500 block of Day Avenue and at that time, two blocks away, the first rocks and bottles were thrown.

In Coconut Grove on July 18, 1995, a white police officer stopped Torrey Jacobs, a black male, for questioning. Jacobs was wearing a ski mask and had a replica pistol. Jacobs tried to flee and dropped the replica pistol. When Jacobs tried to pick up the replica pistol the police officer shot and killed him. The individuals in the disturbance on July 27, 1995, were wearing pillow cases and t-shirts over their faces with the eyes cut out, similar to what Jacobs was wearing.

That was the second disturbance in Coconut grove since May 1995 when white police officers arrested 17 year old Jimmy Tucker, a black male, on charges that he threw a rock through the window of a car. Witnesses claimed the police roughed up Tucker and people took to the streets to protest. That disturbance was larger than the one on July 27, 1995.

The residents have requested police sweeps of drug dealers and a police substation at the corner of Douglas and Grand. There is a history of drug activity in this area of Coconut Grove based on conversations with Metro Dade Police Department. These incidents occurred near public housing developments.

Los Angeles, CA

On Saturday, July 29, 1995, two uniformed Los Angeles Police, assigned to "gang" investigations, responded to a call in the Lincoln Heights area, and spotted Antonio Gutierrez, 14, crossing the street with a pistol. When officers confronted the youth, at Eastlake Avenue and George Street in the Lincoln Heights area of Los Angeles, he allegedly turned his weapon upon the officers. Before the youth had an opportunity to fire, the officers fired, killing the youth. Allegedly, officers recovered a TEC-9, (9mm semiautomatic pistol) from the body. Friends of Gutierrez, who witnessed the shooting, contend that he was carrying a flashlight, or was in fact carrying the weapon but tossed it away when confronted by the officers. Within an hour of the incident, a crowd, demanding "justice", gathered and became unruly.

Approximately 100 officers were called in to control the crowd, with three men subsequently being arrested. There were no subsequent injuries.

On Sunday, July 30, friends of Gutierrez confronted police to show that they believed the shooting incident was wrong. Police and Gutierrez's friends reached an agreement in order that a "carwash" could be held in order to raise funds for his funeral. However, at about 5 p.m., police returned after local motorists complained that youths were disrupting traffic and throwing rocks at passing cars. Police responded and arrested about 10 teenagers who were sitting on curbs awaiting transport when a crowd began to grow. The crowd became unruly, throwing bottles and setting fires while shouting at police.

Approximately 100 officers were dispatched to the area and began to chase down protesters, who kept running into local stores and returning to throw bottles. A total of about 25 people were arrested on assault and disturbing the peace charges.

The area of disturbance was North Broadway Street and Eastlake Avenue. None of the locations of the violence are in or close to any public housing development.

Los Angeles Police are investigating the incidents, including the shooting of Antonio Gutierrez.

Program-gutting Congress tosses fuel on inner-city fires

DERRICK Z. JACKSON

The smoke of rage was all too visible last week. Three cities had disturbances. All started with a charge of police brutality.

In Indianapolis, 39 people were arrested in two nights of unrest. At one point, police fired tear gas into a crowd to stop some minor looting. The trouble began, witnesses said, after a handcuffed Danny Sales, 21, an African-American, was knocked to the ground and had a racial epithet shouted at him by a white narcotics officer as he was being dragged into custody. Sales was charged with resisting and fleeing arrest.

In the Coconut Grove section of Miami, a band of about 30 youths wearing pillowcases over their heads threw rocks and bottles at cars. There were no arrests or major injuries. The incident came a week and a half after Torrey Dovan Jacobs, 17, was shot and killed by police. Police said Jacobs ran when he was approached by an officer, who said Jacobs was acting suspiciously. Jacobs dropped a chrome-plated object.

When Jacobs tried to pick it up, Officer Chris Griffin opened fire. Jacobs was fatally wounded in the chest. The object was a cigarette lighter shaped like a gun. Police said Jacobs wore a ski mask and carried marijuana. Neighbors described him as a church-going junior deacon. At a candlelight vigil for Jacobs, Rev. Willie Sims, assistant director of the Metro-Dade office of black affairs, said he saw young men crying and fainting.

"They're hurt," Rev. Sims said. "I've never seen young men act like that before. I perceive a sense of hopelessness that's starting to build."

In Los Angeles, youths and young adults threw bottles for two nights in Lincoln Heights. The disturbance was triggered by the fatal police shooting of 14-year-old Antonio Gutierrez. The police said they fired six shots at Gutierrez when the boy pointed a gun at them. Police said they recovered a Tec-9 semiautomatic pistol at the scene.

Gutierrez, according to an 18-year-old friend, had earlier agreed to carry the Tech-9 to another teen-ager. "He didn't even know how to use it," the teen said. "Yet."

But the friend said Gutierrez threw away the gun when he saw police. At the moment of the shooting, friends and relatives said Gutierrez was only carrying a flashlight.

"The police should be around to protect us, not to shoot us," said resident Mario Sanchez, 21. "They're always pointing guns at us. They want this kind of thing to happen."

With this gasoline, the only question is which city will be lit up next.

Julie Noriega, 23, said, "It takes one shot in the leg, maybe two shots, to get a little boy down. It doesn't take nine shots.... They didn't even say 'Freeze.'"

It is hard to say "Freeze" when the streets are hot. These are the streets created by two decades of noninvestment and being squashed even further by an education-cutting, social-program-gutting Republican majority and a go-along White House. While the white youth unemployment rate is 17.1 percent, African-American youth unemployment is the same as it was when Martin Luther King was marching: about 40 percent. The Latino youth unemployment rate is 27.5 percent.

Then add the illegal drug trade, which the United States has never seriously tried to stop. Then add guns, which, thanks to our gun-loving popular culture, flood our streets. With this gasoline, the only question to ponder is which city will be lit up next.

Since most education and job proposals in peaceful political channels have been rejected as too costly, the discouraged appear to be desperate enough to once again risk their lives in costly, attention-seeking behavior. Anyone will tell you that the daily riot of black folks killing black folks claims far more lives than the cops do. But rebellions against police brutality remain important to the restless because they are the only time the white world asks why they are so restless.

No one wants to see a rebellion. They do not do much to beautify the neighborhood. But neither does the inner city deserve the assault on its aspirations by our politics and economy. For young people to be so thoughtless as to provoke police fire by reaching for objects of any kind indicates the ultimate hopelessness of having nothing to lose.

In Miami, Police Chief Donald Warshaw tried to downplay the connection of the bottle-throwing to the Jacobs shooting. "They probably did it because they had nothing better to do," he said. That is precisely the problem. Miami social worker Sylvia Jordan, who may face cuts for her federally funded crime prevention program, said, "Kids here feel pretty shafted."

The smoke is rising up the shaft. The kids of the inner city cry for water. They get only gasoline. The only time the nation pays attention to them is when there is a fire. Three separate disturbances, all within a week, ought to tell you that they are tired of being ignored. Think about it. They were nice this time. They threw only bottles and rocks. They did not spray passing motorists with a Tec-9. Yet.

Derrick Z. Jackson is a Globe columnist.

You are authorized and directed to publish this determination in the *Federal Register*.

William J. Clinton

NOTE: This memorandum was released by the Office of the Press Secretary on January 23.

Address Before a Joint Session of the Congress on the State of the Union

January 23, 1996

Thank you very much. Mr. Speaker, Mr. Vice President, Members of the 104th Congress, distinguished guests, my fellow Americans all across our land: Let me begin tonight by saying to our men and women in uniform around the world, and especially those helping peace take root in Bosnia and to their families, I thank you. America is very, very proud of you.

My duty tonight is to report on the state of the Union, not the state of our Government but of our American community, and to set forth our responsibilities, in the words of our Founders, to form a more perfect Union.

The state of the Union is strong. Our economy is the healthiest it has been in three decades. We have the lowest combined rates of unemployment and inflation in 27 years. We have completed—created nearly 8 million new jobs, over a million of them in basic industries like construction and automobiles. America is selling more cars than Japan for the first time since the 1970's. And for 3 years in a row, we have had a record number of new businesses started in our country.

Our leadership in the world is also strong, bringing hope for new peace. And perhaps most important, we are gaining ground in restoring our fundamental values. The crime rate, the welfare and food stamp rolls, the poverty rate, and the teen pregnancy rate are all down. And as they go down, prospects for America's future go up.

We live in an age of possibility. A hundred years ago we moved from farm to factory. Now we move to an age of technology, information, and global competition. These changes have opened vast new opportunities for our people, but they have also presented them with stiff challenges. While more Americans are living better, too many of our fellow citizens are working harder just to keep up, and they are rightly concerned about the security of their families.

We must answer here three fundamental questions: First, how do we make the American dream of opportunity for all a reality for all Americans who are willing to work for it? Second, how do we preserve our old and enduring values as we move into the future? And third, how do we meet these challenges together, as one America?

We know big Government does not have all the answers. We know there's not a program for every problem. We know, and we have worked to give the American people a smaller, less bureaucratic Government in Washington. And we have to give the American people one that lives within its means. The era of big Government is over. But we cannot go back to the time when our citizens were left to fend for themselves.

Instead, we must go forward as one America, one nation working together to meet the challenges we face together. Self-reliance and teamwork are not opposing virtues; we must have both. I believe our new, smaller Government must work in an old-fashioned American way, together with all of our citizens through State and local governments, in the workplace, in religious, charitable, and civic associations. Our goal must be to enable all our people to make the most of their own lives, with stronger families, more educational opportunity, economic security, safer streets, a cleaner environment in a safer world.

To improve the state of our Union, we must ask more of ourselves, we must expect more of each other, and we must face our challenges together.

Here, in this place, our responsibility begins with balancing the budget in a way that is fair to all Americans. There is now broad bipartisan agreement that permanent deficit spending must come to an end.

I compliment the Republican leadership and the membership for the energy and determination you have brought to this task of balancing the budget. And I thank the Democrats for passing the largest deficit reduction plan in history in 1993, which has already cut the deficit nearly in half in 3 years.

