



# BUILDING COMMUNITIES AND NEW MARKETS FOR THE NEW CENTURY

## 1998 CONSOLIDATED REPORT



U.S. Department of Housing and Urban Development  
Andrew Cuomo, Secretary



## Message from the Secretary

This consolidated report outlines what HUD delivered to America's communities in 1998. It also updates through 1999 our activities in a number of priority areas and previews the coming year with highlights of our FY 2000 budget, secured this Fall by the Clinton-Gore Administration working together with Congress. As you will see, the resources HUD invested in communities and the steps HUD took to reinvent itself in 1998 have yielded significant results. How do we know? The recently announced Fiscal Year 2000 budget is HUD's best in over a decade and it reflects the hard work of our agency and that of our many community partners.



The past six years have brought remarkable news: the American economy has created 19 million new jobs; unemployment and inflation are at their lowest points in three decades; overall homeownership rates are the highest ever and for the first time in history, a majority of central city residents own their own homes; crime has fallen sharply in many cities; and poverty among African Americans and Hispanics is showing its biggest decline in more than 20 years. The number of people on welfare has been cut in half since 1993. The number of minorities attending college has increased steadily. Teenage pregnancy rates are down. On the whole, many of America's communities are healthier, safer, and fiscally stronger than they've been in a long time. The Nation is entering the new millennium with a great deal to be proud of and to build on for the next generation.

This year, the 50th anniversary of the landmark Housing Act of 1949, gave us reason to celebrate the great progress we have made as a Nation—the 28 million mortgages insured by FHA since its founding, a tripling of America's housing stock to accommodate population growth over the past 50 years and the increase from 45 percent homeownership in the 1940s to a record-high 67 percent today. Indeed, Federal Reserve Chairman Alan Greenspan remarked this year that home sales have done more than stock trading to fuel consumer spending in America. The stable, long-run jump in home sales has added more to this record-shattering economy than the much more publicized frenzy on Wall Street.

But there is much more to do, and the Nation's extraordinary economic expansion presents us with the opportunity to tackle the work ahead with renewed commitment and increased investments. We recognize that with a new prosperity and national confidence—the remarkable news I outlined above—comes the obligation to reach those people and places that have not yet benefited fully from the Nation's good fortune.

In 1998, I began an effort to visit many of the places left behind in our new economy, seeing firsthand in urban and rural America what it means to live in the shadow of opportunity denied. From the Pine Ridge Indian Reservation in South Dakota to rural Alaska villages, from East St. Louis to Appalachian Kentucky, and from Newark to inner-city Los Angeles, I have seen communities ready for re-investment—struggling to find a new, competitive niche and to protect the vulnerable in a rapidly changing world.

Over the past year, HUD released a series of reports that, taken together, represent a conversation with America about the serious challenges we face and the prospects for meeting those challenges by investing our prosperity wisely.

In *Now Is The Time: Places Left Behind in the New Economy*, HUD found that while most cities are doing well, unacceptably high unemployment—50 percent or more above the national average still plagues one in six of the Nation's 539 central cities; one in three cities had a poverty rate estimated at 20 percent or more in 1995, reflecting structural challenges that tend to keep poverty at unacceptably high levels even during a strong economic expansion; and one in five central cities suffered significant, long-run population loss over the past two decades. Clearly, the great project of our Nation—creating opportunity for all—remains incomplete.

Our annual *State of the Cities* report observed that challenges once associated primarily with central cities—job loss, population decline, crime and disinvestment—have spread to some older suburbs, while newer suburbs are, in many cases, feeling the strains of rapid growth, with traffic gridlock, overcrowded schools, loss of open space, and more.

In *The Widening Gap: New Findings on Housing Affordability in America*, HUD reported that the rental housing stock affordable to struggling American families continues to shrink at the same time that demand has grown. We noted, too, that in 1997 and 1998, rents increased at twice the rate of general inflation. In *Waiting in Vain: An Update on America's Housing Crisis*, we showed that the time on waiting lists for vital rental housing assistance is growing in many communities across America. On a typical night in this, the wealthiest Nation on earth, an estimated 600,000 American men, women, and children are homeless. They face the pain and uncertainty of having no permanent roof over their heads, no prospects for stability. And over 5.3 million households pay over half of their very low-income for rent or live in substandard housing or both. In the wake of Federal welfare reform, high rent burdens are especially devastating to those in the transition from welfare to work, for whom housing is typically the largest household expense.

Clearly, the goal of the '49 Housing Act—"a decent home and a suitable living environment for every American family"—remains unmet. The dream is incomplete, especially for struggling renters at the bottom of the income spectrum.

There are no simple or quick fixes to these problems. But we have learned that smart public investments together with partnerships with private and nonprofit organizations are the key to building strong communities. We know, for example, that preserving the existing stock of affordable rental housing makes sense and that expanding affordable opportunities, through HOME, the Low-Income Housing Tax Credit, and Section 8 housing vouchers, works to help families become financially independent.

We have also learned that work is central to any strong community and that many of the places left behind in the new economy possess vital untapped markets of labor, land and retail purchasing power. In *New Markets: The Untapped Retail Buying Power in America's Inner Cities*, HUD reported that inner city neighborhoods possessed an estimated \$331 billion in retail purchasing power in 1998, much of it "shopped out" because so many inner cities are underserved by retail businesses. The gap between potential demand and actual retail sales is staggering in some inner city areas, such as Chicago (\$2.3 billion), Detroit (\$441 million), Newark (\$658 million), Watts (\$446 million), and New Haven (\$309 million).

Strategic investments by government and innovative public-private partnerships act as a trigger, generating jobs and wealth that help lift places left behind. Harnessing the private sector to unleash this potential is the goal of the New Markets Initiative that the Administration submitted to Congress this year. The Initiative grew out of successful community and economic development work here at HUD and throughout the Federal government, both in 1998 and earlier years—

the innovations grew out of the proven tools, such as the Community Development Block Grant (CDBG), which celebrated 25 years of revitalizing communities this year, the Section 108 Economic Development Loan program, and the Economic Development Initiative and Brownfields Economic Development Initiative.

The New Markets Initiative recognizes that America's low- and moderate-income communities, both rural and urban, are the emerging markets of the 21st century. And the Initiative presents a set of bold tools for triggering those markets, including HUD's America's Private Investment Companies (APIC) proposal, which would stimulate the creation of large-scale private venture capital investments for businesses in places left behind. I am pleased to share that in addition to significant increases in many of our proven housing and community development programs, the FY 2000 HUD budget that President Clinton signed into law in October of this year includes APIC funding to stimulate the investment of over \$800 million in private capital at a cost to the taxpayer of only \$20 million in credit subsidy. We are now working with Congress to get the program's guiding legislation enacted so that APIC may be launched.

The New Markets Initiative seeks to build a new national network of private investment institutions to provide the capital and expertise that businesses need to flourish in central cities and distressed rural communities. The idea is to attract or expand the full continuum of businesses—from the smallest microenterprises to the largest companies, from supermarkets to manufacturing facilities, from eco-industrial parks to back office data processing, distribution, and more. The Initiative is important, and we are grateful to our many partners, from CEOs to members of Congress, from mayors and leaders of community and faith-based organizations to leading researchers and other experts, for working with us on the New Markets effort.

While increased private investment in low- and moderate-income communities is vital as the Nation enters a new century, HUD also recognizes the need for expanded cooperation among localities in each region. Most of the serious challenges of our day—from concentrated poverty to environmental decline, from crime to the imbalance between where jobs are growing and where affordable housing can be found—span political jurisdictions.

The Department is working to become a stronger partner in the movement to create regions that grow smarter and work for everyone. As the *State of the Cities* report indicated, core cities and “graying” suburbs starved for reinvestment, along with newer suburbs straining under rapid growth, are calling on the Nation's leaders to help them find and pursue solutions. Although each community must decide for itself what the solutions will be, the pillars of “smart” or sustainable growth—economic competitiveness, environmental quality, and social equity—will be important across America, from coast to coast and from small rural town to bustling metropolis. The fourth “e”—civic engagement—will be vital as well, for only by working together and engaging citizens can we build solutions that last. HUD is committed to making its existing program tools and other resources more friendly to regional problem-solving and smart growth, creating new tools, and informing the national conversation on these issues through path-breaking research and development. Sometimes, we build dreams best by building knowledge first.

Fundamental to HUD's role as a community partner is our work to enforce the Nation's fair housing laws. Nineteen ninety-eight was the 30th anniversary of the landmark Fair Housing Act. The law was enacted on the heels of the assassination of civil rights leader Martin Luther King, Jr., and publication of the Kerner Commission report that warned of two societies, separate and unequal, weakened at the core by racial segregation and concentrated poverty.

Thirty years later, we have much to be proud of in the fight for fair housing and equal opportunity and yet so much more to do. Between 1989 (the year after the Act was strengthened by amendment) and 1998, more than 6,700 complaints filed under the Fair Housing Act resulted in relief for complainants. In 1998 alone, HUD-funded testing helped to bring about a record \$100 million racial discrimination settlement with a leading national provider of homeowner's insurance.

The vivid stories of individual families and property owners are no less powerful a statement of the challenges that remain in America. For example, HUD enforcement action in 1998 also led to monetary penalties against a landlord who segregated blacks and whites in an apartment building with two swimming pools, one for blacks and one for whites. And criminal and civil penalties were levied against a man who threatened to kill a landlord and any of her minority tenants if she rented to any African Americans or Puerto Ricans. As part of his One America initiative, President Clinton has directed HUD to double enforcement actions brought against perpetrators of housing discrimination by the year 2000, and HUD is meeting the challenge.

This past year, we launched a nationwide study to develop the first-ever "report card" on discrimination in housing rental and sales. It will be the first study of its kind to include all of the Nation's major racial and ethnic groups and to survey urban, suburban, and rural communities. This \$7.5 million effort is the most sophisticated and comprehensive audit of housing discrimination ever conducted. It will enable HUD and its partners to better focus enforcement actions for years to come and will help us measure progress toward the goal of "One America."

As important as these great strides are, all of us at HUD recognize that we cannot unleash the power of the private sector in untapped markets, nor help communities to grow smarter or successfully fight for fair housing, until we bring government into the 21st century. HUD cannot be a full partner until it completes the project of restoring the public trust—and corresponding credibility with Congress—that eroded over years of mismanagement.

