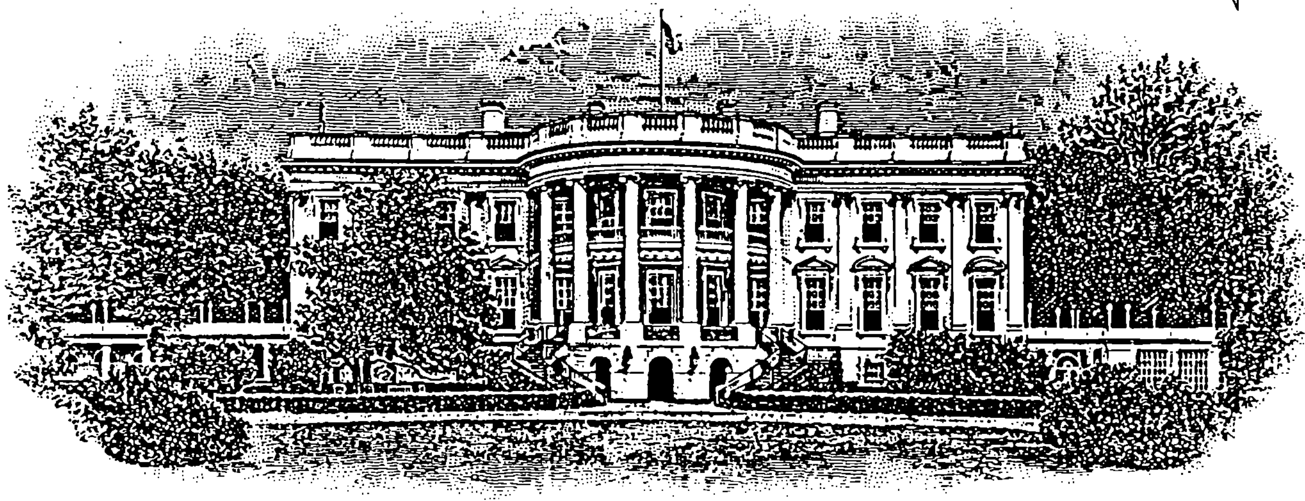
add - "all major VSO's" to opposition to mentally incompetent provision

The White House



DOMESTIC POLICY

timeline → need it ready for whenever...

FACSIMILE TRANSMISSION COVER SHEET

TO: Amy Liu

FAX NUMBER: 619-8257

TELEPHONE NUMBER:

FROM: Molly Brostrom

TELEPHONE NUMBER: 456-5561

PAGES (INCLUDING COVER): 7

COMMENTS: I'm still working with Pauline on the project each of us discussed with you last week.

Would you please review the attached drafts and edit / add to them as necessary? In some places, I've noted areas where there are gaps in information.

thanks much, Molly.

P.S. Jacquie Lawing has reviewed the homelessness piece.

DRAFT

Drastic Cuts to Homeless Assistance

Initial Proposal: The FY 96 House VA-HUD Appropriations Subcommittee cut in half HUD's homeless assistance funding, from $1.12 billion in FY 95 to $576 million for FY 96 (DATE). The House passed appropriations bill increased the level slightly to $676 million and the Senate to $760 million (passed the House VA-HUD Appropriations full committee on _____ and the House on _____; passed the Senate VA-HUD Appropriations committee on ___ and the Senate on_____). The Administration requested $1.12 billion for HUD homeless assistance in FY 96 .

- In 1987, the federal government formally assumed a role in addressing homelessness with the historic bipartisan passage of the Stewart B. McKinney Homeless Assistance Act. The Clinton Administration has doubled the funding made available for HUD McKinney programs.

- Lucie C. McKinney, wife of former Republican representative Stewart B. McKinney -- architect of the McKinney Act, wrote in a September 11, 1995 Washington Post op-ed:

  "I'm stunned that Congress, which has proclaimed its commitment to finding and funding plans that actually work, would allow these cuts to stand...According to the evidence,...supportive housing is our best bet for ending homelessness and doing so cost-effectively...We may not have a cure for AIDS, cancer or a way to provide health care to all Americans, but we do know how to end homelessness. And while the cure is not cost-free, it costs a whole lot less than not facing--and solving-- the problem. Saving lives and saving money--how can that be bad?"

- On December 19, 1995, the U.S. Conference of Mayors released a "Status Report on Hunger and Homelessness in America's Cities: 1995." When asked to describe the cumulative effect of expected federal budget cuts in programs to assist the working poor and very poor, New Orleans Mayor Morial stated: "Officials in our cities fear increased hunger and homelessness, increased stress on families and communities, fewer housing options, fewer jobs, less child care -- less of everything we need to turn these problems around."

  The report shows that families are the fastest growing segment of the homeless population. And, according to Alexandria Mayor Ticer, "Families with children comprise 36.5% of the homeless population in survey cities, but when it comes to the need for emergency food assistance they account for 63% of those requesting help."

