

**AMERICA'S AFFORDABLE COMMUNITIES INITIATIVE:
KNOCKING DOWN BARRIERS TO AFFORDABLE HOUSING NATIONWIDE**

**Remarks Prepared for Delivery by
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It is an honor to be here with all of you today. My colleagues and I at HUD are pleased that we have developed such a close and productive working relationship with you.

Let me begin by saying how much I appreciate your leadership on an issue that is so important to the American people. Your annual convention is a wonderful opportunity for government, homebuilders, the affordable housing industry, and concerned citizens to come together and discuss the specific ways we can make our communities more welcoming places in which to live.

We all share the common goal of increasing the supply and affordability of housing across America and I applaud you for the work you have done to address this need.

The Bush Administration has tremendous respect and appreciation for America's homebuilders; your work allows families to achieve the "American Dream" of homeownership and is critical to the health and security of our communities and national economy.

I know that I am not alone when I say that I look forward to working with you during the coming year.

HUD's success depends upon effective partnerships with state and local governments. I am glad to say that our relationship with NAHB and your membership is strong, and we are working together to meet the housing needs of the citizens of this great land.

Like you, we at HUD are committed to finding innovative solutions to our nation's affordable housing challenges. And we appreciate NAHB's enthusiastic support for the Administration's proposals to remove the barriers to affordable housing. Likewise, I know that you are supportive of our efforts to knock down barriers to homeownership and we appreciate your hard work in this area as well.

As you know, this Administration is committed to making it easier for more families to realize the dream of homeownership. And I am happy to say that the recent increases in minority homeownership demonstrate that the President's housing initiatives are working...that, together, we are helping these hard working Americans achieve the American Dream.

Yet, even though the United States is the best-housed nation in the world, millions of families and individuals still struggle to find homes and apartments that fall within their budgets. They are often forced to commute long distances or live in crowded and substandard conditions.

While this is by no means a national emergency, certain areas do face housing affordability challenges. In fact, Las Vegas, Nevada and Washington, D.C., both come to mind when discussing housing affordability.

President Bush and Acting Secretary Alphonso Jackson believe that increasing the production and availability of affordable housing for all Americans is important to the national economy, and to the economic prosperity of every family. That is precisely why expanding the supply of affordable housing stands at the very core of HUD's mission, and why it is a priority under this Administration.

The affordability issue is complex. A solution that works in one community will not necessarily make housing more affordable in every community, because the problem is often rooted in decisions made at the local level. But the Federal government can help – and our Administration is taking action.

HUD's response to the affordability problem is focused in three key areas: boosting the affordable housing supply in areas where it is needed most... helping communities tear down the barriers that make housing needlessly expensive... and providing aid to low-income families to help them afford their monthly rent or mortgage payments.

Today, I would like to talk with you a little about our new regulatory reform program that we call **America's Affordable Communities Initiative (AACI)**.

While most regulatory issues are local in nature, there is still a very important role for HUD to play in supporting local efforts at reform. That is why then-Secretary Mel Martinez announced last June our new Initiative and asked me to pull together senior level experts from across the Department to serve on the Initiative team.

And that is why Acting Secretary Jackson is strongly committed to our Initiative and has made knocking down barriers to affordable housing **a top HUD priority**.

It is no accident that many of the cities facing affordable housing shortages also have the tightest restrictions on growth. Due to a web of state and local regulations on developers and builders, many markets can no longer meet the demand for affordable housing. As a result, very few single-family homes are being built in lower-income neighborhoods, in spite of overwhelming need.

As this audience knows all too well, regulatory barriers end up delaying construction and driving up costs. The barriers include such roadblocks as out-of-date building codes... approval processes that are duplicative and time-consuming... restrictive zoning ordinances... and unnecessary or excessive fees and taxes.

Obviously, removing barriers like these is key to meeting the housing needs of our nation's families. Once the barriers have been dismantled, experts say that, on average, development costs will drop by as much as 35 percent – which means that millions of Americans will be able to buy or rent housing that they cannot afford today.

Our new Department-wide Initiative partners with community-wide interests to demonstrate to the public the importance of regulatory reform and develop new tools for addressing the issue. Our Initiative Team meets weekly to review HUD

actions that reduce barriers and to develop new approaches and incentives that can encourage action at the local level.

