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U.S. Department of Housing and Urban Development

National Partners In Homeownership

FIRST YEAR REPORT

POSITIVE TRENDS IN AMERICA'S CENTRAL CITIES

Homeownership is on the rise in central city communities, and mortgage lending to historically underserved inner cities is expanding.

Between 1990 and the second quarter of 1996, the central city homeownership rate rose from 49.0 to 50.0 percent, creating approximately 1.0 million additional homeowners.[1]

The share of central city mortgage lending directed to historically under served areas increased from 30 percent in 1993 to 36 percent in 1995.[2]

Violent crime is declining in our biggest cities.

In U.S. Cities with populations of a million or more, the rate of violent crime has been dropping since 1992. Specifically, the rate declined by 3.4 percent between 1992 and 1993[3], by 7.6 percent between 1993 and 1994[4], and by 9 percent between 1994 and 1995 (preliminary estimate).[5]

The incidence of violent crimes has been dropping in major cities, long considered violent and unsafe. For example,

-- in Washington D.C., the number of murders declined 12 percent, robbery declined 11 percent, forcible rape declined 23 percent between 1993 and 1994.[6]

-- in LA, murders declined 21 percent, robbery declined 20 percent, and forcible rape declined 12 percent between 1993 and 1994.[7]

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[1] U.S. Department of Commerce, 1996. Current Population Survey. Washington, DC: Bureau of the Census.

[2] Home Mortgage Disclosure Act Data

[3] U.S. Department of Justice, 1993. Crime in the United States 1993: FBI Uniform Crime Reports. Washington, DC: Federal Bureau of Investigation.

[4] U.S. Department of Justice, 1994. Crime in the United States 1994: FBI Uniform Crime Reports. Washington, DC: Federal Bureau of Investigation.

[5] U.S. Department of Justice, 1995. FBI Uniform Crime Reports 1995: Preliminary Reports. Washington, DC: Federal Bureau of Investigation.

[6] Op. Cit. U.S. Department of Justice, 1994.

[7] Op. Cit. U.S. Department of Justice, 1994.

-- in New York City, murder declined 20 percent, robbery declined 16 percent, forcible rape declined 5 percent between 1993 and 1994.[8]

The economic health of many central city jurisdictions is beginning to improve.

The poverty rate for central cities nationwide dropped from 21.5 percent in 1994 to 20.9 percent in 1995.

More than 48 percent of elected city officials report that overall economic conditions were better in 1995 than the year before, and the share who see a positive job outlook for their communities increased by 20 percent over 1994.[9]

Well over half of the elected city officials surveyed described job opportunities in their communities as "good" or "great."[10]

The work ethic remains strong, even in the most distressed inner city neighborhoods. For example,

In central Harlem in mid-1993, although 40 percent of the population were poor, two thirds of all households had at least one full- time worker and 14 people applied for every minimum wage job opening.[11]

The fiscal health of many central city jurisdictions is beginning to loop up.

By the end of Fiscal Year 1995, nearly 74 percent of cities reported breaking even or showing general fund surpluses, compared to close to 50 percent in 1992.[12]

Nearly two-thirds (64.6 percent) of fiscal officials nationwide believe that their cities are better able to meet their fiscal needs in 1996 then they were in 1995.[13]

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[8] Op. Cit. U.S. Department of Justice, 1994.

[9] National League of Cities, 1996. The State of America's Cities:The Twelfth Annual Opinion Survey of Municipal Elected Officials. Washington, DC: NLC.

[10] Ibid

[11] Katherine S. Newman, "What Scholars Can Tell Politicians About the Poor," Chronicle of Higher Education, June 23, 1995 pB2

[12] National League of Cities, 1996. City Fiscal Conditions in 1996. Washington, DC: NLC.

[13] Ibid.

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

Washington, D.C. 20410

News Release

HUD No. 96-131
David Egner (202) 708-0685 ext. 147
Bill Connelly (202) 708-0685 ext. 115

FOR RELEASE:
Monday
July 22, 1996

U.S. HOMEOWNERSHIP RATE CLIMBS AT RECORD TWO-YEAR PACE AND GROWS TO 15-YEAR HIGH OF 65.4 PERCENT

* * *

66.1 MILLION AMERICANS NOW HOMEOWNERS -- HIGHEST LEVEL IN HISTORY

WASHINGTON -- The nation's homeownership rate climbed a record 1.6 points over the past two years to reach a 15-year high of 65.4 percent, the Clinton Administration announced today. As a result, the number American homeowners rose to 66.1 million -- the highest level in United States history.

In the second quarter of 1996, the homeownership rate rose three-tenths of a point -- creating 700,000 new homeowners in just the three-month period, Housing Secretary Henry G. Cisneros and President Clinton's National Economic Advisor Laura D'Andrea Tyson said.

From the second quarter of 1994 through the second quarter of 1996, America's homeownership rate grew at the fastest pace since quarterly statistics were first compiled in 1965, Cisneros and Tyson said. The 1.6 point growth rate works out to a 2.5 percent increase in homeownership.

In the two-year period, the number of American homeowners has risen by 3.3 million individuals and families. Since January 1993, the number of homeowners has grown by 4.4 million.

"This growing homeownership rate is a powerful engine of economic growth, creating jobs in the construction industry and in businesses that sell building supplies, appliances and home furnishings," Cisneros said. "Growing homeownership helps more families better their lives, create new opportunities for their children and build equity."

"Today's numbers show that homeownership is yet another way that President Clinton's economic plan has helped touch the lives of working families," Tyson said. "The President's strong deficit reduction has helped keep mortgage rates relatively low, even as the economy has strengthened and job growth has boomed. Lower deficits, lower mortgage rates and higher job growth is a good recipe for higher homeownership rates."

-more-

"Over the past 24 months, homeownership rates are up in virtually every region of the country," Cisneros said. "They are up among all racial categories, for all age groups, and for families in all income groups."

The new Commerce Department statistics for the second quarter of this year put the nation's homeownership at just four-tenths of a point below the all-time high homeownership rate of 65.8 percent, reached in 1980.

Quarterly Statistics

The statistics also showed these increases in the homeownership rate during the second quarter of this year:

- The rate for Hispanics jumped 2.5 points to an all-time high of 43.9 percent.
- The rate for householders from 35 to 44 years old went up by nine-tenths of a point to 65.5 percent.
- The rate for Americans under 35 went up by five-tenths of a point to 39.3 percent.

1995 All-Time High Statistics

In 1995, all-time high homeownership annual rates were reached for: Married couples -- 79.6 percent; Elderly -- 78.1 percent; Hispanics -- 42.4 percent; Northeast -- 62.8 percent; and West -- 59.6 percent.

Two-year Statistics

Over the past two years:

- The homeownership rate in the Midwest increased by 3 percentage points to 70.5 percent.
- In the South the rate went up 2 points to 67.2 percent.
- In the Northeast, the rate is up a full percentage point to 62.3 percent.
- In the West, the rate was virtually unchanged at 59.8 percent.
- The homeownership rate for householders under age 35 rose by 2.5 points to 39.3 percent.
- For householders between 35 and 44, the rate was up nine-tenths of a point to 65.5 percent.

