

See <http://www.aclu.com> for a parody

Mr. Cisneros Steps Down

HENRY CISNEROS had a good term as secretary of housing and urban development. It is not the world's most pleasant job; whoever holds it has to spend a lot of time defending some pretty unpopular programs. Mr. Cisneros did so in a principled way, and leaves the department and programs alike in better condition than he found them.

Money is the fundamental housing problem. Because housing itself is so expensive, the programs are as well; they alone account for fully a tenth of all domestic appropriations. Even so, they reach only about a fourth of the poor, so that most poor renters in this country still must pay more than half their already meager incomes for shelter. Housing is the crushing cost; there aren't enough subsidized units to go around; and what a secretary mainly does, in presiding over the principal programs, is allocate a shortage.

The main way of dealing with the worsening shortage in the past 15 years or so has been to reserve the available units for the poorest applicants first. The commendable rule has had the effect of hastening the concentration of very poor people in the large housing projects that remain the symbol of all the federal programs. The accompanying social problems have further eroded the reputation of the programs and cost them political support.

These chronic difficulties were compounded by the advent of the Republican Congress in 1994. The budget pressure was greater, but beyond that some Republicans also talked of dismantling the programs

problems. Some actual court cases may, improbably, prove welcome.

by turning the money, or some of it, over to the states or localities and disbanding the federal department. In the days just after the elections, there was some such talk in the White House as well, among aides who saw the housing agency as a kind of propitiatory offering to the new majority. In the end, Mr. Cisneros was allowed to fight to preserve the programs, but housing assistance has never been much on the president's screen, and the secretary was left to conduct the fight pretty much on his own.

He and a group of talented assistant secretaries and other aides did so with enormous skill. In some respects, these worst moments in office were his best. He took advantage of the change of command in Congress to set aside some rules and practices that had had powerful Democratic sponsors but were hampering administration of the programs. At the same time he insisted in the face of some Republican resistance on maintaining the basic purpose of the programs. It is not a solution to the problems of subsidized housing to convert it ever so gently into a program for the middle class. There's a modestly better balance now than there used to be between the needs to maintain national standards and local flexibility. There is also no more serious talk of abandoning either the department or the programs.

The fundamental problems are not solved, but against the odds, Mr. Cisneros created for his successor a better platform from which to work than he himself inherited. That's not a bad accomplishment.

racia
If
blac
othe
cate
torist
racial
equal,
not a p

I find
the pr
against

The
Target
states

ly dis
nothing
search

It's in
State
in 30

ever
lectur
appa

that
racia
effor

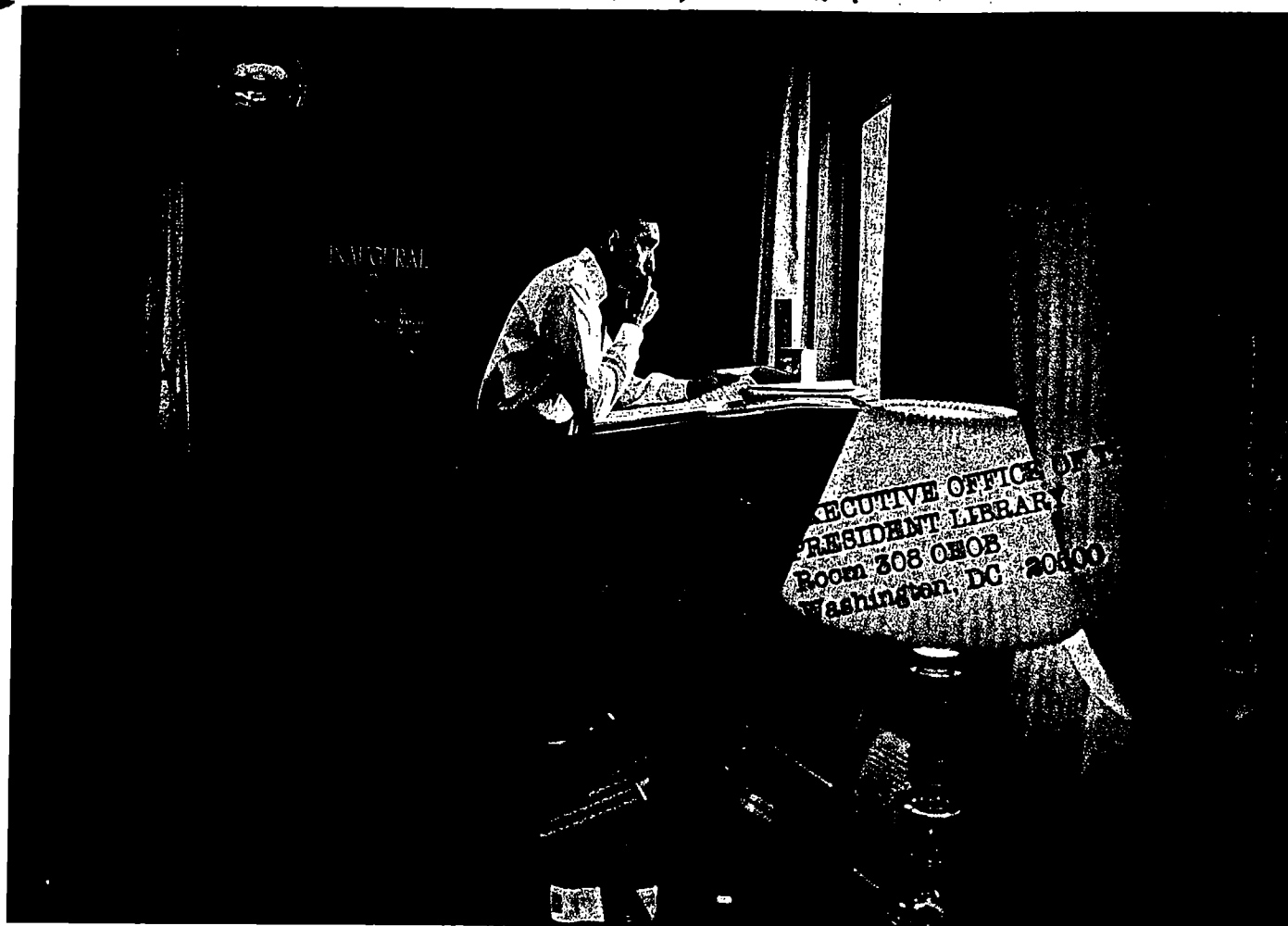
D
stop
able

dru
spre
dare

suc
for

CLINTON LIBRARY PHOTOCOPY

PHOTOCOPY
PRESERVATION



Housing Secretary Henry Cisneros is a man with a mission: selling his vision of a streamlined HUD. Page 18.

FEATURES

10

Forty years ago, Rosa Parks refused to surrender her bus seat to a white man. We know it now as an American moment of awakening and reckoning. But the history of that moment is more complex—and enriching—than many of us understand **BY WALT HARRINGTON**



The Civil Rights Memorial in Montgomery, Ala.

18

When Henry Cisneros came to Washington as HUD secretary, he knew his agency was broken. To fix it, he's defied his party's orthodoxy and offered a revolutionary idea. Now the question is: Can he see his plan through before political disgrace or financial hardship drive him out of town? **BY GUY GUGLIOTTA**

DEPARTMENTS

5

UNCOMMON SENSE

By Jeanne Marie Laskas
Let him rip



7

REAL TIME

By Kevin McManus
How many projectionists does it take ...?

23

DINING

By Phyllis C. Richman
Ann's eats

33

THE PUZZLE

By Carole Anne Nelson
Capital Ideas

36

WIT'S END

By Dave Barry
Caution: student driver





HENRY CISNEROS GOES FOR BROKE

Against all odds, the secretary of housing and urban development has a shot at reinventing Washington's most dysfunctional bureaucracy. He's also running out of time

SUMMER IN NEW YORK CITY, WHERE THE POLITICS

are always good, and Henry Cisneros is helping himself to a full plate. He is in City Hall with two Republicans, Mayor Rudolph Giuliani and Sen. Alfonse M. D'Amato, and two Democrats, Sen. Daniel Patrick Moynihan and Rep. Charles B. Rangel of Harlem. All are major leaguers—New York's power elite—and all are here because Cisneros, the secretary of housing and urban development, is giving New York \$231 million to rehab 22,624 public housing units.