Since 1993, we have all begun to see the benefits of deficit reduction. Lower interest rates have made it easier for businesses to borrow and to invest and to create new jobs. Lower interest rates have brought down the cost of home mortgages, car payments, and credit card rates to ordinary citizens. Now, it is time to finish the job and balance the budget.

Though differences remain among us which are significant, the combined total of the proposed savings that are common to both plans is more than enough, using the numbers from your Congressional Budget Office to balance the budget in 7 years and to provide a modest tax cut.

These cuts are real. They will require sacrifice from everyone. But these cuts do not undermine our fundamental obligations to our parents, our children, and our future, by endangering Medicare or Medicaid or education or the environment or by raising taxes on working families.

I have said before, and let me say again, many good ideas have come out of our negotiations. I have learned a lot about the way both Republicans and Democrats view the debate before us. I have learned a lot about the good ideas that each side has that we could all embrace.

We ought to resolve our remaining differences. I am willing to work to resolve them. I am ready to meet tomorrow. But I ask you to consider that we should at least enact these savings that both plans have in common and give the American people their balanced budget, a tax cut, lower interest rates, and a brighter future. We should do that now and make permanent deficits yesterday's legacy.

Now it is time for us to look also to the challenges of today and tomorrow, beyond the burdens of yesterday. The challenges are significant. But our Nation was built on challenges. America was built on challenges, not promises. And when we work together to meet them, we never fail. That is the key to a more perfect Union. Our individual dreams must be realized by our common efforts.

Tonight I want to speak to you about the challenges we all face as a people. Our first challenge is to cherish our children and strengthen America's families. Family is the foundation of American life. If we have stronger families, we will have a stronger America.

Before I go on, I'd like to take just a moment to thank my own family, and to thank the person who has taught me more than anyone else over 25 years about the importance of families and children, a wonderful wife, a magnificent mother, and a great First Lady. Thank you, Hillary.

All strong families begin with taking more responsibility for our children. I've heard Mrs. Gore say that it's hard to be a parent today, but it's even harder to be a child. So all of us, not just as parents but all of us in our other roles—our media, our schools, our teachers, our communities, our churches and synagogues, our businesses, our governments—all of us have a responsibility to help our children to make it and to make the most of their lives and their God-given capacities.

To the media, I say you should create movies and CD's and television shows you'd want your own children and grandchildren to enjoy.

I call on Congress to pass the requirement for a V-chip in TV sets so that parents can screen out programs they believe are inappropriate for their children. When parents control what their young children see, that is not censorship; that is enabling parents to assume more personal responsibility for their children's upbringing. And I urge them to do it. The V-chip requirement is part of the important telecommunications bill now pending in this Congress. It has bipartisan support, and I urge you to pass it now.

To make the V-chip work, I challenge the broadcast industry to do what movies have done, to identify your program in ways that help parents to protect their children. And I invite the leaders of major media corporations in the entertainment industry to come to the White House next month to work with us in a positive way on concrete ways to improve what our children see on television. I am ready to work with you.

I say to those who make and market cigarettes, every year a million children take up smoking, even though it's against the law. Three hundred thousand of them will have their lives shortened as a result. Our administration has taken steps to stop the massive marketing campaigns that appeal to our children. We are simply saying: Market your products to adults, if you wish, but draw the line on children.

I say to those who are on welfare, and especially to those who have been trapped on welfare for a long time: For too long our welfare system has undermined the values of family and work, instead of supporting them. The Congress and I are near agreement on sweeping welfare reform. We agree on time limits, tough work requirements, and the toughest possible child support enforcement. But I believe we must also provide child care so that mothers who are required to go to work can do so without worrying about what is happening to their children.

I challenge this Congress to send me a bipartisan welfare reform bill that will really move people from welfare to work and do the right thing by our children. I will sign it immediately.

Let us be candid about this difficult problem. Passing a law, even the best possible law, is only a first step. The next step is to make it work. I challenge people on welfare to make the most of this opportunity for independence. I challenge American businesses to give people on welfare the chance to move into the work force. I applaud the work of religious groups and others who care for the poor. More than anyone else in our society, they know the true difficulty of the task before us, and they are in a position to help. Every one of us should join them. That is the only way we can make real welfare reform a reality in the lives of the American people.

To strengthen the family we must do everything we can to keep the teen pregnancy rate going down. I am gratified, as I'm sure all Americans are, that it has dropped for 2 years in a row. But we all know it is still far too high.

Tonight I am pleased to announce that a group of prominent Americans is responding to that challenge by forming an organization that will support grassroots community efforts all across our country in a national campaign against teen pregnancy. And I challenge all of us and every American to join their efforts.

I call on American men and women in families to give greater respect to one another. We must end the deadly scourge of domestic violence in our country. And I challenge America's families to work harder to stay together. For families who stay together not only do better economically, their children do better as well.

In particular, I challenge the fathers of this country to love and care for their children. If your family has separated, you must pay your child support. We're doing more than ever to make sure you do, and we're going to do more. But let's all admit something about that, too: A check will not substitute for a parent's love and guidance. And only you—only you can make the decision to help raise your children. No matter who you are, how low or high your station in life, it is the most basic human duty of every American to do that job to the best of his or her ability.

Our second challenge is to provide Americans with the educational opportunities we'll all need for this new century. In our schools, every classroom in America must be connected to the information superhighway, with computers and good software and well-trained teachers. We are working with the telecommunications industry, educators, and parents to connect 20 percent of California's classrooms by this spring, and every classroom and every library in the entire United States by the year 2000. I ask Congress to support this education technology initiative so that we can make sure this national partnership succeeds.

Every diploma ought to mean something. I challenge every community, every school, and every State to adopt national standards of excellence, to measure whether schools are meeting those standards, to cut bureaucratic redtape so that schools and teachers have more flexibility for grassroots reform, and to hold them accountable for results. That's what our Goals 2000 initiative is all about. I challenge every State to give all parents the right to choose which public school their children will attend, and to let teachers form new schools with a charter they can keep only if they do a good job.

I challenge all our schools to teach character education, to teach good values and good citizenship. And if it means that teenagers will stop killing each other over designer jackets, then our public schools should be able to require their students to wear school uniforms.

I challenge our parents to become their children's first teachers. Turn off the TV. See that the homework is done. And visit your children's classroom. No program, no teacher, no one else can do that for you.

My fellow Americans, higher education is more important today than ever before. We've created a new student loan program that's made it easier to borrow and repay those loans, and we have dramatically cut the student loan default rate. That's something we should all be proud of because it was unconscionably high just a few years ago.

Through AmeriCorps, our national service program, this year 25,000 young people will earn college money by serving their local communities to improve the lives of their friends and neighbors.

These initiatives are right for America, and we should keep them going. And we should also work hard to open the doors of college even wider. I challenge Congress to expand work-study and help one million young Americans work their way through college by the year 2000, to provide a $1,000 merit scholarship for the top 5 percent of graduates in every high school in the United States, to expand Pell Grant scholarships for deserving and needy students, and to make up to $10,000 a year of college tuition tax deductible. It's a good idea for America.

Our third challenge is to help every American who is willing to work for it, achieve economic security in this new age. People who work hard still need support to get ahead in the new economy. They need education and training for a lifetime. They need more support for families raising children. They need retirement security. They need access to health care. More and more Americans are finding that the education of their childhood simply doesn't last a lifetime.

So I challenge Congress to consolidate 70 overlapping, antiquated job-training programs into a simple voucher worth $2,600 for unemployed or underemployed workers to use as they please for community college tuition or other training. This is a "GI bill" for America's workers we should all be able to agree on.

More and more Americans are working hard without a raise. Congress sets the minimum wage. Within a year, the minimum wage will fall to a 40-year low in purchasing power. Four dollars and 25 cents an hour is no longer a minimum wage, but millions of Americans and their children are trying to live on it. I challenge you to raise their minimum wage.

In 1993, Congress cut the taxes of 15 million hard-pressed working families to make sure that no parents who work full-time would have to raise their children in poverty and to encourage people to move from welfare to work. This expanded earned-income tax credit is now worth about $1,800 a year to a family of four living on $20,000. The budget bill I vetoed would have reversed this achievement and raised taxes on nearly 8 million of these people. We should not do that. We should not do that.

I also agree that the people who are helped under this initiative are not all those in our country who are working hard to do a good job raising their children and at work. I agree that we need a tax credit for working families with children. That's one of the things most of us in this Chamber, I hope, can agree on. I know it is strongly supported by the Republican majority. And it should be part of any final budget agreement.

I want to challenge every business that can possibly afford it to provide pensions for your employees. And I challenge Congress to pass a proposal recommended by the White House Conference on Small Business that would make it easier for small businesses and farmers to establish their own pension plans. That is something we should all agree on.

We should also protect existing pension plans. Two years ago, with bipartisan support that was almost unanimous on both sides of the aisle, we moved to protect the pensions of 8 million working people and to stabilize the pensions of 32 million more. Congress should not now let companies endanger those workers' pension funds.

I know the proposal to liberalize the ability of employers to take money out of pension funds for other purposes would raise money for the Treasury. But I believe it is false economy. I vetoed that proposal last year, and I would have to do so again.

Finally, if our working families are going to succeed in the new economy, they must be able to buy health insurance policies that they do not lose when they change jobs or when someone in their family gets sick. Over the past 2 years, over one million Americans in working families have lost their health insurance. We have to do more to make health care available to every American. And Congress should start by passing the bipartisan bill sponsored by Senator Kennedy and Senator Kassebaum that would require insurance companies to stop dropping people when they switch jobs and stop denying coverage for preexisting conditions. Let's all do that.

And even as we enact savings in these programs, we must have a common commitment to preserve the basic protections of Medicare and Medicaid, not just to the poor but to people in working families, including children, people with disabilities, people with AIDS, senior citizens in nursing homes.

In the past 3 years, we've saved $15 billion just by fighting health care fraud and abuse. We have all agreed to save much more. We have all agreed to stabilize the Medicare Trust Fund. But we must not abandon our fundamental obligations to the people who need Medicare and Medicaid. America cannot become stronger if they become weaker.

