

Molly Brostrom
Domestic Policy Council

Box 5: Housing

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Bilbray Fair Hsg Amendt
Fair Lending Best Practices

ENCLOSURES FILED OVERSIZE ATTACHMENTS

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HOUSING

"Over the past few years, I have emphasized three basic ideas -- community, opportunity and responsibility -- that I believe are at the heart of a more dynamic and prosperous America. The priorities of the Department of Housing and Urban Development, from making sure that hardworking Americans realize the dream of homeownership, to addressing the tragedy of homelessness, are outstanding examples of how our government can empower people and institutions."

President Bill Clinton
October 1993

Recognizing that our homes are central to our well-being, President Clinton has worked to increase housing opportunities for all Americans, make homes and communities safer and more secure and reinvent HUD to meet America's housing and community development needs.

A RECORD OF ACCOMPLISHMENT:

Transforming Public Housing: The Clinton Administration is implementing the most far-reaching changes in public housing in decades -- demolishing the worst housing developments, cracking down on bad management, rewarding residents who work and cracking down on crime.

- **Replacing Worst Developments:** The Administration will tear down an unprecedented 30,000 units of the worst public housing and rebuild them with lower-density, townhome-style developments which can serve as anchors for neighborhood renewal. HUD has awarded \$3.2 billion to spur economic development and change the shape of 145 public housing developments nationwide. 22,000 units of dilapidated public housing have been torn down to date.
- **Improving Management:** The Clinton Administration is cracking down on bad management in public housing by taking over the most troubled public housing authorities and forging innovative partnerships with local, state officials and residents.
- **Opportunity and Responsibility in Public Housing:** The Clinton Administration is changing admission rules and rent calculations to reward working families. Making public housing a springboard to further opportunities and a safe place to live through:
 - Campus for Learners initiative to transform public housing developments into living and learning centers through linkages with education, technology and job training;
 - Aggressive implementation of "One-Strike-and-You're-Out" policy that helps cities prevent drug dealers and violent offenders from terrorizing public housing residents in their homes by ensuring that people who engage in drugs and other criminal activity will face certain and swift eviction; and
 - Operation Safe Home under which federal law enforcement agencies are working with local police departments and public housing residents and managers to increase the arrest and conviction of violent and drug-related suspects so public housing developments can be safer places to live. This initiative has resulted in the arrest of thousands of criminals and confiscation of hundreds of assault weapons and \$3 million worth of drugs.

Reinventing HUD: The Clinton Administration has proposed a dramatic restructuring of HUD to respond more fully to local needs and local efforts to help people improve their own lives. The Administration's proposals would: consolidate HUD's 60 programs into three flexible performance-based funds, giving mayors and governors the flexibility to develop local demand and supply-side housing and community investment strategies; continue the transformation of public housing and provide portable vouchers to residents of the worst developments; and turn HUD into a "right-side-up, community-first" agency by relocating and empowering local personnel.

Making the Dream of Homeownership a Reality for More Working and Middle Class Families: The Clinton Administration has helped increase the nation's homeownership rate to its highest level in 15 years. As a result, 66.1 million Americans own their own homes today. Last year's increase in homeownership was the fastest annual increase in 30 years.

- **National Homeownership Strategy:** The Clinton Administration entered into an unprecedented partnership with more than 58 key public and private sector organizations to form a National Homeownership Strategy. Coupled with a stable economy and low interest rates, this initiative is aimed at helping 8 million more families become homeowners by the year 2000.
- **FHA Working for Homebuyers Better than Ever:** The Clinton Administration is revamping the Federal Housing Authority to better meet the needs of today's consumers -- through streamlining and consolidating services, automating functions using the latest technology, introducing new innovative products and forging strategic alliances with private and public partners. As a result, FHA has cut the costs of buying a home, expanded lending opportunities, and made it easier for families to purchase and maintain a home. Under this Administration, more families have become homeowners, including minorities, working families, and young couples. FHA is providing home purchase loans for African-American and Hispanic-American homebuyers at more than twice the rate of conventional home purchase loan insurers -- and the rate is increasing.
- **Fair Housing:** The Clinton Administration is working to reduce barriers to homeownership caused by unlawful discrimination. To date, HUD has entered into 83 "Best Practices" agreements with key lenders that are resulting in more fair lending practices and expanded opportunities for low-income and minority families.

Producing More Affordable Housing for All Americans: The Clinton Administration has provided the necessary flexibility and incentives to communities and businesses to encourage the development of more affordable housing and has improved assistance for those with acute housing needs.

- **Low-Income Housing Tax Credit:** President Clinton fulfilled his promise to permanently extend the Low-Income Housing Tax Credit, spurring the private development of low-income housing and helping to produce almost 60,000 homes each year.
- **Innovative Public-Private Pension Fund Initiative:** The Clinton Administration launched an innovative public-private partnership initiative to encourage pension funds to invest in the production and rehabilitation of affordable multifamily housing. These partnerships will create 3,500 units of affordable housing for working families and the elderly.