- In 1995, HUD awarded $900 million in homeless assistance grants to 818 projects in 345 communities throughout the United States to support comprehensive local and state initiatives that move homeless people off the streets to self-sufficient lives in permanent housing.

- As many as 600,000 (~~700,000 Gallup article~~) people are homeless on any given night, and about 7 million Americans experienced homelessness at least once in the latter half of the 1980's. [CITE]

Administration Response: In every SAP sent to Congress regarding the VA–HUD Appropriations bill, the Administration strongly protested the proposed drastic cuts to homeless assistance. "These cuts would fall heaviest on the poorest Americans. The Administration urges the conferees to restore funding for homeless assistance to prior–year levels." (11/5/95 letter to Livingston)

Current Status: In response to criticism from the President and others ~~on the extreme unfairness of the drastic cuts to homeless assistance,~~ the VA–HUD Appropriations conference bill includes $823 million for homeless assistance (passed 12/6/95).

DRAFT

Raises Rents on Elderly, Disabled, Working Families and the Poor.

Initial Proposal: The VA-HUD Appropriations bill passed by the House would increase rent paid by residents receiving Section 8 rental assistance from 30 to 32 percent of adjusted income, taking away an estimated $140 ~~[CHECK]~~ per year from low-income and working households with average incomes of 6900. The House-passed bill would also impose a ~~new~~ minimum monthly rent on ~~these tenants~~ of at least $50 per unit.

- Older people make up approximately one-third of all public housing residents. Forty-six percent of residents of privately owned section 8 subsidized units are elderly. (Report of the Leadership Council of Aging Organizations, 11/95)

- [ANY FURTHER DATA ON IMPACT OF PROPOSAL?]

Administration Response: "The House-passed bill would raise the rental payments of HUD-assisted tenants under Section 8 rental assistance programs by a minimum of 6.7 percent. The House would also impose a new minimum monthly rent on these same tenants of at least $50 per unit. Together, these provisions would increase rents on the average assisted household by $168 per year, and on some of the poorest households by $600 per year. All assisted tenants would face hardship from these higher rents, and some would be forced into homelessness. These and other provisions of the House-passed bill would place the heaviest burden of budget balancing on those least able to bear it." (8/12/95 SAP)

"The Administration is strongly opposed to provisions of the House bill that would raise rents on tenants receiving section 8 assistance." (11/5/95 SAP)

In 1969, in describing the need for the Brooke Amendment -- an amendment introduced by Sen. Brooke (R-MA) that limits the rent paid by residents of public housing and residents receiving Section 8 rental assistance to 30% of income (originally set at 25%), Rep. Sullivan (MO) stated, "The amendment [is] well-intentioned, because the poorest people in the projects were often required to pay the highest percentage of their income for housing...these people had a "Hobson's choice" of either purchasing housing and very little else, or purchasing food and living in unimaginable slums."

other stats?

"No one can defend raising rents on the poorest Americans to provide tax relief for the wealthy or to reduce the federal deficit. Affordable public housing is the only safety net that stands between low income people and homelessness. Repealing the Brooke amendment will make millions of poor Americans too poor for public housing. Affordable rents for decent housing make it possible for low-income people to move from lives of dependency to social and economic self-sufficiency." (8/15/95 National Housing Law Project)

Current Status: The provision was dropped in Conference.

DRAFT

Jeopardizes Fair Housing Enforcement

Initial Proposal: The Senate-passed VA-HUD appropriations bill would transfer all Fair Housing Act administration and enforcement activities under HUD to the Department of Justice. The VA-HUD Appropriations bill passed by the House and by the Senate VA-HUD Appropriations full Committee included a rider that would prohibit the use of funds to enforce fair housing laws against redlining (property insurance discrimination). The House-passed bill would also eliminate funds for the Fair Housing Initiatives Program, the nation's only funding for private fair enforcement efforts.

- [FURTHER EXPLANATION OF WHAT REDLINING IS, INCLUDING INCIDENCE; ALSO WHAT FHIP DOES]
- [INFORMATION ON WHAT THE IMPACT OF THE PROPOSALS WOULD BE]

Administration Response: "Property insurance discrimination is illegal under the Fair Housing Act. The proposed language would prevent those who have been victims of discrimination by providers of property insurance from seeking government assistance and legal representation." (8/12/95 SAP)

"The Administration strongly opposes the proposed transfer of all Fair Housing Act administratif and enforcement activities to the Department of Justice. HUD'S housing and investigatory expertise are critical to the efficient, sensitive handling of fair housing complaints and in settling disputes before they reach litigation. Developing a new organization at the Department of Justice would be duplicative and costly.

The Administration also strongly objects to the provision that would prohibit HUD from spending funds to enforce fair housing laws against property insurance discrimination. Since the enactment of regulations that explicitly prohibit discrimination in the provision of property insurance, four Federal district courts and two circuit courts have concluded that the Fair Housing Act applies to property insurance. Exempting an entire industry from coverage under the Fair Housing Act is an extremely troublesome precedent and seems especially unwarranted given continued evidence of red-lining." (9/25/95 SAP)

Current Status: FY 96 HUD-VA Appropriations Conference Report eliminates the rider prohibiting enforcement of laws against redlining, and gives the Secretary the discretion to fund FHIP at levels up to $30 million. The Conference bill retains the Senate transfer of HUD's Office of Fair Housing to DJ.