Like most things in politics, the ceremony is about both buying and selling, a game Cisneros understands as well as anyone in the room. For months he has been selling his vision of HUD's future as a streamlined, city-friendly agency, and \$231 million can buy a lot of goodwill.

Each of the power brokers is important to him, albeit for vastly different reasons. Giuliani, the big-city GOP moderate, is a major counterweight to the conservative congressional zealots trying to eviscerate Cisneros's agency. D'Amato, scourge of the Clinton administration because of the Whitewater hearings, is essential to Cisneros as chairman of the Senate Banking Committee, which

writes housing laws. Moynihan, the '60s guru of urban anti-poverty programs, is a giant in the field; having a conversation with Moynihan, Cisneros says, is "like

BY GUY GUGLIOTTA

PHOTOGRAPHS BY DAVID BARRY

talking to history." Rangel, a senior member of the liberal Black Caucus, is Cisneros's base; if Rangel won't support him, then Cisneros is in the wrong business.

Cisneros knows all four as men he can "work with," a Washington euphemism that means deals and compromise. In an administration known for backing and filling, hesitation and unplanned confrontation, Cisneros stands out as a political natural. He knows what he wants, knows who can get it for him, and knows that a favor granted is a favor owed.

He also knows that he will need to collect on this one soon.

Henry Cisneros is a man in a hurry. Following last November's GOP election triumph, he and his top assistants at HUD developed a plan to completely restructure an agency notorious for scandal, mismanagement and inefficiency. In place of 60 major programs, HUD proposed three gigantic block grants to local communities to use as they saw fit. In place of public housing, HUD proposed moving exclusively to rent subsidy vouchers that eligible families could use wherever they wanted. Public housing authorities would have to learn to compete in the private market or watch their buildings succumb to the wrecker's ball.

It is a truly revolutionary proposal, the bureaucratic equivalent of opening a space program by launching a moon shot. The Cisneros plan gathers up HUD's forest of conflicting regulations, its overlapping jurisdictions and its cornucopia of programs and blows them all away, replacing them with something simple and entirely different. By fixing nothing, the HUD plan seeks to fix everything.

Cisneros announced the proposal December 19, and has been selling it ever since, winning endorsement from Clinton, forging alliances with skeptical congressional Republicans, placating reluctant Democrats and weathering repeated calls for HUD's elimination. He is making progress, but it will take time—months for sure, maybe another year, before Congress enacts the law that will forever change HUD, if it ever does.

Time is something Cisneros does not have. For more than a year he has been paying lawyers to represent him in cases involving \$213,000 in conscience money he gave to former mistress Linda Medlar from 1990 to 1993. In May, independent counsel David M. Barrett began an investigation into what Attorney General Janet Reno called "false statements" Cisneros made about the size of the payments when the FBI was vetting him before his January 12, 1993, confirmation hearing. A federal indictment, possible at any time, would finish him, but even if he is cleared, Cisneros will almost certainly be gone by the end of 1996.

Prohibited by law from accepting honoraria as a speechmaker, which was his principal source of income before he became HUD secretary, Cisneros has gone into debt to finance his defense and to pay \$49,000 in settlement of a civil suit filed by Medlar in Lubbock, Tex. Cisneros says he needs at least "one more round of borrowing" to make it to the end of Clinton's presidential term, and may have to use his parents' home in San Antonio as collateral. Even with that, he says December 1996 is "as far as I can see," and he will sweat to make it that far.

HUD reorganization is the Clinton administration's boldest surviving initiative, and if Cisneros pulls it off, his place in history will be assured. The first question is whether political disgrace will derail him before he can achieve professional greatness. The second question, and the peculiar irony in the case, is whether the first question can be resolved before Cisneros goes broke and quits.

CISNEROS'S APPOINTMENT as HUD secretary ended a three-year hiatus in his political career that began when he stepped down as mayor of San Antonio after the scandal that accompanied his affair with Medlar. Once acclaimed as a rising star of the Democratic Party, the leading Latino politician in the country, Cisneros, 45 in late 1992, was damaged goods.

He had told Clinton about the payments to Medlar, and the FBI had told key senators on the Banking Committee, including D'Amato. More than two years later, when it became clear that Cisneros had low-balled the size of the payments, Clinton gave him a vote of confidence, and D'Amato said the amounts had played no role in his decision to support confirmation. Cisneros's lawyers regard these endorsements as key factors in his case before the independent counsel.

But at the time of his nomination, the Medlar payments were a glitch unknown to the public. Otherwise Cisneros seemed a perfect choice for his new job. He mustered a combination of political know-how, professional credibility and personal charm rare among his fellow Cabinet nominees. He was a city planner by training and education and had had direct experience with HUD during four terms as mayor. Friends regarded him as a big thinker and an eloquent speaker with the charisma to articulate the problems of urban America and make people believe him.

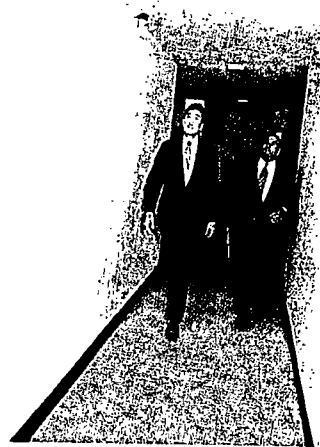
He would, supporters said, be a welcome alternative to his Republican predecessor, Jack Kemp, another big-name visionary. Kemp was a passionate advocate for a conservative ideology of tenant ownership, enterprise zones and "empowerment"—giving people education and training so they could pull themselves up from poverty—but the Democratic Congress had viewed these ideas with suspicion, and they had taken Kemp nowhere. Cisneros, with his Democratic credentials, ought to be able to do better.

But as time passed, it became clear that Cisneros was far less a visionary than Kemp. Instead, beneath the surface gloss, he was a mechanic. He knew the literature and the theory, but he had also worked closely with the housing advocacy groups, nonprofits, for-profit developers, mayors and office-holders who dominate urban policy. He was a true Democrat in that he believed that government could make a positive difference in poor people's lives, but he also knew HUD was broken. To fix it, he would try anything, regardless of ideology.

He was also a political realist. From the beginning, he feared the task might overwhelm him.

Corruption, he thought, would be his biggest problem. Cisneros envisioned an agency clouded by the kickback and cronyism scandals of the 1980s, and expected to find a line of developers and political bagmen waiting for him in the corridor, palms out, reminding him that "I gave X dollars to the Democratic Party" and demanding

A federal indictment in the Medlar case, possible at any time, would finish Cisneros. But even if he is cleared, the HUD secretary will almost certainly be gone by the end of 1996.





Cisneros has had to deal with decades of institutional collapse. Above, Chicago's high-rise Henry Horner Homes, which were demolished in August. Left and below, he tours Washington's troubled Clifton Terrace.



money and favors in return. One person he confided in was Medlar, with whom he continued a reasonably cordial telephone relationship until his confirmation. In a series of

conversations taped by Medlar in late 1992 and early 1993, and subsequently used in her lawsuit, Cisneros described the risks that he, the honest artisan, ran by taking over HUD:

"It's the hardest thing in the world to get a handle on all this housing stuff," he told Medlar on Christmas Eve 1992. "There's so much corruption and so much scandal that the chances that I emerge from this intact are slim, you know, but it's the right thing to do. It's the hardest one,

and unfortunately I think it's going to be a heartbreaker."

His fear of scandal turned out to be misplaced. Kemp had cleaned house, and Cisneros did not have to deal with widespread

institutional corruption. His scandal would be personal—the one that Medlar had helped him create.

At HUD he had only to deal with decades of institutional collapse.

WHEN CISNEROS TOOK OVER, HUD was a disaster in progress. Its 1.4 million units of public housing included some of the worst apartment buildings in the country, high-rise monstrosities legendary for their decrepitude, their managers' incompetence, their waste of federal money and the depravity of the crimes committed in them.

At the same time, hundreds of privately owned housing projects subsidized and insured by HUD were going downhill and defaulting, draining hundreds of millions of dollars from Federal Housing Administration trust funds. An independent audit found that FHA, a HUD agency, could lose as much as \$11.9 billion during the next few years simply by covering insurance claims on bad mortgages.

Digging out of this mess appeared almost impossible. During the Reagan administration, hostile conservatives had cut HUD personnel from 16,300 to 11,500, turning one of the Great Society's enduring monuments into an understaffed caretaker for slums.