The "GI bill" for workers, tax relief for education and child rearing, pension availability and protection, access to health care, preservation of Medicare and Medicaid, these things, along with the Family and Medical Leave Act passed in 1993, these things will help responsible, hard-working American families to make the most of their own lives.

But employers and employees must do their part, as well, as they are doing in so many of our finest companies, working together, putting the long-term prosperity ahead of the short-term gain. As workers increase their hours and their productivity, employers should make sure they get the skills they need and share the benefits of the good years, as well as the burdens of the bad ones. When companies and workers work as a team they do better, and so does America.

Our fourth great challenge is to take our streets back from crime and gangs and drugs. At last we have begun to find a way to reduce crime, forming community partnerships with local police forces to catch criminals and prevent crime. This strategy, called community policing, is clearly working. Violent crime is coming down all across America. In New York City murders are down 25 percent, in St. Louis, 18 percent, in Seattle, 32 percent. But we still have a long way to go before our streets are safe and our people are free from fear.

The crime bill of 1994 is critical to the success of community policing. It provides funds for 100,000 new police in communities of all sizes. We're already a third of the way there. And I challenge the Congress to finish the job. Let us stick with a strategy that's working and keep the crime rate coming down.

Community policing also requires bonds of trust between citizens and police. I ask all Americans to respect and support our law enforcement officers. And to our police, I say, our children need you as role models and heroes. Don't let them down.

The Brady bill has already stopped 44,000 people with criminal records from buying guns. The assault weapons ban is keeping 19 kinds of assault weapons out of the hands of violent gangs. I challenge the Congress to keep those laws on the books.

Our next step in the fight against crime is to take on gangs the way we once took on the mob. I'm directing the FBI and other investigative agencies to target gangs that involve juveniles and violent crime, and to seek authority to prosecute as adults teenagers who maim and kill like adults.

And I challenge local housing authorities and tenant associations: Criminal gang members and drug dealers are destroying the lives of decent tenants. From now on, the rule for residents who commit crime and pedal drugs should be one strike and you're out.

I challenge every State to match Federal policy to assure that serious violent criminals serve at least 85 percent of their sentence.

More police and punishment are important, but they're not enough. We have got to keep more of our young people out of trouble, with prevention strategies not dictated by Washington but developed in communities. I challenge all of our communities, all of our adults, to give our children futures to say yes to. And I challenge Congress not to abandon the crime bill's support of these grassroots prevention efforts.

Finally, to reduce crime and violence we have to reduce the drug problem. The challenge begins in our homes, with parents talking to their children openly and firmly. It embraces our churches and synagogues, our youth groups and our schools.

I challenge Congress not to cut our support for drug-free schools. People like the D.A.R.E. officers are making a real impression on grade schoolchildren that will give them the strength to say no when the time comes.

Meanwhile, we continue our efforts to cut the flow of drugs into America. For the last 2 years, one man in particular has been on the front lines of that effort. Tonight I am nominating him, a hero of the Persian Gulf War and the Commander in Chief of the United States Military Southern Command, General Barry McCaffrey, as America's new drug czar.

General McCaffrey has earned three Purple Hearts and two Silver Stars fighting for this country. Tonight I ask that he lead our Nation's battle against drugs at home and abroad. To succeed, he needs a force far larger than he has ever commanded before. He needs all of us. Every one of us has a role to play on this team.

Thank you, General McCaffrey, for agreeing to serve your country one more time.

Our fifth challenge: to leave our environment safe and clean for the next generation. Because of a generation of bipartisan effort we do have cleaner water and air, lead levels in children's blood has been cut by 70 percent, toxic emissions from factories cut in half. Lake Erie was dead, and now it's a thriving resource. But 10 million children under 12 still live within 4 miles of a toxic waste dump. A third of us breathe air that endangers our health. And in too many communities the water is not safe to drink. We still have much to do.

Yet Congress has voted to cut environmental enforcement by 25 percent. That means more toxic chemicals in our water, more smog in our air, more pesticides in our food. Lobbyists for polluters have been allowed to write their own loopholes into bills to weaken laws that protect the health and safety of our children. Some say that the taxpayer should pick up the tab for toxic waste and let polluters who can afford to fix it off the hook. I challenge Congress to reexamine those policies and to reverse them.

This issue has not been a partisan issue. The most significant environmental gains in the last 30 years were made under a Democratic Congress and President Richard Nixon. We can work together. We have to believe some basic things. Do you believe we can expand the economy without hurting the environment? I do. Do you believe we can create more jobs over the long run by cleaning the environment up? I know we can. That should be our commitment.

We must challenge businesses and communities to take more initiative in protecting the environment, and we have to make it easier for them to do it. To businesses this administration is saying: If you can find a cheaper, more efficient way than Government regulations require to meet tough pollution standards, do it, as long as you do it right. To communities we say: We must strengthen community right-to-know laws requiring polluters to disclose their emissions, but you have to use the information to work with business to cut pollution. People do have a right to know that their air and their water are safe.

Our sixth challenge is to maintain America's leadership in the fight for freedom and peace throughout the world. Because of American leadership, more people than ever before live free and at peace. And Americans have known 50 years of prosperity and security.

We owe thanks especially to our veterans of World War II. I would like to say to Senator Bob Dole and to all others in this Chamber who fought in World War II, and to all others on both sides of the aisle who have fought bravely in all our conflicts since: I salute your service and so do the American people.

All over the world, even after the cold war, people still look to us and trust us to help them seek the blessings of peace and freedom. But as the cold war fades into memory, voices of isolation say America should retreat from its responsibilities. I say they are wrong.

The threats we face today as Americans respect no Nation's borders. Think of them: terrorism, the spread of weapons of mass destruction, organized crime, drug trafficking, ethnic and religious hatred, aggression by rogue states, environmental degradation. If we fail to address these threats today, we will suffer the consequences in all our tomorrows.

Of course, we can't be everywhere. Of course, we can't do everything. But where our interests and our values are at stake, and where we can make a difference, America must lead. We must not be isolationist. We must not be the world's policeman. But we can and should be the world's very best peacemaker.

By keeping our military strong, by using diplomacy where we can and force where we must, by working with others to share the risk and the cost of our efforts, America is making a difference for people here and around the world. For the first time since the dawn of the nuclear age—for the first time since the dawn of the nuclear age—there is not a single Russian missile pointed at America's children.

North Korea has now frozen its dangerous nuclear weapons program. In Haiti, the dictators are gone, democracy has a new day, the flow of desperate refugees to our shores has subsided. Through tougher trade deals for America, over 80 of them, we have opened markets abroad, and now exports are at an all-time high, growing faster than imports and creating good American jobs.

We stood with those taking risks for peace: in Northern Ireland, where Catholic and Protestant children now tell their parents, violence must never return; in the Middle East, where Arabs and Jews who once seemed destined to fight forever now share knowledge and resources and even dreams.

And we stood up for peace in Bosnia. Remember the skeletal prisoners, the mass graves, the campaign to rape and torture, the endless lines of refugees, the threat of a spreading war. All these threats, all these horrors have now begun to give way to the promise of peace. Now our troops and a strong NATO, together with our new partners from central Europe and elsewhere, are helping that peace to take hold.

As all of you know, I was just there with a bipartisan congressional group, and I was so proud not only of what our troops were doing but of the pride they evidenced in what they were doing. They knew what America's mission in this world is, and they were proud to be carrying it out.

Through these efforts, we have enhanced the security of the American people, but make no mistake about it: Important challenges remain.

The START II treaty with Russia will cut our nuclear stockpiles by another 25 percent. I urge the Senate to ratify it now. We must end the race to create new nuclear weapons by signing a truly comprehensive nuclear test ban treaty this year.

As we remember what happened in the Japanese subway, we can outlaw poison gas forever if the Senate ratifies the Chemical Weapons Convention this year. We can intensify the fight against terrorists and organized criminals at home and abroad if Congress passes the antiterrorism legislation I proposed after the Oklahoma City bombing, now. We can help more people move from hatred to hope all across the world in our own interest if Congress gives us the means to remain the world's leader for peace.

My fellow Americans, the six challenges I have just discussed are for all of us. Our seventh challenge is really America's challenge to those of us in this hallowed Hall tonight: to reinvent our Government and make our democracy work for them.

Last year this Congress applied to itself the laws it applies to everyone else. This Congress banned gifts and meals from lobbyists. This Congress forced lobbyists to disclose who pays them and what legislation they are trying to pass or kill. This Congress did that, and I applaud you for it.

Now I challenge Congress to go further, to curb special interest influence in politics by passing the first truly bipartisan campaign finance reform bill in a generation. You, Republicans and Democrats alike, can show the American people that we can limit spending and we can open the airwaves to all candidates.

I also appeal to Congress to pass the line-item veto you promised the American people.

Our administration is working hard to give the American people a Government that works better and costs less. Thanks to the work of Vice President Gore, we are eliminating 16,000 pages of unnecessary rules and regulations, shifting more decisionmaking out of Washington, back to States and local communities.

As we move into the era of balanced budgets and smaller Government, we must work in new ways to enable people to make the most of their own lives. We are helping America's communities, not with more bureaucracy but with more opportunities. Through our successful empowerment zones and community development banks, we're helping people to find jobs, to start businesses. And with tax incentives for companies that clean up abandoned industrial property, we can bring jobs back to places that desperately, desperately need them.

But there are some areas that the Federal Government should not leave and should address and address strongly. One of these areas is the problem of illegal immigration. After years of neglect, this administration has taken a strong stand to stiffen the protection of our borders. We are increasing border controls by 50 percent. We are increasing inspections to prevent the hiring of illegal immigrants. And tonight, I announce I will sign an Executive order to deny Federal contracts to businesses that hire illegal immigrants.

Let me be very clear about this: We are still a nation of immigrants; we should be proud of it. We should honor every legal immigrant here, working hard to be a good citizen, working hard to become a new citizen. But we are also a nation of laws.