DRAFT

Ending of 20-Year Bipartisan Precedent of Providing New Section 8 Incremental Rental Assistance

?

Initial Proposal: No new Section 8 Incremental Rental Assistance. (??HUD CHART SHOWS House approved $862 million; Senate $240 million). *

- Since 1974, one of the tenets of federal housing policy has been to modestly increase the number of families who receive housing assistance each year. There are currently more than two and a half million families on waiting lists for housing assistance nationally. There are over five million families who have "worst case" housing needs (pay more than 50 percent of their income for rent). (statements by coalition of low-income housing advocacy groups)

Administration Response: President's FY 96 request: $565 million. "By providing no new housing vouchers, the House would break with a 20-year bipartisan precedent at a time when the number of families with sever housing needs has been rising."

- More than half of those on waiting lists are children...Section 8 rental assistance prevents thousands of families from living in shelters or on the street. This funding strengthens the private sector housing market by bringing in families that would otherwise be priced out. Without adequate housing, a family's stability and progress in education, employment, and health care are almost impossible. (statements by coalition of low-income housing advocacy groups)

Current Status: Conference reduces Section. 8 incrementals from FY 95 post-rescission level of $800 million to $400 million. In addition, the FY 95 rescission bill and FY 96 appropriations conference report target incremental rental assistance for specific priorities; in past, Section 8 incrementals were used solely to expand the total number of households receiving federal housing assistance.

* Fnote = 240M

DRAFT

Elimination of Funding to Reform and Demolish Severely Distressed Public Housing

Initial Proposal: The House-passed VA-HUD appropriations bill zeroed out funding for severely distressed public housing. This funding enables HUD to dramatically reform and revitalize public housing through demolition and site revitalization.

- [ANY INFORMATION ON NEED FOR FUNDING, IMPACT OF CUTS?]

Administration Response: The President's FY 96 budget requested $500 million for this purpose. "This reduction would severely impeded demolition of the worse projects and prevent improvements needed to ensure the remaining housing stock's viability." (8/12/95 SAP)

Current Status: The VA-HUD appropriations conference report requests $280 million for severely distressed public housing (reduction of $220 million below Senate and FY 95 level -- a 44% cut).

Jeopardizes Public Housing Security and Drug Elimination Efforts

Initial Proposal: The VA-HUD appropriations bill passed by the House reduced by $500 million funding for public housing operating subsidies and zeroed out funding for drug elimination grants. These cuts would force localities to curtail security, maintenance, and drug elimination efforts.

- [IMPACT OF CUTS?]

Administration Response: For FY 96, the President request $290 million for Drug Elimination grants and $2.9 billion (the FY 95 level) for public housing operating subsidies.

Current Status: The VA-HUD Appropriations conference report restored Operating subsidies to $2.8 billion ($100 million below the President's request and the FY 95 level) and Drug Elimination funding to its FY 95 level of $290 million

other

ADDITIONAL PROVISIONS:

- Eliminates Public Housing Development funds
- Transfers functions of OFHEO to Treasury
- Eliminateds Fair Housing Enforcement

Proposed Authorizing and Funding Provisions	Proposal Origination	FY 1996 HI -VA Appropriations Conference Report (as passed on 12/06/95)
Eliminates Multifamily Mortgage Insurance. The Kasich mark assumes a complete elimination of FHA's multifamily credit enhancement programs, including insurance programs for rental housing, nursing homes, and health care facilities. Based upon the Administration's proposed FY 1996 Budget proposal, the elimination of FHA multifamily authorities would prevent the development, substantial rehabilitation, construction refinancing, or preservation of more than 1,000 rental housing developments serving nearly 100,000 households, including 56,200 apartments for low- and moderate-income families and more than 18,000 hospital and nursing home beds and units. FHA multifamily mortgage insurance is essential to assure the continued access to capital to build better neighborhoods: 1. *FHA provides access to credit, particularly for providers of housing and health care facilities.* 2. *FHA benefits families, communities, and markets underserved by the private mortgage markets.* Since its inception, FHA has insured loans to support the construction and/or rehabilitation of 1.9 million affordable apartment units, which has become home to 2.5 million renters including 800,000 low-income older Americans. 3. *FHA multifamily mortgage insurance provides jobs.* There are currently approximately 400 apartment complexes under new construction and rehabilitation under the FHA program. These projects will produce approximately 58,000 jobs during their construction and another 2,000 jobs associated with the management and operation of those projects. 4. *FHA multifamily mortgage insurance assists with large redevelopment efforts.* Gateway Plaza, a 171-unit residential complex was built with FHA mortgage insurance and was the first positive effort in Battery Park City, NY. Battery Park is frequently cited as the City's newest community and tourist attraction. 5. *FHA multifamily mortgage insurance provides refinancing capital to help stabilize communities.*	FY 1996 House Budget Resolution	Provids $85 million for multifamily insurance and health care financing and the ability to use negative credit subsidies generated by the sale of multifamily mortgages

CONGRESS VOTES TO TERMINATE VA COMPENSATION TO COMBAT DISABLED VETERANS

Do you know that:

* A provision of H.R. 2099, the Fiscal Year 1996 VA, HUD and Independent Agencies Appropriations bill would terminate VA compensation to mentally incompetent veterans who have no spouse or **dependent** children or **dependent** parents and whose estate is greater than $25,000.