- **Improved HOME Program:** Through a streamlined and more effective HOME program, the Administration, working with state and local governments, has significantly increased housing and rental assistance to families. Through increased funding and a streamlined and more effective HOME program, the Administration, working with state and local governments, has significantly increased housing and rental assistance to families. To date, the Administration has provided almost 200,000 families with housing assistance through the HOME program and over 26,000 families with HOME tenant-based rental assistance. Since 1993, the Administration has increased funding for the HOME program by 40% to \$1.4 billion.
- **Greater Assistance to Poor Households with Acute Housing Needs:** The Administration continues to support the expansion of rental assistance for the record number of renter households who struggle to pay over 50% of their very low incomes toward rent and utilities. This assistance can be a critical tool for states and localities in helping families make the transition from welfare to work.
- **Home Equity Conversion Mortgage:** President Clinton strengthened and extended the Home Equity Conversion Mortgage, which allows seniors to use the equity in their homes to meet financial needs without having to sell their homes. The program has helped over 16,000 seniors -- a majority of whom are women living alone, and the numbers are increasing.
- **FHA Multifamily Portfolio Reengineering:** The Administration launched an effort to address long-standing problems in the FHA-insured subsidized multifamily portfolio that provides housing to nearly 800,000 low-income households. HUD's comprehensive strategy would restructure debt, give tenants more housing choices and adjust rents to market, thereby reducing future subsidy costs and producing long-term savings.
- **Comprehensive and Coordinated Approach to Homeless Assistance:** The Clinton Administration has made homeless assistance a top priority, nearly doubling funding since FY 1993. In 1995, HUD awarded \$900 million to over 800 transitional and permanent housing programs nationwide. These funds support a new "continuum of care" strategy which moves away from ad-hoc emergency care to a comprehensive approach to helping homeless individuals and families move from the streets to self-sufficient lives and permanent housing. As a result of these efforts, HUD's transitional and permanent housing programs are serving fourteen times the number of persons served in 1993.

THE CHALLENGES AHEAD:

- Continue efforts to expand homeownership for all Americans.
- Continue working to build affordable homes and revitalize neighborhoods.
- Continue aggressive efforts to transform public housing.
- Expand Campus for Learners initiative to build education and technology linkages in public housing.
- Continue to expand opportunities for choice through tenant-based assistance for residents of public and assisted housing.

Community ~~and~~ Reinvestment Act

- On April 19th, 1995, the banking regulators met the President's directive to reform CRA, the 1977 law to prevent bank redlining. Under the new regulations, banks will be **judged on performance** -- actual lending, investments, and basic banking services -- rather than paperwork. Reform will unleash billions in new credit to low- and moderate income communities. Already, the Community Reinvestment Act has helped increase the number of **mortgage loans** to African Americans and Hispanic Americans by **55%** and **42%**, respectively, from 1993 to 1994.
- To reduce unnecessary regulatory burdens, a **streamlined examination process** applies to about 80% of all banks and S&Ls.

Other Empowerment Initiatives

- Clinton Administration initiatives are moving millions in new private capital into underserved communities. The Administration permanently extended the **Low-Income Housing Tax Credit** and the **Mortgage Revenue Bond program** to encourage private investors to build affordable housing and to help first-time homebuyers.
- Up to 15 new **SBA One-Stop Capital Shops** will distribute \$3 billion in loans and investment for small and minority business over the next five years.
- **Capital Gains Rollover and Exclusion** -- To encourage capital investment in small and minority-owned business, the President signed legislation to provide capital gains tax relief for investments in certain venture capital companies.
- The Administration launched the **National Homeownership Strategy**, an innovative partnership between the private sector and government, designed to boost America's national homeownership rate to an all-time high of 67.5 percent, adding 8 million new homeowners by the year 2000. **Homeownership** is already at its **highest level** in 15 years.

THE CHALLENGES AHEAD:

By continuing to help people help themselves, President Clinton is giving people the tools to rebuild our distressed communities, which in the end, will provide economic opportunity to all Americans.

- On March 11, 1996 the President proposed a new tax incentive to spur the private sector to clean up **brownfield sites** -- abandoned, contaminated industrial or commercial properties. This new \$2 billion tax incentive is expected to leverage some \$10 billion in private cleanups nationwide, and return to productive use as many as 30,000 brownfields properties in the U.S., improving environmental and public health protection, and spurring economic development.
- The Administration is proposing a second round of EZ/EC designations to continue to stimulate private-sector investment and economic opportunity in America's urban and rural communities and to connect residents to jobs available throughout the local labor market.

CREATING OPPORTUNITY IN AMERICA'S COMMUNITIES

[There] needs to be a new partnership between Washington and the communities and the individuals of this country, and there needs to be a way of doing business in which we try to create the conditions in which people can seize opportunities for themselves."

President Clinton
January 17, 1994

America's cities and rural communities continue to be a vital component of the American way of life. President Clinton is committed to investing in our communities and our people to provide opportunity and hope to all Americans. The President has launched initiatives that promote economic opportunity and job growth in America's communities by focusing on helping people help themselves.