I want to say a special word now to those who work for our Federal Government. Today the Federal work force is 200,000 employees smaller than it was the day I took office as President. Our Federal Government today is the smallest it has been in 30 years, and it's getting smaller every day. Most of our fellow Americans probably don't know that. And there's a good reason—a good reason: The remaining Federal work force is composed of hard-working Americans who are now working harder and working smarter than ever before to make sure the quality of our services does not decline.

I'd like to give you one example. His name is Richard Dean. He's a 49-year-old Vietnam veteran who's worked for the Social Security Administration for 22 years now. Last year he was hard at work in the Federal Building in Oklahoma City when the blast killed 169 people and brought the rubble down all around him. He reentered that building four times. He saved the lives of three women. He's here with us this evening, and I want to recognize Richard and applaud both his public service and his extraordinary personal heroism. But Richard Dean's story doesn't end there. This last November, he was forced out of his office when the Government shut down. And the second time the Government shut down he continued helping Social Security recipients, but he was working without pay.

On behalf of Richard Dean and his family, and all the other people who are out there working every day doing a good job for the American people, I challenge all of you in this Chamber: Let's never, ever shut the Federal Government down again.

On behalf of all Americans, especially those who need their Social Security payments at the beginning of March, I also challenge the Congress to preserve the full faith and credit of the United States, to honor the obligations of this great Nation as we have for 220 years, to rise above partisanship and pass a straightforward extension of the debt limit and show people America keeps its word.

I know that this evening I have asked a lot of Congress and even more from America. But I am confident: When Americans work together in their homes, their schools, their churches, their synagogues, their civic groups, their workplace, they can meet any challenge.

I say again, the era of big Government is over. But we can't go back to the era of fending for yourself. We have to go forward to the era of working together as a community, as a team, as one America, with all of us reaching across these lines that divide us—

the division, the discrimination, the rancor—we have to reach across it to find common ground. We have got to work together if we want America to work.

I want you to meet two more people tonight who do just that. Lucius Wright is a teacher in the Jackson, Mississippi, public school system. A Vietnam veteran, he has created groups to help inner-city children turn away from gangs and build futures they can believe in. Sergeant Jennifer Rodgers is a police officer in Oklahoma City. Like Richard Dean, she helped to pull her fellow citizens out of the rubble and deal with that awful tragedy. She reminds us that in their response to that atrocity the people of Oklahoma City lifted all of us with their basic sense of decency and community.

Lucius Wright and Jennifer Rodgers are special Americans. And I have the honor to announce tonight that they are the very first of several thousand Americans who will be chosen to carry the Olympic torch on its long journey from Los Angeles to the centennial of the modern Olympics in Atlanta this summer, not because they are star athletes but because they are star citizens, community heroes meeting America's challenges. They are our real champions.

Please stand up. [*Applause*]

Now each of us must hold high the torch of citizenship in our own lives. None of us can finish the race alone. We can only achieve our destiny together, one hand, one generation, one American connecting to another.

There have always been things we could do together, dreams we could make real which we could never have done on our own. We Americans have forged our identity, our very Union, from the very point of view that we can accommodate every point on the planet, every different opinion. But we must be bound together by a faith more powerful than any doctrine that divides us, by our belief in progress, our love of liberty, and our relentless search for common ground.

America has always sought and always risen to every challenge. Who would say that having come so far together, we will not go forward from here? Who would say that this age of possibility is not for all Americans?

Our country is and always has been a great and good nation. But the best is yet to come if we all do our parts.

Thank you. God bless you, and God bless the United States of America. Thank you.

NOTE: The President spoke at 9:14 p.m. in the House Chamber of the Capitol.

Statement on the Peace Process in Northern Ireland

January 24, 1996

I welcome the report released today by the international body on decommissioning that was set up by the British and Irish Governments as one track of the twin-track approach for moving the Northern Ireland peace process forward. I am proud that the international body was chaired by a distinguished American, Senator George Mitchell. Senator Mitchell and his colleagues, General de Chastelain of Canada and Mr. Holkeri of Finland, have made a significant and positive contribution to the peace process, and I join the British and Irish Governments in expressing gratitude for their service.

The international body's report is based on the submissions it received from relevant and interested parties in the United Kingdom and Ireland. Together with the political track, I believe it will be a valuable tool for the Irish and British Governments as they work to reach the goal of all-party talks.

I encourage all the parties to use the report of the international body to advance the peace process. Its recommendations do not reflect the views of any one party, but the considered judgment of its members, who want only to help the people of Northern Ireland achieve a just and lasting peace. Their recommendations deserve serious and open-minded consideration by all who share that goal.

The United States stands by its commitment to support the efforts of the British and Irish Governments, the political parties and the people of Northern Ireland to create a bright and peaceful future for themselves and their children.

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Divider Title: 3

THE NEW YORK TIMES,

FRIDAY, OCTOBER 4, 1996

In America

BOB HERBERT

The Cities Climb Back

As Henry Cisneros, the Secretary of Housing and Urban Development, sees it, the long and devastating "free fall" of American cities is over, and the difficult climb back has begun.

He may be right.

New York City has a good chance of ending the year with 1,000 murders or less, a terrifying statistic in most venues but a reason to celebrate in the Big Apple, which suffered through a record 2,245 homicides in 1990.

In Detroit, which came up with the quaint custom of burning itself down every Halloween, a genuine rehabilitation seems to be under way. There has been some modest job creation, an increase in home ownership, a commitment of $2 billion in private investments in the city's empowerment zone and a resurgence of the downtown area, which was in pitiful shape (especially at night) just a few years ago. A symbol of the renewed action in Detroit is the serious effort by the football Lions to arrange a return to the city. The Lions have been holed up for years in suburban Pontiac.

Chicago, Philadelphia, Kansas City, Cleveland — all are making headway in the areas of employment, public safety, neighborhood revitalization and civic pride. Even Newark, N.J., comatose since the riots of 1967, appears to be waking up. Among other things, Newark's rancid high-rise public housing complexes are being demolished and housing more suitable to the human species is being built.

"Unemployment is down in the cities, crime rates are down, and some job creation is up," said Mr. Cisneros. "I'm not saying the cities have recovered, but they are recovering."

Slowly.

> Progress is slow, but the evidence is accumulating.

It's not that the Clinton Administration has been a champion of the cities; far from it. But since Bill Clinton became President cities have at least been able to get a hearing in Washington. And some members of the Administration, most notably Mr. Cisneros and Treasury Secretary Robert Rubin, have been passionate and eloquent advocates for cities.

This is a vast change from the approach of the Reagan and Bush Administrations. The idea then was to go Gerald Ford one better and tell all of urban America to drop dead.

Without some Federal support local efforts are doomed. In making the case for the Clinton Administration, Mr. Cisneros points to several things: to Federal support for anticrime initiatives, including money to put additional police officers on city streets; to changes in public housing policies away from high-rises filled with the poorest of the poor to lower density, mixed-income dwellings; and to the creation of urban empowerment zones, which carry with them a whole load of Federal subsidies and tax benefits.

It is too early to gauge the impact of the empowerment zones, but the other efforts have been helpful. And cities have unquestionably benefited from the continued push to make credit more readily available through programs like the Community Reinvestment Act and the low-income housing tax credit. The Administration has steadfastly defended these programs from assaults by conservative legislators.

"What we've really seen is a credit revolution in the inner city," said Paul Grogan, president of the Local Initiatives Support Corporation, a nonprofit outfit that helps in the rebuilding of deteriorated neighborhoods. "There have been large rises in home ownership rates for African-Americans and Hispanics, and the availability of bank credit fo. all manner of activity has risen."

Most important, the cities have benefited from the overall improvements in the economy. The top 50 cities have seen their official unemployment rate decline by 2.5 percent over the past four years. In Detroit the decline was nearly 7 percent. In Cleveland, 4 percent.

More people working means more people buying and furnishing homes and paying taxes.

The flip side of the good news is that the burden of Federal budget-cutting continues to fall disproportionately on the shoulders of the cities. And the narrow, unfair and remarkably uncreative ways in which spending is being cut is sapping the nation's ability to invest in education, additional job creation, the infrastructure and the environment — all areas that would benefit cities and the nation as a whole.

Nevertheless, [illegible] news is good. It's [illegible] to [illegible] s[illegible]ging f[illegible] the rubble. □