* Some of these veterans are mentally incompetent due to combat injuries or as a result of severe psychiatric trauma directly related to combat.

* The term "remote heirs" refers to and includes a mentally incompetent veteran's adult children, siblings and parents.

* In many cases, a mentally incompetent veteran has been cared for over the years by parents, siblings or children, who are now being considered "remote heirs."

* By VA's own guidelines/instructions, fiduciaries have been encouraged to, and in some cases forced to, save a large portion of the veteran's VA compensation, thereby building a large estate.

* The estate limit of $25,000 does not distinguish between liquid or non liquid assets (except for the veteran's residence) and there are no safeguards to prevent "cash-poor" veterans from being irreparably harmed.

* DAV filed a class action law suit against a similar provision in the Omnibus Budget Reconciliation Act of 1990.

* In granting DAV's request for a temporary injunction, U.S. District Judge Shirley Wohl Krom found that withholding compensation payments to certain incompetent veterans was based on "irrational discrimination against the mentally disabled...the virtually exclusive, if unattended result, is impermissible discrimination against mentally incompetent disabled veterans." Court found that prov violated equal protection amendment

* DAV and the Department of Veterans Affairs ultimately settled this lawsuit resulting in the return of $100 /70 million in compensation payments to these deserving service-connected disabled veterans. → Feb-June then VA appealed + won (then expired in Sept)

Do not repeat this irreprehensible act of discrimination against this class of defenseless incompetent veterans.

Please vote to remove this provision from H.R. 2099.

For more information, please call DAV National Service and Legislative Headquarters at (202)554-3501.

FY 1996 HUD/VA APPROPRIATIONS CONFERENCE

Hi alights and Outstand Funding C erns

Nov er 21, 1995

(Dollars in Millions)

Program	FY96 Request	FY 1995 (Post Rescission)	FY 1996 House Appropriations Bill	FY 1996 Senate Appropriations Bill	Conf. Report 104-353 11/17/95	Outstndng Concerns
Modernization	3,763	$ 2,885	$ 2,500	$ 2,510	2,500	
Top			[15]	0	[15] (CDBG set-aside)	
TA			-	[30]	[20]	
PH Development	600	300 *	0	0	0	
Indian Housing Development	282	202	100	200	160	
Distressed Public Housing		1,330	862	740	680	862
Capital/Hope VI/Site Revitilization	500	500	0	500	280	500
Replacement Vouchers	313	-	862	-		-
Incremental	565	830	0	0	400	
PH Operating Subsidies	2,900	2,900	2,500	2,800	2,800	
PH Drug Elimination Grant	290	290	0	290	290	Need formula
PH TA grants		-	-	-	[10]	
Operation Safe Home		-	-		[2.5]	
PH Service Coordinators	30	0	17	0	0	
PH Supportive Services		17	0	[80] (CDBG set-aside)	[53] (CDBG set-aside)	
Housing Counseling	50	12	12	[12] (PH Supportive Service set-aside)	[12] (CDBG set-aside)	
Section 8 Contract Renewals	4826	2,159	4,642	4,350	4,350	
Section 8 Amendments	610	735	610	500	610.5	
CDBG	4,600	4,600	4,600	4,600	4,600	

Program	FY96 Request	FY 1995 (Post Rescission)	FY 1996 House Appropriati Bill	FY 1996 Senate Appropriati Bill	Conf. Report 104-353 11/17/95	Outstndng Concerns
CDBG Special Purpose Grants		44	19.5	27	27	
TA		[10.5]	0	0	0	
Insular Areas		[7]			[7]	
Historiclly Black Colleges and Univ.		[8]			[6.5]	
Work Study(includ. Hispanic instit.)		[9]			[6]	
Community Outreach Partnership		[7.5]			[7.5]	
Community Adjustment Planning		[2]			N/A	
CDBG Set assides					[53]	
Indian tribe grants			48	60	[50]	
HAC			2	2	[2]	
NAIHC			1	1	[1]	
Colonias			0	10%	10%	
HOME		1,400	1,400	1,400	1,400	
Economic Development		350			31.75	231
EDI	250	350	0	[80]/(CDBG set-aside)	[0]	200
Section 108 Loan Limit	2,000	2,054	1,000	1,500	1,500	1,500
Section 108 Credit Subsidy		N/A	10.5	15.75	31.75	31.75
Youthbuild		38	0	[40] (CDBG set-aside)	[20]	
202 Elderly		857	(folded into $1.4 b special needs housing fund with 811/ HOPWA)	780**	780	