A RECORD OF ACCOMPLISHMENT:

Empowerment Zones (EZ) and Enterprise Communities (EC)

- Thirteen years after the first federal enterprise zone legislation was introduced, President Clinton's Empowerment Zones/Enterprise Community initiative became law.
- The President's initiative includes **\$2.5 billion in tax incentives** and **\$1.3 billion in flexible grants** to spur local communities to address barriers to economic growth.
- Over **500 communities** across America took up the "EZ" challenge, submitting strategic plans for revitalizing their communities. Last December, President Clinton and Vice President Gore announced 105 winners -- nine urban and rural EZs, two supplemental zones, and 95 ECs, four of which received enhanced awards.
- The private/public partnerships that have developed as a result of the EZ/EC application process will be a force for change far into the future. In Detroit, for example, more than \$2 billion in private-sector commitments have been pledged. And Baltimore's plan leverages \$8 in outside resources for every \$1 of federal funds.

Community Development Banks and Financial Institutions

- The CDBFI Act fulfills the President's campaign promise to create a network of community development banks and financial institutions. Their primary mission is to lend, invest, and provide **basic banking services in low- and moderate-income communities**. This initiative will encourage the private sector to work in places it has not gone before. The CDBFI program leverages **\$10 of private investment for every \$1 of federal investment**.
- With \$50 million already appropriated for 1995, and \$1.625 billion requested in the President's Budget over seven years, the CDBFI Act will provide matching capital and other assistance to create and expand new and existing Community Development Banks and Financial Institutions (CDBFI).

- As in the first round, the President and the Vice President will challenge communities to develop their own comprehensive strategic plans for revitalization, with the input of residents and a wide array of community partners. The Administration will provide tax incentives and grants to those communities that developed the most innovative plans and garnered significant local and private-sector commitments.

COMMUNITY EMPOWERMENT

"There needs to be a new partnership between Washington and the communities and the individuals of this country, and there needs to be a way of doing business in which we try to create the conditions in which people can seize opportunities."

President Bill Clinton
January 19, 1994

President Clinton's Community Empowerment Agenda -- a series of initiatives across the government -- is designed to empower our nation's distressed urban and rural communities to create greater opportunity. The President's agenda represents a new approach to creating jobs and revitalizing neighborhoods. President Clinton recognizes that top-down, big-government solutions are not the answer to every community's problems and that enhanced public-private partnerships are essential. Three specific principles underlay the agenda's programs: (1) the private sector must be involved because it, not the government, is the driver of economic opportunity; (2) there must be bottom-up, community-driven solutions that bring people together; and (3) government at all levels must improve the way it serves communities.

A RECORD OF ACCOMPLISHMENT:

- **Empowerment Zones and Enterprise Communities (EZ/EC):** Thirteen years after the first enterprise zone legislation was introduced, President Clinton's EZ/EC initiative became law. The initiative challenged communities to develop comprehensive strategies for revitalizing their neighborhoods, with the input of a wide array of community partners. The initiative provides tax incentives and other tools to designated communities over a ten-year period. The Administration has already designated 105 communities in 42 states. The Detroit Empowerment Zone alone has launched 21 new developments, attracted over \$2 billion in local private-sector investment and created hundreds of new jobs.
- **Community Development Banks and Financial Institutions Fund (CDBFI):** CDBFI creates a network of community development banks and financial institutions in low- and moderate-income communities. The program leverages \$10 of private investment for every \$1 of federal investment. With \$50 million appropriated for 1995 and \$1.625 billion requested in the President's budget proposal for the next seven years, the CDBFI will provide matching capital and other assistance to create and expand community development banks and financial institutions.
- **Reformed Enforcement of the Community Reinvestment Act (CRA):** The Administration issued revised regulations implementing the Community Reinvestment Act -- the law enacted in 1977 requiring financial institutions to lend in their host communities. Under the revised regulations, banks will be judged on performance -- actual lending, investments and basic banking services -- rather than on paperwork. Also, for the first time, banks will have the opportunity to receive CRA credit for loans made for redeveloping old industrial waste sites ("Brownfields"). CRA reform will unleash billions in new credit to distressed communities.

- **Brownfields Redevelopment:** President Clinton launched a Brownfields Initiative to return land to productive use by providing tax incentives to clean up old industrial waste sites. A new \$2 billion Brownfields tax incentive is expected to leverage some \$10 billion in private clean ups nationwide and return to productive use as many as 30,000 Brownfields properties in America's distressed communities.
- **One-stop Capital Shops and Minority Business Development:** The Clinton Administration has opened several one-stop capital shops in a number of cities, including Boston and Philadelphia, and plans to open many more -- all in accessible neighborhood locations. These shops will distribute millions in loans and investment for small and minority-owned businesses over the next five years. Also, to encourage capital investment in small and minority-owned businesses, the President signed legislation to provide capital gains tax relief for investments in certain venture capital companies.
- There are many other initiatives included in the President's Community Empowerment Agenda, all designed to work together to help address the problems that communities face -- from job creation to education to public health and the environment. The White House Community Empowerment Board, created by President Clinton, has helped to ensure coordination and responsiveness to communities in implementing these initiatives.

THE CHALLENGES AHEAD:

By continuing to help people help themselves, President Clinton is giving people the tools to rebuild distressed communities, which in the end, will provide economic opportunity to all Americans. To build on the success of the Community Empowerment Agenda, the President has proposed in his FY 1997 budget that Congress act to designate a second round of Empowerment Zones and Enterprise Communities, as well as a tax incentive to encourage the clean up and redevelopment of Brownfields.