Employment Data for the 50 Largest Cities and their Metropolitan Areas

Unemployment Rate by Place of Residence

Ra	City	MSA/PMSA July 1992†	MSA/PMSA July 1996†	MSA/PMSA Change†	City July 1992†	City July 1996†	City Change†	Suburbs* July 1992†	Suburbs* July 1996†	Suburbs* Change†
1	New York	11.2%	8.4%	-2.8%	11.7%	9.1%	-2.6%	8.8%	4.9%	-3.8%
2	Los Angeles	10.8%	8.9%	-1.9%	12.7%	10.1%	-2.6%	9.5%	8.1%	-1.4%
3	Chicago	7.7%	5.0%	-2.7%	10.0%	6.7%	-3.3%	6.5%	4.2%	-2.4%
4	Houston	7.0%	5.7%	-1.4%	8.6%	6.9%	-1.6%	5.6%	4.4%	-1.1%
5	Philadelphia	7.9%	5.5%	-2.4%	9.3%	7.0%	-2.3%	7.4%	5.0%	-2.4%
6	San Diego	7.3%	5.7%	-1.6%	7.4%	5.8%	-1.6%	7.2%	5.6%	-1.6%
7	Phoenix	6.8%	3.8%	-3.0%	7.4%	4.1%	-3.3%	6.3%	3.6%	-2.8%
8	Dallas	6.6%	4.2%	-2.4%	8.3%	5.3%	-2.9%	5.5%	3.6%	-2.0%
9	San Antonio	6.3%	5.1%	-1.2%	7.1%	5.8%	-1.3%	4.5%	3.6%	-0.8%
10	Detroit	10.5%	5.6%	-4.9%	20.0%	11.1%	-8.8%	8.2%	4.3%	-3.9%
11	San Jose	6.5%	3.8%	-2.7%	7.6%	4.5%	-3.1%	5.3%	3.1%	-2.2%
12	Indianapolis	5.6%	3.5%	-2.2%	6.4%	4.0%	-2.4%	4.8%	2.9%	-2.0%
13	San Francisco	6.1%	4.6%	-1.5%	7.1%	5.5%	-1.6%	5.2%	3.8%	-1.4%
14	Baltimore	7.5%	5.5%	-2.0%	11.3%	8.1%	-3.2%	6.1%	4.6%	-1.5%
15	Jacksonville	7.1%	4.0%	-3.0%	7.5%	4.4%	-3.1%	6.0%	3.2%	-2.8%
16	Columbus	5.1%	3.0%	-2.1%	5.6%	3.3%	-2.3%	4.6%	2.7%	-1.9%
17	Milwaukee	5.0%	3.6%	-1.5%	6.6%	5.5%	-1.1%	4.0%	2.4%	-1.6%
18	Memphis	5.8%	4.1%	-1.8%	6.7%	5.0%	-1.8%	4.6%	2.9%	-1.7%
19	El Paso	10.8%	12.4%	1.6%	10.4%	11.9%	1.6%	14.6%	16.7%	2.1%
20	Washington	5.2%	3.8%	-1.4%	8.6%	9.3%	0.7%	4.7%	3.2%	-1.5%
21	Boston	7.8%	4.0%	-3.8%	8.6%	5.2%	-3.5%	7.7%	3.8%	-3.9%
22	Seattle	6.2%	4.2%	-2.0%	7.3%	4.9%	-2.4%	5.9%	4.0%	-1.9%
23	Austin	4.4%	3.3%	-1.1%	4.9%	3.7%	-1.2%	3.6%	2.7%	-0.9%
24	Nashville	5.1%	3.1%	-1.9%	5.0%	3.0%	-2.0%	5.1%	3.3%	-1.8%
25	Denver	5.4%	3.7%	-1.6%	6.7%	4.7%	-2.0%	4.8%	3.4%	-1.5%
26	Cleveland	7.2%	5.1%	-2.1%	13.3%	9.6%	-3.7%	5.8%	4.1%	-1.7%
27	New Orleans	7.7%	6.8%	-0.9%	8.0%	8.1%	0.1%	7.5%	6.1%	-1.4%
	Oklahoma City	4.3%	3.3%	-1.0%	4.9%	3.7%	-1.2%	3.8%	3.1%	-0.8%
	Fort Worth	6.6%	4.1%	-2.5%	8.7%	5.4%	-3.4%	5.7%	3.6%	-2.1%
30	Portland	6.2%	4.1%	-2.2%	7.4%	4.9%	-2.5%	5.8%	3.7%	-2.0%
31	Kansas City	4.6%	4.2%	-0.5%	6.8%	5.4%	-1.3%	3.8%	3.7%	-0.1%
32	Charlotte	6.0%	3.8%	-2.1%	5.7%	3.5%	-2.2%	6.1%	4.0%	-2.1%
33	Tucson	5.8%	3.8%	-2.0%	6.4%	4.2%	-2.2%	4.8%	3.1%	-1.7%
34	Long Beach**				5.8%	4.3%	-1.5%			
35	Virginia Beach	6.7%	5.0%	-1.7%	5.8%	4.3%	-1.5%	7.1%	5.3%	-1.8%
36	Albuquerque	5.0%	5.5%	0.5%	4.8%	5.3%	0.5%	5.5%	5.8%	0.4%
37	Atlanta	6.6%	3.8%	-2.8%	10.4%	6.3%	-4.1%	6.2%	3.5%	-2.6%
38	Fresno	12.3%	12.2%	-0.1%	10.8%	10.7%	-0.1%	13.6%	13.4%	-0.2%
	Honolulu***	3.4%	5.2%	1.8%						
40	Tulsa	4.8%	3.2%	-1.6%	4.9%	3.3%	-1.6%	4.5%	3.1%	-1.5%
41	Sacramento	7.8%	6.2%	-1.5%	8.6%	7.8%	-1.8%	7.2%	5.7%	-1.5%
42	Miami	10.5%	7.5%	-3.0%	14.9%	10.8%	-4.1%	9.6%	6.8%	-2.8%
	St. Louis	6.2%	4.7%	-1.5%	8.8%	7.7%	-1.1%	5.8%	4.2%	-1.5%
44	Oakland	6.6%	5.3%	-1.3%	10.3%	8.6%	-1.7%	5.9%	4.7%	-1.2%
45	Pittsburgh	7.1%	5.0%	-2.1%	7.3%	5.6%	-1.8%	7.1%	4.9%	-2.2%
46	Cincinnati	5.9%	4.1%	-1.8%	8.4%	5.8%	-2.6%	5.2%	3.7%	-1.5%
47	Minneapolis	4.4%	2.8%	-1.6%	5.3%	4.0%	-1.3%	4.3%	2.6%	-1.6%
48	Omaha	3.5%	3.0%	-0.6%	4.0%	3.5%	-0.5%	3.1%	2.4%	-0.7%
49	Las Vegas	7.5%	5.3%	-2.2%	7.3%	5.2%	-2.1%	7.6%	5.4%	-2.2%
50	Toledo	8.5%	4.8%	-3.7%	10.3%	5.8%	-4.5%	6.6%	3.7%	-2.9%
	Total	7.4%	6.2%	-2.2%	9.3%	6.8%	-2.8%	6.4%	4.4%	-2.1%

Notes:
* Suburbs are the remainder of the Metropolitan Area less the central city.
** Los Angeles and Long Beach are in the same PMSA so Suburb data for the Los Angeles-Long Beach PMSA are reported with Los Angeles city data above.
*** BLS provides data only for the Honolulu MSA and not for the Honolulu CPO, which the Census Bureau defines as the central city of the Honolulu MSA.
Due to differences in the method of calculating local area monthly data for 1992 and 1996 which result in higher seasonal variation in earlier years' data, <u>BLS does not endorse the comparison of 1992 and 1996 monthly data.</u> In addition, 1994 changes in the methods of the survey from which these data are compiled cause post-1993 unemployment rates to be somewhat higher than pre-1994 rates.

Source: Bureau of Labor Statistics.

11TH STORY of Level 2 printed in FULL format.

Los Angeles Times

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HEADLINE: RONALD BROWNSTEIN / WASHINGTON OUTLOOK;
FROM WHITE HOUSE TO A DREAM HOUSE, A FLOW OF FUNDS TO LIFT COMMUNITIES

BYLINE: RONALD BROWNSTEIN

DATELINE: BOSTON

BODY:

Crack and guns and teenage pregnancies haven't been conquered, but the news from the cities isn't all bad. Joel Garcia and his family testify to that.

Until last spring, Garcia, his wife, Marta, their two teenage daughters and their baby girl all squeezed into a timeworn two-bedroom apartment in East Boston, a neighborhood just north of Logan Airport. Now the Garcias can spread out: They own their home on East Boston's Prince Street.

Garcia, who emigrated from Mexico 10 years ago, works nights as a waiter in a Boston hotel; his wife works days as a health aide in a senior citizens' center. He still seems amazed to find himself in this bright and airy row house with three bedrooms, an elegant bay window, hardwood floors, a spacious kitchen and a porch in the back that overlooks a small yard.

"I feel like rich people," Garcia said brightly one cloudy morning last week. "The older girls, right now, they have their own rooms, and we live here much better, because before they were sharing."

The Garcias' good fortune is also good news for Prince Street. The house where they now live had been a dilapidated eyesore that dragged down the entire block. Then the building was bought and renovated by NOAH, a nonprofit community development corporation working to stabilize this weathered working-class community where young Latina mothers buy ices on the street from old Italian men, and Taqueria Cancun serves up lunch just down the block from Frankie's Cleaners.

Sitting in his new home, Joel Garcia doesn't think of himself as a pioneer, but he is on the front lines of a transformation in urban policy--one the Clinton administration is about to offer a substantial boost.

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NOAH (Neighborhood for Affordable Housing) renovated the Garcias' home with money from the Boston Community Loan Fund, a nonprofit lending group that extends money to community groups working in some of Boston's most distressed neighborhoods. The fund was founded in 1985 by a small group of activists who had been pressuring banks to lend more in poor neighborhoods; it opened its doors with assets of $ 3,500.

But DeWitt Jones, a 39-year-old Cape Cod native who has directed the fund since its founding, has steered the group toward steady growth. The fund has attracted investments from hundreds of individuals, churches, foundations and banks; with the money it has provided 122 loans across Boston to community development groups building affordable housing in low-income neighborhoods and to small neighborhood organizations operating such services as day-care centers and shelters for homeless families.

Today the fund has $ 7 million in assets and provides a lifeline to neighborhood groups that banks consider too risky. Yet the loan fund's default rate is just .5%--comparable to any well-managed bank--largely because its borrowers tend to view themselves not as creditors but as collaborators in its effort. "You die to try to pay this loan back so this organization can continue," said Ann Beckert, the program administrator for a shelter that turned to the loan fund after no bank would finance their plan to build a longer-term home for battered women.

The Boston loan fund is one of dozens of small, entrepreneurial community development financial institutions--banks, credit unions and loan funds--that have sprouted in some of America's most barren neighborhoods in the past decade. On Wednesday, President Clinton will give them a measurable hand-up: Administration sources say he is planning to announce about $ 35 million in federal grants and loans for community lending groups working in distressed neighborhoods. The Boston loan fund is expected to be among the 30 recipients--all of which must match the federal money dollar for dollar with local investments.

Together with community development corporations like NOAH, these local lending operations and the foundations and banks that support them are quietly building what amounts to "a veritable revolution in urban policy," said Richard P. Nathan, the director of the Rockefeller Institute of Government at the State University of New York.

The men and women running NOAH and the Boston loan fund, and their analogues around the country, are infused with that quintessentially American combination of idealism and pragmatism: They are creative, clear-eyed and tenacious--committed to rebuilding blocks house-by-house and neighborhoods block-by-block. Rather than demanding large social programs, these groups pursue a vision of urban renewal grounded in bottom-up revitalization, neighborhood control and partnership with the private sector. They see Washington as neither an enemy nor a deliverer but as one of many assets to be mobilized.