-more-

- For householders between 45 and 54, the rate was virtually unchanged at 75.5 percent.

- For householders between 55 and 64, the rate increased by nine-tenths of a point to 80 percent.

- For householders 65 years and older, the rate increased by 1.7 points to 78.9 percent.

- The homeownership rate for African Americans increased 2 points to 44 percent.

- For Hispanics, the rate increased by 2.8 points to the all-time high of 43.9 percent.

- For whites, the rate was up 1.8 points to 71.7 percent.

- And for all other Americans, the rate climbed 1.9 points to 50.4 percent.

- The homeownership rate for families with income greater to or equal to median family income went up by 1.9 points to 80.3 percent.

- The rate for families with less than median income went up 1.2 points to 49.2 percent.

Cisneros said the increase in homeownership is evidence of the success of the National Homeownership Strategy, launched at President Clinton's direction. The strategy is designed to raise the national homeownership rate to an all-time high of 67.5 percent by the year 2000.

The 58-member National Partners in Homeownership -- a coalition of homebuilders, real estate professionals, mortgage bankers, and low-income housing advocates -- is working to help the strategy succeed and make more than two-thirds of all American families homeowners.

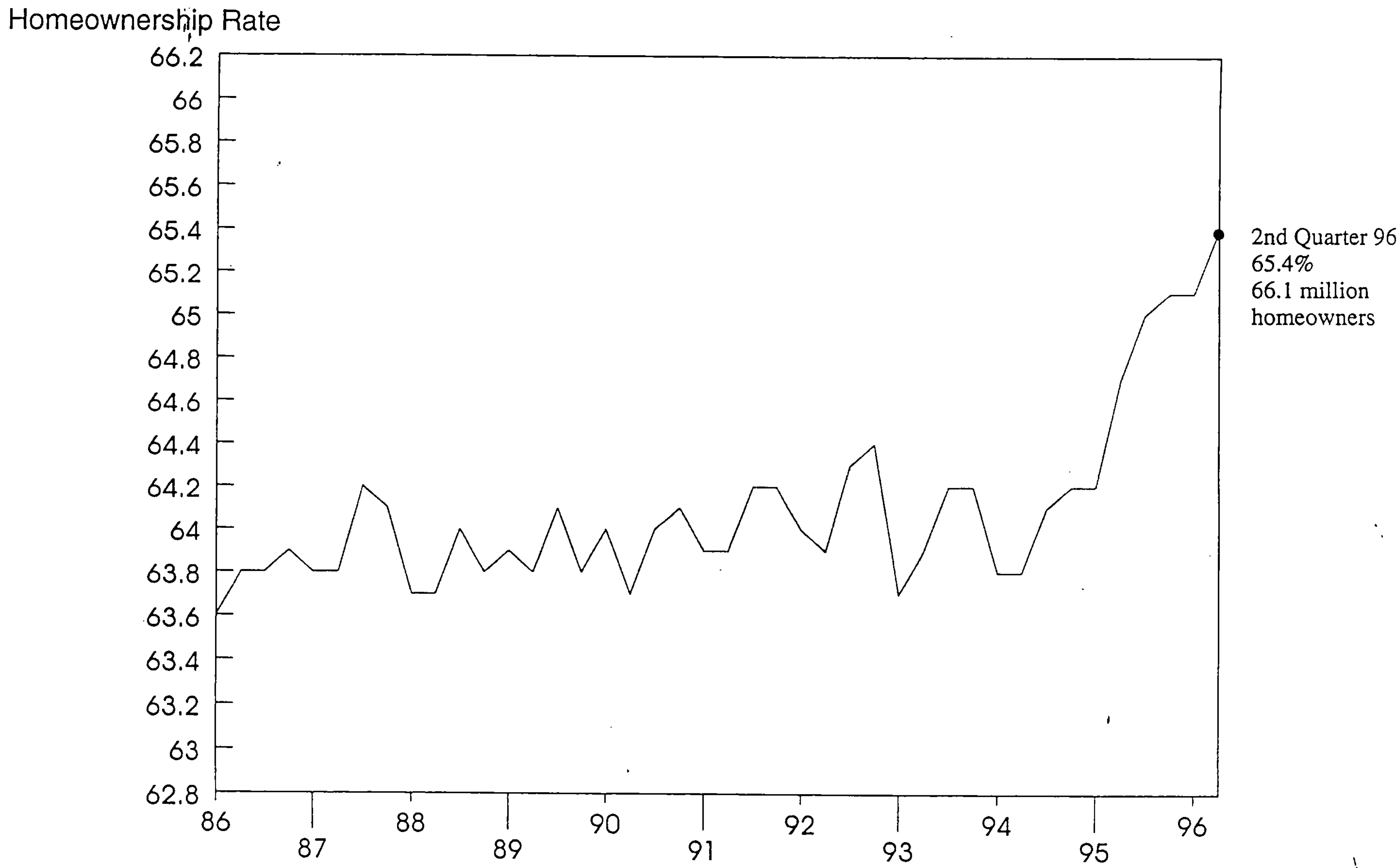
The Partners and HUD have launched major initiatives to make buying a home more affordable, faster and easier.

Secondary markets are introducing new technology and simplification in loan underwriting. They are creating better-targeted loan products to lower down payments and closing costs. The homebuilding sector is working to lower the cost of housing itself.

In addition, HUD has reduced closing costs on FHA loans by $1,000 and cut the time needed to process FHA insurance applications from two months to two days.

##

Homeownership Rates: 1986-1996



HUD Helps Americans Become Homeowners

HUD Helps Americans Achieve the Dream of Homeownership

The opportunity to own a home is a cherished American dream. It provides the homeowner with pride, financial security, and a sense of neighborhood belonging. In 1994, President Clinton challenged the housing industry to reverse the decline in the national homeownership rate and help a record number of Americans become homeowners by the end of the century. The Department of Housing and Urban Development (HUD) has joined 58 leading public and private national organizations in this critical mission.

HUD's principal agent in helping Americans buy their homes is the Federal Housing Administration (FHA), a government-owned mortgage insurer that is a part of HUD. FHA provides home mortgage insurance to first-time homebuyers, inner-city residents, immigrants, and low- and moderate-income families, bringing homeownership opportunities to those the private market cannot serve. Private lenders make loans they would not otherwise make because FHA puts the full faith and credit of the U.S. Government behind these loans. Since its inception in 1934, FHA has helped more than 24 million homeowners, without costing taxpayers a dime. In the past three years, FHA has helped 3 million homebuyers.

In 1995, the Nation saw the largest national homeownership rate increase in 30 years, growing to 65.1 percent, which means more than 1.4 million Americans became homeowners. The families who are least likely to purchase homes -- minorities, moderate-income families, and young families -- all benefited this past year.