- A second round of EZ/EC designations would continue to stimulate private-sector investment and economic opportunity in America's urban and rural communities. As in the first round, the President will challenge communities to develop their own comprehensive strategic plans for revitalization and create broad partnerships. The Administration will provide tax incentives and grants to those communities that developed the most innovative plans and garnered significant local and private-sector commitments.
- In May 1996, the President issued an Executive Order that launched his Empowerment Contracting Program which provides a supplement to existing federal procurement programs and will offer special incentives for government contract awards to businesses in distressed communities.

HUD

U. S. Department of Housing
and Urban Development
Community Planning and Development
Office of Affordable Housing Programs

FAX

To:

From:

Molly Brostrom
White House
Domestic Policy
Council

Mimi Kolesar
Director
Program Policy
Division

Date: 7/30/96
Number of Pages: 5
Phone: (202) 708-2470
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~~396-1028~~
456-1028

Remarks:

Re: HOME Program Production

Attached are backup reports of production in the
HOME Program during the Administration.

To date HOME funds have been committed to:

Production prior to 12/28/92	201,347 units	26,565	Tenant-based
	- 3,960 units	- 71	rental assistance
	197,387 units	26,494	families assisted with TBRA

Joseph indicated that you wanted the back-up data.
Hope this is what you need. I also included
dollars committed and disbursed to date as well
as benefit information.

Mimi Kolesar

HOME PROGRAM DATA

As of 6/30/96

01/07/20

Project Funding Commitments by Activity Type & Tenure (\$ Millions)

Activity	Rental	Homebuyer	Homeowner	Total	% Funds
New Const	652	290		942	27.7
Rehab	1,128	191	707	2,026	59.6
Acquisition	83	241		324	9.5
TBRA*	107			107	3.1
Total	1,970	722	707	3,399	
% of Funds	58.0	21.2	20.8		100.0

Units Committed by Activity Type & Tenure

Activity	Rental	Homebuyer	Homeowner	Total	% Units
New Const	30,284	14,982		45,266	22.5
Rehab	61,720	8,544	47,082	117,346	58.3
Acquisition	5,391	33,344		38,735	19.2
Total	97,395	56,870	47,082	201,347	
% of Units	48.4	28.2	23.4		100.0

TBRA*	26,565			26,565	
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HOME Cost Per Unit by Activity Type & Tenure (\$ Based on Commitments)

Activity	Rental	Homebuyer	Homeowner	Total
New Const	21,530	19,385		20,818
Rehab	18,282	22,329	15,016	17,267
Acquisition	15,460	7,232		8,377
Average	19,136	12,702	15,016	16,355

TBRA*	4,012			4,012
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HOME STATUS AS OF 12/28/92

NUMBER OF F.J.'s	-	118	
PROJECTS COMMITTED	-	1,565 (348 COMPLETED)	
UNITS COMMITTED	-	3,560 TOTAL/ 3,277 HOME (1,921 COMP)	←
TOTAL \$ COMMITTED	-	\$112,377,740	
HOME \$ COMMITTED	-	\$ 40,313,663	
TOTAL \$ DISB/FINAL	-	\$ 18,382,532 / \$ 7,132,314	
TOTAL COST/DU	-	\$ 28,378	
HOME COST/DU	-	\$ 12,302	
TBRA COST/FAMILY	-	\$ 7,311 (71 FAMILIES)	←

SUMMARY OF COMMITMENTS

ACTIVITY	RENTAL	ETHE	OWNER	TOTAL	%
NC	2,055,607	1,391,933	0	3,447,540	8
SREH	8,842,816	650,422	4,198,192	13,691,431	33
ACQ	4,461,148	1,447,446	0	5,908,594	14
MREH	6,572,419	78,191	10,615,489	17,266,098	42
TBRA	519,060	0	0	519,060	1
TOTAL	22,451,050	3,567,992	14,813,681	40,313,663	
%	55	8	36	***	
DU's	2,000	203	1,074	3,277	

PER UNIT HOME SUBSIDY COSTS--BY ACTIVITY

HOME ACTIVITY	UNITS/FAMILIES	COST PER UNIT/FAMILY (TBRA)
NEW CONSTRUCTION	249	\$13,846
SUBSTANTIAL REHAB	729	\$18,781
ACQUISITION	523	\$11,298
REHABILITATION	1,776	\$ 9,722
TBRA	71	\$ 7,311

PER UNIT HOME SUBSIDY COSTS--BY HOUSING TYPE

HOUSING TYPE	DWELLING UNITS	COST PER DWELLING UNIT
RENTAL	2,000	\$11,226
1st TIME HOMEBUYER	203	\$17,576
EXISTING HOMEOWNER	1,074	\$13,793

HOME PROGRAM DATA

As of 6/30/96

07/09/96

Funding Commitments and Disbursements By Fiscal Year Source of Funds (\$000)