"We don't want direction from Washington," said Elyse D. Cherry, a real estate lawyer who serves as president of the Boston loan fund's board. "We absolutely believe it has to be community-directed. We need Washington to support the effort. But then they need to get out of the way and let us build."

From equal parts necessity and inclination, Clinton's urban policy has paralleled this grass-roots revolution. With the funds available for direct federal investment in cities declining, the administration has focused its energy on increasing the flow of private investment and lending into low- and moderate-income neighborhoods.

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One tool has been Clinton's empowerment zone program, which provides substantial tax incentives for entrepreneurs to relocate in inner-city areas. Even more important, bank regulators and the Justice Department have put sharp new teeth into both the fair-lending laws and the Community Reinvestment Act, which requires banks to serve the communities where they are located.

These efforts have produced head-turning results. Today the Treasury Department is expected to release figures showing that the number of mortgages granted to African American borrowers increased nearly 70% from 1993 through 1995, while lending increased nearly 48% to Latinos and just under 26% in low-income neighborhoods. Those are numbers worth remembering the next time a politician declares the futility of federal efforts to help poor communities.

The assistance for community-development financial institutions that will be announced later this week opens another channel for irrigating low-income neighborhoods with new investment.

This channel won't be as large as Clinton proposed while a candidate in 1992. Budget pressures forced him to scale back the program--known formally as the Community Development Financial Institutions fund (CDFI)--when Congress finally approved it in 1994. And, after initially attempting to kill the fund, the Republican Congress last year forced the president to reduce it again.

But in the hands of these civic entrepreneurs, even the modest $ 35 million in new federal aid (plus $ 15 million in grants to encourage commercial banks to invest in the community lenders) can leverage many times its weight in new activity. At the Boston Community Loan Fund, Jones says the half-million-dollar capital infusion they have requested from the federal government will ultimately support $ 10 million in new lending. Eventually that will mean more families like the Garcias will own homes they never imagined within their grasp.

And that will mean stronger neighborhoods. It is common now in Republican circles to contend that the key to reviving low-income communities is social capital--voluntary, civic and church associations that not only provide services but fortify moral order. Yet in the neighborhoods where Jones makes his loans, it is clear that social capital cannot be built without investment capital.

Capital investment creates ownership, and ownership in turn inspires social investment. Homeowners and small-business owners are the prime candidates to enlist in the little platoons that make neighborhoods work: crime watches and PTAs and cleanup details. Like trees on a hillside, local ownership offers a source of stability for neighborhoods battling through heavy weather.

Neither private investment nor civic engagement is a panacea for poor neighborhoods confronting family breakdown, crime and the flight of jobs. But Clinton's initiative to strengthen the community lending institutions working to reclaim these streets represents the best kind of federal support: money that sets in motion activities whose ultimate success still depends on marshaling local resources and commitment.

*

"Federal programs change a lot," said Kirsten S. Moy, a former investment executive who directs the CDFI program in the Treasury Department. "We are trying to build institutions that will be out there in the community long after there is a CDFI fund or not."

The Washington Outlook column appears here every other Monday.

GRAPHIC: PHOTO: Large federal programs are no longer seen as the way to save urban housing, such as this project in New Orleans. Community-based funds are filling the bill. PHOTOGRAPHER: Associated Press

LANGUAGE: English

LOAD-DATE: July 29, 1996

Facts on the 50 Largest U.S. Cities

	June 1992	June 1993	June 1994	June1995	June 1996	Change June 1992-June1996
Total Labor Force	20,784,190	20,772,023	20,913,363	21,097,679	21,354,610	570,420
Total Employment	18,891,359	19,018,924	19,303,235	19,646,289	19,934,724	1,043,365
Total Unemployment	1,892,831	1,753,099	1,606,128	1,451,390	1,419,886	-472,945
Unemployment Rate	9.11%	8.44%	7.68%	6.88%	6.65%	-2.46%

Population	1990	1994	Change 1990-1994 Count	Change 1990-1994 Percent
	40,795,844	41,248,879	453,506	1.10%

Source: Bureau of Labor Statistics@http://stats.bls.gov:80/sahome.html

Homeownership Information for 40 Selected Metropolitan Areas: 4th Quarter 1992 and 2nd Quarter 1996

Metropolitan Area	1992–4th Quarter			1996–2nd Quarter			Changes		
	Households (000)	Homeowners (000)	Rate %	Households (000)	Homeowners (000)	Rate %	Households (000)	Homeowners (000)	Rate %
Atlanta, GA	1188	738	62.1	1399	952	68.1	211	214	6.0
Baltimore, MD	913	619	67.7	1013	658	64.9	100	39	−2.8
Boston, MA	1129	666	59.0	1249	750	60.0	120	84	1.0
Charlotte–Gastonia–Rock Hill, NC–SC	483	318	65.9	517	369	71.4	34	51	5.5
Chicago, IL	2355	1304	55.4	2825	1892	67.0	470	588	11.6
Cincinnati, OH–KY–IN	583	362	62.0	589	425	72.2	6	63	10.2
Cleveland–Lorain–Elyria, OH	732	467	63.9	922	699	75.7	190	232	11.8
Columbus, OH	536	371	69.3	580	331	57.2	44	−40	−12.1
Dallas, TX	982	507	51.7	1181	705	59.7	199	198	8.0
Denver, CO	692	424	61.3	772	498	64.4	80	74	3.1
Detroit, MI	1689	1186	70.2	1661	1189	71.6	−28	3	1.4
Ft. Worth–Arlington, TX	504	308	61.2	587	363	61.9	83	55	0.7
Honolulu, HI	287	153	53.4	289	151	52.1	2	−2	−1.3
Houston, TX	1259	695	55.2	1419	790	55.7	160	95	0.5
Indianapolis, IN	535	323	60.3	560	388	69.3	25	65	9.0
Jacksonville, FL	378	244	64.5	409	275	67.2	31	31	2.7
Kansas City, MO–KS	681	444	65.2	681	470	68.9	0	26	3.7
Los Angeles–Long Beach, CA	3182	1575	49.5	3259	1526	46.8	77	−49	−2.7
Memphis, TN–AR–MS	384	233	60.7	455	292	64.2	71	59	3.5
Miami–Hialeah, FL	734	374	51.0	755	395	52.2	21	21	1.2
Milwaukee–Waukesha, WI	542	357	65.9	613	377	61.5	71	20	−4.4
Minneapolis–St. Paul, MN–WI	993	601	60.6	1061	776	73.1	68	175	12.5
Nashville, TN	428	250	58.3	477	303	63.5	49	53	5.2
New Orleans, LA	498	258	51.8	505	291	57.7	7	33	5.9
New York, NY	3393	1211	35.7	3432	1107	32.3	39	−104	−3.4
Norfolk–Virginia Beach–Newport News, VA	479	311	65.0	584	373	64.0	105	62	−1.0
Oakland, CA	814	437	53.7	807	494	61.3	−7	57	7.6
Oklahoma City, OK	345	216	62.6	415	277	66.6	70	61	4.0
Philadelphia, PA–NJ	1882	1336	71.0	1947	1359	69.8	65	23	−1.2
Phoenix–Mesa, AZ	902	631	69.9	985	636	64.5	83	5	−5.4
Pittsburgh, PA	860	625	72.6	969	687	71.0	109	62	−1.6
Portland–Vancouver, OR–WA	556	338	60.7	689	416	60.4	133	78	−0.3
Sacramento, CA	607	377	62.1	609	348	57.2	2	−29	−4.9
St. Louis, MO–IL	714	437	61.1	985	653	66.3	271	216	5.2
San Antonio, TX	450	242	53.6	538	317	58.8	88	75	5.2
San Diego, CA	901	496	55.0	982	539	54.9	81	43	−0.1
San Francisco, CA	709	354	49.9	703	354	50.4	−6	0	0.5
San Jose, CA	523	343	65.5	634	404	63.7	111	61	−1.8
Seattle–Bellevue–Everett, WA	808	541	67.0	915	586	64.0	107	45	−3.0
Washington, DC–MD–VA–WV	1488	944	63.4	1646	1029	62.5	158	85	−0.9
Totals	37118	21616		40618	24444		3500	2828	
Aggregate Homeownership Rate			58.2			60.2			
Change in Aggregate Homeownership Rate						1.9			

Press Release -- draft 7/29/96

For Use at 4 PM EDT
July 30, 1996

July 30, 1996

The Federal Financial Institutions Examination Council (FFIEC) announced today that reports of 1995 mortgage lending activity in metropolitan areas are now available for public inspection at central depositories throughout the nation. The reports include individual disclosure statements and aggregate data for each metropolitan area, and are available a month earlier than they were last year and three months earlier than they were in 1993.

The reports reflect the 1995 lending activity for more than 9,500 institutions covered by the Home Mortgage Disclosure Act (HMDA) that reported data to member agencies of the FFIEC--the Comptroller of the Currency, Federal Deposit Insurance Corporation, Office of Thrift Supervision, National Credit Union Administration, and Federal Reserve System--and to the Department of Housing and Urban Development.

The 1995 data include a total of 11.2 million reported loans and applications, a decrease of about 8 percent from 1994 that primarily reflects a decline in refinancing activity. The reports contain data about loan originations, loan purchases, and applications that did not result in a loan; and they give information about three characteristics of applicants or borrowers: race or national origin, gender, and annual income. For loans relating to property located in metropolitan statistical areas (MSAs), the reports identify the geographic location, usually by census tract.

The denial rates for conventional home purchase loans continue to vary among racial and ethnic groups, as in previous years (see attached fact sheet). For conventional home purchase loans, 41.4 percent of Native American applicants, 40.5 percent of Black applicants, 29.5 percent of Hispanic applicants, 20.6 percent of White applicants, and 12.5 percent of Asian applicants were denied credit in 1995. These rates of loan denial are higher than in 1994.

The 1995 data show an overall decrease in the number of conventional home purchase loans from 1994. However, among racial or ethnic groups, the number of conventional home purchase loans to Black, Hispanic, and Native American applicants went up 10 percent, 4 percent, and 0.2 percent respectively, from 1994 to 1995, while lending to Asian and White applicants fell over this period by 8.3 percent and 3.3 percent respectively.