The upward trend in the nation's homeownership rate is due, in part, to specific HUD and FHA actions to make homeownership easier and more affordable for potential homebuyers, the modernization of operations to stay competitive in the 21st century, and aggressive partnering with lenders and housing providers to make homeownership a reality for more Americans. The following highlights how HUD and FHA have directly helped consumers become homeowners and, in turn, helped revitalize America's neighborhoods.

- sponsored and will continue to hold a series of homebuyer education seminars and conferences across the country to educate potential first-time homebuyers and enable them to talk to their local lenders and real estate professionals. In some communities, attendance has neared 10,000 individuals; and

- awarded in 1995 $6 million to 240 HUD-approved counseling agencies, each of whom have counselors who have been trained to help educate first-time homebuyers.

- **FHA reaches out to new Americans.** FHA will publish key FHA documents, brochures, and other informational tools in various foreign languages (e.g. Spanish, Chinese, Korean, and Russian) to better serve the homeownership needs of immigrant families, an emerging and often overlooked market. FHA also will hold homebuyer education seminars targeted to immigrant populations.

- **HUD partners with lenders to help more Americans access mortgage loans.** More than 70 mortgage banking firms nationwide have entered into "best practices" agreements with HUD, committing themselves to expand efforts to lend to minority homebuyers, immigrant families, and others who have been underserved in the past. One of the nation's largest mortgage lenders reported that within the first year of entering into the agreement, mortgages they made to minorities increased by 217 percent.

HUD Makes It Easier for Lenders to Do Business with FHA, thus Better Serving Consumers

Over the last three years, FHA has made it easier and cheaper for lenders to do business with FHA. This, in turn, makes it easier for lenders to better serve borrowers. For instance, FHA is streamlining and modernizing their operations to help reduce costs, processing time, and paperwork for participating local lenders. Thus, lenders will be able to make more FHA loans available and pass on their savings to consumers.

- **FHA now approves mortgage insurance in less than a day.** In the past, it took 6 to 8 weeks for FHA issue mortgage insurance to lenders. Today, FHA can approve mortgage insurance within a matter of hours. This is being done in the Southwest region of the country where FHA has created the Denver Homeownership Center which has consolidated disparate functions to provide consistent service and reduce transaction times for lenders. This, in turn, enables lenders to speed service and reduce costs for consumers. ***By the end of 1997, FHA will process all mortgage insurance in less than a day.***

- **FHA's Title I Loan Program helps homeowners finance home improvements.** The Title I Property Improvement Loan Program provides funds for roof repair, insulation, alterations and other home improvements. A majority of Title I loans are made to low- and moderate-income borrowers. Over the past two years, FHA has made many changes to the Title I program to make it easier to use. As a result, the volume of Title I loans has increased from 63,500 loans made in 1993 to nearly 98,000 in 1995.

- **HUD works with local communities to convert abandoned properties into homes for low-income families.** HUD redesigned its Single Family Home Sales program to allow pre-approved nonprofit organizations and government entities to purchase HUD-owned properties at discounted prices. Since the program's inception in November 1993, more than 6,200 properties have been sold to nonprofit organizations and governmental entities. By taking empty properties and putting them in the hands of community leaders, we are turning eyesores into important community resources for neighborhood revitalization.

- **HUD Streamlines HOME Program to Help Homebuyers.** The HOME program allocates funds to local jurisdictions and is an important resource for potential first-time homebuyers who may need assistance in making a downpayment on a home or in carrying the full cost of a mortgage. With considerable input from key partners, HUD streamlined regulations for the HOME program, and, as a result, helped an additional 23,300 families become homeowners in the last 12 months -- almost as many homebuyers as were assisted under the program in the previous two-and-a-half years.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

"One Strike and You're Out"

Policy in Public Housing

MARCH 1996

July 30, 1996

NOTE TO: Amy Liu

T.R.

FROM: Turner Russell

SUBJECT: Listing of the Fair Lending - "Best Practices" Signatories

Maxine Cunningham, Director, Office of Fair Housing Initiatives and Voluntary Programs, asked me to provide you with a list of the lending institutions that have negotiated Fair Lending - "Best Practices" Agreements with the Department.

The attached list sets out the names of the 58 institutions, organizations, or associations that have participated in a formal signing ceremony with the Department. In addition, the list identifies the 30 entities that have negotiated agreements in principle with the Department and will formally sign their Agreements in the near future.

If you have any questions, I can be reached on 708-1992, ext 302.

Attachment

"Office of Fair Housing Initiatives & Voluntary Programs"
Fair Lending-"Best Practices" Agreements signed to date

Date Signed	Type	Organization	Location
9/14/94	N/R	1. Mortgage Bankers Association of America	Washington, DC
10/10/94		2. Countrywide Funding Corporation	Pasadena, CA
2/8/95		3. Collateral Mortgage, LTD.	Birmingham, AL
5/25/95		4. J.B. Nutter & Company	Kansas City, MO
6/27/95		5. Waters Mortgage Corporation	Plantation, FL
6/27/95		6. Spectrum Mortgage Corporation	Landover, MD
6/27/95		7. PHH U.S. Mortgage Corporation	Mount Laurel, NJ
6/27/95		8. AccuBanc Mortgage Corporation	Dallas, TX
6/27/95		9. Olympic Home Mortgage Corporation	Rosedale, NY
6/27/95	N/R	10. National Assoc. of Professional Mortgage Women	Edmonds, WA
8/25/95	N/R	11. New Mexico Mortgage Bankers Association	Albuquerque, NM
10/23/95		12. Inland Mortgage Corporation	Indianapolis, IN
10/23/95		13. Equity Mortgage, Inc.	San Juan, PR
10/23/95		14. San Diego Funding	San Diego, CA
10/23/95	N/R	15. Mortgage Bankers Association of Michigan	Troy, MI
10/23/95	N/R	16. Wyoming Lenders Association	Cheyenne, WY
10/23/95		17. Family Home Mortgage	Spokane, WA
10/23/95		18. Equifax Market Services	Atlanta, GA
11/7/95		19. First Security Savings Bank	Bloomfield Hills, MI
11/7/95		20. John Adams Mortgage Company	Farmington Hills, MI
11/7/95		21. Plus 4 Mortgage Company	Harper Woods, MI
11/7/95		22. Republic Bancorp Mortgage, Inc.	Farmington Hills, MI
11/7/95		23. Michigan Residential Mortgage Services	East Lansing, MI
11/7/95		24. Gehrke Mortgage Corporation	East Point, MI
11/7/95		25. MCA Mortgage Corporation	Southfield, MI
11/7/95		26. Amera Mortgage Corporation	Troy, MI
11/7/95		27. Community Mortgage Services, Inc.	Southfield, MI
11/7/95		28. Standard Federal Savings Bank	Troy, MI

N/R=National/Regional Association

Fair Lending-"Best Practices" Agreements signed to date (CONTINUED)