Fiscal Year Source	Amount Allocated	Committed		Disbursed	
		Amount	Percent	Amount	Percent
1992	1,457,684	1,434,337	98.4	1,310,699	89.9
1993	988,471	968,957	98.0	730,582	73.9
1994	1,213,441	1,121,870	92.5	583,329	48.1
1995	1,337,073	696,024	52.1	178,692	13.4
	Authorized For Projects	Projects Committed		Projects Disbursed	
		Amount	Percent	Amount	Percent
1992	1,329,349	1,313,667	98.8	1,189,527	89.5
1993	890,707	832,520	93.5	652,224	73.2
1994	1,088,943	865,787	79.5	520,154	47.8
1995	1,197,202	371,974	31.1	153,958	12.9

Leveraging (\$000)

Federal

HOME Dollars Committed to HOME Units	3,399,582
OTHER Dollars Committed to HOME Units	6,088,139
TOTAL Dollars Committed to HOME Units	9,487,720
Ratio: Other \$ Leveraged for Each HOME \$	1.79

Program Production

	(\$ Millions)		Units*	
	Commitments to Projects	Disbursements To Projects	Committed	Completed**
Activity in Month	91.4	85.0	4,443	3,869
Activity in Same Month Prior Year	83.4	91.3	6,000	4,486
Activity in FY 1995	962.8	951.2	59,499	43,785
Activity in FY 1996	801.4	703.7	48,135	36,864
Total Activity To Date	3,399.6	2,520.1	201,347	100,596

* Does not include Tenant Based Rental Assistance.

** Prior to October 31, 1995, projects that were fully disbursed, with no completion reports, were used as the basis for determining completed units. As of October 31, 1995, completion reports are used as the basis for determining completed units.

HOME PROGRAM DATA

AS of 6/30/96

07/03/96

Reservations/Commitments/Disbursements for CHDOs*

<u>Fiscal Year Source</u>	<u>Percent of HOME Funds Reserved for CHDOs</u>	<u>Amount Reserved for CHDOs (\$000)</u>	<u>Percent of \$ Reserved Committed</u>	<u>Percent of \$ Reserved Disbursed</u>
1992	21.8	318,730	97.4	83.1
1993	23.2	229,899	87.7	60.2
1994	24.1	292,451	73.0	37.1
1995	13.9	185,631	48.3	19.8

Lower Income Benefit

(Based on occupants of completed projects and recipients of TBRA**)

<u>Percent of Median Income</u>	<u>Percent of TBRA Families</u>	<u>Percent of Occupied Rental Units</u>	<u>Percent of TBRA & Occupied Rental Units</u>	<u>Percent of Occupied Homeowner Units</u>	<u>Percent of Homebuyer Units</u>
0-30	82.5	47.6	66.8	31.9	7.8
31-50	14.1	38.1	24.9	39.0	24.5
SubTotal 0-50	96.6	85.7	91.7	70.9	32.3
51-60	2.2	11.2	6.3	12.5	23.1
Subtotal 0-60	98.8	96.9	98.0	83.4	55.4
61-80	1.2	3.1	2.0	16.6	47.6
Total	100.0	100.0	100.0	100.0	100.0

* Community Housing Development Organizations
 ** Tenant Based Rental Assistance

FURTHER BACKGROUND ON ADMINISTRATION HOUSING INITIATIVES:

One Strike policy: On March 28, the President directed HUD Secretary Cisneros to distribute to all public housing authorities new national guidelines that set forth the framework for implementation of effective "One Strike and You're Out" programs. The "One Strike" policy uses statutorily authorized applicant screening and tenant eviction procedures to keep out drug dealers and other criminals who threaten the safety and well-being of residents.

Operation Safe Home: A collaborative initiative between federal, state, and local law enforcement, public housing staff and residents to get rid of the worst infestations of gangs, drugs and violent crime in public housing developments. Thousands of criminals have been arrested and hundreds of assault weapons and \$3 million worth of drugs have been confiscated as a result of this initiative.

HOME: The HOME program provides grants to states, local government, and Indian tribes to implement local housing strategies that are designed to increase homeownership and affordable housing among low- and very low-income Americans. Funds can be used for a variety of housing activities, according to local needs (tenant-based assistance; housing rehabilitation; new construction; assistance to first-time homebuyers).

Through increased funding and a streamlined and more effective HOME program, the Administration, working with state and local governments, has significantly increased housing and rental assistance to families. To date, the Administration has provided almost 200,000 families with housing assistance through the HOME program and over 26,000 families with HOME tenant-based rental assistance. Since 1993, the Administration has increased funding for the HOME program by 40% to \$1.4 billion.

LIHTC: Created by the Tax Reform Act of 1986, the Low-Income Housing Tax Credit (LIHTC) program authorizes states to issue federal tax credits for the acquisition, rehabilitation, or new construction of affordable rental housing. As he promised during the 1992 campaign, President Clinton permanently extended the LIHTC; he has successfully fought off Republican proposals to sunset the credit. The LIHTC helps to produce almost 60,000 homes each year.

FHA Multifamily Portfolio Reengineering: Over the next seven years, subsidies will expire on nearly 800,000 units in apartment buildings that receive Section 8 rental assistance and have mortgages insured by the Federal Housing Administration. Budget resources do not exist to renew these contracts at their current subsidy level. If contracts are not renewed, hundreds of thousands of low-income families will be adversely affected, and the federal government will be forced to pay insurance claims on up to \$18 billion of privately-held mortgages.