One of HUD's top priorities is to better define the problem and to educate the American people on the challenges of and opportunities for, reform. However, we cannot encourage communities to tackle this issue unless we at HUD are also prepared to do the same. Therefore, HUD will: **"lead by example"** by addressing the Department's own regulatory barriers and establishing barrier removal as a key Departmental policy priority.

We will also work with other Federal agencies to assist them in addressing their policies and regulations that impede affordable housing and help disseminate best practices, build coalitions, and conduct much-needed research into regulatory barrier issues. Most importantly, HUD will promote the positive aspects of affordable housing to lower the resistance and the 'NIMBYism" that is often the root cause of many regulatory barriers.

As a first step, we at HUD must get our own regulatory house in order if we are to be meaningful advocates for state and local reform.

In that regard, we have taken a number of actions, including the publication of a Federal Register notice seeking the assistance of the Department's current and former program participants in identifying HUD regulations that present barriers to affordable housing. These groups include state and local governments, public housing agencies, state finance agencies, nonprofit organizations, businesses and interested members of the public.

The Acting Secretary has also asked the Initiative Team to review all pending rules, notices of funding availability, major handbooks and other notices to ensure that the Department is not introducing new regulatory barriers to housing affordability.

Second, HUD believes that regulatory barrier reform must be a Departmental policy priority. To reflect the importance that we place on the removal of regulatory barriers, the Department has issued, for public comment, a Federal Register notice that proposes to make regulatory reform a policy priority in the majority of our 2004 Notices of Funding Availability (NOFAs), including HUD's SuperNOFA.

Third, HUD will support local efforts at coalition building...we are now taking a leadership role in addressing regulatory barriers by working with organizations – like yours – that are interested in developing solutions to the problem and encouraging their implementation. HUD works cooperatively with public interest organizations, industry groups, and state and local governments to build public consensus for regulatory reform.

As an initial step in this effort, we will soon distribute a brochure to thousands of mayors and other elected officials describing the Initiative, identifying commonly found regulatory barriers, suggesting possible solutions and, most importantly, encouraging elected public officials to conduct local public forums in every community to discuss local regulatory barriers and their impact upon the supply of affordable housing.

In fact, next week I will be addressing the Conference of Mayors and hope to enlist their strong support for our Initiative.

Fourth, HUD is providing technical information on regulatory barriers and how they can be removed by housing providers. That is why in August 2002, the Department created the Regulatory Barriers Clearinghouse, a national Web-based forum and searchable database that provides nonprofits, private builders, and state and local governments with opportunities to share ideas and develop solutions to address unique housing challenges. The Clearinghouse also maintains a listserve to keep interested parties informed of the latest developments in regulatory reform.

Acting Secretary Jackson will also soon announce a series of "Affordable Communities Awards" to be given to those states, counties, cities, and towns that have made significant changes in their regulatory framework in an effort to reduce barriers to the production of affordable housing. These awards will highlight successful efforts at barrier removal, making it clear that these efforts are both important and possible.

Finally, to support this new Initiative, HUD is undertaking an aggressive research program to better understand the impact of regulatory barriers and develop new tools that can be put to use by state and local governments. We have over \$1.5 million budgeted this year alone for this new research.

One important project will develop a methodology for a "housing impact analysis." This new tool will permit Federal agencies, states, and local governments to fully consider the impact any new law, rule or regulation may have on housing affordability. Other research will examine the impact of current subdivision standards and permitting processes on housing production and affordability.

In addition, in April of this year, HUD will convene a major research conference bringing together academics, practitioners and local government representatives to develop a long-term agenda for regulatory barrier research.

These are just some of the steps HUD is taking to complement the good work you are doing at the state and local level.

We share a common mission in wanting to extend prosperity to every neighborhood, and every household, across America. The affordability challenge is a challenge we face together.

Solving it will demand the combined talents and resources of federal, state, and local governments... the construction industry... the housing industry... the business sector... and the nonprofit community. But I know that we can answer this challenge through our partnerships.

By joining together to overcome the regulatory barriers to affordable housing, we can extend the "American Dream" to millions of families who want to buy or rent an affordable home in the community of their choice.

HUD looks forward to working with all of you to turn the affordable housing challenge of today into one of the great success stories of this decade.

Thank you.

Note: If you are interested in obtaining additional information on the Initiative, please visit our Web site at: www.hud.gov/affordablecommunities,