As this report details, 1998 was the pivotal year in our efforts to reinvent HUD. I am especially proud to report that we have made great progress in implementing the historic HUD 2020 Management Reform Plan that I announced in 1997. Fighting waste, fraud and abuse, we have cracked down on those who misuse taxpayers' dollars. We have renewed the commitment to first-class customer service through innovations, such as community storefronts and user-friendly information kiosks. HUD's new Community Builders are connecting people to the full range of HUD resources in communities. In 1998, for the first time in HUD's history, all of our competitive grant programs were announced and competed in a single notice of fund availability—a "SuperNOFA" unique in the Federal government. We are replacing antiquated and outmoded reporting processes and procedures with state-of-the-art financial systems and portfolio management capacity. Our goal is to put performance and product ahead of process and bureaucracy, and it is working—with major benefits to the customer as well as HUD's credibility. Our hard work in 1998 also resulted in a clean audit of HUD's accounts early this year—the first in our Department's history.

By far the most important affirmation of this progress at putting our own house in order is the recently announced Fiscal Year 2000 budget—a \$26 billion budget that will blaze a strong, bright trail for HUD into the new millennium. This historic HUD budget builds on the successful efforts of the past two years. The budget includes landmark legislation to expand and preserve America's affordable housing, a major new investment in efforts that will create jobs in new markets, and new authority and funding—a Housing Security Plan—to help meet the needs of the Nation's fast growing elderly population.

Included in the FY 2000 budget are important advances for affordable and special needs housing: 60,000 new Section 8 Housing Choice Vouchers to help meet the "worst case" housing needs of struggling families; an increase in funds to operate vital public housing (to \$3.1 billion); over \$1 billion to expand the successful Continuum of Care program for homeless assistance and prevention — winner this year of a prestigious Innovations in American Government Award from Harvard University's Kennedy School of Government and The Ford Foundation; \$232 million for Housing Opportunities for Persons With AIDS (HOPWA); \$44 million for Fair Housing initiatives, including an expansion of HUD's landmark nationwide audit; \$1.6 billion for the HOME program, which funds rental and ownership opportunities; \$43 million for Youthbuild; \$80 million to reduce health hazards from lead-based paint; increased funding for the Section 811 housing program for people with disabilities (\$201 million); and funding to provide market rents to high quality, below-market rental properties in the "project-based" Section 8 program — thereby encouraging private landlords to renew their expiring contracts with HUD — as well as funding to protect tenants where landlords have raised rents after "opting out" of those contracts.

The FY 2000 budget also launches HUD's *Housing Security Plan for Older Americans*; continued funding of HUD's successful Section 202 elderly housing program (\$660 million); a \$50 million increase in funds to hire service coordinators, who help senior citizens get services they need to continue living in their HUD-subsidized apartments; \$50 million to convert existing HUD senior housing to assisted living facilities for senior citizens who need a higher level of care; the authority to allow seniors already receiving voucher assistance to use the vouchers in assisted living facilities for the first time (enabling many to avoid moving into more institutional and expensive nursing homes); and an expansion of HUD's reverse mortgage program. This expanded toolbox will help communities tackle the challenges outlined in our *Report to Congress on the Housing Conditions and Needs of Older Americans*, also released this year.

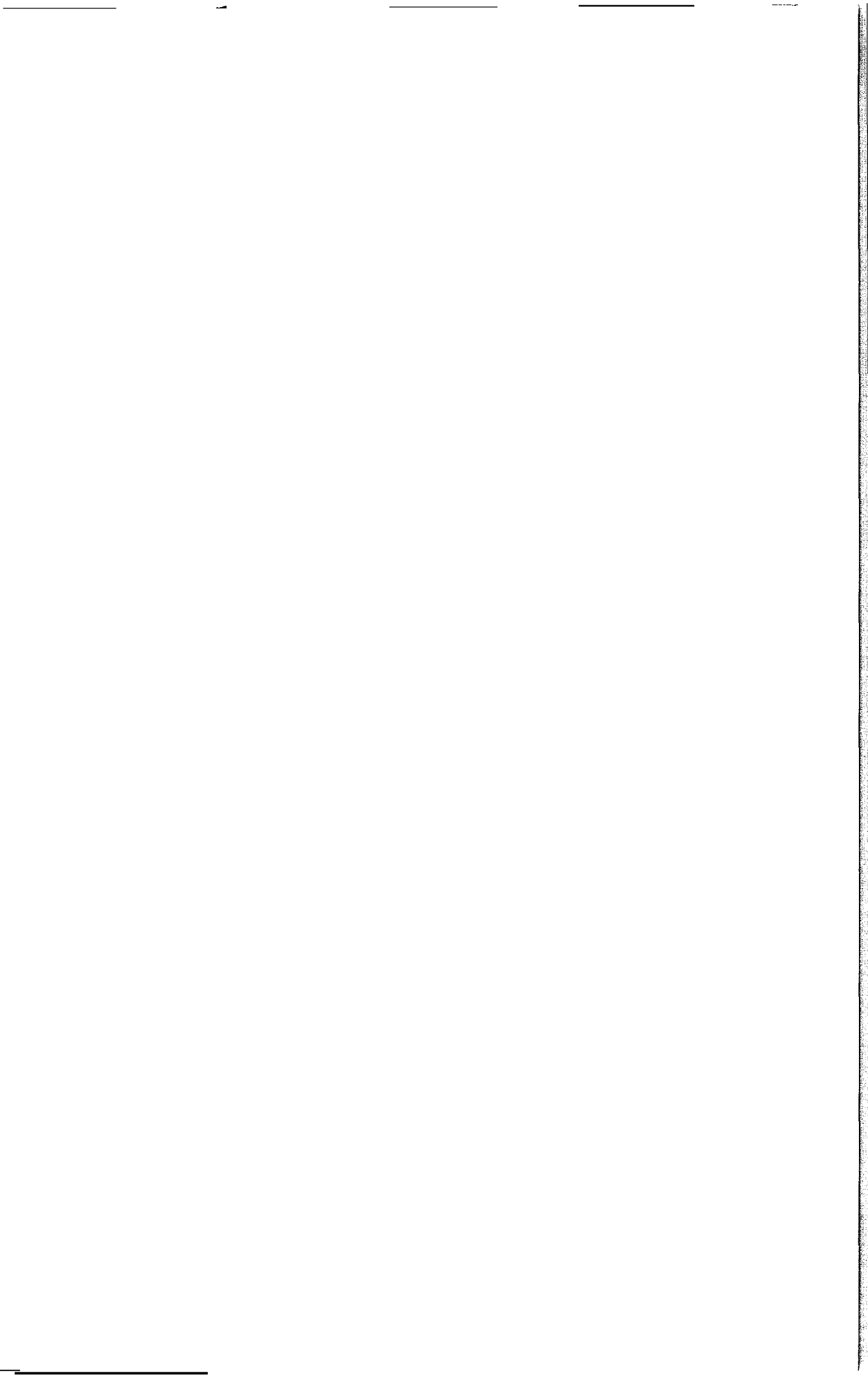
In addition to these important advances on the housing front, the new budget offers new and expanded tools for creating jobs in new markets: \$70 million for the second round of rural and urban Empowerment Zones; \$4.8 billion — a \$50 million increase — for the Community Development Block Grant (CDBG) program; \$20 million for the new America's Private Investment Companies program mentioned above (pending Congressional authorizing of the program's guiding legislation); and \$25 million for redevelopment of moderately contaminated "brownfields," many of which lie in centrally located, untapped market areas.

The new budget affirms our progress. It is testimony to the dedication of HUD's senior staff of appointees, a diverse and committed group of leading thinkers and doers, and to our career civil servants — now 9,300 strong — driving what just may be the most aggressive reinvention of any major public institution in America.

With proven programs and exciting new initiatives, we are better prepared than ever to strengthen communities and ensure that no one is left behind. A booming economy presents us with a once-in-a-generation opportunity to re-invest in our Nation. And a re-invented HUD is ready to work with you to meet the challenges and seize the exciting opportunities that lie ahead in a new century.