The Democratic Congress hadn't helped. Battling the White House at every step, it had insisted on maintaining flawed programs, creating new ones that didn't work and enacting laws whose sole purpose was to block Republicans from further gutting the department.

The result was a poisonous chess game. Both Democrats and Republicans realized that some of the worst high-rises had to come down in order to break up massive concentrations of minority poor and give tenants a chance. But Congress worried that the Republicans would never build new housing, so it enacted "one-for-one replacement" legislation—requiring construction of a new unit for every one destroyed. There wasn't enough money to rebuild everything, so the eyesores endured.

The law also required that private landlords who agreed to rent one apartment to a low-income tenant with a rent voucher could not deny any other apartment to a voucher holder. This policy was known as "take-one-take-all," and landlords—seeing that it could turn their buildings into poor people's projects—would not cooperate.

And if HUD foreclosed on a privately owned project, it could not resell it until it had set aside enough funds to provide 15 years' worth of rent subsidies for every subsidized apartment. If more than 50 percent of the units were subsidized to begin with, HUD had to set aside subsidies for the whole project. But again, there was little money for this, so the projects languished in HUD's unwanted inventory.

The list went on and on. The rules required that working tenants in public or assisted housing pay more rent and perhaps lose benefits as their wages rose, virtually punishing them for working. The regulations also discouraged marriage where one partner worked, because the rent went up with family income. "Preference" rules required that vacant public housing units be offered first to those most in need, a noble idea that had the unintended consequence of further massing the poorest Americans together to create new slums.

None of this was a secret, but nothing was happening. Ideological war and bureaucratic inertia had brought HUD to a standstill.

"I thought that if you could just get resources headed in the right direction, you could set the right changes in motion," Cisneros recalled. "But I hadn't been to Detroit, Newark or the South Side of Chicago—the magnitude of the problem was disillusioning."

Also, he lacked tools. He wanted to "get it done," he said, but HUD, he discovered, was a "rule-driven" agency, where writing reports and complying with regulations were more important than results. HUD was trying to satisfy everyone, and satisfying no one. The rules—stultifying, redundant, in many cases absurd—were HUD's only constant.

And finally there was the legislative morass. You could plan initiatives, propose laws and do what most people—Democrats and Republicans—believed was right and necessary. "But you had to work

within the schedule" to coax your program through a welter of conflicting political interests.

Progress in this atmosphere required patience and flexibility. It also required a large arsenal of new policy weapons. For HUD to be fixed, ideological gridlock had to go.

Even with Democrats ascendant during the Clinton administration's first two years, Cisneros readily used the vocabulary and ideas of the enemy. In 1993, he proposed merging several homeless programs into a single block grant, and by the time block grants became the gospel of the Republican Congress, Cisneros had already proposed block granting for all of HUD.

Vouchers were another Republican favorite—the free market alternative to public housing. At first Cisneros used vouchers as an inducement to break up concentrations of minority poverty. Then, in 1994 his plan trumped the Republicans by proposing vouchers to replace public housing altogether.

He espoused empowerment and home ownership, streamlining and downsizing. He was interested in jobs, training and economic development. And he also helped the administration create federal enterprise zones.

From the beginning Cisneros could talk the talk. At a hearing early this year, House Budget Committee Chairman John R. Kasich (R-Ohio), another superb political mechanic, smiled and feigned a quick departure when Cisneros came forward to present the early draft of his restructuring plan. "You're such a good salesman, I don't know if I want to hear this," Kasich said with a grin.

But Cisneros could also walk the walk. "We are advancing things that are not gimmicks," he said much later. "Things," not hot air.

LIKE MANY POLITICAL events organized by professionals, the City Hall ceremony unfolds like Japanese Kabuki, formal and predictable, yet pregnant with subtext. Giuliani applauds the \$231 million as a "clear example of how city, state and federal agencies can and are working together," and remarks that "every time we called on Secretary Cisneros, he has always been willing to work with us."

Of course, the mayor adds, Cisneros told us "this had to be done, because otherwise he would have to call Sen. D'Amato and tell him it couldn't be done." Disappointing D'Amato, notorious for his evil temper, can be unpleasant, as Giuliani knows, having backed Democrat Mario Cuomo in his unsuccessful reelection race the previous year against new Gov. George E. Pataki, D'Amato's favorite.

Now Giuliani is making a peace offering by acknowledging that D'Amato, who first suggested bringing the HUD money to New York, is a principal reason why it is there. Still, Giuliani has made it clear that he is on Cisneros's side. The federal government, object of disdain in the Republican Congress, has helped New York and could do so again.

He goes on to describe the deal. The \$231 million actually was New York's money in the first place, but it was supposed to be used to build new units, he says. New York doesn't need new units, but it does need to rehab old ones, he continues, and under HUD's byzantine regulations the money would have gone unspent if HUD had not managed to shift it around.

This is a point Cisneros has wanted to make. The inability of housing authorities to move funds from one program to another, similar one is another of the bureaucratic rat traps plaguing HUD. Pass the Cisneros plan, he believes, and the money will come in a lump sum

As the year progressed, Clinton all but disappeared from the debate. This was part of the curse of HUD—no president wants to identify himself with an agency carrying so much baggage.

to be spent on rehab, new construction, elderly housing or whatever. Pass the Cisneros plan and there will be no reason to mess around for a year doing a one-time deal like this one.

D'Amato gets the message. Yes, he says, speaking after Giuliani, it can be tough when D'Amato "gets on your case," but, he adds, looking at Cisneros, "we never had to get on your case . . . Mr. Secretary, you understand what a difference this will make."

Cisneros speaks next, underlining three important points. The money snafu, he says, "was a problem identified as a problem by New Yorkers," and New Yorkers were instrumental in solving it. *We're all in this together, Republicans and Democrats, something we ought to remember down the road.*

Yes, it was D'Amato who started the ball rolling, and D'Amato "is a person with whom I must work very closely." *He may be difficult, but he has power that HUD needs to tap.*

And finally, "I am proud that this initiative touches real people." *We did the right thing, and we can do it again.*

Moynihan provides context. New York City has a model public housing authority, he says, and it must remain so. Family incomes in the city's public housing, he notes, are 30 percent of citywide incomes, and "this is the tipping point. You go below that, and you lose your public housing. You might as well dynamite it."

Behind Moynihan, Cisneros is nodding. This is a subject that has regularly engaged him as a student of housing. Why is New York's public housing authority, the largest in the country with 156,089 units, also one of the best, regularly scoring in the 90s on HUD's performance surveys?

"First, in New York, living in high-rises is the norm," Cisneros explains on another occasion. "People have not been isolated or stigmatized, because high-rise is all there is." Second, and more important, "housing is scarce, and you don't have a lot of turnover." People stay in public housing, so "income integration still exists." The hated preference system has not worked its perverse magic. "Let me tell you something: Income integration is the whole ball of wax. If there's one thing you want to do, if you wanted to put your finger on one thing, that's it. When the preference rules kick in, there are no role models and no one working. This ultra-concentration of poor people cannot work."

Now Giuliani introduces the last speaker. Big, bluff and good-humored, Charlie Rangel has a talent for rhetorical one-liners, but he is also a political hardhead, and his speech, too, contains both text and subtext. "Notwithstanding the budget problems we do have," he says, "notwithstanding the philosophical differences we do have, thank you for making sure that people come first before party." *Make no mistake, we are not all friends here. Remember the people. They're out there, sitting in the audience, and they will take vengeance if they feel they have been wronged.*

THE "CISNEROS PLAN," as Cisneros himself has often pointed out, was not his to begin with, but the product of the assistant secretaries who make up HUD's brain trust. It was developed on a weekend in December 1994 while the boss was traveling, and presented to him at the regular Monday morning senior staff meeting. Before leaving town Cisneros had told his lieutenants to look at HUD's proposed budget and ask, "Have we been bold enough?" By Monday, there was no question.

The proposal was born of both neces-

continued on page 30

son would like to see built inside the old Empire Theater, outside of which Rosa Parks was arrested.

But someday...

"If you rode the bus, you were mistreated," Mr. Dickerson says, the light making him look washed and vague and mysterious in his little hat with the brim rolled up all the way around. "And so the time was right. It could have been anybody... I guess when the time is right, it's just like Nelson Mandela. If anybody had told Mandela, 'You're gonna be free and you're gonna rule South Africa, man,' you talked like a fool. 'I'm not gonna get outta jail!' So there is a time for everything. And you have to play your role."