Program	FY96 Req t	FY 1995 (Post Rescission)	FY 1996 House Appropriations Bill	FY 1996 Senate Appropriati Bill	Conf. Report 104-353 11/17/95	Outstndng Concerns
811 Disabled	233	259	(folded into $1.4 b special needs housing fund with 202/HOPWA)	233**	233	
Lead-Based Paint	100	15	10	75	65	
Other (IH Loan Guarantee, HOPE 2,3)		--	3 (IH Loan Guarantee)	3 (IH Loan Guarantee)	3	
Homeless Assistance Grant	1,120	1,120	676	760	823	Need formula
HOPWA		171	(consolidated into $1.4 billion special needs housing fund with 202/811)	171	171	
MF Property Disposition	Shift to mandatory	555	0	261	261	
Preservation	105	175	[$200 of reprogramming]	624 (deferred till FY 1997)	624 plus IRP{200}	
FHA MF Credit Subsidy Netting Credit subsidy	188	188	70 authorized	100 authorized	85 authorized	
LMSA	0	2	0	0	0	
Flexible Subsidy	0	42	0	0	0	
FHIP/FHAP	45	33	30 (House eliminates FHIP; funds only FHAP)	30	30 Senate Approach	
Inspector General			47.3	48.85	47.85	
Salaries and Expenses Training/Relocation Place-Based Strategies/Systems	1,017	955 -	952 -	981 -	962.5 0 plus ACAH recaptures (5)	982.5 [20]

Program	FY96 Request	FY 1995 (Post Rescission)	FY 1996 House Appropriations Bill	FY 1996 Senate Appropriations Bill	Conf. Report 104-353 11/17/95	Outstndng Concerns
Total Discretionary (all programs, including those not listed above)	24,500	$ 19,607	$ 19,528	$ 20,500	$20,400	
Section 8 Contract Renewals	4,826	(2,159)	(4,642)	(4,350)	(4,350)	(4,350)
TOTAL FOR "NON-OBLIGATORY SPENDING" ***	19,674	$ 17,448	$ 14,886	$ 16,150	$16,050	

* Funds were reduced from prior year commitments as well as from the FY 1995 account in order to meet the rescission target.

** Appropriations reflect savings from the reduction of contract terms from 20-years to 5-years and the recalculation of tenant rent contribution; units would remain at FY 1995 levels

*** The Total reflects HUD's program budget, less the need to renew expiring Section 8 contracts. Supporting expiring Section 8 project-based rental assistance is not a new activity; it is maintaining assistance for low-income families currently living in private rental housing. Starting in FY 1996, the number of expiring Section 8 rental assistance will increase dramatically, reflecting the faster turnover from the shortening of contract terms from 5 years in the past to 4 years in FY 1994, 3 years in FY 1995, two years in FY 1996 and beyond. In addition, LMSA contracts are being reduced to one-year terms in 1996. The $2.2 billion increase in Section 8 contract renewals in FY 1995 and FY 1996 reflects the need to support contracts for 446,000 rental units that are due in 1996. In short, other HUD programs are penalized at the expense of supporting ongoing Section 8 contracts. Thus, the Total presents a more honest assessment of funding for HUD's program activities that are less obligatory in nature.

November 21, 1995

FY 1996 HUD/VA Appropriations Conference
Outstanding Concerns:

Funding Levels

- **Economic Development Initiative:** The Conference bill completely zeroes out the EDI account. The Senate-passed bill funded this account at $80 million as a set-aside within CDBG. The FY 1995 level of funding for this account was $350 million. The EDI program is a critical economic development tool for revitalizing distressed communities and should be restored to $200 million.

- **Salaries and Expenses:** The Conference bill reduces the Department's staffing account to $962.5 million, approximately $40 million below the President's request. This will inhibit HUD's ability to undertake significant reorganization, training, and relocation of staff as the Agency downsizes and reinvents its operations. The Department firmly believes that an additional $20 million is necessary.

- **Distressed Public Housing:** The Conference bill provides only $280 million to enable the Department to dramatically reform public housing through demolition and site revitalization. This is a reduction of $220 million, or approximately 44 percent, below the level in the Senate-passed bill, and below the FY 1995 appropriation.

Harmful Riders

- **HUD's Office of Fair Housing:** The Conference bill retains the Senate provision transferring all functions related to the Fair Housing Act (Title VIII of the Civil Rights Act of 1964, as amended) to the Department of Justice effective April 1, 1997, provided that enforcement resources are transferred as well. The Department continues to object to this provision as an assault on civil rights enforcement, detrimental to HUD's mission of implementing a national housing policy, and a needless and waste of funds and time.

  - got them to delay until 97

- **Elimination of Rental Assistance for vulnerable households:** The Conference bill eliminates federal preferences in the tenant-based Section 8 program without providing a substitute, such as income targeting. This will mean significantly less rental housing assistance made available for families with worst-case housing needs.