Andrew Cuomo  
Secretary  
U.S. Department of Housing and Urban Development







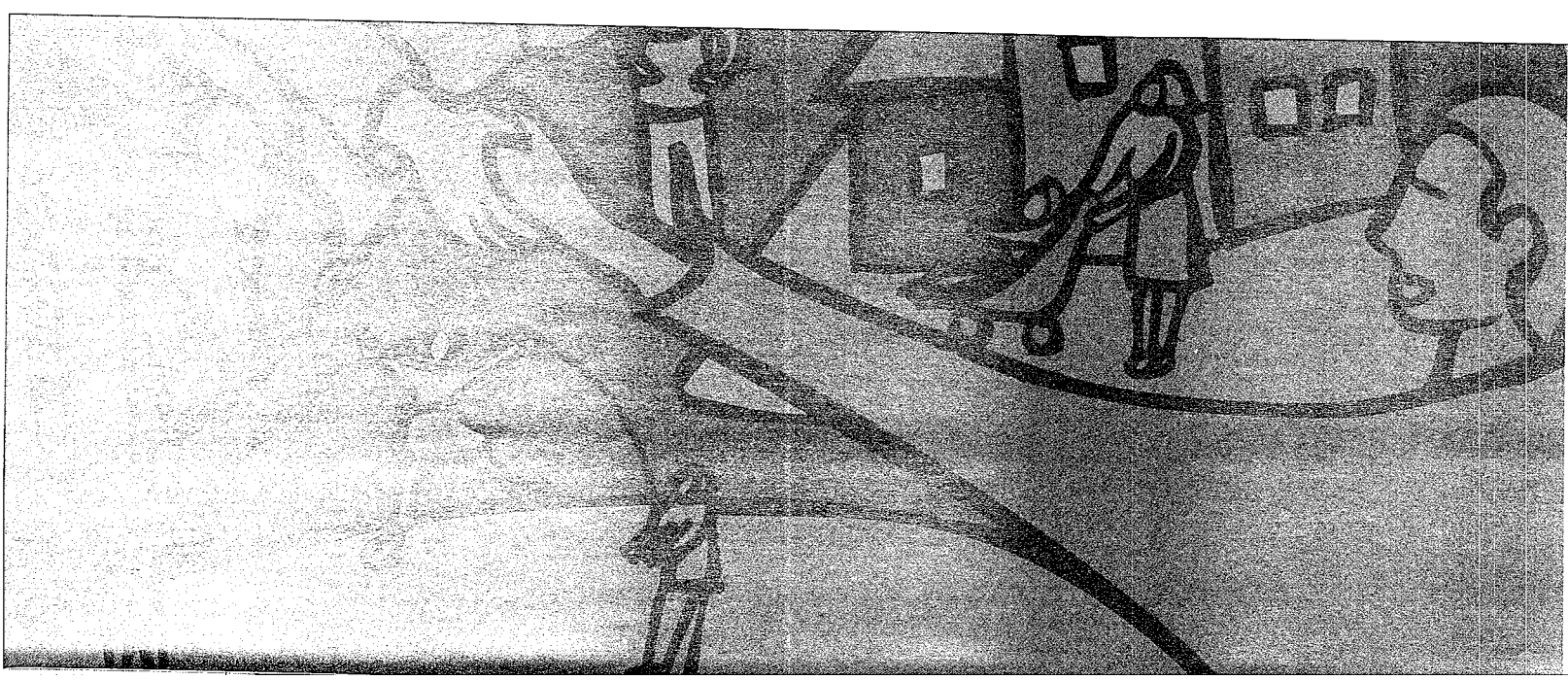
# Table of Contents

<u>A Message from the Secretary</u>	i
<u>Section 1. HUD Works — Performance, Customer Service, and a Commitment to Our Mission</u>	1
<i>Since 1997, HUD has had as a top priority a dramatic overhaul of the agency's operations. During 1998, the impact of these organizational changes became evident with the passage of HUD's best budget in a decade. HUD's new structure, which emphasizes performance, customer service, and a renewed commitment to our mission, will ensure that the Department remains an effective partner in local communities and markets.</i>	
<u>Section 2. HUD Next Door — Creating Jobs and Livable Communities</u>	13
<i>HUD administers a range of programs that strengthen local economies and support safe, healthy communities. In 1998, HUD provided localities with resources to promote economic development, create jobs, fight crime, provide access to health care, reduce environmental toxins, and respond to natural disasters.</i>	
<u>Section 3. A Place to Call Home — Affordable Housing</u>	33
<i>Safe, decent, affordable housing for all Americans is a cornerstone of our Nation that many of us take for granted. Increased funding for Section 8, public housing modernization, mixed-income public housing developments, seeding local and corporate investment in housing, improved Native American housing, and housing assistance for homeless, elderly, and disabled persons, and persons living with HIV/AIDS address the housing problems of low-income families and individuals.</i>	
<u>Section 4. A Place at the Table — Expanding Prosperity and Economic Opportunity</u>	49
<i>There are many families in distressed communities for whom the promise of America has not been fulfilled. HUD administers a menu of programs that assist low-income families and welfare recipients living in underserved communities along the path from poverty to self-sufficiency and help to make those communities better places to live and work.</i>	
<u>Section 5. Realizing the American Dream — Homeownership</u>	59
<i>At the end of 1998, the national homeownership rate was at an all-time high —66.7 percent— well on the way to achieving President Clinton's goal of 67.5 percent by 2000. Increased participation by women, minorities, and new immigrants in the mortgage market is key to this success. With higher FHA loan limits, the increase in grant awards to Housing Counseling agencies, the creation of innovative Homeownership Zones in inner cities and other efforts, homeownership is becoming a reality for an unprecedented number of Americans.</i>	
<u>Section 6. Breaking Barriers — Fair Housing</u>	69
<i>Over the past 30 years, America has made great strides in opening housing markets. In 1997, President Clinton directed HUD to double the number of enforcement actions it brings under the Fair Housing Act. During 1998, HUD intensified its fair housing activities and increased support to local nonprofit fair housing groups and enforcement agencies.</i>	
<u>Index</u>	76
<u>Headquarters and Regional Offices</u>	78



*Since 1997, HUD has had as a top priority a dramatic overhaul of the agency's operations. During 1998, the impact of these organizational changes became evident with the passage of HUD's best budget in a decade. HUD's new structure, which emphasizes performance, customer service, and a renewed commitment to our mission, will ensure that the Department remains an effective partner in local communities and markets.*

## Section 1. HUD Works—Performance, Customer Service, and a Commitment to Our Mission



## Section 1.

# HUD Works—Performance, Customer Service, and a Commitment to Our Mission

### 1998 Highlights: A New HUD

**Real Estate Assessment Center:** HUD substantially improved its oversight capability by consolidating its housing assessment activities into a new, high tech center. The Real Estate Assessment Center is automating property inspections and financial and management assessments, conducting resident surveys, and ensuring the quality of single family appraisals.

**Enforcement Center:** HUD improved its ability to fight waste, fraud and abuse by combining many of its enforcement functions into a single Enforcement Center, headed by a senior agent from the Federal Bureau of Investigation.

**Community Builders:** HUD hired and trained more than 800 Community Builders to serve as HUD's frontline liaisons to America's communities and improve the Department's services to its customers.

**Customer Service:** HUD made significant advances in replacing its former top-down structure with a consumer-friendly organization that is better able to serve people and communities. HUD established its first community-based storefront office, providing a wide range of information on HUD programs. Information kiosks were also placed in libraries, public buildings, and shopping malls.

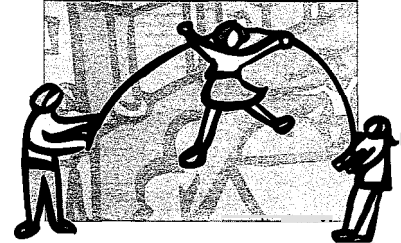
In June 1997, Secretary Andrew Cuomo released HUD's historic 2020 Management Reform Plan to modernize the Department's structure and radically improve its operations. Years of neglect and bad management had left HUD with a host of significant problems. This competency gap not only compromised HUD's ability to fulfill its vital housing mission, but also inhibited the impact of the economic development and supportive service programs that the Department administers to assist low-income communities.

During 1998, HUD made significant progress toward proving that it can effectively and efficiently deliver housing, economic development, and supportive services programs. A dramatic sign of management improvement was the first ever clean audit from the Inspector General in May 1999, for HUD's FY 1998 operations. While the Department is not finished creating a "new HUD," it is well on its way, thanks to a wide range of reform activities initiated in or further developed during 1998.

The Clinton Administration has recognized the successful efforts begun in 1998 to improve the Department's management efficiency and restore public trust with the smartest and strongest HUD budget in over 10 years. FY 2000 funding for HUD is an increase of \$1.9 billion over the FY 1999 budget. Key provisions of the budget include: landmark legislation to expand and preserve America's affordable housing; a major new investment in activities that will create jobs in new markets; and new authority and funding to protect the nation's elderly citizens. The historic budget is testimony to the restored faith in the Department's ability to expand affordable housing and create jobs through innovative economic development initiatives.

#### DID YOU KNOW?

A 1999 report by the General Accounting Office said, "HUD continues to make credible progress in overhauling its operations to correct its management deficiencies" and called the 2020 Management Reform Plan "a major contributor to this progress."



**HUD's mission is to promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination. HUD defines its strategic goals as:**

1. Increasing the availability of decent, safe and affordable housing.
2. Ensuring equal opportunity in housing.
3. Promoting family self-sufficiency and the accumulation of assets by families and individuals.
4. Improving the quality of life and economic vitality in communities.
5. Restoring public trust in HUD.

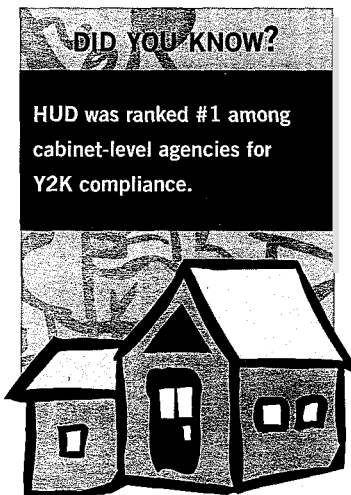
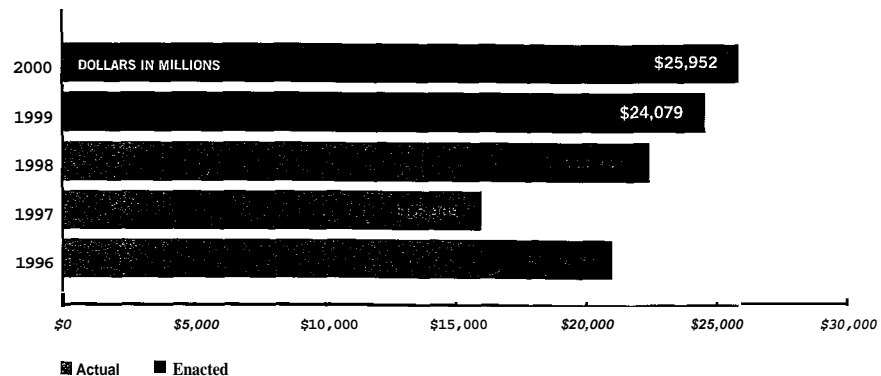


Exhibit 1-1  
HUD Funding Level, FY 1996 to 2000



**HUD's 2020 Management Reform Plan focuses on two distinct missions—empowering communities and restoring the public trust. Reforms are grouped into six areas:**

- Reorganize by function—not by program—to ensure HUD's activities are better coordinated and mutually supportive.
- Replace HUD's outdated financial management system with an efficient, state-of-the-art system.
- Create an enforcement authority which can restore public trust.
- Refocus and retrain the HUD workforce.
- Establish new performance-based systems for HUD programs, operations and employees.
- Replace HUD's top-down bureaucracy with a new customer-friendly structure.

## REORGANIZE BY FUNCTION

Over the years, HUD has developed a wide range of activities to support communities and meet America's housing needs. As these programs evolved, however, they were not always well coordinated—leading to unnecessary overlap, poor communication, and duplication of operations. By consolidating HUD's functions across program lines, HUD's 2020 Management Reform Plan is making it much easier for communities to make sense of HUD's diverse programs. The reform plan is also improving HUD's capacity to deliver services in a customer-friendly manner.