Rosa Parks's grandfather who refused to shuffle for whites played his role. So did the dark-skinned man in Pine Level who wouldn't work for whites. Rosa's mother, who sacrificed so Rosa could go to Miss White's school. Miss White. Julius Rosenwald. A. Philip Randolph. The NAACP lawyers who laid decades of groundwork for the 1954 Supreme Court schools decision. The Rev. T.J. Jemison, who organized the earlier Baton Rouge bus boycott. Those who took the literacy test again and again. Raymond Parks. H. Councill Trenholm, Ralph Abernathy, Eddie Mae Pratt, Anne Smith Pratt, E.L. and Dorothy Posey, Zecoz Williams, Bertha Smith, Monroe J. Gardner, Samuel Patton Sr., Johnnie Carr, Bertha T. Butler, Zynobia Tatum, Aurelia Browder, Claudette Colvin, Susie McDonald, Jeanetta Reese, Mary Louise Smith. And, of course, E.D. Nixon, Rufus Lewis, Jo Ann Robinson, Fred Gray, Clifford and Virginia Durr and Martin Luther King Jr., who transformed a demand for seats into a mission for God. And the 40,000 who refused to ride.

Strands in a thread.

Rosa Parks, too, played her role.

She still does.

"The message is ordinary people doing extraordinary things," says sociologist Aldon Morris, who fears that the simplified mythology that enshrouds Rosa Parks and the Montgomery bus boycott, the belief that it was all God-ordained, can obscure the determination, fearlessness and skilled organization of the people who made the movement. "To believe that King or Rosa Parks are heroes, it creates passivity... Young people then ask, 'Where's the new Martin Luther King?'... People don't understand that power exists within the collectivity."

"The peoples," as E.D. Nixon said.

Back at the bus, bathed in the vague and mysterious light, Joe Dickerson says, "Things are changing."

Someday they'll have that museum.

"When the time is right."

And bus No. 5726 will be waiting. ■

CISNEROS

continued from page 22

sity and opportunity. Necessity because the Republican takeover of Congress had suddenly called into question government programs that had been taken for granted for years. GOP leaders were demanding everything from a balanced budget to term limits to the elimination of entire departments. HUD was number one on the hit list.

The Clinton administration was trying to cope with a world turned upside down. Rep. Newt Gingrich, yesterday's back-bench gadfly, was today's House speaker-to-be. His "Contract With America," an electoral grandstand play in September, was today's blueprint for legislative revolution. During a plane ride November 30, Vice President Gore had told Cisneros that "profound changes" were in order. "Some departments are going to be faced with the idea of whether they should exist or not." HUD was one of them.

The opportunity was not as obvious. For two years Cisneros had been tinkering around the edges, working mostly within the existing housing statutes and using new legislation sparingly. He had had some successes—a doubling of homeless funds to \$1.5 billion; elimination of the HUD regional offices; a stepped-up program to demolish some of the worst public housing complexes; auctions to shed unwanted projects that were draining FHA coffers; the enterprise zones.

In 1994 he had pushed for a big housing law to correct some of HUD's worst regulatory logjams. It was a good bill by 1994 standards—it made some long overdue changes that Republicans could embrace without disturbing the basic structures that Democrats had put in place. But it died in the Senate, stacked up late in the session with a host of other measures waiting for a floor debate that never came.

After the election everything was different. The Republicans had no institutional commitment to HUD, and might look kindly on something radical. The day after the election Cisneros told reporters that HUD was "rethinking" the way it did business. Instead of repairs, his staff would decide to rip out the wiring and start over. Just maybe the GOP would buy it.

Cisneros acknowledged that "when they're talking about eliminating your department, it gets your attention," but much later he spoke of "two streams of thought" that drove the plan. The first was that with HUD up against the wall, "it was time to abandon incrementalism and jump several generations"—put something out there that would deflect the bullets and get everyone to sit up and take notice.

The second stream, he said, was the de-

partment's growing belief that radically simplifying HUD was the logical end point that the Cisneros team had been working toward since 1993: "If you did an analysis, you could see we were moving in that direction," he said. "It took something of that magnitude [the election] to move us down that road."

The plan was boldness informed by years of experience, not a shot in the dark. Andrew Cuomo, the assistant secretary for community planning and development, was the chief proponent of block grants, the extension of his own work with homeless programs. Joseph Shuldiner, assistant secretary for public and Indian housing, had run the New York and Los Angeles public housing authorities. FHA Commissioner Nicolas Retsinas, a career housing official from Rhode Island, was master of the endangered trust funds. Assistant Secretary Michael Stegman, an urban planner from the University of North Carolina, was the numbers cruncher. Chief of Staff Bruce Katz was a former Senate Banking Committee staff director. When it came to agencies like HUD, Democrats could call on plenty of pros who had craved the opportunity to fix the department that had tormented them for so many years. Republicans, until recently, had little experience running big cities.

Cisneros's December 19 announcement of the plan put an immediate end to the modest clamor from the White House. Clinton backed the proposal without reservation and gave HUD a proposed fiscal 1996 budget of \$24.5 billion to execute it. As the new year progressed, however, Clinton all but disappeared from the debate. This was part of the curse of HUD—no president, Democrat or Republican, wants to identify himself too strongly with an agency carrying so much baggage. HUD, Cisneros said, "is the public housing agency, the black agency, the minority agency, and HUD has always paid a high price for that." Through the year, Cisneros informed Clinton of the plan's progress and received the president's private support. But HUD restructuring—as radical a proposal as Washington can produce—got no White House publicity. And in the battles that began in January, Cisneros fended for himself.

THE ATTACKS CAME quickly from both right and left. Republicans criticized the plan for its vagueness, claiming Cisneros was just another big-government bureaucrat trying to protect his turf. Maybe he had a good idea, but where were the details? And without details, why bother with HUD? By May, both Gingrich and Senate Majority Leader Bob Dole had endorsed the agency's elimination, and congressional Republicans had several pending proposals to dismantle it.

neros badly for the voucher proposal. Handing a slum tenant a voucher was one thing, but what about marginal projects that depended on rents to finance the repairs that could make shabby buildings competitive? Vouchers had been used by HUD for years, but never in public housing. Under the HUD plan, marginal projects would hemorrhage tenants, the residents said, leaving the die-hards to live in underfunded, half-vacant wrecks.

Democrats talked about betrayal. Rep. Joseph P. Kennedy II (D-Mass.) said vouchering public housing risked "throwing out the baby with the bath water." Others criticized the scale of the proposed reorganization: Just because the Republicans are going to hurt you, they told Cisneros, it doesn't mean you have to go even further than they would.

In fact, however, in its boldness lay the proposal's strength. By writing a plan that went way beyond anything that had come before, Cisneros had defined the game. Critics could condemn the agency, propose alternatives or debate details, but anything they said would be measured against what HUD had already put on the table. In the early months of the new Congress, with the administration scrambling to find answers to Gingrich's contract, the Cisneros plan stood out—here, at least, the administration had a chance to control its own destiny.

To his own party, Cisneros argued successfully that HUD needed to survive because it was the only government agency specifically designed to serve poor people, a key Democratic constituency. It also represented the party's "bridge values," he said: fair play, a concern for the underdog, a belief that good government can make a difference.

Republicans were unmoved by most of these considerations, but many believed that government had a responsibility to "help those least able to help themselves," as Rep. Rick A. Lazio (R-N.Y.), the new chairman of the House subcommittee on housing and community opportunity, put it. Lazio and his colleagues were also convinced by more practical concerns: HUD had enormous assets, and did most of its business in long-term contracts. Getting rid of the agency wouldn't stop the spending.

"I just don't see [eliminating HUD] as the focal issue," said Sen. Connie Mack (R-Fla.), chairman of the subcommittee on housing opportunity and community development and Lazio's Senate counterpart. "The funds are there, no matter what we do. The question is, how are we going to redefine the agency?"

By mid-year, Cisneros had successfully made his case for survival. The Republican House freshmen announced a proposal to

Cisneros had defined the game. Any criticism would be measured against what HUD had already put on the table.

get rid of HUD, but didn't push it. Sen. Lauch Faircloth (R-N.C.) had a similar plan, but he had to sell it in D'Amato's Banking Committee, where Mack and others were leaning Cisneros's way. Still, Cisneros was certain HUD would have to refight this battle once presidential politics heated up in 1996, and would never put the threat of elimination to rest until a new, comprehensive housing law was on the books.