In addition, structural problems in the Section 8 program have reached critical proportions. It is estimated that 63% of these units -- approximately 500,000 units -- have HUD-paid rents higher (sometimes substantially higher) than market-rate rents for comparable units. At the same time, 86% of the older assisted properties (financed under older programs) are in poor physical condition (have deferred maintenance and capital needs greater than \$5,000 per unit).

In 1995 and 1996, the Administration proposed reforms (the first broad reforms called "Mark-to-Market", the current modified ones are referred to as "Portfolio Reengineering" to begin addressing these problems. In working toward reform, HUD has reached out to Congress as well as all of the constituencies that would be affected by changes. HUD's reforms focus on the high-risk properties with rents above market. HUD continues to work with Congress to incorporate elements of portfolio reengineering in the appropriations process -- the House stripped these provisions from their bill; the Senate is expected to include very moderate, if any, proposals.

HOUSING BACKUP Documents:

Molly Brostrom X65561

All documentation included unless "not copied" stated; [bracketed if not in hand yet]

Transforming Public Housing: all of these initiatives described in "Public Housing that Works: the Transformation of America's Public Housing," HUD May 1996 (not copied)

Reinventing HUD: "Renewing America's Communities from the Ground Up: The Plan to Continue the Transformation of HUD," (also known as Blue II), HUD 1996 (not copied)

Highest Homeownership rate in 15 years: Current Population Survey, Bureau of the Census

National Homeownership Strategy: "National Homeownership Strategy," May 1995 and "National Partners in Homeownership" (first year report), June 1996

UPDATE: "...unprecedented partnership with more than **85** key public and private sector organizations"

FHA Working Better: Blue II and National Partners in Homeownership

UPDATE: "...-- through streamlining and consolidating services, **automating functions using the latest technology, introducing new innovative products and forging strategic alliances with private and public partners. As a result, FHA has cut the costs of buying a home, expanded lending opportunities, and made it easier for families to purchase and maintain a home. Under this Administration, more families have become homeowners, including minorities, working families, and young couples.**"

Fair Housing: HUD Fair Housing office 7/30/96 memo listing "Best Practice" signatories

UPDATE: "To date, HUD has **entered into 83** "Best Practices" agreements..."

LIHTC: "Development and Analysis of the National Low-Income Housing Tax Credit Data Base," HUD PD&R July 1996

UPDATE: "...and helping to produce **almost 60,000** homes each year."

Public-Private Pension Fund Initiative: 4/22/96 Memorandum from Cisneros to POTUS on status of Pension fund initiative

Improved HOME program: HUD Office of Community Planning and Development computer reports, July 1996

UPDATE: delete sentence "In FY 1994 and 1995, the Administration..." and replace with: **"Through increased funding and a streamlined and more effective HOME program, the Administration, working with state and local governments, has significantly increased housing and rental assistance to families. To date, the Administration has provided almost 200,000 families with housing assistance through the HOME program and over 26,000 families with HOME tenant-based rental assistance. Since 1993, the Administration has increased funding for the HOME program by 40% to \$1.4 billion."**

Greater Assistance to Poor Households: HUD 93-97 budgets (not copied); HUD Report to Congress on Worst Case Housing Needs, March 1996

UPDATE: change first sentence to "The Administration continues to support the expansion of rental assistance..."

HECM: HUD 7/18 press release

UPDATE: "helped over **16,000** seniors..."

Homeless Assistance: "A Study of Homeless Assistance Funding," University of Maryland at College, February 1996

UPDATE: "over 800 transitional and permanent housing programs nationwide. **The funds support a new "continuum of care" strategy which moves away from ad-hoc emergency care to a comprehensive approach** to helping homeless individuals and families move from the streets to self-sufficient lives and permanent housing. As a result of these efforts, HUD's **transitional and permanent housing** programs are serving **fourteen times the persons served in 1993.**"

(HUD would really like the additional line regarding continuum of care added to the bullet. The correction/update that is necessary for accuracy is the last one -- essentially taking out the 300,000 number.)

Mally -- Minor correction below. A.

HOUSING

"Over the past few years, I have emphasized three basic ideas -- community, opportunity and responsibility -- that I believe are at the heart of a more dynamic and prosperous America. The priorities of the Department of Housing and Urban Development, from making sure that hardworking Americans realize the dream of homeownership, to addressing the tragedy of homelessness, are outstanding examples of how our government can empower people and institutions."

President Bill Clinton
October 1993

Recognizing that our homes are central to our well-being, President Clinton has worked to increase housing opportunities for all Americans, make homes and communities safer and more secure and reinvent HUD to meet America's housing and community development needs.

A RECORD OF ACCOMPLISHMENT:

Transforming Public Housing: The Clinton Administration is implementing the most far-reaching changes in public housing in decades -- demolishing the worst housing developments, cracking down on bad management, rewarding residents who work and cracking down on crime.