## Real Estate Assessment Center (REAC)

The mission of REAC is to substantially improve HUD's oversight of its housing portfolio by centralizing the assessment of all HUD-sponsored multifamily housing into a single state-of-the-art organization that delivers uniform, complete, and reliable information on the condition of the stock. At the heart of REAC is a huge database of comprehensive, objective information drawn from existing Federal systems, an on-going program of property inspections, financial and management reports, resident satisfaction surveys, and reviews of FHA residential appraisals. Sophisticated software analyzes the data, develops objective performance scores, and delivers assessment results to HUD program staff.

### **REAC is improving the quality of HUD-sponsored multifamily housing through:**

- The first-ever physical inspection of all public and HUD-assisted housing.
- Analysis of the financial soundness of public housing authorities and multifamily properties.
- Resident satisfaction surveys.
- Assessment of the management operations of public housing agencies.
- Computer verification of income of rental subsidy recipients.
- Oversight of FHA single family appraisal quality.

Throughout 1998, HUD made impressive progress in implementing REAC's computerized inspection system. By December 1998, the first 5,000 inspections had been completed, and REAC was on track to meet its goal of inspecting all 40,000 public housing or FHA-assisted properties by the end of 1999. Of the 3,722 privately-owned subsidized or insured units inspected in the first group, 87 percent were found to be in good or excellent condition, and HUD was already moving to address the needs of properties that did not meet minimum habitability standards.

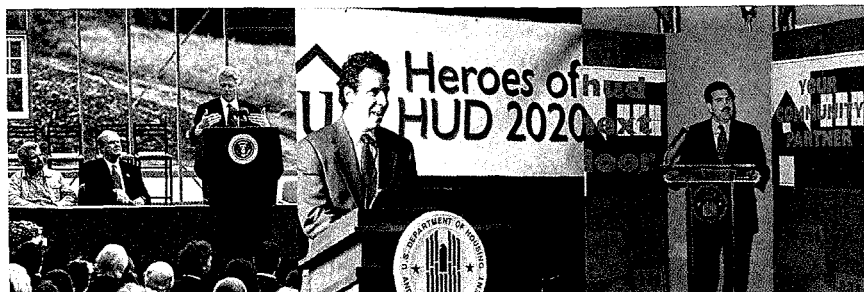
## Computerized Physical Inspection System

In 1998, HUD reinvented its housing inspection process to ensure that more than 40,000 public housing or FHA-assisted properties nationwide provide decent, safe, and sanitary housing to 4.5 million low- and moderate-income households. With Department-wide cooperation, REAC developed and implemented a virtually paperless inspection process using handheld computers and internet data transmission to complete onsite inspections of all 40,000 properties annually. Once received, data are scored and analyzed by REAC. Sheer numbers provide evidence of the system's success. By the end of FY 1999, REAC had completed 29,000 property inspections. Results are being used by HUD program offices and industry participants to improve the quality HUD-assisted housing.

REAC has also developed a new secure internet-based system for the collection and assessment of financial and compliance information from more than 30,000 HUD-supported multifamily housing projects. The purpose of this system is to improve the quality and completeness of annual financial statements from HUD's program participants. The new system was developed in 1998 and put into service in January 1999. This automation is improving efficiency by eliminating

### **LOOKING AHEAD:**

During FY 2000, when all PHA and FHA-assisted multifamily property owners submit financial data through REAC's new online process, a small staff of HUD employees will be able to evaluate and monitor the financial performance of thousands of industry partners. REAC has already begun to receive and convert data into useful information that measures performance, identifies trends, and establishes benchmarks for performance. Armed with this intelligence, program offices are identifying low-scoring agencies and owners and referring them to field offices, Troubled Agency Recovery Centers and the Enforcement Center for follow-up and action.



clearinghouse collection and manual assessment efforts previously performed by HUD contractors and field staff. The new reporting system successfully addresses a long-standing finding by HUD's Inspector General of a "material weakness" in the Department's monitoring of its multifamily housing inventory.

#### **LOOKING AHEAD:**

Under the Public Housing Assessment System (PHAS), for the first time, PHAs will be rated on the physical condition of their properties and resident satisfaction and will undergo more extensive review of their financial condition. These elements and their scores for management operations will determine the overall PHA rating. Under PHAS, the Department expects that an increased number of PHAs will require the assistance of the TARCs to improve their overall operation.

During 1998, REAC also began development on a new automated financial reporting system for public housing agencies (PHAs) based on Generally Accepted Accounting Principles. When fully implemented in FY 2000, PHAs will use the internet to submit the annual financial and compliance data that is analyzed and scored by REAC. The public housing financial assessment subsystem will also provide PHAs with timely feedback on their financial condition. In addition, program offices within HUD will be better able to identify risks and direct scarce resources based on quantifiable needs.

### **Troubled Agency Recovery Centers**

Another HUD organizational innovation was the creation of two Troubled Agency Recovery Centers (TARCs) in Memphis and Cleveland under the auspices of the Office of Troubled Agency Recovery (OTAR). These centers help troubled public housing agencies correct major physical, financial, and management deficiencies.

The TARCs were established in 1998, with the recognition that recovery efforts require intensive staff attention and targeted technical assistance due to the complexity and sensitivity of working with troubled agencies. All PHAs that receive a failing annual assessment score under the Public Housing Management Assessment Program (PHMAP) are referred to a TARC. The TARC is then responsible for developing and implementing intervention strategies to improve agency performance.

The OTAR staff in Headquarters provides guidance in securing technical assistance funds and Indefinite Quantity Contract (IQC) contractors; analyzes data on national trends and recovery strategies; and develops policy guidance and materials. OTAR also coordinates issue resolution between TARCs, the Office of Public and Indian Housing functional areas, and other HUD program or administrative areas which have an impact on troubled agency recovery.

The OTAR/TARC model more clearly defines and separates the roles of intervention and recovery for troubled PHAs from routine public housing program operation and management.

## Procurement

Procurement was identified as a "material weakness" of Departmental management in 1998. In response, the Department has taken various steps to show Department managers that procurement reform is a top priority. A Chief Procurement Officer, who reports directly to the Secretary, was hired. A Contract Management Review Board (CMRB) was established to review and approve program offices' strategic procurement staffing plans and review all plans for contracts in excess of \$5 million. For the first time, training and certification became mandatory for all contract managers. A total of 174 HUD staff completed procurement training in 1998, including 81 full-time contract managers. In addition, the Department has established an integrated financial payments data system to provide contract managers with information on all HUD contracts.

## Processing Centers

HUD has established central processing centers to perform the repetitive "back office" functions previously performed by all field offices. This has helped HUD reduce duplication, make better use of a smaller staff, save money, and cut the time it takes to process paperwork. For example, loan processing times for single family mortgage insurance have been reduced from four to six weeks to an average of two to three days per application. In FY 1999 alone, these centers processed 1.3 million loans, representing an all time record of \$125 billion in mortgage insurance.

### Among the central processing centers are:

- Four Single-Family Homeownership Centers
- Financial Operations Center for Title I Home Improvement Loans
- Section 8 Financial Management Center
- One Accounting Center
- Special Applications Center for Public and Indian Housing
- Grants Management Center for Public and Indian Housing

## State-of-the-Art Financial Management Systems

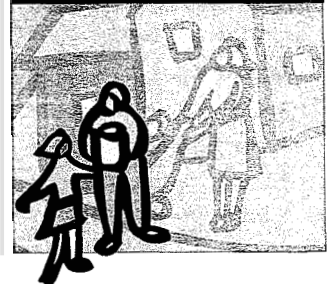
HUD has made significant progress in integrating its 89 separate financial systems into one unified system. The HUD Office of the Inspector General issued the first clean audit of HUD's financial statements in the Department's history for fiscal year 1998. In previous years, HUD's Inspector General was unable to conclude that HUD's consolidated financial statement was reliable.

The Inspector General wrote that the audit "represents a considerable achievement for HUD, and it further reflects continuing improvements in HUD's commitment and ability to properly account for the funds entrusted to the Department." Among the significant improvements are:

- A new, standard, fully compliant, HUD-wide general ledger.
- A new Chief Information Officer who is leading the development of HUD's Information Technology Architecture Plan. The plan complies with the Clinger-Cohen Act to improve the government's information technology systems.
- Certification in January 1999, that 100 percent of HUD's systems complied with Y2K requirements.
- Renovation of all mission-critical systems six weeks ahead of the March 31, 1999 deadline established by the Office of Management and Budget (OMB).

### DID YOU KNOW?

A 1999 report by the National Academy of Public Administration, entitled *HUD Procurement Reform: Substantial Progress Underway*, recognized the steps that HUD initiated in 1998 to reform its procurement process. The report concluded that the Department has taken a series of actions to improve its contracting operations resulting in "substantial progress toward the goal of developing and implementing a model procurement system."





### DID YOU KNOW?

Beginning in March 1999, REAC began referring multi-family housing projects that score low on physical inspections directly to the Enforcement Center. HUD field offices receive about 20 requests a month for suspensions, limited denials of participation, and debarments of "bad landlords."



## Enforcement Center

HUD's 2020 Management Reform Plan combines all non-civil rights enforcement functions into a single Enforcement Center. The Enforcement Center coordinates enforcement actions Department-wide by consolidating the enforcement capability of 81 separate HUD offices. With standardized enforcement tools now applied across-the-board, HUD program participants are dealt with evenhandedly, minimizing the chances of fraud. By separating service and compliance, HUD staff now can impose strong internal controls and objective standards, thus insuring program integrity and accountability.

Led by a FBI Senior Agent and the special detail of four Assistant United States Attorneys (AUSAs), the Enforcement Center represents strengthened interdepartmental cooperation between HUD and the U.S. Department of Justice. The Enforcement Center's five satellite offices—in Atlanta, Chicago, Fort Worth, New York, and Los Angeles—work collegially with local AUSAs in an ongoing effort to crack down on bad landlords. Specialized training in affirmative civil enforcement, false claims, and equity skimming strengthened HUD's posture in recovering damages for fraud and violation of the nation's housing laws.

In 1998, the Enforcement Center received 700 referrals involving violations and recovered more than \$7 million. In addition, 100 participants in HUD programs were suspended; 90 participants were debarred; and 158 cases of possible suspension/debarment were still being investigated.