Date Signed	Type	Organization	Location
11/7/95		29. Interfirst Federal Bank	Ann Arbor, MI
11/7/95		30. Comerica Mortgage Corporation	Auburn Hills, MI
11/7/95		31. Mercury Financial, Inc.	Southfield, MI
11/7/95		32. Mortgage Plus, Inc.	Grand Rapids, MI
11/7/95		33. Tranex Financial, Inc.	Southfield, MI
1/18/96		34. Guaranty Bank	Brown Deer, WI
2/21/96		35. Washington Federal Savings	Seattle, WA
4/3/96		36. Corinthian Mortgage	Mission, KS
4/3/96		37. United Services Mortgage	Kansas City, KS
4/3/96		38. First Mortgage Investment Company	Prairie Village, KS
4/3/96		39. Leader Mortgage Company	Lenexa, KS
4/19/96		40. Fortune Mortgage Company	Westmont, IL
4/19/96	N/R	41. Indiana Mortgage Bankers Association	Indianapolis, IN
4/19/96	N/R	42. Mortgage Bankers Association of Minnesota	Minneapolis, MN
4/19/96		43. Lake Forest Bank & Trust Company	Lake Forest, IL
4/25/96		44. Trent Financial, Inc.	City of Commerce, CA
4/25/96		45. Funders Mortgage	Covina, CA
4/25/96		46. Provident Mortgage Corporation	Visalia, CA
5/14/96		47. Dadeland Bank	Miami, FL
6/22/96		48. Gale City Federal Savings Bank	Fargo, ND
7/11/96		49. Lend America, Inc.	Westminster, CO
7/11/96		50. First Denver Mortgage Company	Denver, CO
7/11/96		51. Intermountain Mortgage Company	Colorado Springs, CO
7/11/96	N/R	52. Colorado Mortgage Lenders Association	Englewood, CO
7/12/96	N/R	53. Iowa Credit Union League	W. Des Moines, IA
7/15/96	N/R	54. Washington Mortgage Lenders Association	Seattle, WA
7/15/96		55. Major Mortgage	Cheyenne, WY
7/16/96		56. Security First Bank	Cheyenne, WY
7/20/96		57. Bedford Falls Funding	Denver, CO
7/23/96	N/R	58. Oregon Mortgage Lenders Association	Portland, OR

N/R=National/Regional Association

Fair Lending-"Best Practices" agreements agreed to in principle

Organization	Type	Location
1. North American Mortgage Company		Santa Rosa, CA
2. Wall Street Mortgage Bankers, LTD		New York, NY
3. Amerifirst Mortgage Corporation		Hempstead, NY
4. Constitution Mortgage Bankers, Inc.		Meriden, CT
5. James Madison Mortgage Company		Fairfax, VA
6. Graystone Mortgage		Boston, MA
7. First Mortgage Company		Columbus, OH
8. Mortgage Capital Investors		Springfield, VA
9. Mortgage Security, Inc.		E. Falmouth, MA
10. Family Home Mortgage		Danbury, CT
11. Rittenhouse Mortgage		Philadelphia, PA
12. Gelt Financial, Inc.		Feasterville, PA
13. Arrow Mortgage Corporation		Buzzards Bay, MA
14. Community State Bank		Union Grove, WI
15. McCue Mortgage		Boston, MA
16. USA Loan		Dedham, MA
17. People's Heritage Mortgage		Portland, ME
18. CUSO Mortgage		Bangor, ME
19. Brucha Mortgage Corporation		Boston, MA
20. American Mortgage and Investment		Oklahoma City, OK
21. Colonial Mortgage Service Company		Horsham, PA
22. Capital Mortgage		Boston, MA
23. Community Lending Corporation		College Park, MD
24. Mortgage Bankers Association of Puerto Rico	N/R	San Juan, PR
25. Security First Bank		Cheyenne, WY
26. Consumers First Mortgage		Columbia, MD
27. Curtis Mortgage Corp.		Knoxville, TN
28. Victoria Mortgage		Irvine, CA
29. Boulevard Mortgage		Trevose, PA
30. Cincinnati Mortgage Bankers Association	N/R	Cincinnati, OH

N/R=National/Regional Association **(July 30, 1996)**

PLEASE NOTE: the parties listed as signing "in principle" are not for public dissemination; also, two lenders who had previously signed in principle are in merger negotiations and are presently reviewing their Agreements in Principle.

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

MEMORANDUM

FOR: Honorable William J. Clinton
Vice President Al Gore

FROM: Henry G. Cisneros

DATE: April 22, 1996

SUBJ: Pension Funds Invest in Housing and Stimulate Economy

After years of speculation by countless experts, your Administration has found a way to guide investment of pension funds to socially beneficial projects. Pension funds represent approximately $4 trillion in assets, 30 percent of all financial assets in this country, but as you know, the funds have been concentrated in stock and bond holdings in traditional markets and increasingly in foreign markets. We have found a way to tap a small percentage of those pension investments -- over $100 million -- for the important national priority of providing affordable homes for the nation's families while stimulating neighborhoods and cities and assuring financial returns and fiduciary security for the pension funds and their members.

At the urging of your Administration, Congress appropriated $100 million in FY 1994 and $98 million in FY 1995 to the Section 8 Community Investment Demonstration Program (Pension Fund Program). The Pension Fund Program is combining pension fund investments and long-term federal rental assistance to create approximately 3,500 units of affordable rental housing for the elderly, low-income households, and working families.

The Pension Fund Program is a special public-private partnership that involves the following six pensions:

- AFL-CIO Housing Investment Trust,
- Equitable Real Estate Investment Management, Inc.,
- Office of the Comptroller, City of New York Pension Fund,
- Philadelphia Board of Pension and Retirement,
- California Public Employees Retirement System (CALPERS), and
- Fund for Affordable Housing.

These six partners will help finance the rehabilitation or construction of approximately 2,000 apartment units, half of which will be reserved for low-income households receiving Section 8 rental assistance. In addition to principal financing from these pension funds, Community Development Block Grants, HOME funds, and low income housing tax credits contribute to the development of these homes.

I encourage you to visit some of these pension fund sites to demonstrate the visible accomplishments of your Administration. Attached is a list of pension fund projects that are currently under construction or soon to be underway.

Attachment

cc: Bob Rubin
Kitty Higgins

SECTION 8 COMMUNITY INVESTMENT DEMONSTRATION
Status of Participating Pension Funds' Activities

FY 1994 Round

Projects Approved:

Sonoma Creekside, Santa Rosa, CA -- Equitable Real Estate Investment Management
43-unit townhouse development, approved and under construction

Putnam-Tompkins, San Francisco, CA -- AFL-CIO
46-unit family apartments, approved and under construction

Hilltop Garden, District Heights, MD -- AFL-CIO
914-unit garden type apartments that will reduced to 503-units and provide 121 units of low income housing, approved and under rehabilitation

Main Street Housing, South Central Los Angeles, CA -- AFL-CIO
30-unit new construction to house homeless, approved and under construction

Androscoggin Village, Auburn, ME -- AFL-CIO
70-unit HUD-held to be rehabilitated, approved and under construction

NJ AIDS Scattered Site Project, New Jersey -- AFL-CIO
34-unit project consisting of single family dwellings located in Camden, Newark, Trenton, and Paterson to house people with AIDS and their families, approved and under construction

Lowell Square, Boston, MA -- AFL-CIO
183-unit new construction project, approved and under construction

Rio Vista, Los Angeles, CA -- AFL-CIO
75-unit new construction to house large, low-income families, approved and under construction

Imperial Hotel, Atlanta, GA -- AFL-CIO
120-unit rehabilitation project, that will provide housing for homeless persons, approved and under construction

130-136 West 142nd Street, New York, NY -- NYC Comptroller Office/CPC
61-unit non-HUD rehabilitation project, approved and under construction

Kirkwood Apartments, Atlanta, GA -- Fund for Affordable
40-units new construction project, to provide 20 units for mentally disabled persons, approved and under construction

Projects Under Review:

Vallas Del Caribe, Philadelphia, PA -- Philadelphia Municipal Fund
81-unit new construction project, sponsored by the Hispanic Association of Contractors and Enterprises, Inc.