Cisneros had begun to identify Sen. Christopher S. Bond (R-Mo.) as a legislative linchpin. Bond, a former Missouri governor with long experience on housing issues, sat on the Banking Committee, but he also served as chairman of the Appropriations subcommittee on Veterans Affairs, HUD and independent agencies. He was thus uniquely placed both to craft a program for HUD and appropriate the money to carry it out.

Bond and his staff had dismissed the HUD elimination proposals out of hand, but he nevertheless regarded the agency as "dysfunctional," and a "major mess that needed fixing." By mid-year he was convinced that Cisneros had a serious and perhaps workable proposal. "I certainly don't want to see Secretary Cisneros and our federally assisted housing effort fail," he said. "He has the same concerns and fears that I do."

Bond didn't like the wholesale move to vouchers, arguing that "there's no constituency at all for it," although it had Mack's support. He feared that Cisneros's block grants were too much like HUD's old programs. And he wanted a better assessment of the costs of strengthening the

housing projects.

But Bond, like Mack and Lazio, had reached common ground with Cisneros: Doing nothing was not an alternative.

CULTIVATING RICK LAZIO was one of Cisneros's projects.

Only 37 and in his second term, Lazio was an up-and-comer enjoying a taste of real power. He had been the first key GOP legislator to join the debate over the Cisneros plan, initially damning it with faint praise. He "welcomed" the proposal, he said, and was pleased that a Democratic HUD secretary had finally decided to use "some of the ideas our side has been pushing for years," but he doubted whether there was any substance to accompany HUD's stylish presentation.

After a few months Lazio's own views emerged. He belonged to the more cautious GOP school that liked vouchers but didn't think HUD should risk all of public housing on one roll of the dice. Also, like Bond and many other Republicans, he suspected that Cisneros's block grants, which required communities to submit detailed plans before claiming their money, would simply re-create HUD's regulatory morass—micromanagement by a different name.

Still, as Cisneros fleshed out the details, Lazio began to believe that the differences could be resolved. He also lent support to Cisneros's complicated proposal to buy out the mortgages on privately owned, HUD-subsidized and FHA-insured housing projects. Many of these properties carried mortgages well above market value, and landlords received inflated rent subsidies from HUD to help them cover their notes. If the mortgages were bought out and the buildings were refinanced at market value, landlords would be able to service their notes with lower rents, and HUD would save billions over the long term through lower subsidies.

The trouble with this concept was that HUD needed a lot of money up front to pay off the original loans. Cisneros had not yet satisfied Congress that he knew exactly how much it would cost, and his own inspector general had suggested that HUD was incapable of finding out. Lazio, too, wanted better numbers, but he accepted the idea that "marking" mortgages "to market" was the only workable long-term option, and was exploring ways to pay for it.

The two men were on the same page, but in midsummer Cisneros wondered if it was doing him any good. Lazio was an "authorizer" whose subcommittee would ultimately write the House version of the law that would change HUD, but this wasn't looking like it would happen before 1996. Meanwhile, House "appropriators," those responsible for allocating money to the ex-

ecutive departments each year, had taken an ax to HUD's 1996 budget. To achieve savings, they had made important—and, Cisneros thought at first, pernicious—changes in HUD's programs. It looked as if his entire strategy were falling apart—a casualty of the GOP's budget-cutting fever.

First in a spring rescissions package, then in summer House appropriations, Congress cut HUD by as much as \$4.9 billion in previously authorized funds, then slashed its 1996 budget from \$26 billion in 1995 to \$19.4 billion, crippling blows in Cisneros's efforts to demonstrate that HUD could use money wisely to plan for the future instead of simply putting out fires. Cisneros, furious, had taken Congress to task for its insensitivity. "This is not a glide path to a balanced budget," he had told reporters. "This is a crash into a cliff."

Then he went back to work. Publicly, Cisneros maintained his HUD policy of letting no indignity go unanswered. He complained about the cuts loudly and repeatedly, and by doing so helped get some of the funding restored. But he understood that the budget battle was basically a loser for him in a Congress where "money is everything."

So privately he took another tack. Working principally with Bond, but also with Lazio, Mack and others, Cisneros pushed the idea that radical regulatory relief and flexibility, fundamental goals of HUD reinvention, were the only ways that HUD could do its job in a time of dwindling resources.

Eliminating bureaucratic debris was a concept plucked directly from the Republican mainstream, and one that the GOP Congress could embrace with relish, Cisneros thought. Ironically, in losing the money battle, Cisneros had drawn the GOP closer to him on policy. If you want to cut public housing development funds, he argued, let us use rehab money to rebuild. If rebuilding is not an option, let us use operating subsidies for vouchers. Cisneros believed in "playing the cards the way they are dealt." If he couldn't get HUD reorganized all at once, he would try to get the appropriators to do it piecemeal.

CISNEROS SHAKES HANDS all around and escapes out the main door, stopping briefly to answer a TV reporter's questions in Spanish. The secretary has 90 minutes to get from City Hall to Bay Shore, Long Island. There he is to meet Lazio for a tour of Lazio's district and the announcement of \$853,000 in grants for three local HUD programs. He is late, but the traffic on the Long Island Expressway is extraordinarily light and his car—a private vehicle owned and driven by a HUD employee—makes it easily.

In Bay Shore, Cisneros meets up with Lazio in a parking lot, promises his audience to "bring your thoughts back to Wash-

By September,
the move
to restructure
HUD appeared
to have a
momentum
of its own.
What started
as an
absolutely
outlandish
idea had
become a
reform that
could actually
happen.

ington" and thanks them for "sending Congressman Lazio to the House." The two men stroll down Main Street in their shirt-sleeves listening to local officials point out boarded-up buildings and describe new projects underway.

Suburbia is not Cisneros's specialty, and he questions people closely, talking about development banks, matching funds and government grants. After 30 minutes downtown, he and Lazio drive two miles to Penataquit Village, a public housing project for the elderly—elegant two-story town houses, beautifully landscaped with trees and gardens. "When people think about public housing, they don't think about this," Lazio says. Indeed, HUD strives mightily—and mostly unsuccessfully—to point out that only 200 of the nation's 3,400 housing authorities have the kind of tumbledown slums that gave the agency a bad name. The rest, while not necessarily as nice as Penataquit, are serviceable and reasonably comfortable.

On the drive to La Guardia Airport, Cisneros and Lazio talk about budget cuts. Lazio is mostly noncommittal, but acknowledges his disappointment with losses in "special needs" housing programs benefiting the elderly, the disabled and AIDS patients. "In my mind morally there are groups we need to provide for," Lazio says. "Your first line of defense is to protect those who could not under any circumstances participate in the marketplace."

Fair enough, Cisneros replies. But what if you have to come up with a rationale to convince your opponents that you can do something besides pay out large sums of

money to people who don't work, don't go to school and don't have any skills? "How do you create a department that addresses issues that make it something besides the 'Department of Poverty?'"

Cisneros asks about a housing bill, but Lazio refuses to set a timetable. "I think we'll get a bill," he finishes glumly, "but I don't think it will be this year."

Over the next two months, however, the picture will brighten considerably. Senate and House appropriators, working with authorizers and HUD staff, will come up with an array of regulatory proposals to give both HUD and local officials new latitude and powers to deal with public housing. The appropriators will roll programs into block grants and allow new flexibility in the use of vouchers, especially in emptying out derelict properties. One-for-one replacement will seem likely to disappear, as will the federal preferences and take-one-take-all.

Reform will turn into a hodgepodge, the proposals shaped and sized differently depending on the staffers drafting them, but the trend will become so positive that Cisneros will claim in mid-September that "we will have enough of what we need" to attack the worst of public housing. It will be reinvention by another name.

On September 7 Lazio will announce his HUD restructuring plan in a speech at American University. Getting rid of HUD, he will argue, is "wrong," if "the result is simply to spread defective parts throughout the rest of government." Instead, we should change the law governing HUD—"not just to revise it, but to erase and replace it." The Lazio plan proposes to sharply deregulate public housing authorities, making local officials far more responsible for their failures. It lends support to "mark to market." It envisions a "Coordinated Community Fund," merging many existing programs into block grants for local development. Most of its provisions are fully consistent with HUD's original reinvention blueprint. Eleven days later, Sens. Mack, Bond and D'Amato will announce the Banking Committee's "Public Housing Reform and Empowerment Act," encompassing and expanding many of the reinvention reforms.