### Kansas City Fair Housing Enforcement Actions, Kansas City, Kansas

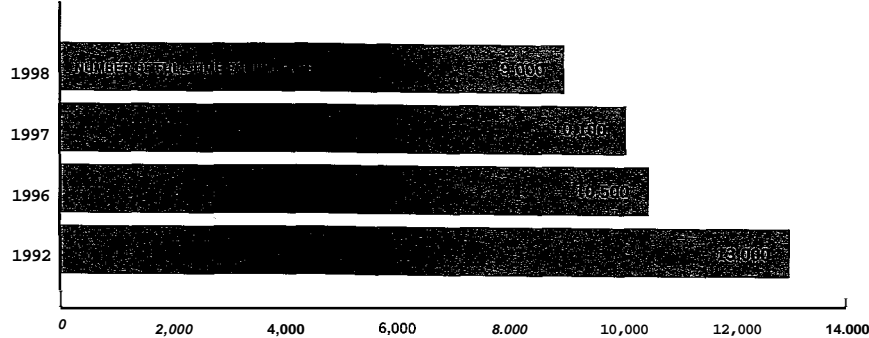
The Kansas City Fair Housing Hub leads the Nation in obtaining enforcement actions as well as in the number of enforcement agreements obtained in HUD's efforts to double the number of fair housing actions. As of February 16, 1999, it had obtained 216 enforcement actions. It also had no aged actions, demonstrating the Hub's ability to obtain cases and move them swiftly to investigators after intake. The Hub has been particularly successful in reaching out to the community to identify instances in which hate and violence have been used to thwart housing opportunities, to refer these to the U.S. Department of Justice, and to obtain civil remedies for victims.

## REFOCUS AND RETRAIN THE WORKFORCE

The reorganization of HUD's 9,000-person workforce, down from 10,500 in 1996, was implemented in 1998 under a staffing plan agreed to by employee unions and approved by the Office of Personnel Management. The HUD Training Academy has been using a sophisticated mix of multimedia, distance learning, and on-the-job training to ensure HUD's workforce has the skills needed to assist communities, monitor HUD's programs, and operate the Department efficiently. Training focuses especially on enhancing the skills of HUD staff in information systems, management, procurement, civil rights enforcement, asset development and management, real estate administration, economic development, and customer service. In addition, centralizing major administrative functions in specialized organizations—REAC, TARCs, Processing Centers, Enforcement Center—focuses staff resources on Public Trust Officer duties and program operations.

Exhibit 1-2

## HUD's Workforce



HUD's 2020 Management Reform Plan separates, for the first time ever, the Department's housing and community development customer services from its monitoring and enforcement activities. This removes an inherent conflict between being both an advocate for and a regulator of HUD's State, local, and private partners. It also allows more efficient and effective operations. Under the new system, responsibility for delivering services in communities—and serving as HUD's voice on the frontline—lies with a new category of HUD employees known as Community Builders. The majority of HUD's other employees are now Public Trust Officers who handle program monitoring, compliance, and enforcement.

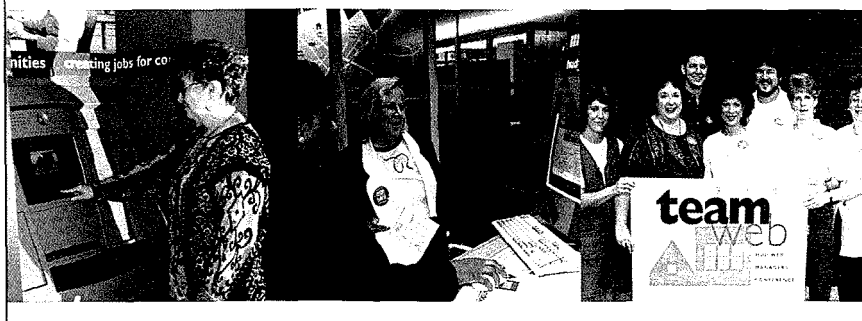
### Public Trust Officers (PTOs)

Public Trust Officers administer HUD programs. They serve the people who benefit from HUD programs; the people who deliver HUD programs, including cities, States, and nonprofit organizations; and the general public. PTOs are HUD's foot soldiers in promoting effective program implementation and eliminating waste, fraud and abuse.

PTOs ensure that HUD programs run efficiently and effectively by training and educating those who actually operate HUD programs and by finding creative and timely solutions to program problems. They prevent waste and fraud by using standard indicators and risk assessment to isolate potential problems and deal with them before they become serious. In addition, PTOs promote a good public image by being responsive and helpful to those who benefit from HUD's programs whenever problems or potential problems arise. Significant problems are referred to the Department's new Enforcement Center.

### DID YOU KNOW?

HUD announced 200 new Public Trust Officer positions in FY 1999. An additional 200 positions will be announced in FY 2000.



Under the Management Reform Plan, PTOs are receiving additional training in contract administration, underwriting, finance, communications, and project management.

## Community Builders

HUD began hiring its own career staff as Community Builders in early 1998. Thousands of applications were received for 360 career positions. The candidates chosen were career professionals with years of program experience. Career Community Builders brought extensive knowledge of multiple programs to the job, enabling them to hit the ground running, offering advice and guidance on how to access HUD programs as well as other Federal, State, and local programs.



“Public Trust Officers don’t just catch people in the act of waste, fraud, and abuse—they work to prevent waste, fraud, and abuse before it happens. They don’t just enforce the rules and regulations—they educate to make sure that people understand the rules and regulations. They don’t just debar landlords—they work to make sure landlords are treating their tenants with respect.”

*Secretary Andrew Cuomo, June 1998*

Non-career Community Builder Fellows joined HUDS Community Builder ranks in the fall of 1998. A comprehensive recruitment effort resulted in 9,000 applications for 360 positions. From this competitive field, HUD was able to select an outstanding class of Fellows—experts in the fields of housing and community development—who are now bringing their unique and valuable experience to communities across America. These Fellows, working alongside the career Community Builders and program staff, immediately began providing excellent customer service and reaching out to new partners. The class of Fellows also included 85 Community Builder Specialists, who focus their particular expertise on specific Departmental initiatives, including the design of “break-the-mold” public housing, economic development, Native American housing, colonias and farm worker communities, civil rights, and welfare-to-work initiatives.

The Community Builders, both senior career staff and non-career Fellows, are already making a real difference for communities across the country. Early reports from customers and independent management experts confirm that the Community Builders are responsive, resourceful, and effective community partners. Working hand-in-hand with Public Trust Officers, Community Builders are helping to make HUD’s programs work better for long-standing clients and new customers alike. Some examples of the many activities they are undertaking include: meeting with State Housing Finance Agencies to devise local strategies for increasing and preserving the stock of affordable housing; marketing FHA’s single family homeownership programs; making connections with local colleges and universities to set up job training programs that local companies can rely on as a source for new employees; and holding workshops for grantees and providers to discuss and encourage ways to increase leveraging of public and private resources. In short, Community Builders are successfully making HUD a real and trusted partner in communities again.

### **Community Builders at Work in Philadelphia, Pennsylvania**

HUD's comprehensive and collaborative Welfare to Work initiative in Philadelphia encourages public housing residents to become self-sufficient. Philadelphia is home to about 60,000 families receiving Temporary Aid to Needy Families, 25,000 of whom may not meet the rapidly approaching mandate of working 20 hours per week. To meet this challenge, HUD developed a strategy of working with the U.S. Department of Labor and other critical service providers to train resident leaders, managers, and other housing professionals in outreach activities.

The Secretary's Representative and Community Builders have contributed to the initiative by providing training to public housing authorities on welfare reform and Section 8 voucher programs, working with public housing advocacy groups, and providing input for the Delaware Valley Regional Planning Commission's jobs funding. As a result of the initiative, more than 750 managers from public housing authorities and Section-8 assisted housing management companies have been trained in the Welfare to Work Initiative. Nearly 40 public and assisted housing residents have received training in childcare, life skills and office procedures. An information package has been mailed to more than 10,000 welfare recipients.

### **DEVELOP A NEW PERFORMANCE-BASED MANAGEMENT SYSTEM**

HUD's 2020 Management Reform Plan emphasizes product over process, performance over paperwork—rewarding achievement, giving staff the tools needed to be accountable and produce strong results. It also helps HUD meet requirements under the Government Performance and Results Act (GPRA) where the focus is on achieving results through government action. Elements of this system include:

- **HUD's Strategic Plan**, which establishes the goals and objectives for achieving HUD's long-term mission and provides a framework for more effective planning, budgeting, and program evaluation.
- **HUD's Annual Performance Plan**, which lays out performance goals and indicators to carry out each year of the Strategic Plan.
- **HUD's Business and Operating Plan**, first completed in FY 1998 and implemented in FY 1999, which serves as the vehicle for coordinating HUD's multiple areas to achieve HUD's mission, strategic objectives, and annual performance goals in ways that have significant positive effects in communities.

### **HUD Compliance with GPRA**

A 1999 National Academy of Public Administration report measuring HUD's compliance with the Government Performance and Results Act of 1993 (GPRA) found that the Department has made major progress in improving its management performance and planning to achieve its strategic objectives. The report cites these specific improvements in HUD's Annual Performance Plan for FY 2000:

- HUD has created a strategic roadmap defining the Department's mission and setting goals and objectives to fulfill that mission.
- HUD has identified concrete steps that the Department must take to achieve measurable objectives and to track its progress.
- HUD has devised a comprehensive plan that covers all actions needed to carry out its mission.

## CREATE A CUSTOMER-FRIENDLY MANAGEMENT STRUCTURE

During 1998, HUD made substantial progress in replacing its old top-down structure with a much more customer-friendly Department dedicated to serving people and communities. The Management Reform Plan consolidated many routine HUD functions, established storefront offices in communities, and implemented new electronic systems to make HUDS programs and services easier to use and more accessible.

### HUD in Your Community

HUD is improving customer relations by becoming more accessible to its customers and the general public. The Department established its first storefront office in Washington, DC, in 1998, and opened an additional *six* in 1999, in Albuquerque, Baltimore, Buffalo, Reno, Sacramento, and Syracuse. At these new offices, the public can access information on homeownership, mortgage lending, public housing, rental assistance, homeless services, job training and economic development. During 1998, HUD installed 29 "HUD Next Door" kiosks in libraries, Federal buildings, city halls and shopping malls. An additional 45 kiosks became operational in 1999. In addition, public-use computer work stations have been established in all of HUD's 81 field offices, giving HUD customers free access to HUD's web sites and geo-mapping data.