Bay Point Family Housing, Bay Point, CA -- CALPERS/Bridge Housing Corp.
46-unit new construction project, located near the Concord/Berkeley area

Red Hazel, Boston, MA -- Fund for Affordable Housing
98-unit rehabilitation project, located in the Dorchester section of Boston

Charity Apartments, Savannah, GA -- Fund for Affordable Housing
45-unit rehabilitation project

FY 1995 Round

Approximately $98 million has been reserved to support 12 projects:

Equitable Real Estate Investment Management, Inc.

Englewood Gardens, Chicago, IL -- 167-unit HUD-held rehabilitation, approved and construction expected to begin within 30-60 days

712 West Diversey, Chicago, IL -- 88-unit HUD-held rehabilitation

Huff Avenue Apartments, Chicago, IL -- 72-unit new construction, approved and construction expected to begin within 60-90 days

Hayes Valley Apartments, San Francisco, CA -- 85-unit rehabilitation, approved and under construction

AFL-CIO Housing Investment Trust

El Azteca Apartments, Laredo, TX -- 50-unit new construction, approved with construction expected to begin within 30-60 days

Corona Del Valle Apartments, El Paso, TX -- 100-unit family, new construction

Sunrise Apartments, Edinburg, TX -- 70-unit single family development

Concord Street Apartments, Boston, MA -- 42-unit homeless, rehabilitation and new construction

Daly Avenue Apartments, New York, NY -- 84-unit rehabilitation

Jefferson Street Apartments, Marrero, LA -- 150-unit HUD-held rehabilitation

Carl Mackley Apartments, Philadelphia, PA -- 260-unit HUD-held rehabilitation

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

Washington, D.C. 20410

News Release

EMBARGOED UNTIL THURSDAY, MARCH 14TH 1:00 PM

HUD No. 96-56
Aylin Gonen (202)708-0685 ext. 119
Bill Connelly (202)708-0685 ext. 115

FOR RELEASE:
Thursday,
March 14, 1996

CISNEROS SAYS CRISIS HOUSING NEEDS OF AMERICA'S POOREST FAMILIES ARE AT A RECORD HIGH

WASHINGTON - The number of low-income Americans facing critical housing needs has reached an all time high, Housing Secretary Henry G. Cisneros said today.

Cisneros released a new HUD study showing that 5.3 million low-income households are either spending more than half their income for rent or living in severely substandard housing. The number of such households increased by 400,000 in just two years--growing at more than twice the rate of the previous decade.

"Despite the economic recovery of recent years, millions of Americans are worse off," Cisneros said. "This report clearly documents that our housing safety net is stretched to the limit. We already have an estimated 600,000 homeless people on the streets on any given night. The people cited in this report are at risk of joining them. I hope that this report will be read and heeded."

Even though "our poorest Americans are at risk," Cisneros said, "Congress seems determined to keep cutting back federal housing assistance. Welfare, medicaid and other programs that help the poor have been cut back, and housing seems to be next. Congress is going in the wrong direction and hurting the most vulnerable."

HUD's *Rental Housing Assistance at a Crossroads: A Report to Congress on Worst Case Housing Needs* shows that thousands of low-income families are living on the edge as they sit on waiting lists for rental assistance vouchers or public housing, but have little chance of getting help.

(more)

"Some working families have waited for years for assistance and have about given up hope," Cisneros said. "But the wait is likely to get longer. This year, for the first time since 1974, Congress is not providing additional rental assistance vouchers to help move people off the lists and into decent housing."

Congress is currently considering legislation to overhaul federal housing programs. Cisneros said these programs need to continue and that rental assistance should be expanded and targeted to those most in need. "We are making life harder for people who need help the most," he said. "We need to give a hand up to hard-pressed, hard-working families. We need to help the poorest make the transition from welfare to work. Housing is critical for families that are trying to pull themselves up."

The HUD report says the number of housing units that poor households without rental assistance can afford continues to shrink. Despite large and growing demand, private housing markets are not producing dwellings that the lowest-income renters can afford. The report documents:

- The growing number of households and people who face worst-case housing needs, particularly families with children, Hispanics, and those living in the western part of the U.S.
- The concentration of those with acute needs at the lowest income levels. Over three-fourths of households with severe housing needs have incomes below 30 percent of area median income.
- The persistence of acute needs among the elderly and disabled, despite many successful efforts to serve those populations.
- The high proportion of working people among those currently assisted by federal housing programs and among those who have acute need but do not receive assistance.

In 1993, almost 95 percent of those with worst case problems paid over half of their income for housing, while fewer than 9 percent lived in severely inadequate housing.

Acute needs more than doubled among <u>Hispanics</u> from 1978 to 1993. Rapid growth in worst-case needs in the <u>West</u> left the region relatively underserved by housing assistance. Hispanics now account for over 18 percent of worst case households (950,000 worst case households), but only 12 percent of those receiving Federal rental assistance. Similarly, 26 percent of 1993 worst case needs households live in the West, while only 17 percent of assisted units are in the region.

(more)

Of the 5.3 million households with worst-case housing needs, almost 1.2 million are headed by an elderly person. Almost half (49 percent) of unassisted elderly renters with very low incomes have acute needs. Federal housing assistance reaches over one-third of households headed by the eligible elderly, but another third have unmet acute needs for housing assistance.

The housing needs study was based on data for 1993, the last year for which figures are available. Cisneros pointed out that in many cities waiting lists for housing assistance have gotten longer since 1993.

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EXECUTIVE SUMMARY

Today, as momentous decisions on Federal housing assistance policy are contemplated, this report tells a story important to every Member of Congress. It documents conditions and trends among very low income families and individuals with worst-case housing needs: those who pay over 50 percent of their income for rent or live in severely inadequate housing. The report presents newly available data and analysis to document:

1. The all-time record and growing number of households and people who face worst-case housing needs despite economic recovery, particularly among families with children, Hispanics, and those living in the western part of the U.S.

2. The concentration of those with acute needs at the very lowest income levels.

3. The persistence of acute needs among the elderly and disabled, despite successful efforts of housing policy to serve those populations.

4. The high proportion of working people among those currently assisted by federal housing programs and among those who have acute need but do not receive assistance.

5. The failure of private housing markets to supply housing at rents affordable to the most needy households without federal rental assistance.