By September, in other words, the move to restructure HUD will appear to have a momentum of its own. What started as an absolutely outlandish idea will have become, in less than a year, a reform that could actually happen.

But for Henry Cisneros the clock will continue to tick. ■

Guy Gugliotta, now a Capitol Hill reporter for The Post, covered HUD for the first 2½ years of the Clinton administration.



U. S. Department of Housing and Urban Development
Washington, D.C. 20410-4000

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AFFAIRS

The State of America's Communities
Washington, DC
April 25, 1996
Secretary Henry G. Cisneros

Introduction

This speech is dedicated to three great Americans who died in just the past few weeks. Their deaths are a tremendous loss for America because these three persons -- Secretary of Commerce Ron Brown, nonprofit housing builder Don Turner, who was with Secretary Brown on his mission to Bosnia, and urban dynamo Jim Rouse -- were American visionaries. Each had a profound impact on our nation.

In thinking about their lives, I've been struck by the difference they made in other peoples' lives. They didn't try to cure the nation's ills in one fell swoop. They simply did the tough work of building, piece by piece, each in his own way, to make things better. And each did. Each had the clear, optimistic vision to see that our country, including our cities, could work for all our people and could remain great.

Their clear-eyed optimism was important because it was so natural and so different in a time when so many Americans are so pessimistic about America's cities. Those are the people I'd like to reach with my message today.

I am here to reach out to those among us who have given up on America's cities. Who have advocated or secretly thought about building walls around the cities and their inhabitants and throwing away the keys. I'm here to talk to those Americans who find themselves spending more and more of their income on the social costs of urban decay -- the home security systems, the auto alarms, the private schools, the security guards -- and hating their own unaccustomed pessimism.

I'm here to talk to you about the future and to deliver some good news of new potentials and possibilities: American cities are at a point of rebirth and renewal. We have been to the bottom of the well, and now America's cities are demonstrating that they're capable of climbing back. One block at a time. One school at a time. One neighborhood at a time. It's happening right before our eyes.

(As prepared for delivery by Secretary Cisneros, whose actual remarks may have departed from this text.)

This may be hard to believe. After all, conditions in some cities are so bad, they're difficult to describe in words. The blocks of burned-out buildings that scar parts of North Philadelphia. The endless vacant lots and fields of litter that mark Detroit. The gang-controlled areas of Los Angeles that keep children and their parents in a state of constant fear.

Well, those things are true too. I'm not going to stand here and tell you that we have solved the problem. That we have found the magic cure and the cities will all no more. I'm not telling you the recovery is complete. But I am saying the cities are recovering.

When I say cities are recovering and are climbing back, I don't mean that Detroit is once again going to have two million people living within its city limits and that the long-vacant auto plants are going to be active again. I don't mean that Pittsburgh will hold the same number of residents it once did or that the South Bronx will top the list as the nation's most livable city.

But I will tell you this: Detroit is becoming a hopeful place again. The South Bronx is becoming a good place for families to live again. And Pittsburgh is becoming a good place to start a small business. American cities can be good places to live and work and play and study and enjoy life. Together, we have begun to make it happen. We Can do This.

Our task has been to stop the downward momentum, to stem the downhill slide. Our task has been to help neighborhoods and cities start the climb back up. We are succeeding in these tasks.

One piece of good news is that we have learned what works and what doesn't. In the past three years, mayors and citizens, business leaders and federal officials have identified those strategies and programs that work, and we have invested our time and money in them. This is important not only to those who live in the cities but to all Americans.

Why? Because ultimately, we all pay for the problems of the inner cities, no matter where we live. Why? Because distress spreads. Just take a look at some of today's older suburbs that have begun to take on the problems of the cities from which its residents once fled. And don't forget that almost a third of America's future work force is being educated by failing central city public school systems. These children will be the future strength of our nation... or they will be part of what causes its heartache.

The stark polarization of urban communities -- isolating the poor from the well-off, the unemployed from those who work, and minorities from whites -- frays the very fabric of our civic culture. It threatens our democratic traditions. It threatens the nation's long-term prosperity.

Our national future depends in part upon the well-being of our cities. Thankfully, there are strong signs that cities are starting to climb back.

PART ONE: AMERICAN CITIES ARE BEING RENEWED
Examples and Principles

They are climbing back simply because together we have done the hard work of planting seeds. The seeds we've been planting in the cities in the past few years of the Clinton Administration are not the seeds of welfare and handouts that lead to a deadening of the human spirit. We have been cultivating something different.

We have been planting the seeds of opportunity -- and now those seeds are beginning to sprout.

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

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

First, we believe that real solutions to the problems which plague communities must come from within those communities themselves. No one can possibly care more about a city or its neighborhoods than the people who live there. No official from Washington, DC or a state capital -- no matter how effective -- can possibly supplant local leadership. The vision, the incentive, the ideas must be locally driven in order to be effective. Community development corporations, locally based churches, neighborhood groups have stepped up to the challenge and have shown that they are willing and able to provide that leadership.

Second, urban solutions must reflect and reinforce traditional values. There is no such thing as value-less policy, value-less laws, value-less living. We not only encourage, we insist upon community values in our own policies. That means we reward those who work hard, we remove those who harass and intimidate, we encourage family and stability.

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

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

And cities cannot be thought of as isolated islands; but must be connected to the economy of the larger metropolitan area and its growth centers of hospitals, universities, high tech industries, business parks, research centers, airports, and office parks.

Finally, perhaps our most important principle: our national policies must break down the destructive barriers that separate Americans by race and class. Our success as a nation, as a democracy, as a culture depends upon it.

Are we going to be a nation of walls? Of gated communities? Of compassionless stares across chasms of poverty? None of us wants that. The time to shift toward a more inclusive, less class- and race-divided country is now. We know how if we have the will to do it. We must work to break down concentrated areas of poverty, develop mixed income communities, and encourage collaboration between cities and their suburbs.

These principles are at the heart of the urban policies of the Clinton Administration and of HUD.

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

He's working to strengthen families by reforming welfare so that it rewards families who work, by raising the minimum wage and by preserving the earned income tax credit so that working families can lift themselves out of poverty. He's dedicated to improving both the education children receive in the early years and to help them get access to higher education later. He's enabling college students to give back to their community through national service while earning tuition credit. And he's created training programs to prepare the three-quarters of young people who don't go on to college for high-skill, high-wage jobs in tomorrow's economy.

PART TWO: WHAT WE HAVE LEARNED

Three Programs that Work

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

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

Each takes individual responsibility seriously, each works in partnership with local leadership, each encourages private investment, each is structured around community values and each encourages breaking down divisive barriers.

A. Homeownership Zones

There is no better place to begin a family's quest for self-sufficiency than at home. Home is where safety begins. Home is where self-respect begins. Home is where our connections to our community, our city and our nation begin.

And that is why our homeownership strategy is a beginning. Cities are reclaiming large tracts of vacant or blighted land and renovating whole neighborhoods by building affordable homes. I don't mean building a few affordable homes in a neighborhood. Cities are actually building whole neighborhoods of homes. Hundreds of homes which together create a community of safety, prosperity, jobs, and better schools.

Our strategy is to bring hardworking middle-income families back to the cities to live alongside our hardworking lower-income families. We are bringing private and nonprofit investors together to create livable, inviting neighborhoods. And urban planners and architects are doing their part to turn these areas into the kind of communities many people thought no longer existed.

Real neighborhoods. Where residents can walk to stores and parks and recreation centers. Where homes have front porches and neighbors know and trust one another.

This is one of the important ways we're carrying out President Clinton's national homeownership strategy, a nationwide public/private partnership to increase homeownership by eight million new homeowners and reach an all time high national homeownership rate by the end of the decade.

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

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

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

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

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

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

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

There are homeownership zones in cities all across the country: In the South Bronx and Brooklyn; in Baltimore, Pittsburgh and Buffalo; Chicago, Atlanta, and Houston; in Kansas City, Tampa, and Cleveland. All those cities -- and others -- are places where homeownership zones have renewed neighborhoods, and the architecture of the new urbanism has helped turn these neighborhoods into real communities. Homeownership zones are one of the most hopeful trends spurring the recovery of the cities, a 21st century urban program that undoes the damage of 1960s urban clearance by recharging our cities with people, life, families, children, schools,

businesses, and hope.