#### DID YOU KNOW?

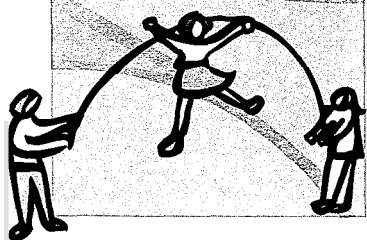
HUD no longer issues separate Notices of Funding Availability (NOFAs) for each competitive grant program. Instead, in 1998, funding was announced in one of three consolidated SuperNOFAs. Each provided grant applicants with a complete menu of available funding. The SuperNOFA standardized the application and selection processes, made HUD's expectations clearer, made the application process easier and less duplicative, and let customers see the broad resources available at one time. In 1999, the process was further consolidated into one SuperNOFA. For more information on the SuperNOFA, log onto HUD's web site at <http://www.hud.gov>.

### Building a Better Tomorrow—HUD's Best Practices Symposium Kansas City, Missouri

The 1999 Best Practices Symposium, an outgrowth of Secretary Cuomo's 2020 Management Reform Plan, provided HUD with the opportunity to highlight local initiatives that have brought new economic opportunities to struggling neighborhoods, new homes for families moving from welfare to work, and opportunities for homeownership for young couples, women, and minorities. One hundred "Best of the Best" programs and projects were honored, as former Kansas City Mayor Emmanuel Cleaver stated, "for their ability to think outside of the margin." A panel of local HUD officials, Headquarters program officials, and industry leaders selected the 100 "Best of the Best" from more than 3,000 best practice nominations. The four-day conference also featured panel discussions, breakout sessions, and roundtable discussions. The conference was designed to provide housing and community development leaders with an opportunity to exchange innovative ideas and techniques for building a better tomorrow.

### HUD's Web Sites

HUD's award-winning web sites provide valuable information and on-line services to citizens, HUD business partners, and employees. HUDS Homes and Communities Page has 300,000 visitors each month, who access nearly 3.5 million pages of information. For the second year in a row, Government Executive magazine listed HUD's web site as one of the 15 "Best Feds on the Web."



## **Computer Mapping**

HUD's award winning Community 2020 mapping software enables citizens and planners alike to visualize a community's conditions using a vast quantity of demographic and census data. The software can spatially display the use of HUD funding at the neighborhood level in any community in the United States. No other Federal agency gives the American people this level of information on the flow and use of its funds.

## **INCORPORATING LESSONS FROM ABROAD**

In 1998, HUD began to revitalize and reinvigorate its international program. Expansion of the program is part of the Department's drive to strengthen all of its programs. The international program makes it possible for HUD to gather lessons from all over the world to improve service delivery in the U.S. It also enables the Department to respond to increased international demand for information about HUD programs.

## **The International Program**

The HUD international program brings together stakeholders in the United States and abroad to share knowledge, skills and experience related to housing and urban development. It is designed to build bridges, create mutually beneficial links among nations, and strengthen policies and programs in the U.S. and abroad.

In 1998, the international program focused on enriching its partnerships with other nations as part of broader Bilateral Commissions and Administration initiatives. In Mexico, as part of the Binational Commission, Secretary Cuomo and his counterpart, the Mexican Secretary of Social Development, adopted an agenda that calls for exchanges in the fields of cross-border cooperation, metropolitan planning, housing finance, and housing statistics. As part of the Gore-Mbeki Binational Commission, collaboration with the South African Department of Housing will focus on developing community reinvestment and home mortgage disclosure legislation, facilitating low-income lending, and applying information technology to housing sector management. Following President Clinton's July 1998 announcement of housing sector cooperation with China, HUD also launched a cooperative effort with the Chinese Ministry of Construction.

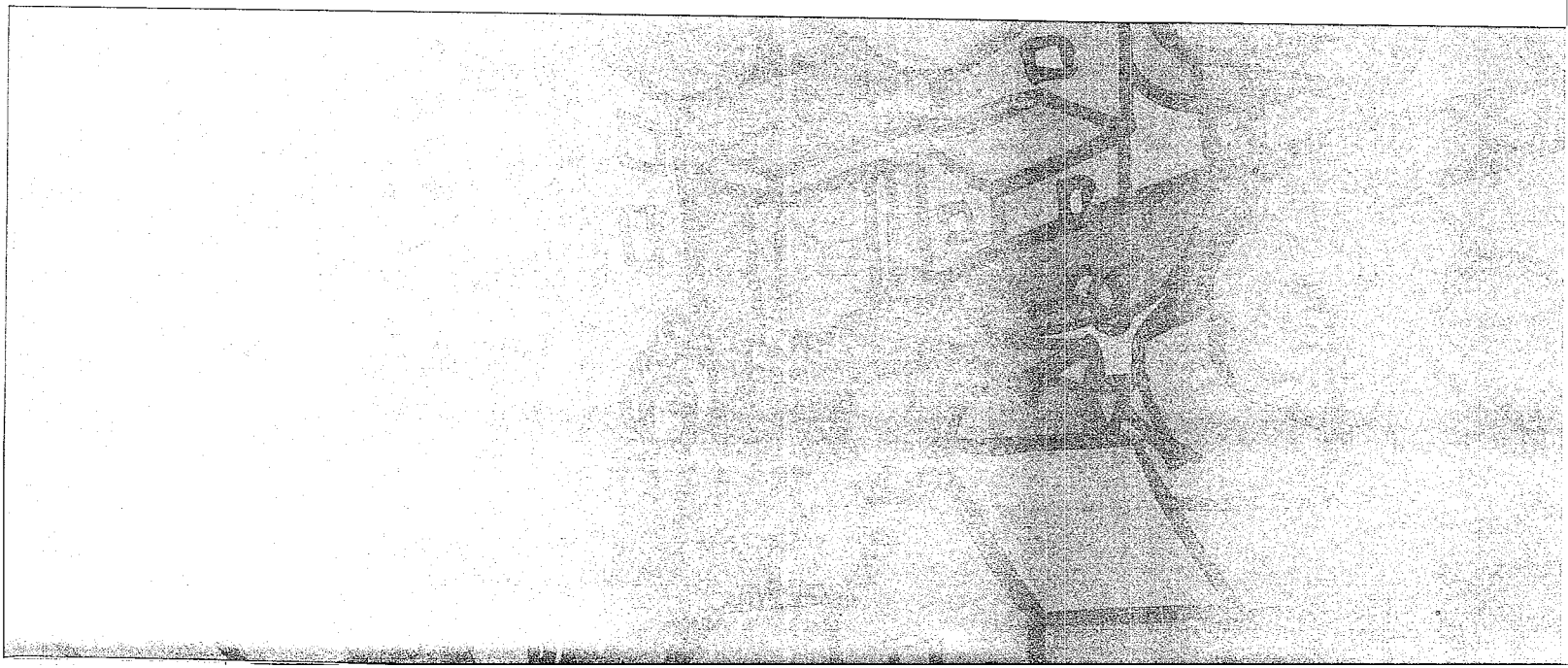
The increasing demand from abroad for information about Department programs and initiatives is emblematic of HUD's success in revitalizing its programs and activities.

## ***Housing on the Move!***

Created to inform agency staff about the HUD 2020 Management Reform effort, "*Housing on the Move!*" has evolved into a weekly newsletter serving all members of the housing community. *Housing on the Move!* provides weekly reports on Office of Housing events and top agency personnel changes, highlights innovative programs and projects, and offers updates on policies and plans. The newsletter also informs both HUD personnel and its partners—such as lenders, building contractors, landlords, residents, and State and local government officials—about progress, problems, solutions, and opportunities in housing programs. The publication is sent via email to all Office of Housing employees and is posted on the World Wide Web for general distribution to the public.

*HUD administers a range of programs that strengthen local economies and support safe, healthy communities. In 1998, HUD provided localities with resources to promote economic development, create jobs, fight crime, provide access to health care, reduce environmental toxins, and respond to natural disasters.*

## 2. HUD Next Door—Creating Jobs and Livable Communities



## Section 2.

# HUD Next Door—Creating Jobs and Livable Communities

### 1998 Highlights: Your Community Partner

**Brownfields Redevelopment:** A total of \$166 million in Brownfields Economic Development Initiative grants and Section 108 loan guarantees were awarded to 23 communities to transform polluted and abandoned commercial and industrial sites into businesses, homes, and recreation sites that will provide about 9,500 permanent jobs.

**Center for Community and Interfaith Partnerships:** The Center for Community and Interfaith Partnerships was created to foster partnerships with nonprofit organizations, community development corporations, and faith-based groups.

**Safe Communities:** More than 1,000 people attended the 1998 Community 2020 forum on crime, which focused on how to best maintain safe streets and neighborhoods by strengthening families, building new relationships between police and communities, and learning what is working at the block and neighborhood level across the country.

### HUD'S ROLE IN LOCAL COMMUNITIES

HUD's community development initiatives are designed to help localities create jobs, support economic growth, improve streets and other infrastructure for urban revitalization, generate affordable housing, cooperate across jurisdictional lines, and ensure residents live in safe and healthy neighborhoods. HUD's role is not to dictate—but rather to ensure localities have the tools and resources they need to succeed. The Department supports revitalization efforts and encourages the recognition that many communities have untapped markets—labor, purchasing power, and land—which could serve as an alternative to sprawl and fuel the nation's economic growth.

The Consolidated Plan supports the relationship that HUD has with State and local governments and citizens. Through the consolidated planning process, local agencies, nonprofit organizations, and citizens come together to identify such needs as housing, public infrastructure, economic development, fair housing, and crime prevention. Using a variety of tools, including HUD's Community 2020 Planning Software, community partners identify—both statistically and through powerful color graphics—where resources are most needed. The ability to compare needs with current levels of assistance helps program administrators, service providers, and citizens to work more efficiently and effectively toward building healthier more inclusive communities.

Through core programs such as CDBG, EDI, and Section 108 Loan Guarantees, localities can create jobs, support local businesses, improve streets and other infrastructure, and develop affordable housing. In addition to this arsenal of programs that have proven their effectiveness over many years, HUD administers a menu of newer initiatives to help communities expand their housing opportunities and economic bases, redevelop brownfields, fight crime, and support overall health. All of the programs are rooted in proven community development principles that have demonstrated their effectiveness in promoting comprehensive revitalization in recent years.