- **Minimum Rents:** The Conference bill provides PHAs and owners with the discretion to set minimum rents of up to $50 per month. A minimum rent of $50 per month would increase rents by an average of $400 per year for the most vulnerable

Parli...

households with the lowest incomes, particularly those living in low-wage and low-benefit states. The Department believes that, especially since private owners of housing assisted with Section 8 are not governed by boards that represent the interests of the local community, this minimum rent discretionary provision should be eliminated.

- **Micromanagement:** The Conference bill singles HUD out for arbitrary and unnecessary staffing reductions, by requiring: 1) the elimination of one Assistant Secretary position, 2) capping Schedule C employees at a total of 77, and 3) capping non-career SES employees at a total of 20. Neither provision results in any meaningful cost savings.

- **Elimination of Critical Formulas:** The Conference bill fails to allow homeless and drug elimination funding to be allocated by formula, in contrast to the Senate-passed bill and the Department's proposed Reinvention. Formulas in these two areas would allow the Department to consolidate the funding and administration of disparate programs, and would provide states and localities with the appropriate authority to determine how best to administer and distribute funding.

- **English Only:** The Conference bill contains a provision barring HUD from using appropriated funds to impose sanctions or penalties against jurisdictions for declaring English as the official language. This will negate the inhibit the Department's ability to take action to remedy discrimination arising from such a restriction, and will restrict the Department's ability to ensure that information about all HUD programs and rules is adequately provided to all potential participants.

Proposed Authorizing and Funding Provisions	Proposal Origination	FY 1996 HUD-VA Appropriations Conference Report (as passed on December 6, 1995)
Eliminates Fair Housing Enforcement. Eliminates funding for the Fair Housing Initiatives Program (FHIP), the Nation's only funding for private fair enforcement efforts. FHIP provides local fair housing agencies the funds to implement programs which aim to prevent or eliminate discriminatory housing practices. Eligible activities include: outreach and education, testing and other investigative activities, processing unfair housing complaints, enforcement and compliance.	FY 1996 House VA-HUD Appropriations Bill	Gives the Secretary the discretion to fund FHIP at levels up to $30 million.
Eliminates Funding for Youth and Anti-Drug Programs. Eliminates the successful Public Housing Drug Elimination program, taking away the key tool for local housing agencies to combat crime and provide alternative activities for youth in their communities. Funded at $290 million in FY 1995, the drug elimination program allows public and Indian housing authorities to undertake various activities to fight crime, including but not limited to: community policing efforts, employment of security personnel and investigators, physical improvements designed to enhance security in the development, tenant patrol programs, and innovative youth initiatives. <u>Successful Program:</u> The Charlotte Housing Authority (CHA) in North Carolina has received nearly $4 million in drug elimination funds since 1989. CHA continues to expand their drug prevention, intervention, and treatment programs at the severe problems associated with drug abuse and addiction, including the rising incidence of adolescent drug use and the violence associated with drug use and sales. *As a result of the combined intervention and prevention efforts, the crime rate fell during 1994 by 8.7 percent and 12.4 percent in target neighborhoods. This trend continued during the first two months of 1995. Drug-related arrests dropped by 97 percent over the past year.*	FY 1996 House VA-HUD Appropriations Bill	Restored at full FY 95 levels in the Senate version and in the Conference Report.
Distressed Public Housing		

Proposed Authorizing and Funding Provisions	Proposal Origination	FY 1996 HUD-VA Appropriations Conference Report (as passed on 12/06/95)
Bars HUD from Cracking Down on Insurance Redlining. Prevents HUD from enforcing the Fair Housing Act with respect to property insurance redlining. **1. Denies access to homeownership.** Homebuyers need homeowners' insurance in order to qualify for a mortgage on a new home. Some insurance companies discriminate against individuals and redline neighborhoods because of race, nationality, etc., denying homeownership opportunities for many Americans. In 1993, the Missouri Department of Insurance found that policies in low-income minority areas of St. Louis cost <u>50 percent more</u> than comparable policies in low-income white areas even though losses in the preceding five years were <u>higher</u> in the white areas. While the right to file a suit in Federal court would remain, individuals who have been victims of insurance discrimination would be denied their basic rights under the Fair Housing Act to government assistance and legal representation. (e.g. complaint investigator, conciliator, and legal representation provided by HUD or DOJ) **2. Exempts the insurance industry from having to provide equal housing opportunities for all Americans.** The provision benefits a single, powerful entity -- the insurance industry -- by exempting this industry, and this industry alone, from compliance to the Fair Housing Act. HUD would have to halt negotiations underway to settle complaints of discrimination against such companies as Allstate Insurance Company and State Farm Insurance Company. **<u>Illustrations of actual allegations of redlining by insurance companies:</u>** **Fort Wayne, IN:** In June 1994, a Caucasian woman in Fort Wayne, Indiana filed a complaint when an insurance company cancelled her homeowner's policy, claiming her home was vacant when it was not. The woman had been insured for nearly 14 years by this company and had never filed a claim. She believes the company cancelled her insurance coverage because her neighborhood is becoming predominantly African-American. **Akron, OH:** In January, 1995, an African-American couple in Akron, Ohio filed a complaint against a major insurance company when the company denied the couple homeowner's insurance, claiming that the couple lacked financial stability. Yet, the couple says that the mortgage company had approved their home mortgage loan, pending insurance coverage. The couple claims that the insurance company is redlining their predominantly black neighborhood.	FY 1996 House VA-HUD Appropriations Bill	Eliminates rider.