B. Empowerment Zones

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

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

- Many new plants, attracted by incentives, are investing in empowerment zones. In the Detroit zone, for example, the just-opened Piston Packaging factory has created 40 new jobs. Its owner, Detroit Pistons star Vinny Johnson, has made a commitment to his city. And in the same area, we're helping organizations like Focus: Hope prepare and train young adults for the jobs of the future.
- Empowerment zones build on community involvement, as in the Philadelphia zone, where residents have taken charge by forming an organization called Sea Change to beautify distressed neighborhoods and create jobs through gardening, landscaping, and tree farming.

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

The Empowerment Zones represent a strategic vision. Look at the Boston Zone, where an industrial park has been created, in which the factory being built there is expected to save 25 jobs and create 65 new ones. Where a public housing complex is being redeveloped. Where YouthBuild trains area young people for jobs and life skills. Where the Empowerment Zone grants are being used to match resident's skills to the job requirements in the growth sectors of the metropolitan economy -- the bio-medical industries, electronics firms, business services and global trading companies.

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

C. Public Housing

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

I've heard President Clinton say that one definition of insanity is to do the same thing over and over again and yet to expect different results. We have been -- as a country, as urban activists -- in a cycle of insanity when it comes to our public housing policies. In too many cities, especially the big cities, public housing isn't working, but we keep on doing the same things.

Let me be clear. Public housing has provided a stable supply of rental housing that is affordable to the 1.3 million households that live there. And of the 3,400 housing authorities HUD works with, only about 90 are officially designated as troubled, which leaves more than 3,300 doing a reasonable job.

But because of their obsolete design, because of the perverse regulations, because of their isolated locations, the worst of our public housing developments have not been much help to their low income residents -- for too many, public housing has been their hell.

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

We are tearing down the worst of the public housing complexes and replacing them with townhouses, with scattered site homes, and with certificates and vouchers. Prior to this Administration, about 1,000 units of public housing were replaced each year. By the end of this year, we will have torn down an unprecedented 23,000 housing units that were vacant, abandoned, unsafe or unlivable.

In their place, new signs of hope have been planted and are beginning to grow. Instead of the superblocks of Cabrini-Green, grids of traditional streets are being designed. Instead of mammoth apartment buildings, small scale, townhouse-style housing is being constructed. Instead of acres devoted exclusively to housing, commercial activities are being encouraged. Instead of large, open pedestrian

areas, small parks and squares -- as well as civic buildings and police stations and daycare centers -- are being altered. Instead of housing built, owned and managed by public entities, partnerships with for-profit and nonprofit developers are being forged. Instead of housing built only for the poorest of our society, economically integrated communities are coming to life.

Our second task is to hold public housing agencies accountable for performance. If they don't work, they are not allowed to languish in the hopes they will recover on their own. We have assumed control of the Chicago and San Francisco housing authorities, entered into strong partnerships with the determined Mayors of Detroit and New Orleans, and are actively assisting court-appointed receivers in Kansas City and Washington, DC.

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

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

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

The President has called for, and HUD has issued, "one strike and you're out" guidelines for public housing.

There is a feeling among the drug gangs that public housing is their personal playground. That they have a "right" to live there and that because of this, they can harass and intimidate and frighten with impunity.

Our expectations for public housing are clear: It should be safe and clean. It should be integrated into neighborhoods. It should be an important part of families' overall efforts to lift themselves. A place from which people can get jobs, and move up the economic ladder, instead of something that pulls them further down.

PART THREE -- The Challenge

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

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

The urban empowerment zones? There are only 12 Zones in the entire nation, and those are being implemented against a backdrop of criticism and second-guessing by the very people who have been calling for Empowerment Zones for 15 years.

The progress we're making in public housing? Congress has substantially reduced funding for public housing. At the funding levels currently proposed, an already difficult challenge becomes nearly insurmountable. To make matters worse, the House is moving legislation to repeal basic rent protection for public housing residents. Families with monthly incomes of \$300-400 could be looking at rent increases of up to \$50 a month. I can tell you from the families I have visited, they will not be able to pay and they will become homeless.

And the Homeownership Zones? Fifty million dollars had been appropriated for this initiative ... fifty million dollars which was taken away by the Congress in 1995. The zones I described are examples from cities that have creatively used other HUD funds to support these efforts. If that 50 million dollars hadn't been taken away, there would have been, already, thousands of homes under construction around the country.

This Congress has exacted severe cuts in federal programs. That is in understandable accordance with the American people's expressed desire for deficit reduction. But disproportionately these cuts have been in programs which serve low income families in cities: Summer jobs, education, training, transit subsidies, and housing. They've hit the poor. They've hit them hard. And they've hit them where they live.

Until recent years, the fight to rebuild the cities, to expand opportunities for low income Americans, has not been principally a partisan battle. It should not be a partisan battle now. Democrats and Republicans -- respected Republican leaders -- throughout our nation have called for the kind of urban programs we have put in place.

- Former HUD Secretary Jack Kemp and Democratic Congressman Charlie Rangel have both called for tax incentives to bring the private sector back to the inner city.

- Both Republican Senator Abraham from Michigan and Democratic Senator Lieberman of Connecticut have introduced legislation to create a federal version of renaissance zones.
- Republican Senators Kit Bond and Connie Mack and Democratic Senators Barbara Mikulski and John Kerry have sponsored the key legislation to transform the physical landscape of public housing.
- Republican Congressman Rick Lazio and Democratic Congressman Joe Kennedy both fought for and passed community-based affordable housing strategies.
- Connecticut Governor Rowland, a Republican, and Oregon Governor Kitzhaber, a Democrat, have both entered into innovative partnerships with the federal government to strengthen urban communities.
- Republican mayors Giuliani, Schundler and Riordan on one hand and Democratic mayors Rice, Daley and Rendell on the other, are all working in their individual cities on innovative ways to attract the middle class back.

So this is not about Republicans and Democrats. This is about the future of America. This is about the real lives of real Americans. This is not about suburban constituencies versus urban constituencies. This is about the American constituency.

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

I am profoundly hopeful that in partnership we can work together to create meaningful change in America's cities.

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

1. We can begin a second round of Empowerment Zones as President Clinton called for.
2. We can protect and preserve the Community Reinvestment Act and the Low-Income Housing Tax Credit and fund community development banks.
3. We can clean up and restore environmentally hazardous brownfields by

funding incentives for business in the tax code.

4. We can restore funding for the transformation of public housing and the expansion of affordable housing.
5. We can dramatically increase American homeownership in the cities.

The divisions which separate us as Americans are not so great that we can't rise to take on the truly pressing national challenges. We can either proceed as if our best years are behind us, or as if the best is yet to come. Whichever direction we choose will surely become our reality. If our collective will is resigned to a future of greater poverty and hopelessness, of abandonment and inattention, then as a nation we'd better post a red flashing light that signals "Extreme Danger Ahead."

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

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

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

I am certain that Don Turner, Jim Rouse, and Ron Brown would agree.

###

Housing Secretary Carves Out Role As a Lonely Clarion Against Racism

By JASON DePARLE
Special to The New York Times

WASHINGTON, July 7 — Henry G. Cisneros, the Secretary of Housing and Urban Development, has staked out a striking role: that of a Cabinet-level contrarian on the volatile question of race.

In an Administration that has been largely silent on the subject, Mr. Cisneros has gone out of his way to call racism a driving force behind many social ills, particularly urban poverty.

In a recent interview he criticized those he calls "quote, New Democrats," the party centrists being courted by President Clinton. He accuses them of "failing to acknowledge that the problems are as severe as they are." Mr. Cisneros called racism a "malignancy" and "the great Achilles' heel of our nation's future."

Change in Subsidized Housing

Mr. Cisneros's role is more than rhetorical. He is moving to reverse decades of Federal housing policy that he says has not just tolerated but promoted racial segregation. Most notably, he is trying to make subsidized housing less concentrated in central cities and more prevalent in white suburbs, an effort he acknowledges will be met with fierce local opposition.

"I'm not naïve about how difficult this is," he said. "Suburban settings don't want to accept public housing."

Mr. Cisneros, as is his manner, has been careful to avoid criticizing his colleagues by name, though he has cited disagreements with the Democratic Leadership Council, the organizational umbrella of "New Democrats" that President Clinton once headed.

He has been careful to praise Mr. Clinton's racial sensibilities, saying, "I am perfectly respectful of where the President's instincts bring him out on this issue."