## LOOKING AHEAD:

The Clinton-Gore Administration successfully proposed to Congress a major New Markets Initiative (NMI) for FY 2000. NMI will stimulate up to **\$15** billion in new private investment in communities with high concentrations of poverty. The strategy is to build a network of private investment institutions to supply capital and technical expertise. As part of the package, a New Markets Tax Credit will be available to nonprofit organizations which develop distressed communities in partnership with the private sector. NMI will also create America's Private Investment Companies (APIC) program, modeled after successful programs run by the Small Business Administration to invest in large businesses seeking to expand or locate in inner cities and distressed rural communities. The \$20 million investment provided in the legislation will stimulate the investment of over **\$556** million in privately issued, government guaranteed loans and an additional **\$278** million in private equity capital. Other NMI components include new Small Business Investment Companies to attract private investment to low-income communities; support for venture capital firms which offer seed capital to entrepreneurs and small businesses in those communities; technical assistance and mentoring for microenterprises; and expanded funding for community development financial institutions (CDFIs) to supply financial products and services directly to small businesses and individuals in low-income communities,

Exhibit 2-1

## Budget Summary of Selected Programs

Program	PI1996 (Actual)	PI1997 (Actual)	FY 1998 (Actual)	FY 1999 (Enacted)	PI2000 (Enacted)
Community Development Block Grants	\$4,650	\$4,604	\$4,675	\$4,750	\$4,800
Economic Development Loan Fund (Section 108)	33	32	30	30	30
Economic Development Initiative*	50**	—	38	35	31
Empowerment Zones/Enterprise Communities	—	—	5	45	55
Rural Housing and Economic Development	—	—	25	25	25
Brownfields Redevelopment	—	—	25	25	25
CDBG Disaster Assistance (supplemental)	—	25	250	150	—
Historically Black Colleges and Universities	6.5	6.5	6.5	10	10
Community Outreach Partnership Centers	7.5	7.5	7.5	7.5	8
Drug Elimination Grants	290	290	310	310	310
Lead Hazard Reduction	65	60	60	80	80

All figures are in millions of dollars.

\*Does not include earmarked appropriations in FY 1998, FY 1999, and FY 2000.

\*\*Includes \$30 million for Homeownership Zones.

## Utah Valley Consortium Consolidated Planning Process, Orem and Provo, Utah

Utah used the Consolidated Planning process to access \$4.1 million in HUD grants for the housing and community development programs of the Utah Valley Consortium. The Consortium received the funding for their comprehensive strategy to create jobs and affordable housing and to help homeless persons become self-sufficient.

The Consolidated Planning process ensures that local residents have strong input into the creation of a comprehensive, community-based housing and economic development plan. The streamlined process gives communities maximum local flexibility, while reducing burdensome regulatory requirements. Local HUD staff worked closely with the Utah communities to customize their Consolidated Plan and help them realize their housing and economic development goals. The Utah Valley Consortium will use the grants to fund housing construction and rehabilitation; first-time homebuyer assistance; commercial rehabilitation; public services; and infrastructure improvements.

## Community Development Block Grants (CDBG)

At the core of HUD's community development activity is the CDBG program, an essential ingredient in community development partnerships across the country. For a quarter of a century, CDBG has served as the bedrock of HUD's efforts to assist localities. In 1998, HUD distributed CDBG grants directly to 986 entitlement communities—large- and medium-sized cities and counties—via formula and through the States to over 3,000 small communities.

By statute, 70 percent of CDBG funds must benefit low- and moderate-income people—a target which most communities substantially exceed. Communities have a great deal of discretion in their use of CDBG funds. Eligible activities include planning, infrastructure, affordable housing, economic development, and public services. The FY 1998 budget provided \$4.675 billion for CDBG. Congress increased funding in FY 1999 to \$4.750 billion. More than 10,000 nonprofit groups and other public and private organizations receive CDBG grant funds from States and entitlement communities.

Exhibit 2-2

### CDBG Program of Funds by National Objective

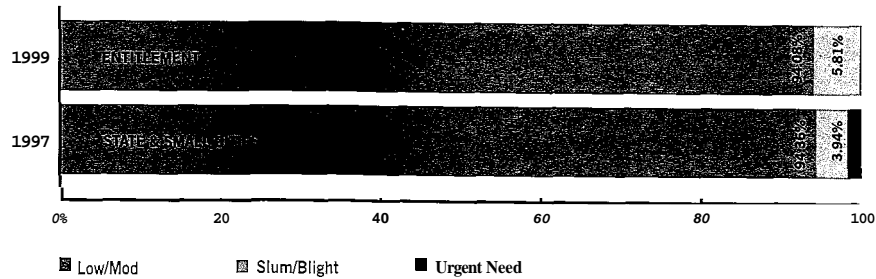


Exhibit 2-3

### CDBG Estimated Jobs Created: 1994–1998

Year	Entitlement Communities	State/Small Cities
1997	86,000	35,000
1998	84,000	
1999	85,000	

\*1997 is the most recent year for which data are available.

In FY 1999, 30.2 percent of entitlement community expenditures of CDBG funds supported affordable housing. That year, CDBG expended funds to support rehabilitation, new construction, or homebuyer assistance for a total of 144,000 housing units. For States and small cities CDBG, housing activities represented 19.6 percent of FY 1997 obligations. This translated into a total of 17,000 housing units slated for rehabilitation, new construction, or homebuyer assistance.

In 1992, Congress began requiring that HUD assess the effectiveness of CDBG in promoting microenterprise development. During 1999, 167 entitlement communities funded 352 microenterprise development activities with approximately \$28.3 million from CDBG funds.

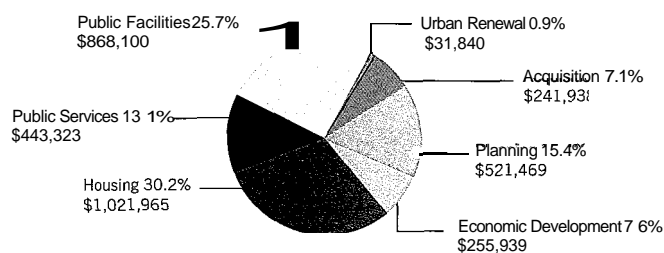
#### LOOKING AHEAD:

The FY 2000 budget included a \$50 million increase in CDBG from the 1999 enacted level, bringing funding to \$4.8 billion.

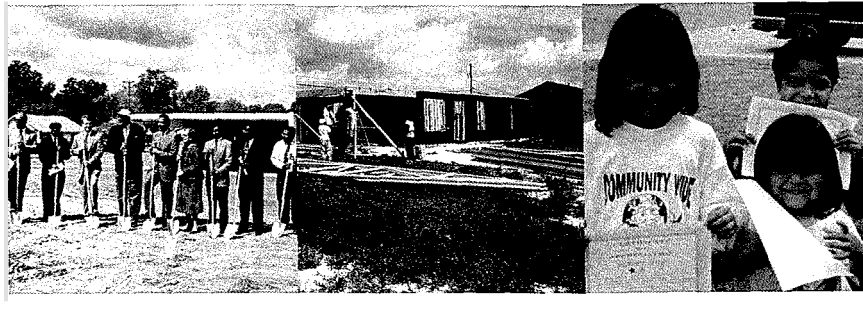
Exhibit 2-4

### CDBG Entitlement Communities

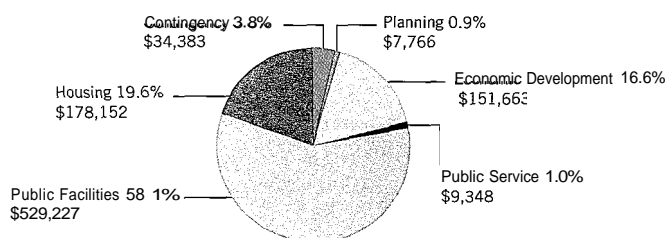
#### Percent and Dollar Amount of Expenditures by Activity: FY 1999



Dollars in thousands.



**Exhibit 2-5**  
**CDBG State and Small Cities**  
**Percent and Dollar Amount Obligated by Activity: FY 1997**



*Dollars in thousands.*

### **Sioux City Microenterprise Development Program, Sioux City, Iowa**

The Sioux City Microenterprise Development Program is a public-private partnership designed to help low- and moderate-income individuals, welfare recipients, and immigrants start their own businesses as a way to achieve self-sufficiency. Private banks developed a \$1.6 million loan pool for program participants to use to launch their new businesses. Additional funding was provided by the Iowa Department of Economic Development's Self Employment Loan Program, the Targeted Small Business Financial Assistance Program, and the Self Employment Fund of Iowa. Funds are available to serve 47 individuals each year. To date, 171 individuals have completed the required business and financial skills training, and more than 51 business plans have been developed. In addition, 30 small businesses have been launched under this initiative.

### **Growing Smart**

Growing Smart is a new HUD-funded initiative to help State and local governments meet the challenge to create more livable communities. The goal of the initiative is to develop model statutes for planning and development management in three phases. The first and second phases are completed and available as an interim Growing Smart Legislative Guidebook. Guidelines and model statutes are available on State, regional, and local planning and on how to create broadly based coalitions for modernizing statutes. The third phase will provide model legislation for managing both new growth and redevelopment. Already, 12 states are using the Growing Smart Guidebook. The final guidebook will be available in December 2000. For more information, log onto the American Planning Association's web site at <http://www.planning.org/plnginfo/GROWSMAR/guidebk.html>.

## Economic Development Loan Fund (Section 108)

Section 108 is the loan guarantee provision of the CDBG program. It provides a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. CDBG entitlement communities may borrow up to five times their most recent CDBG allocation and pledge current and future CDBG funds as partial security for the loan guarantees. Non-entitlement communities may participate consistent with their CDBG guidelines.

Under the program, HUD arranges for local governments to borrow from private investors and provides a full faith and credit guarantee of payment. This enables borrowers to secure long-term financing at highly favorable rates. The maximum term of a Section 108 loan is 20 years, and every loan must be secured by collateral other than the local government's pledge of CDBG funds. The lower interest rates and longer terms are the real benefits to the communities and businesses who receive these funds.