The FFIEC makes HMDA data available in various formats, including paper, magnetic tape, PC diskette, and CD-ROM. Tables showing the nationwide aggregates and key demographic information for MSAs can be obtained in paper form. The raw data for individual loans and applications are available on CD-ROM, magnetic tape, and PC diskette. An order form, with descriptions of the various reports and formats available, is attached to this release. The location of the central depository for an MSA can be obtained by calling the FFIEC (Ms. Campbell, 202/634-6526).

Table 3 of the aggregate reports (and some individual disclosure statements) reflects incomplete data regarding the type of purchaser for loans sold in the secondary market, due to an inadvertent omission by a small number of lenders. The complete data are available from the FFIEC on magnetic tape and in paper form. Because only Table 3 is affected by the omission, and because the major users of these data obtain that information on magnetic tape, the FFIEC has elected not to reprint the entire series for distribution to the central depositories. Further information about Table 3 can be obtained through the HMDA Assistance Line (202/452-2016).

The FFIEC also provides data on mortgage insurance applications. Data from the nation's eight private mortgage insurance (PMI) companies were compiled under the auspices of the Mortgage Insurance Companies of America (MICA), and are available at individual PMI companies, at the central depositories in each MSA, and from the FFIEC.

Attachments: Fact Sheet on 1995
HMDA Data Order Form

# # #

Findings from Analysis of Nationwide Summary Statistics for 1995 Data
Home Mortgage Disclosure Act Fact Sheet
(July 1996)

The following analyses of nationwide summary statistics are based on data compiled by the Federal Financial Institutions Examination Council (FFIEC) for institutions covered by the Home Mortgage Disclosure Act and Regulation C.*

The Data

For 1995, the FFIEC prepared 36,611 disclosure statements for 9,539 lenders, with a separate statement for each metropolitan area in which the lender has an office (table 1). The data reflect the lending activity of 5,042 commercial banks, 1,065 savings associations, 2,279 credit unions, and 1,153 mortgage companies (285 of these were affiliates of depository institutions and the remainder were independent entities).

Applications Received and Loans Made

These lenders received 9.9 million applications for home purchase loans, home improvement loans, and refinancings in 1995 (compared with 10.7 million in 1994), and purchased 1.3 million loans (compared with 1.5 million in 1994). The total volume of home loan applications and purchases (11.2 million) decreased 8 percent from 1994, largely due to a 30 percent decline in the number of applications for refinancing. The fall in refinancing activity is likely due to the effects of higher interest rates on this particularly rate-sensitive segment of the loan market.

Changes in Lending Volume by Race and Income

The data suggest that the affordable home loan programs that have been initiated in recent years by mortgage originators, Fannie Mae, and Freddie Mac -- to benefit low-income, moderate-income, and minority households and neighborhoods -- may be having an impact (table 2). Overall, conventional home purchase lending was down in 1995 compared with 1994. Lending to Whites declined by 3.3 percent (a decrease of 76,093 loans) and lending to Asians declined by 8.3 percent (a decrease of 7,748 loans). However, lending increased by 9.7 percent for Blacks (an increase of 12,238 loans), by 4.1 percent for Hispanics (an increase of 5,287 loans), and 0.2 percent for Native Americans (an increase of 21 loans). Among neighborhoods grouped by race or national origin, only those

* The FFIEC also has compiled insurance data submitted by the nation's eight private mortgage insurance (PMI) companies under the auspices of the Mortgage Insurance Companies of America. The data relate to application decisions made by the PMI companies during 1995. The disclosure statements are available from the individual companies. In late July, the data will be available at the MSA central depositories and from the FFIEC in the same formats as the HMDA data.

neighborhoods at least 80 percent minority experienced an increase in the number of conventional home purchase loans. Among neighborhoods grouped by income category, only the low- or moderate-income neighborhoods experienced an increase in the number of conventional home purchase loans.

Approval/Denial Rates

For conventional home purchase loans, the denial rates continue to vary among applicants by income and racial or ethnic characteristics (table 3). For example, loan applications filed by Native Americans, Blacks, and Hispanics are more likely to be turned down than those submitted by Whites or Asians. In 1995, 41.4 percent of Native American applicants, 40.5 percent of Black applicants, 29.5 percent of Hispanic applicants, 20.6 percent of White applicants, and 12.5 percent of Asian applicants were denied conventional home purchase loans. The denial rates for all racial and ethnic groups were higher in 1995 than in 1994 (the comparable denial rates in 1994 were 31.6 percent for Native Americans, 33.4 percent for Blacks, 24.6 percent for Hispanics, 16.4 percent for Whites, and 12.0 percent for Asians).

Differences in the distribution of applicants by income account for some of the differences in loan disposition rates among racial or ethnic groups (table 4). Other factors are more important, however, since Whites and Asian applicants, in all income groups, had lower rates of denial than Native American, Black, or Hispanic applicants. The extent to which racial discrimination may account for these differences is not known. The HMDA data provide some information on the reasons for denial as cited by lenders. Poor credit or no credit history was the most frequently cited reason for denial of conventional home purchase loan applications, with this factor cited particularly often for Blacks and relatively ra[illegible] for Asians.

Loan Programs

Lending institutions tend to specialize in different types of home loans (table 5). For example, among home purchase loan originations, mortgage companies tend to do most of the government-backed lending. Commercial banks, on the other hand, do most of the home improvement lending.

Among applicants, some are more likely than others to apply for certain types of home loans (table 6). For example, low- or moderate- and middle-income households are more likely to apply for government-sponsored home loans (26.1, 29.1, and 25.2 percent, respectively) than are high-income households (12.3 percent). In addition, Blacks and Hispanics (31.0 percent and 20.3 percent, respectively) are more likely to apply for such loans than are Asians, Native Americans, or Whites (11.1 percent, 12.9 percent, and 15.7 percent, respectively).

Attachments: Tables 1 through 6

1. Residential lending activity reported by financial institutions covered by HMDA, 1981-95

Year	Number of loans[1] (millions)	Number of reporting institutions	Number of MSA disclosure reports
1981	1.28	8,094	10,945
1982	1.13	8,258	11,357
1983	1.71	8,050	10,970
1984	1.86	8,491	11,799
1985	1.98	8,072	12,567
1986	2.83	8,898	12,329
1987	3.42	9,431	13,033
1988	3.39	9,319	13,919
1989	3.13	9,203	14,154
1990[2]	6.59	9,332	24,041
1991	7.89	9,358	25,934
1992	12.01	9,073	28,782
1993	15.38	9,650	35,069[3]
1994	12.20	9,858	37,742[3]
1995	11.23	9,539	36,611

1. Before 1990, includes only loans originated by covered institutions; beginning 1990 (first year under revised reporting system), includes loans originated and purchased, applications approved but not accepted by the applicant, applications denied or withdrawn, and applications closed because information was incomplete.

2. Revised from preliminary figures published in Glenn B. Canner and Dolores S. Smith, "Home Mortgage Disclosure Act: Expanded Data on Residential Lending," Federal Reserve Bulletin, vol. 77 (November 1991), p. 861, to reflect corrections and the reporting of additional data.

3. Revised.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

2. Conventional home purchase loans by race or ethnic status and income of borrowers or census tracts, 1990-95.

Number of loans and percentage change

Borrower and census tract characteristic	Number of loans						Percentage change					Memo Percentage change 1993-95
	Year						Period					
	1990	1991	1992	1993[1]	1994[1]	1995[1]	1990-91	1991-92	1992-93[1]	1993-94[1]	1994-95[1]	
Borrower *Race or ethnic group*												
American Indian	7,143	6,395	7,280	8,638	10,691	10,712	-10.5	13.8	18.7	23.8	0.2	24.0
Asian	70,011	64,789	68,416	78,671	93,319	85,571	-7.5	5.6	15.0	18.6	-8.3	8.8
Black	47,045	44,897	56,516	81,322	125,796	138,024	-4.6	25.9	43.9	54.7	9.7	69.7
Hispanic	69,548	2,237	6,995	91,345	29,695	134,982	-10.5	7.6	36.3	42.0	4.1	47.8
White	1,296,471	1,312,694	1,582,030	1,971,153	2,281,450	2,205,357	1.3	20.5	24.6	15.7	-3.3	11.9
Income (percentage of MSA median)[1]												
Less than 80	181,505	219,269	278,390	407,059	516,824	494,007	20.8	27.0	46.2	27.0	-4.4	21.4
80-99	135,259	149,544	190,282	248,402	295,734	282,928	10.6	27.2	30.5	19.1	-4.3	13.9
100-119[2]	146,535	160,961	196,311	246,294	285,044	268,684	9.8	22.0	25.5	15.7	-5.7	9.1
120 or more[2]	798,928	743,366	819,576	950,597	1,069,305	1,047,465	-7.0	10.3	16.0	12.5	-2.0	10.2

Table 2 (continued)

Borrower and census tract characteristic	Number of loans						Percentage change					Memo Percentage change 1993-95
	Year						Period					
	1990	1991	1992	1993[1]	1994[1]	1995[1]	1990-91	1991-92	1992-93[1]	1993-94[1]	1994-95[1]	
Census Tract												
Racial minorities (percentage of MSA population)												
Less than 10	801,861	839,450	855,219	1,077,879	1,197,432	1,153,291	4.7	1.9	26.0	11.1	-3.7	7.0
10-19	213,818	209,697	310,563	386,443	460,110	437,354	-1.9	48.1	24.4	19.1	-4.9	13.2
20-49	154,575	142,344	225,275	272,690	337,292	322,835	-7.9	58.3	21.0	23.7	-4.3	18.4
50-79	51,280	42,189	68,144	81,628	101,817	98,145	-17.7	61.5	19.8	24.7	-3.6	20.2
80-100	30,589	23,838	36,937	43,263	56,329	56,545	-22.1	55.0	17.1	30.2	0.4	30.7
Income of census tract												
Low or moderate	133,554	116,545	152,137	185,014	224,434	232,659	-12.7	30.5	21.6	21.3	3.7	25.8
Middle[3]	703,125	695,472	725,069	897,645	1,053,155	1,010,218	-1.1	4.3	23.8	17.3	-4.1	12.5
Upper[3]	415,444	445,301	618,932	783,695	877,527	827,852	7.2	38.9	26.6	12.0	-5.7	5.6

1. Includes loans reported by newly covered independent mortgage companies.

2. MSA median is median family income of the metropolitan statistical area in which the property related to the loan is located.