Proposed Authorizing and Funding Provisions	Proposal Origination	FY 1996 HUD-VA Appropriations Conference Report (as passed on December 6, 1995)
Eliminates Fair Housing Enforcement. Eliminates funding for the Fair Housing Initiatives Program (FHIP), the Nation's only funding for private fair enforcement efforts. FHIP provides local fair housing agencies the funds to implement programs which aim to prevent or eliminate discriminatory housing practices. Eligible activities include: outreach and education, testing and other investigative activities, processing unfair housing complaints, enforcement and compliance.	FY 1996 House VA-HUD Appropriations Bill	Gives the Secretary the discretion to fund FHIP at levels up to $30 million.
Distressed Public Housing		
Eliminates Section 8		
Halves Funding for Homeless Programs. Cuts the funding for homeless assistance programs by 50 percent, from $1.12 billion in FY 1995 to $576 in FY 1996.	FY 1996 House VA-HUD Appropriations Subcommittee Bill	Funds homeless programs at $823 million.

U.S. Department of Housing and Urban Development
Status of Extreme Funding and Authorizing Provisions in the FY 1996 Appropriations Debate
January 22, 1995

DRAFT

Proposed Authorizing and Funding Provisions	Proposal Origination	FY 1996 HUD-VA Appropriations Conference Report (as passed on December 6, 1995)
Raises Rents on the Elderly, the Disabled, Working Families and the Poor. **1. $50 Plus Utilities.** Imposes minimum rent of $50 plus utilities for both public housing and Section 8 assisted households. At least 2.3 million families will experience enormous rent increases. Specifically: • 920,000 families with children will experience an average rent increase of $1,272 per year. • 1.15 million older Americans and disabled persons will experience an average rent increase of $720 per year. • For example, an AFDC family of three with no other income in Texas, if forced to pay a minimum rent of $50 plus utilities, would be required to pay 40 percent of their $188 gross monthly AFDC benefit for rent. • Note: Average annual income of public housing household = $6,400; of Section 8 recipient = $6,900 Households in high utility cost regions, such as the Northeast, the Midwest, or the deep South will be doubly afflicted. **2. Increase rent payments to 32 percent of income.** Also raises rent paid by residents receiving Section 8 rental assistance from 30 to 32 percent of adjusted income, taking away an estimated $140 per year from low-income and working households whose average annual incomes are $6,900. The proposal would reduce their disposable income and reduce their incentive to work. As their income increases, so does their rent.	FY 1996 House VA-HUD Appropriations Subcommittee Bill	No longer requires minimum rents of $50 or an increase in the Section 8 tenant rent contribution from 30 to 32 percent of income. Instead, requires $25 minimum rent for families living in public housing and assisted housing with an option for PHAs and private landlords to raise that to a $50 minimum.

Proposed Authorizing and Funding Provisions	Proposal Origination	FY 1996 HUD-VA Appropriations Conference Report (as passed on December 6, 1995)
Eliminates HUD's Authority to Enforce the Fair Housing Act. The provision takes away HUD's responsibility to enforce one of the Nation's Federal anti-discrimination laws and transfers the authority to the Justice Department. The provision increases costs to taxpayers by replicating a fair housing case processing mechanism at DOJ and is anti-civil rights because it reduces the effective enforcement of the law. **Justification:** HUD receives approximately 10,000 complaints a year filed by people who believe they are victims of housing discrimination, half of whom allege racial discrimination. HUD takes action on every bona fide complaint, the vast majority of which are resolved without litigation. HUD is better equipped than DOJ to enforce the Act; it is the only agency that has the field operation of investigators and legal staff necessary to receive and investigate individual complaints. The Justice Dept. does not have the capacity, nor the desire, to take on enforcement of the Fair Housing Act. Its Office of Civil Rights is <u>not</u> an investigative agency; it has no field office structure to investigate individual complaints. In fact, the investigative arm of the Justice Dept. is the FBI. **Examples of Housing Discrimination in America Today:** 1. In Missouri, an African-American woman telephoned an apartment complex to inquire about the availability of an apartment. She was informed that a unit was available and was instructed to meet the manager at the building. The manager, upon seeing the woman at the door, claimed that "the manager" was not there and walked away. The next day, the woman called and was told that nothing was available. No apartment has been rented to an African-American at this apartment complex since 1977. 2. In Mississippi, an African-American Army Captain and Operation Desert Storm veteran was denied an apartment, but his white girlfriend applied and was told by the rental agent, "The good thing about this complex is that it's all white and you don't have to put up with those kinds of people." 3. In California, an African-American woman and her child tried to rent an apartment, but the landlord told her to "go back to where you came from," because "blacks are always killing people." Each of these complaints were resolved by HUD.	FY 1996 Senate VA-HUD Appropriations Bill	Defers the transfer of HUD's enforcement authority to the Justice Department till April 1, 1997, to allow time for the transfer of staff and resources. The Department continues to object to this provision as an assault on civil rights enforcement, detrimental to HUD's mission implementing a national housing policy, and a needless waste of funds and time.