- **Replacing Worst Developments:** The Administration will tear down an unprecedented 30,000 units of the worst public housing and rebuild them with lower-density, townhome-style developments which can serve as anchors for neighborhood renewal. HUD has awarded \$1.44 billion in grants to spur economic development and change the shape of 85 public housing developments nationwide.
- **Improving Management:** The Clinton Administration is cracking down on bad management in public housing through takeovers of the most troubled public housing authorities in innovative partnerships with local and state officials.
- **Opportunity and Responsibility in Public Housing:** The Clinton Administration is changing admission rules and rent calculations to reward working families. Making public housing a springboard to further opportunities and a safe place to live through:
 - Campus for Learners initiative to transform public housing developments into living and learning centers through linkages with education, technology and job training;
 - Aggressive implementation of "One-Strike-and-You're-Out" policy that helps cities prevent drug dealers and violent offenders from terrorizing public housing residents in their homes by ensuring that people who engage in drugs and other criminal activity will face certain and swift eviction; and
 - Operation Safe Home under which federal law enforcement agencies are working with local police departments and public housing residents and managers to increase the arrest and conviction of violent and drug-related suspects so public housing developments can be safer places to live. This initiative has resulted in the arrest of thousands of criminals and confiscation of hundreds of assault weapons and \$3 million worth of drugs.

Reinventing HUD: The Clinton Administration has proposed a dramatic restructuring of HUD to respond more fully to local needs and local efforts to help people improve their own lives. The Administration's proposals would: consolidate HUD's 60 programs into three flexible performance-based funds, giving mayors and governors the flexibility to develop local demand and supply-side housing and community investment strategies; continue the transformation of public housing and provide portable vouchers to residents of the worst developments; and turn HUD into a "right-side-up, community-first" agency by relocating and empowering local personnel.

Making the Dream of Homeownership a Reality for More Working and Middle Class Families: The Clinton Administration has helped increase the nation's homeownership rate to its highest level in 15 years. Last year's increase in homeownership was the fastest annual increase in 30 years.

- **National Homeownership Strategy:** The Clinton Administration entered into an unprecedented partnership with more than 50 key public and private sector organizations to form a National Homeownership Strategy. Coupled with a stable economy and low interest rates, this initiative is aimed at helping 8 million more families become homeowners by the year 2000. ✓
- **FHA Working for Homebuyers Better than Ever:** The Clinton Administration is revamping the Federal Housing Authority to better meet the needs of today's consumers -- through streamlining and consolidating services, automating functions using the latest technologies, introducing new innovative products and forging strategic alliances with private and public partners. FHA is also better serving low-income and minority homebuyers and providing home purchase loans for African-American and Hispanic-American homebuyers at more than twice the rate of conventional home purchase loan insurers -- and the rate is increasing.
- **Fair Housing:** The Clinton Administration is working to reduce barriers to homeownership caused by unlawful discrimination. To date, HUD has signed 70 "Best Practices" agreements with key lenders that are resulting in more fair lending practices and expanded opportunities for low-income and minority families. ✓

Producing More Affordable Housing for All Americans: The Clinton Administration has provided the necessary flexibility and incentives to communities and businesses to encourage the development of more affordable housing and has improved assistance for those with acute housing needs.

- **Low-Income Housing Tax Credit:** President Clinton fulfilled his promise to permanently extend the Low-Income Housing Tax Credit, spurring the private development of low-income housing and helping to produce more than 120,000 homes each year. *State financial agencies - almost 60,000*
- **Innovative Public-Private Pension Fund Initiative:** The Clinton Administration launched an innovative public-private partnership initiative to encourage pension funds to invest in the production and rehabilitation of affordable multifamily housing. These partnerships will create 3,500 units of affordable housing for working families and the elderly.

- **Improved HOME Program:** Through a streamlined and more effective HOME program, the Administration, working with state and local governments, has significantly increased housing and rental assistance to families. In FY 1994 and 1995, the Administration provided approximately 127,000 families with housing assistance through the HOME program and over 19,000 families with HOME tenant-based rental assistance.
- **Greater Assistance to Poor Households with Acute Housing Needs:** The Administration continues to ^{support the expansion} expand rental assistance for the record number of renter households who struggle to pay over 50% of their very low incomes toward rent and utilities. This assistance can be a critical tool for states and localities in helping families make the transition from welfare to work.
- **Home Equity Conversion Mortgage:** President Clinton strengthened and extended the Home Equity Conversion Mortgage, which allows seniors to use the equity in their homes to meet financial needs without having to sell their homes. The program has helped over ^{16,000} 15,000 seniors -- a majority of whom are women living alone, and the numbers are increasing. *(see press release)*
- **FHA Multifamily Portfolio Reengineering:** The Administration launched an effort to address long-standing problems in the FHA-insured subsidized multifamily portfolio that provides housing to nearly 800,000 low-income households. HUD proposes a comprehensive strategy to restructure debt, give tenants more housing choices and adjust rents to market, thereby reducing future subsidy costs and producing long-term savings.
- **Comprehensive and Coordinated Approach to Homeless Assistance:** The Clinton Administration has made homeless assistance a top priority, doubling its funding since FY 1993. In 1995, HUD awarded \$900 million to over 800 transitional and permanent housing programs nationwide to help homeless individuals and families move from the streets to self-sufficient lives and permanent housing. As a result of these efforts, HUD's homeless programs are serving ~~300,000 individuals, a fourteen-fold increase~~ since 1993. ** We need to talk about this*

THE CHALLENGES AHEAD:

- Continue efforts to expand homeownership for all Americans.
- Continue working to build affordable homes and revitalize neighborhoods.
- Continue aggressive efforts to transform public housing.
- Expand Campus for Learners initiative to build education and technology linkages in public housing.
- Continue to expand opportunities for choice through tenant-based assistance for residents of public and assisted housing.