The introduction to the report (Part I) explains the background and approach of this congressionally mandated report. Part II summarizes statistical data from HUD's analyses of worst case needs and of rental housing supply, documenting these five major findings. Part III explores the important implications of those findings for current policy decisions. Following is a synopsis of those findings and policy implications.

Major Findings

Finding #1: Worst-case housing needs reached an all-time high of 5.3 million households in 1993.

- After growing by 1.1 million between 1978 and 1991, the number of households with unmet worst-case needs for housing assistance rose another 400,000 between 1991 and 1993 to reach an all-time high of 5.3 million households.

- The growth in worst-case needs persisted between 1991 and 1993 despite steady economic expansion during the period. In fact, worst-case needs grew more quickly during this economic recovery than in the previous recession. Both in recession and recovery, the increases in worst-case needs resulted solely from higher numbers of very-low income households paying more than half of their income for rent, not problems in housing quality. In 1993, almost 95 percent of those with worst case problems paid over half of their reported income for housing, while fewer than 9 percent lived in severely inadequate housing.

- Growth in worst-case needs reflects declining incomes at the lowest income levels, especially among families with children.

- Acute needs more than doubled among Hispanics since 1978 and rapid growth in worst-case needs in the West left the region relatively underserved by housing assistance. Hispanics now account for over 18 percent of worst case households (950,000 worst-case households), but only 12 percent of those receiving Federal rental assistance. Similarly, 26 percent of 1993 worst-case needs households live in the West, while only 17 percent of assisted units are in the region.

Finding #2: Worst-case housing needs are concentrated at the lowest income levels.

- Over three-fourths of households with worst-case needs—and almost three-fourths of all renters with severe housing problems—have incomes below 30 percent of area median income.

- The likelihood of having severe housing problems declines sharply as incomes rise above 30 percent of median. Over 70 percent of unassisted renters with incomes below 30 percent of median have priority problems compared to only 23% of unassisted renters with incomes between 31 and 50 percent of median, and 5 percent of households in the 51-80 percent of median range.

- Increases in worst-case needs reflect large shifts of renter households into the extremely-low-income category. Worst case needs increased by 1.25 million between 1978 and 1993 for renters with incomes below 30 percent of median, but only by 250,000 for those with incomes between 31 and 50 percent of median. Severe housing problems actually *fell* for renters with incomes between 51 and 80 percent of median.

- Current federal rental programs are well targeted to the income groups that are otherwise most likely to have acute needs. More than 7 of every ten households assisted by public housing and Section 8 programs are occupied by households with incomes below 30 percent of area median.

Finding #3: Acute housing needs remain high among the elderly. Close to one million households with disabled adults have acute needs for rental assistance.

- Of the 5.3 million households with worst-case housing needs, almost 1.2 million are headed by an elderly person. Almost half (49 percent) of unassisted elderly renters with very low incomes have acute needs. Federal housing assistance reaches over one-third of households headed by the eligible elderly, but another third have unmet acute needs for housing assistance. Over two-thirds of the elderly with acute needs have incomes below 30 percent of median.

- At least 550,000 households currently served by housing assistance programs have a disabled adult member, yet almost 40 percent of unassisted very-low-income households with disabled adults have worst-case housing needs.

Finding #4 Almost two million of those with worst-case needs are working, including many working poor families with children.

- Over two-thirds of the unassisted working poor (1.2 million households) have acute needs for rental assistance. Very large portions of very-low-income renters—including those with worst-case needs—are working, even at income levels as low as 20 percent of median. In the income group between 31 and 50 percent of median, 9 out of 10 households with children report earnings of at least half time work at the minimum wage and more than 4 out of 5 have earnings that exceed full time work at the minimum wage.

- Current rental assistance programs serve many of the working poor. Over one million households living in public housing or receiving Section 8 rental assistance have earnings as their primary source of income. Almost one-half of these working households have incomes below 30 percent of median. Moreover, only slightly over half of extremely-low income households with children report receiving any income from welfare or Supplemental Security Income, a proportion that has remained constant since the mid-1980s..

Finding #5 Despite large and growing demand, housing markets are not responding to the acute needs of the lowest income renters by producing units affordable for them.

- There is a serious mismatch between extremely low income renters and rental units affordable for them. In 1993, there were 2.7 million fewer units affordable to households with incomes below 30 percent of area median than there were renters at that income level. The private market stock of extremely-low-rent units fell by 478,000 units—or over one-fifth— between 1985 and 1993.

- Housing markets are not responding to the increasing demand for units at extremely low rents. Instead, numbers of extremely-low-rent units are shrinking as rents "filter up" (i.e., rise).

- The market added 1.5 million units with rents affordable to households with incomes between 50 and 80 percent of median between 1985 and 1993. Because of the expansion of units with moderate rents, tenant-based rental housing assistance has become easier to use in most parts of the country.

Policy Implications

Federal housing assistance policy is at a crossroads. Congress is considering--or in some areas has already begun--to make profound changes in both the funding and structure of Federal rental assistance. Already Congress has ended a 30-year record of funding annual increases in the number of renter households assisted through HUD programs. Congress is also considering loosening the income targeting of rental assistance, thus diverting current slots of rental assistance to higher-income households with less serious housing needs.

The analysis of housing needs and housing markets summarized in this report raises questions about the prudence of such steps. The implications of this report's findings on worst-case housing needs are that:

- The federal government must continue to expand rental assistance. Ending annual increases in rental housing assistance will exacerbate worst-case needs. Incremental assistance can be a critical tool for states and localities to use for assisting the working poor and helping families make the transition from welfare to work.

- Federal rental assistance must continue to have careful income targeting in order to serve households with worst-case needs. While there is broad support for eliminating federal preferences, such preferences should be replaced with income targeting which ensures that Federal assistance continues to serve extremely low income renters with serious housing needs.

  Moreover, the objectives of deconcentrating poverty and achieving mixed-income housing do not require housing programs to by-pass those with the most serious housing needs.

- Federal programs that supply affordable housing--HOME and the low income housing tax credit--must be complemented by continued growth of tenant-based rental assistance to help relieve worst-case housing needs. Without a tenant-based subsidy, extremely-low income households are not likely to be able to afford the housing created by these programs.

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

Washington, D.C. 20410

News Release

HUD No. 96-129
David Egner (202) 708-0685 ext. 147
Bill Connelly (202) 708-0685 ext. 115

HOLD FOR RELEASE:
10 a.m. Thursday
July 18, 1996

HUD PROPOSES MAJOR EXPANSION OF REVERSE MORTGAGE PROGRAM TO HELP MORE SENIOR CITIZEN HOMEOWNERS

WASHINGTON -- The Department of Housing and Urban Development proposed legislation today to dramatically expand a reverse mortgage insurance program, clearing the way for hundreds of thousands of loans to elderly homeowners in the years ahead.

HUD Secretary Henry Cisneros said the legislation, submitted to Congress today, would allow the Federal Housing Administration's reverse mortgage program to continue beyond its scheduled expiration in the year 2000. The bill would also remove the cap that limits the program to insuring 50,000 reverse mortgages.