Proposed Authorizing and Funding Provisions	Proposal Origination	FY 1996 HUD-VA Appropriations Conference Report (as passed on 12/06/95)
Eliminates Incremental Federal Rental Assistance. Eliminates funding for all new Section 8 assistance, a reduction of $2.7 billion from current levels. This action represents the first time in the history of the program -- since 1974 -- that no new incremental rental assistance would be funded. Incremental rental assistance remains HUD's principal tool for addressing the unmet, worsening housing needs of low-income families. Approximately 5.6 million households in 1993 pay more than half of their income on rent or live in severely substandard housing. More than 8 percent of America's children live in these households. The American Housing Survey indicates that, as of 1993, there is a shortage of at least 4.7 million affordable housing units. Also, in 1993, 1.4 million eligible households were on waiting lists for subsidized privately-owned housing, and 900,000 were on public housing waiting lists. **<u>Cases in Which Section 8 Incremental Assistance Help Families</u>** **Clearwater, FL - Achieving self-sufficiency.** The Clearwater Housing Authority partnered with the Florida JOBS program, local churches, and businesses to provide rental assistance to low-income persons while they participate in the job training and placement program. To date, of the 100 participants in the Clearwater program, 17 have found jobs, are self-sufficient, and no longer need Section 8 rental assistance. **Pierce County, WA - Assisting homeless veterans find homes.** Since 1989, Tom was a homeless veteran living off the streets of Los Angeles. After the 1993 L.A. Riots, he moved to Washington to join a friend who was part of a HUD-VA program to help homeless veterans. Tom participated in a VA substance abuse program and, after some false starts, was given a Section 8 voucher so he could move into an apartment. Today, he has graduated from the treatment program, is attending AA meetings, and is thankful to be out of the streets and in the comforts of a new home. **Boston, MA - Moving out of public housing.** Boston administers a program which helps qualified public housing families move into integrated, middle-class neighborhoods and into better economic and social opportunities. With Section 8 assistance and special counseling services, a three-generation family (grandmother, mother, daughter) who lived in public housing for 38 years recently moved into a house in a nearby suburb. The family has been welcomed to the neighborhood and the daughter's schoolwork has already improved since entering her new school.	FY 1996 House VA-HUD Appropriations Bill	Eliminates funding for traditional Section 8 **incremental** assistance. Instead, the bill funds Section 8 at $400 million **for targeted activities**, such as relocation of residents to facilitate demolitions, replacement of demolished public housing, litigation settlement, and to facilitate the "de-mixing" of disabled households from elderly public housing. <u>Administration Priority:</u> Preliminary Administration FY 1997 Request at $290 million

<table>
<tr><th>Proposed Authorizing and Funding Provisions</th><th>Proposal Origination</th><th>FY 1996 HUD-VA Appropriations Conference Report (as passed on 12/06/95)</th></tr>
<tr><td> Eliminates Funds to Redevelop the Worst Public Housing. Eliminates HUD's HOPE VI/Severely Distressed Public Housing program to tear down and rebuild the nation's worst public housing projects.
The most profound changes in public housing in three decades are occurring right now. HUD is tearing down the worst of public housing and redesigning them as quality, garden-style apartments that communities can be proud of. Prior to this Administration, legislative impediments and preservation of the status quo has led to approximately 1,000 units of public housing torn down a year. The Clinton Administration will tear down an unprecedented 23,000 units of bad public housing by the end of 1996. That 4-year pace betters the 20,000 units demolished in all of the last ten years combined.
The primary reason for this success is HUD's aggressive implementation of 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.
HUD has also relaxed existing program and funding rules to facilitate the transformation of public housing.
To date, the Administration has accomplished the following to change public housing as we know it: (Molly, let me know if you want anecdotes, too, we have lots)

awarded a total of $1.44 billion of HOPE VI grants to redesign approximately 85 public housing developments nationwide;
approved the demolitions of over 23,000 public housing units;
demolished approximately 8,200 units of public housing to date; and
by the summer of 1996, will have 65 percent of HOPE VI replacement housing under construction.

Congress is eliminating HOPE VI just as the program is making real and visible improvements in communities across the country. </td>
<td>FY 1996 House VA-HUD Appropriations Bill</td>
<td>Funds Severely Distressed Housing program at $280 million.</td></tr>
</table>