New Homeless Bullet

- **Comprehensive and Coordinated Approach to Homelessness Assistance:** The Clinton Administration has made homeless assistance a top priority, doubling its funding since FY 1993. In 1995, HUD awarded \$900 million to more than 200 communities to implement more than 800 transitional and permanent housing programs nationwide. The funds support a new "continuum of care" strategy which moves away from an ad-hoc emergency response to homelessness to a comprehensive approach to help homeless individuals and families move from the streets to self-sufficient lives and permanent housing. As a result of these efforts, HUD's transitional and permanent housing homeless programs are serving 300,000 individuals, a fourteen fold increase since 1993 fourteen times the persons served in 1993.



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

FAX TRANSMISSION

DATE: Aug. 01

NUMBER OF PAGES (including this page) 2

To: Nelly Boston

FROM: Amy Liu

Ofc. #: _____

Ofc. #: (202) 619-8054

Fax #: _____

Fax #: (202) 619-8257

COMMENTS: Let me know what you think of the
attached. There are so many angles you can
take w/ the good homeownership rates.

FHA Working for Homebuyers Better Than Ever. The Clinton Administration is revamping the Federal Housing Administration to better meet the needs of today's consumers -- through streamlining and consolidating services, modernizing operations to stay competitive in the 21st century, and forging strategic alliances with public and private partners. As a result, FHA has cut the costs of buying a home, made it easier for consumers to purchase and maintain a home, and expanded opportunities for more families to become homeowners. To date, more minority families, more working families, and more young couples own their own homes than two years ago.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

30-Jul-1996 05:29pm

TO: Molly Brostrom
FROM: Joseph Firschein
Office of Mgmt and Budget, HTF
CC: Francis S. Redburn
SUBJECT: Revision to HUD info. on HOME

Molly,

Following up on the information that I gave you earlier today (attached), HUD has provided additional information that allows for a more precise statement of the amount of HOME assistance provided during the Clinton Administration. If you want to use the bullet on the total amount of HOME accomplishments during the Clinton Administration, it should be revised as follows:

"To date, the Administration has provided approximately 197,387 families with housing assistance through the HOME program and over 26,494 families with HOME tenant-based rental assistance."

This number is based on HUD data showing that only 3,960 units of housing assistance and 71 units of tenant-based rental assistance had been committed as of 12/28/92 (before the start of the Clinton Admin.). Also, HUD has clarified that all of these numbers are based on jurisdiction "commitments" to complete specific projects; the actual spending follows the commitment.

Per your request for backup data sheets, HUD is faxing you copies of the computer report with this information for your files. Please let me know if you have any questions. If you ever need to speak with a HUD contact on this information, Mimi Kolesar (708-2470) and Marsha Dodge (708-2685) are both very good.

JF

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

30-Jul-1996 01:57pm

TO: Molly Brostrom

FROM: Joseph Firschein
Office of Mgmt and Budget, HTF

CC: Francis S. Redburn

SUBJECT: Info. on HOME accomplishments

Molly:

Per your request, I checked with HUD and got the following information for the HOME accomplishments bullet:

-- The data in the bullet is correct if you want to continue to use data on accomplishments "in FY 1994 and 1995".

-- If you want to make the narrative more up to date, you can revise the last sentence to be: "In FY 1995 and FY 1996 (through June 30), the Administration provided approximately 107,634 families with housing assistance through the HOME program and over 26,500 families with HOME tenant-based rental assistance."

-- HUD has also information on the total amount of HOME assistance to date (since the first HOME appropriation in FY 1992). Since almost all HOME project spending did not begin until after the start of the Clinton Administration you can say, "To date, the Administration provided approximately 201,300 families with housing assistance through the HOME program and over 26,500 families with HOME tenant-based rental assistance."

I'll let you know if I get more information from HUD on this.

JF

HOUSING

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- Public Hsg
that's the
Trust of
this
1994

How public housing
transformation would
probably work all of this

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Revised this Committee
from funding:

BLUE II

the plan to
complete
Transf of the
1996

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Census Bureau cited in HUD Press Release - 7/22/96

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Natl H'ship
Strategy
May 1995

56 parties + Status Report

BLUE II
Status of plan

need
current
list)

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58,000 in 96
56,000
Treasury

Dev't + Analysis of the Low-Inc Hsg Tax Cr Data Base
Net 1

HUD ORDER July 96

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Memo from
Cigners
to Pres
on status
of Pension
Fund

close to
60,000

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GMB - Joe Kirsch
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Rpt to Com on Worst Case Needs 2/96 → Rental Hsg at crossroads to be resolved
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DRAFT

Renewing America's Communities from the Ground Up

**The Plan
to Continue
the Transformation
of HUD**

By Secretary Henry G. Cisneros