In addition, Cisneros said HUD will launch a major effort to make more older Americans aware of the reverse mortgage program and to provide counseling to help people determine if they would benefit from a reverse mortgage.

While a traditional mortgage requires a homeowner to make monthly payments to a lender, HUD's reverse mortgage program allows a homeowner age 62 and older to borrow against the value of his or her home. The homeowner receives payments from a lender on a monthly basis, in a lump sum, or as a line of credit. The lender recovers its loan plus interest when the home is sold.

FHA provides insurance on loans made by private lenders to elderly homeowners under the reverse mortgage program.

"Reverse mortgages reward older Americans who've worked hard all their lives and want to stay in their homes," Cisneros said. "The cash provided by these innovative loans makes a crucial difference in the lives of elderly homeowners."

Joseph S. Perkins, President-elect of the American Association of Retired Persons, said AARP supports HUD's legislation to expand its reverse mortgage program.

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"By allowing older people to stay in their homes, reverse mortgages add immeasurably to the quality of their lives," Perkins said.

More than 12 million homeowners age 62 and older would be eligible to participate in HUD's expanded reverse mortgage program, and the number eligible would grow as the Baby Boom generation ages.

To qualify for a reverse mortgage, older homeowners must have paid off their home mortgages or have only a small mortgage balance remaining.

A study by Cornell University estimated that over 620,000 poor elderly homeowners could raise their incomes above the poverty level with reverse mortgages. The study found that 87 percent of poor elderly homeowners have paid off their mortgages.

HUD's reverse mortgage program was capped at 50,000 loans and approved to run only until the year 2000 because it began as a demonstration program in 1989. More than 16,000 reverse mortgages have been issued so far under HUD's program.

The program's temporary nature, the loan cap, a shortage of counselors and limited outreach efforts to publicize reverse mortgages combined to hold down lender and borrower participation.

"The demonstration phase for HUD's reverse mortgage program is over," Cisneros said. "Our program is a success and we need to move ahead to extend its benefits to many more older Americans."

About 125 lenders issue HUD's reverse mortgages everywhere in the United States except South Dakota (where statutory barriers exist) and Texas (where the State Constitution prohibits reverse mortgages).

Cisneros said the consumer outreach and counseling programs will be launched with $200,000 in HUD funds. He said HUD will ask Congress for permission in fiscal 1997 to shift $1 million in recaptured funds from other HUD programs to reverse mortgage counseling and outreach. HUD will use the funds to:

- Expand counseling and education programs to help older homeowners decide if reverse mortgages would benefit them and to protect them from those who would take advantage of the elderly. Telephone counseling will be offered to older people living in areas where there are shortages of counselors.

-more-

- Produce brochures, public service announcements for the broadcast and print media, and videotapes explaining how the reverse mortgage program works. The brochures and videos will be distributed to lenders, senior citizen groups and individuals. Information will also be placed on the Internet.

- Provide information about FHA reverse mortgage insurance on a toll-free telephone line and mail callers additional material. The toll-free line is 1-800-217-6970.

In addition, AARP will continue to do outreach to inform older Americans about reverse mortgages. HUD will work with other senior citizen organizations as well to also disseminate information to their members.

Among Americans 65 and older, 79.1 percent are homeowners -- the highest rate in history and up from 77.1 percent in 1992. A total of 83 percent of senior citizen homeowners have paid off their home mortgages.

HUD's reverse mortgage program is part of the Administration's National Homeownership Strategy. The strategy is designed to raise the national homeownership rate to an all-time high of 67.5 percent by the year 2000.

Since 1993 the number of American homeowners has increased by more than 3 million families.

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

July 18, 1996

Honorable Al Gore
President of the Senate
Washington, DC 20510

Dear Mr. President:

I am pleased to transmit to you the "Older Americans Home Security Act of 1996," which is designed to help senior citizens across America maintain homeownership and improve their quality of life.

This legislation will make the Home Equity Conversion Mortgage (HECM) mortgage insurance program operated by the Federal Housing Administration (FHA) permanent. At the current time, the program is a demonstration limited to 50,000 units and terminating in the year 2000.

Too often, "house rich and cash poor" older Americans are forced to leave their homes and communities to lower their costs and pay their bills. The HECM program allows elderly homeowners to remain in their homes, close to family and friends and neighborhood services, while converting the equity in their homes into lump sum, occasional or periodic payments to supplement their limited incomes. Unlike ordinary home equity loans, reverse mortgages need not be repaid so long as the borrowers remain in their homes.

FHA has successfully pioneered the HECM program -- its insurance encouraging lenders to make this novel loan product available. The conventional market is now beginning to introduce their own reverse mortgage products, but, because of the FHA insurance, a HECM still costs less and better serves the needs of seniors with moderately valued homes.

Hundreds of thousands more elderly homeowners could be helped. A Cornell University study estimated that more than 620,000 poor elderly homeowners could raise their incomes above the poverty level by obtaining reverse mortgages. But the program is not reaching many of its potential beneficiaries.

The program's demonstration nature, loan cap, and a shortage of counselors to provide legally required pre-loan counseling have held down lender and borrower participation. This legislation would lift the cap and offer ways to make borrower education more easily available without sacrificing needed consumer protection.

Specifically, the bill would allow lenders to provide consumer education to prospective mortgagors, through a counseling agency or otherwise, provided that the education met HUD guidelines and the consumer received adequate disclosures. The bill would also require the Secretary of HUD to consult consumer groups, lenders and others, to find additional means of consumer education.

The bill would authorize the Secretary, in FY 1997, to use up to a total of $1 million of assisted housing recaptures for two purposes: (1) housing counseling as authorized by section 106 of the 1968 Act; and (2) transfer to the departmental salaries and expenses account for consumer education and outreach activities. This additional funding would assist HUD to provide the benefits of the HECM program to as many older Americans as possible.

The "Older Americans Home Security Act of 1996" reflects the commitment of the Administration to expand homeownership opportunities to all Americans -- to make new homeowners and keep older homeowners in their homes -- and to achieve the President's goal of a record homeownership rate by the year 2000.

A section-by-section explanation and justification accompanies this letter and sets forth more fully the contents of the bill. I request that the bill be referred to the appropriate committee and urge its early consideration.

The Office of Management and Budget has advised that the enactment of this legislation would be in accord with the program of the President.

I am sending a similar letter to the Speaker of the House of Representatives, Newt Gingrich.

Sincerely,

Henry Cisneros

Henry G. Cisneros

Enclosures

HOW HUD'S REVERSE MORTGAGE PROGRAM WORKS

Homeowners 62 and older who have paid off their mortgages or have only small mortgage balances remaining are eligible to participate in HUD's reverse mortgage program. The program allows homeowners to borrow against the equity in their homes.

Homeowners can receive payments in a lump sum, on a monthly basis (for a fixed term or for as long as they live in the home), or on an occasional basis as a line of credit. Homeowners whose circumstances change can restructure their payment options.