But Mr. Cisneros's critique of urban poverty places him at odds with a view endorsed by many Democrats, including some of the Administration's top appointees.

That view acknowledges the historic impact of racism. But it argues that the

quandary of the black urban ghettos today stems more directly from other problems, like family break-up, drug abuse, educational failure and the economic shifts that have reduced the number of well-paying, low-skilled jobs.

By contrast, Mr. Cisneros insists that "race is at the core of the problems which confront America's urban areas" and says, "that is not a message that resonates well with some of the New Democrats."

Mr. Cisneros's housing proposals are also, in many regards, at odds with those of his predecessor, Jack F. Kemp. Mr. Kemp also criticized racial division and talked about the need for poor people and minorities to have

Cisneros seeks to reverse long-entrenched U.S. housing policy.

choices in where they live. But he placed his greatest emphasis on plans to let inner-city residents improve, not flee, the ghettos, by buying their homes.

It is unclear how much support Mr. Cisneros will ultimately find at the White House. He said the President has been "very supportive" of his views, and in mid-April he gave a well-received presentation to senior White House aides.

But during Presidential campaign, Mr. Clinton sought an image of independence from minority advocacy groups, who, like Mr. Cisneros, have argued that racism remains a central fact of American life. And Mr. Clinton has been seeking to court the centrist and conservative legislators most likely to be skeptical of Mr. Cisneros's actions and views.

In a recent interview in his office, Mr. Cisneros summoned several top aides for what became a mini-seminar on race in America.

Recounting a night he had recently spent in the Ida B. Wells public housing development on the South Side of Chicago, Mr. Cisneros painted an eerie portrait of waking to morning fog and young corpses, victims of gang warfare.

In telling the story, he emphasized what he called the "spatial separation" of that public housing complex and others from the rest of society. That isolation, he said, keeps residents away from good jobs and good schools and breeds such problems as violence and drug abuse.

Conservative analysts have viewed the same circumstances and faulted inert public school bureaucracies, rampant teen-age pregnancy or leniency toward crime; Mr. Cisneros argues that the villain is racism.

Assails Apartment Policy

"This was deliberate," said Mr. Cisneros, contending that even now, Federal rules cause public housing to be concentrated in areas dominated by poor minorities. "This didn't just happen." He characterized the Government's historic attitude as, "Let's just put them on the other side of the tracks and keep them there."

One tangible result of his thinking can be seen in Dallas, where Mr. Cisneros has said he will reverse a previous HUD plan to expand a sprawling public housing development, arguing that it would concentrate too many poor people and minorities in one place.

Mr. Cisneros has also begun negotiations with some suburban governments, like those outside Detroit, to encourage them to accept a larger share of a metropolitan area's subsidized housing. The department may offer financial incentives, like increased block grant money, to governments that cooperate.

Similarly, Mr. Cisneros is looking to expand voucher programs that give public housing residents the opportunities to move to private apartments in the suburbs.

Beyond the area of subsidized housing, Mr. Cisneros has also pledged stricter enforcement of the nation's fair housing laws, which forbid discrimination at any income level.

And he is seeking greater Government scrutiny of banks and insurance companies to prevent discrimination against minority customers.

Some conservatives have accused Mr. Cisneros of reviving a bankrupt philosophy that attempts to portray poor minorities only as victims. In a recent article in Reason magazine, James P. Pinkerton, a domestic policy aide to President George Bush, assailed Mr. Cisneros as being "politically correct."

But many housing advocates are praising the new emphasis on race. "It's the most important shift in housing policy I've seen in 25 years," said Florence Roisman, a lawyer with the National Housing Law Center, which provides advice to lawyers for the poor.

At times, Mr. Cisneros's comments seem a bit puzzling. While he has criticized the Democratic Leadership Council, for instance, he has also adopted a good amount of the group's thought and language.

That is the case when he argues, as he almost always does, that the focus on race should not obscure "other questions of behavior and individual responsibility."

Mr. Cisneros also approvingly cites the work of William Julius Wilson, a sociologist at the University of Chicago who has helped provide a theory of the black underclass that draws on both economic and social explanations. What is odd about the reference is that Mr. Wilson came to prominence by emphasizing the role of racism; he even wrote a book called "The Declining Significance of Race."

Mr. Cisneros responds by saying that he is simply trying to emphasize both parts of the equation, the role of racial discrimination and the importance of upright personal behavior.

The force of Mr. Cisneros's statements has invited the speculation that he may also be sending a subtle message beyond HUD, toward a President or a party that he may sense drifting toward the right.

Indeed, at one point in the interview

while discussing racial issues, Mr. Cisneros sounded as if he might be repeating some of the criticism leveled against Mr. Clinton during the Presidential campaign. For instance, he criticized unidentified people who "play the wedge politics of winning favor with one group by disparaging another."

That sounded very much like what Mr. Clinton's critics had said of him after he appeared before a group of Rev. Jesse Jackson's supporters and criticized the rap performer Slick Soulfah.

But Mr. Cisneros is known for courting, not confronting, his patrons. He added that the "particular genius of President Clinton is his ability to find the language that bridges."

He insists that his argument is not with the Administration but with the culture at large.

"I know this is a difficult subject that people tire of hearing of the role of race," he said. But he added: "It is so clear, the effect that it has in America's urban settings, that I think we have to deal with it."

Emergency Medicine Found Blind to Needs of Child

By WARREN E. LEARY

Special to The New York Times

WASHINGTON, July 7 — A failure to consider children's needs in planning emergency medical services has resulted in inadequate and sometimes dangerous care for thousands of sick or injured youngsters each year, experts said today.

The Institute of Medicine, a unit of the National Academy of Sciences, said in a report that children often needed special care and equipment that were not always available in ambulances and hospital emergency rooms.

"There is a desperate need in this country to focus on the importance of

emergency medical care for children to give them the best medical service possible in life-threatening circumstances," said Dr. Donald N. Medearis Jr., a professor of pediatrics at the Harvard Medical School and chairman of a 19-member committee that studied the issue for two years. The study was sponsored by the Federal Department of Health and Human Services.

In its report, the committee cautioned that it was a mistake to view children as "little adults" who could be treated like their larger counterparts. Well-meaning emergency care designed for adults can result in more serious injury, or even death, for some

children, panel members said. The report noted, for instance, that using adult standards to assess a child's condition could be misleading because blood pressure is lower in children than in adults, and normal breathing and heartbeat rates are higher.

In cases of shock, a child's blood pressure often remains normal or drops slowly, while in adults the pressure drops quickly and sharply, panelists said at a news briefing. "Impending shock from loss of blood or dehydration can be hard to detect in children because their generally healthier cardiovascular systems can maintain normal blood pressures far longer than

adult systems can," the report said. Because of this, an injured child can slip without warning into potentially fatal cardiac arrest, it said.

Dr. Medearis said that millions of children were treated by emergency medical services or in emergency rooms each year but that specific numbers were not available because of inadequate data. In 1988, the latest year for which he had statistics, about 21,000 children and adolescents died as a result of injury, about the same number of deaths as from illness.

Susan D. McHenry, a panel member who is director of emergency medical services for the Virginia Health Department, said more than half of all childhood deaths were due to injuries. She said that current training for emergency medical personnel placed only a small emphasis on children, and

that many emergency personnel had little experience with young patients.

In addition to calling for better training of health givers in dealing with childhood emergencies, the committee suggested equipping ambulances, hospital emergency rooms, clinics and doctors' offices with equipment specially designed for small patients. Some adult-sized medical devices will work on children, the report said, but much of it is too large, ill-shaped or too powerful for children.

Cervical collars used for patients with neck injuries, for instance, are often unavailable in children's sizes, and collars that are too large can obscure the face or impair breathing. In addition, breathing masks used to force oxygen into adult lungs can be too powerful for children, posing a risk that air could be forced through the

lung walls into the chest cavity outside the lungs, a potentially fatal condition.

Making sure injured children can breathe properly while being transported to hospitals is a main factor in improving their chances of survival, experts said. Yet child-size breathing tubes, which are slipped down the throat to supply emergency oxygen to the lungs, are often unavailable in emergency vehicles, and the tubes may be more difficult to insert than in adults because children have smaller airways located at a different angle in the throat.

The panel recommended that Congress appropriate \$30 million a year for five years to help the Federal and state governments plan, research, evaluate and initiate emergency service programs for children.