3. To more closely mirror the categorical definitions used in the Community Reinvestment Act regulation, a category definition change shifts a very small number of loans from the range 100-119 to the range 120 or more and from middle income to upper income census tracts beginning in 1995.

SOURCE. FFIEC, Home Mortgage Disclosure Act, 1990-95.

3. Disposition of conventional home purchase loan applications, by characteristics of applicant, 1995

Percentage distribution, by number of applications

Applicant characteristic	Type of disposition				
	Approved	Denied	Withdrawn	File closed	Total
Race or ethnic group					
American Indian/ Alaskan native	50.7	41.4	6.8	1.1	100
Asian/Pacific Islander	75.9	12.5	9.7	1.9	100
Black	51.1	40.5	6.7	1.7	100
Hispanic	60.2	29.5	8.3	2.0	100
White	71.8	20.6	6.5	1.1	100
Other	59.4	29.6	8.9	2.0	100
Joint (white/minority)	68.5	22.4	7.7	1.3	100
Income (percentage of MSA median)[1]					
Less than 80	63.1	29.9	5.9	1.0	100
80-99	74.0	18.0	6.8	1.2	100
100-120	77.7	13.9	7.2	1.2	100
More than 120	82.2	8.7	7.9	1.2	100

1. MSA median is median family income of the metropolitan statistical area in which the property related to the loan is located.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

4. Disposition of conventional home purchase loan applications, by income and race of applicant, 1995

Percentage distribution, by number of applications

Applicant income and race or ethnic group[1]	Type of disposition				
	Approved	Denied	Withdrawn	File closed	Total
Less than 80					
American Indian/ Alaskan native	52.6	40.8	5.5	1.1	100
Asian/Pacific Islander	73.6	16.5	8.2	1.7	100
Black	54.2	37.3	6.6	1.8	100
Hispanic	59.1	32.4	6.8	1.8	100
White	65.5	28.4	5.2	0.9	100
Other	54.3	37.4	6.9	1.4	100
Joint (white/minority)	57.4	35.6	6.0	1.0	100
80-99					
American Indian/ Alaskan native	64.8	26.4	7.7	1.1	100
Asian/Pacific Islander	78.2	11.2	9.0	1.6	100
Black	61.8	27.9	8.4	1.9	100
Hispanic	65.7	24.6	7.9	1.8	100
White	76.5	16.4	6.1	1.0	100
Other	67.3	22.7	8.3	1.6	100
Joint (white/minority)	68.0	24.1	6.7	1.1	100

Table 4 (continued)

Applicant income and race or ethnic group	Type of disposition				
	Approved	Denied	Withdrawn	File closed	Total
100-120					
American Indian/ Alaskan native	69.2	19.6	9.6	1.6	100
Asian/Pacific Islander	78.7	10.4	9.2	1.6	100
Black	64.8	23.9	9.0	2.2	100
Hispanic	67.2	22.4	8.5	1.9	100
White	80.3	12.3	6.4	1.0	100
Other	69.8	19.2	9.1	2.0	100
Joint (white/minority)	74.2	17.5	7.1	1.2	100
More than 120					
American Indian/ Alaskan native	74.7	13.4	10.4	1.5	100
Asian/Pacific Islander	79.0	9.5	9.8	1.7	100
Black	70.7	17.5	9.6	2.1	100
Hispanic	72.2	15.6	10.1	2.2	100
White	84.2	7.6	7.3	1.0	100
Other	73.7	13.6	10.5	2.2	100
Joint (white/minority)	79.9	10.7	8.3	1.2	100

1. Applicant income shown as percentage of the median family income of the metropolitan statistical area in which the property related to the loan is located.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

5. Home lending, by type and purpose of loan and by type of lender, 1995

Percentage distribution, by number of loans[1]

Purpose of loan	Type of Lender				
	Commercial bank	Savings association	Credit union	Mortgage company[2]	Total
Home purchase	21.7	19.3	1.5	57.5	100
FHA-insured	8.7	9.7	0.2	81.5	100
VA-guaranteed	9.6	9.4	1.7	79.2	100
FmHA-insured	17.1	13.5	0.2	69.2	100
Conventional	25.2	22.0	1.8	51.5	100
Home refinancing	30.5	17.2	4.1	48.1	100
Home improvement	68.9	7.5	11.8	11.8	100
Multifamily[3]	51.5	42.3	0.5	5.8	100
Total	31.8	16.9	3.9	47.4	100

1. In this and subsequent tables components may not sum to totals because of rounding.

2. Includes independent mortgage companies and mortgage companies affiliated with a commercial bank or savings association.

3. Includes dwellings for five or more families.

SOURCE. FFIEC, Home Mortgage Disclosure Act data.

6. Applications for one- to four-family home loans reported under HMDA, grouped by purpose of loan and distributed by characteristic of applicant and census tract, 1995

Characteristic	Home purchase						Home refinancing		Home improvement	
	Government-backed[a]			Conventional						
	Number	Percent	Memo: percentage of characteristic's home purchase loans	Number	Percent	Memo: percentage of characteristic's home purchase loans	Number	Percent	Number	Percent
APPLICANT										
Racial/ethnic identity										
American Indian/ Alaskan native	4,051	0.4	12.9	27,351	0.6	87.1	10,578	0.5	9,617	0.7
Asian/Pacific Islander	15,172	1.6	11.1	121,089	2.8	88.9	65,964	3.0	20,414	1.4
Black	146,717	15.4	31.0	325,849	7.5	69.0	189,379	8.6	171,875	12.1
Hispanic	106,607	11.2	29.3	257,826	6.0	70.7	128,399	5.8	115,237	8.2
White	643,050	67.4	15.7	3,462,366	80.0	84.3	1,740,512	78.9	1,054,827	74.7
Other	5,933	0.6	12.6	41,107	0.9	87.4	27,326	1.2	14,633	1.0
Joint (white/minority)	32,652	3.4	25.7	94,386	2.2	74.3	44,035	2.0	25,527	1.8
Total	954,262	100.0		4,329,974	100.0		2,206,226	100.0	1,411,330	100.0

Table 6 (continued)

Characteristic	Home purchase						Home refinancing		Home improvement	
	Government-backed[a]			Conventional						
	Number	Percent	Memo: percentage of characteristic's home purchase loans	Number	Percent	Memo: percentage of characteristic's home purchase loans	Number	Percent	Number	Percent
Income (percentage of MSA median)[a]										
Less than 80	314,891	39.1	26.1	890,953	29.3	73.9	541,331	27.8	482,376	35.7
80-99	172,951	21.5	29.1	420,408	13.8	70.9	272,217	14.0	196,614	14.6
100-119	126,099	15.7	25.2	374,235	12.3	74.8	251,248	12.9	174,783	12.9
120 or more	189,610	23.6	12.3	1,357,489	44.6	87.7	885,912	45.4	496,706	36.8
Total	802,752	100.0		3,043,085	100.0		1,950,708	100.0	1,350,479	100.0
CENSUS TRACT										
Racial/ethnic composition (minorities as percentage of population)										
Less than 10	295,903	37.1	15.9	1,562,877	52.1	84.1	975,894	47.4	617,724	46.9
10-19	186,689	23.4	22.5	641,595	21.4	77.4	396,944	19.3	233,098	17.7
20-49	206,070	25.8	28.4	518,268	17.3	71.6	366,150	17.8	228,549	17.3
50-79	64,117	8.0	27.5	168,776	5.6	72.5	155,564	7.6	103,062	7.8
80-100	44,770	5.6	29.3	108,034	3.6	70.7	163,603	7.9	135,092	10.3
Total	797,549	100.0		2,999,535	100.0		2,058,155	100.0	1,317,525	100.0

Table 6 (continued)

Characteristic	Home purchase						Home refinancing		Home improvement	
	Government-backed[1]			Conventional						
	Number	Percent	Mean percentage of characteristic's home purchase loans	Number	Percent	Mean percentage of characteristic's home purchase loans	Number	Percent	Number	Percent
Income[3]										
Low or moderate	144,546	17.9	26.1	409,030	13.6	73.9	350,685	17.4	296,817	22.1
Middle	463,961	57.5	23.6	1,500,430	50.0	76.4	1,033,298	50.0	694,042	51.8
Upper	197,731	24.5	15.3	1,092,903	36.4	84.7	674,890	32.7	349,440	26.1
Total	806,238	100.0		3,002,363	100.0		2,066,873	100.0	1,340,299	100.0
Location[4]										
Central city	379,043	46.3	24.2	1,186,518	38.6	75.8	813,506	39.5	606,417	44.2
Non-central city	439,447	53.7	18.9	1,886,593	61.4	81.1	1,276,772	60.5	765,234	55.8
Total	818,490	100.0		3,073,111	100.0		2,090,278	100.0	1,371,651	100.0

NOTE. Lenders reported 9,955,171 applications for home loans in 1995. Not all characteristics were reported for all applications; thus, the number of applications being distributed by characteristic varies by characteristic.

1. Loans backed by the Federal Housing Administration, the Department of Veteran Affairs, or the Farmers Home Administration.

2. MSA median is median family income of the metropolitan statistical area (MSA) in which the property related to the loan is located.

3. Census tracts are categorized by the median family income for the tract relative to the median family income for the metropolitan statistical area (MSA) in which the tract is located. Categories are defined as follows: Low or moderate, median family income for census tract less than 80 percent of median family income for MSA; Middle income, median family income 80 percent to 120 percent of MSA median; Upper income, median family income more than 120 percent of MSA median.

4. For census tracts located in MSAs.

SOURCE. FFIEC, Home Mortgage Disclosure Act.