Unlike ordinary home equity loans, a HUD reverse mortgage does not require repayment as long as the borrower lives in the home. Lenders recover their principal, plus interest, when the home is sold. The remaining value of the home goes to the homeowner or to his or her survivors. If the sales proceeds are insufficient to pay the amount owed, HUD will pay the lender the amount of the shortfall. The Federal Housing Administration, which is part of HUD, collects an insurance premium from all borrowers to provide this coverage.

The size of reverse mortgage loans is determined by the borrower's age, the interest rate, and the home's value. The older a borrower, the larger the percentage of the home's value that can be borrowed.

For example, based on a loan at today's interest rates of approximately 9 percent, a 65-year-old could borrow up to 26 percent of the home's value, a 75-year-old could borrow up to 39 percent of the home's value, and an 85-year-old could borrow up to 56 percent of the home's value.

There are no asset or income limitations on borrowers receiving HUD's reverse mortgages.

There are also no limits on the value of homes qualifying for a HUD reverse mortgage. However, the amount that may be borrowed is capped by the maximum FHA mortgage limit for the area, which varies from $78,660 to $155,250, depending on local housing costs. As a result, owners of higher-priced homes can't borrow any more than owners of homes valued at the FHA limit.

HUD's reverse mortgage program collects funds from insurance premiums charged to borrowers. Senior citizens are charged 2 percent of the home's value as an up-front payment plus one-half percent on the loan balance each year. These amounts are usually paid by the lender and charged to the borrower's principal balance.

FHA's reverse mortgage insurance makes HUD's program less expensive to borrowers than the smaller reverse mortgage programs run by private lenders without FHA insurance.

##

Ph ladelphia Aging Agency Slates Celebrate Age Expo

Philadelphia--The third annual Celebrate Age Expo is scheduled Nov. 20-21 at the Pennsylvania Convention Center here by the Philadelphia Corp. for Aging.

The agency calls the expo a national model for mature market events. Attendance averages over 20,000.

This year's show features a new Family Caregiver Pavilion with experts to answer questions about caregiving. There will also be health screening by medical professionals who will make immediate diagnoses.

Info: Nancy Becker 610/832-1515.

Ohio Elder Wins Achievement Award

Mary Bowermaster, 78, of Fairfield, Ohio, wins the grand-prize in the First Colonel's Way Award for outstanding achievements later in life (*ANA* 6/26p9).

She has over 250 gold medals in track and field in U.S. and world competitions--all of them earned after a bout with breast cancer at age 61. Since then, she has given presentations to mastectomy support groups to encourage and give hope to other breast cancer victims.

Kentucky Fried Chicken sponsors the award with its $10,000 grand prize.

The community service category award winner is Mildred Ramsey, 68, of Kailua, Hawaii.

SENIOR HOUSING ...

HUD Moves To Continue, Expand Reverse Mortgage Insurance

The Clinton Administration submits proposed legislation to Congress to make permanent the Federal Housing Admn. (FHA) reverse mortgage insurance program and eliminate the cap of 50,000 mortgages.

The program is currently authorized to the year 2000. About 125 lenders in 48 states issue FHA reverse mortga . The insurance makes HUD's program less expensive to borrowers than private reverse mortgages, the department says.

HUD Secretary Cisneros is talking with Chairman Lazio (R-N.Y.) of the House Housing Subcommittee about introducing the proposal as an amendment to an upcoming bill.

Cisneros also reports HUD will launch a $1.2 million outreach and counselling program to make more older Americans aware of the reverse mortgage program and to provide counseling to help them determine if they would benefit from the program.

AARP President-elect Joseph Perkins lauds the HUD move, saying it will allow many older Americans to remain in their homes and live independently. The association will continue its outreach program to explain how reverse mortgages work.

HUD's reverse mortgage insurance program allows a homeowner age 62 and older who has paid off his mortgages or who has only a small balance to borrow against the value of his home.

The size of the reverse mortgage loan is determined by the borrower's age, the interest rate and the home's value. The older the borrower is, the larger the percentage of the home's value that can be borrowed. A 65-year-old can now borrow 26%, a 75-year-old, 39% and an 85-year old 56%.

The homeowner receives payments from a lender monthly (for a fixed term or as long as they live in the home), in a lump sum or as a line of credit. The loan doesn't have to be repaid until the house is sold or the owner moves away or dies.

The lender is paid when the home is sold. The remaining value of the home goes to the homeowner or his survivors. If the sales proceeds aren't enough to pay off the loan, HUD pays the lender the shortfall.

Each borrower pays an insurance premium to FHA for this coverage. The charge is 2% of the home's value up-front plus 0.5% of the loan's balance each year.

More than 12 million seniors would be eligible to participate in the expanded reverse program.

HUD cites a Cornell study that estimates 620,000 poor elderly homeowners could raise their incomes above the poverty level with reverse mortgages.

Info: 800/217-6970.

ELDER ABUSE ...

New Head of Assn. of Attorneys General Places Top Priority on Elder Protection

The new president of the National Assn. of Attorneys General (NAAG) pledges to make prevention of crime against the elderly as the top priority of his one-year term.

A Study of HUD Homeless Assistance Funding

Prepared By:

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February, 1996

Prepared for:
Office of Community Planning and Development
U.S. Department of Housing and Urban Development

EXECUTIVE SUMMARY

This study assesses the impact of changes made by HUD over the past three years in its policy to address homelessness. This report is based on both analyses of program data culled from HUD's applications and database files for the agency's major competitive programs: the Supportive Housing Program (SHP); Shelter Plus Care (S+C), Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) programs, and its Emergency Shelter Grant formula grant program. These programs are administered by HUD's Office of Community Planning and Development(CPD). The Clinton administration requested and Congress granted an increase in the total amount of HUD homeless funds from $450 million in 1992 to $1.12 billion in 1995. Of this amount, funding for the three major competitive homeless programs' increased from $ 354.6 million in 1992 to $902.4 million in 1995. The study was conducted by members of the faculty within the Department of Family Studies, University of Maryland at College Park under subcontract to TONYA, Incorporated.

In short, this study concludes that:

1. **HUD's homeless assistance funding has shifted from emergency measures toward programs that provide transitional and permanent housing and foster self-sufficiency**

2. **The number of persons assisted by HUD homeless funding increased fourteen-fold from 1992 to 1995.**

3. **The number of beds/units for homeless persons supported by HUD funding increased more than three-fold from 1992 to 1995.**

4. **In 1995, HUD provided homeless assistance to 345 communities in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. This was the largest number of communities funded since the HUD competitive programs were initiated.**

5. **There has been a major increase in leveraged dollars to support HUD homeless assistance programs, rising from less than $40 million in 1993 to $730 million in 1995. Communities have successfully combined their federal dollars with funds contributed by state/local governments and private not-for-profit partners to provide a broader array of services to larger numbers of homeless persons.**

6. Despite these increases in funding, changes in policy and funding distribution, there remains a considerable demand for additional funding from HUD homeless assistance programs. In 1995, HUD funds were provided for only one-third of the requested homeless beds and only one-quarter of the homeless persons proposed to be served in the various applications.