Since 1978, HUD has approved more than 1,100 loan commitments worth over \$5 billion under Section 108. The program is extremely successful. It boasts a zero percent default rate.

### Exhibit 2-6

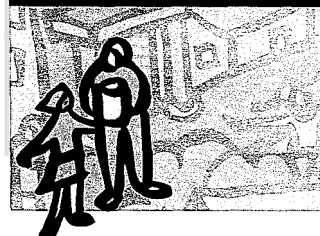
#### Section 108 Loan Grantees—Number and Amount of Loan Commitments: FY 1978 to FY 1998

Fiscal Year	# of Commitments	Amount*	Fiscal Year	# of Commitments	Amount*
1978	1	\$476	1990	44	\$119,260
1979	9	30,810	1991	26	84,466
1980	23	156,933	1992	46	163,780
1981	48	156,487	1993	43	229,300
1982	52	179,377	1994	88	350,520
1983	22	60,627	1995	218	1,847,005
1984	29	86,952	1996	89	433,775
1985	63	133,475	1997	118	277,683
1986	25	113,290	1998	96	381,970
1987	13	30,007	Total	1,144	5,102,741
1988	43	143,578			
1989	48	122,970			

*\*Amounts are in thousands of dollars.*

### DID YOU KNOW?

Approximately 57 percent of all Section 108 loan guarantees have been made within the past six years. Section 108 is a major tool for helping communities that have yet to benefit from the nation's recent economic prosperity.



### Minyard Supermarket, Fort Worth, Texas

On October 28, 1998, Secretary Cuomo, joined by Congressional representatives and Mayor Kenneth Barr, celebrated the opening of a new Minyard Supermarket in Fort Worth, Texas. The new supermarket created 165 jobs and attracted other new businesses to this southeast Fort Worth neighborhood that had long been in critical need of economic development and employment opportunities. The opening was made possible by HUD's investment of \$6.6 million in loan guarantees and a \$660,000 economic development grant. The supermarket was the first new food store in southeast Fort Worth in over 20 years.

**Examples of 1998 Economic Development Loan Fund Activity:**

- Philadelphia received \$40 million in loan guarantees to help establish a shipbuilding facility at the former Philadelphia Naval Shipyard. The project will provide more than 950 permanent jobs and approximately 600 construction jobs.
- Jacksonville received \$12 million in loan guarantees to assist in financing the construction of a convention center hotel, parking garage, and warehouse and distribution facility that will create 400 jobs.
- Madison received \$2.9 million in loan guarantees to help fund construction of a community center for residents on the north side of the city.
- Memphis received \$12 million in loan guarantees to create jobs and finance a major redevelopment effort downtown.
- Laredo received \$1.7 million in loan guarantees to transform the historic Hamilton Hotel into stores and 165 units of affordable housing for seniors.

**Jazzland, New Orleans, Louisiana**

---

Jazzland, a new 140-acre theme park in an economically depressed area of New Orleans, exemplifies the many benefits of cooperation among Federal, State and local agencies, developers, and private lenders. Funded with a \$10 million grant from the State of Louisiana Infrastructure Development Fund, a \$25 million Section 108 Loan Guarantee, and \$65 million in developer's equity and conventional financing, Jazzland will showcase Louisiana's unique culinary and musical culture through rides, games, and a large amphitheater. Since the announcement of the theme park in July 1998, the project has already stimulated the development of three new upscale residential communities, new hotels, and a \$52 million redevelopment plan for a failed regional shopping mall.

**Economic Development Initiative (EDI)**

EDI grants enhance the economic viability of projects assisted with Section 108 Economic Development Loan Fund guarantees (Section 108) and improve the financial feasibility of other large economic development projects. By providing an additional subsidy, the grants reduce the risk that CDBG funds may have to be tapped to make debt service payments if loan guarantees have been provided. Since 1994, EDI grants have helped to finance shopping centers, entertainment complexes, industrial facilities, and housing developments. In FY 1995, the availability of \$350 million in EDI grants made the Section 108 program so attractive to localities that commitments rose to the unprecedented level of \$1.85 billion. The most common uses for EDI funds include interest rate subsidies, loan loss reserves, debt service reserves, overcollateralization of Section 108 loans, and the purchase of credit enhancements.

Exhibit 2-7

**EDI Grants: Number and Dollar Amounts  
FY 1994 to FY 1998**

Year	Number of Grantees	EDI Awards
1994	45	\$19
1995	78	350
1996	17	50
1997	—	No appropriation
1998	25	28
Total	165	\$447

*EDI Awards in millions of dollars.*

**Empowerment Zones (EZ) and Enterprise Communities (EC)**

Launched in 1994, the Empowerment Zone/Enterprise Community Initiative is designed to create self-sustaining, long-term economic development in distressed communities through the use of innovative and comprehensive strategic plans developed and implemented by partnerships among private, public, and nonprofit entities. There are a total of 105 Empowerment Zones and Enterprise Communities, including the 15 Round II urban Empowerment Zones designated on January 1, 1999.

Each EZ/EC adopts a vision for its community's future and a strategic plan to serve as a roadmap for revitalization. EZ/EC strategies vary broadly from community to community, but all communities are encouraged to use public resources to leverage private investment. The Initiative uses tax incentives and Federal seed money to provide designees with financial assistance for revitalization efforts. Incentives available include: a welfare-to-work tax credit for businesses that hire welfare recipients; a work-opportunity tax credit for businesses that hire 18- to 24-year-old EZ/EC residents and other hard-to-employ groups; a wage tax credit that provides Round I EZ businesses that hire Zone residents a \$3,000 annual tax credit per employee; an environmental cleanup cost deduction to promote brownfields redevelopment; increased Section 179 deductions which allow an Enterprise Zone business to deduct all or part of the cost of certain qualifying property in the year that it is placed in service; qualified zone academy bonds, which enable State and local governments to issue bonds that permit public schools to raise funds for curriculum development or physical improvements; and tax exempt bond financing.

**LOOKING AHEAD:**

The FY 2000 budget provides \$31 million in EDI funds and supports up to \$1.26 billion in Section 108 loan guarantees for grants and low-cost debt capital in poor areas.





“Empowerment Zones and Enterprise Communities are transforming some of our poorest neighborhoods in America and transforming the lives of some of the poorest Americans.”

*Secretary Andrew Cuomo*

By the end of 1998, EZ/ECs had attracted more than \$10 billion in new public and private investment to the designated communities. The EZ/EC communities have engaged in more than 550 job training programs, with over 42,000 residents having received job training—30,000 of whom have been placed in jobs. In addition, the Initiative has improved access to capital with the development of loan pools totaling \$2 billion. Over 4,300 businesses have been served by these loan pools.

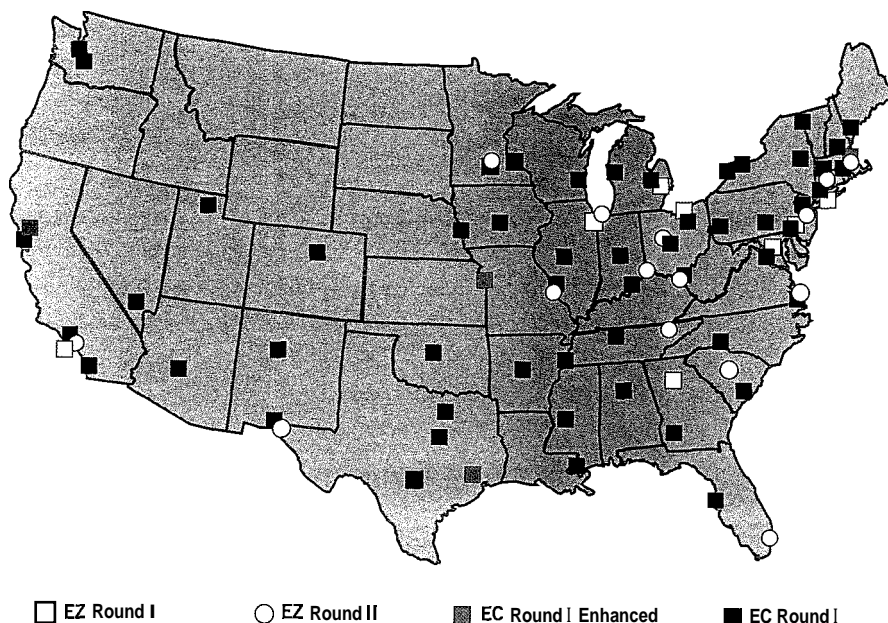
The EZ/EC program also seeks to improve the quality of life in distressed communities. Access to and availability of essential human services such as child and elder care, health care, and youth programs have expanded as a result of the Initiative. More than 2,400 new affordable housing units have been built and another 11,000 units have been rehabilitated. In addition, with approximately 8,600 residents receiving assistance through more than 146 homeownership programs, homeownership rates in the designated areas have also increased.

### **Fulton Bag and Cotton Mill, Atlanta, Georgia**

A vital part of the City of Atlanta's history has been preserved and a distressed neighborhood given an economic boost due to the rehabilitation of the Fulton Bag and Cotton Mill. Located in Atlanta's Empowerment Zone, the long vacant mill was renovated into 206 loft apartments. The development is attracting renewed interest in Cabbagetown, a low-income neighborhood approximately 1.3 miles from Atlanta's central business district. The project received a \$1 million Empowerment Zone loan from the City, \$4 million in tax credit revenue, and \$1 million in equity from the developer. The City also provided a \$439,300 ten-year tax abatement and HUD provided \$9.9 million of mortgage insurance for 181 units. In 1999, the president of the Fulton Bag and Cotton Mill was featured in President Clinton's New Market Initiative kickoff.

Exhibit 2-8

### **Empowerment Zones and Enterprise Communities Across America**



### Enterprise Community, Manchester, New Hampshire

Manchester expanded its community policing division in August 1995 with an Enterprise Community funding commitment of \$731,000 over five years. Three officers and a police cruiser were assigned to a new substation in the EC's center city area. Training began with 40 hours of classroom instruction on the concepts of community policing. The officers reviewed community issues ranging from youth gangs to the needs of elderly residents in the EC's three housing projects. They attended a 2-week session at the National Crime Prevention Institute in Louisville, Kentucky, and another 40-hour program focused on environmental design.

Overall crime has dropped by one-third in the three years since the program's inception. During this period, drug activity dropped 57 percent, robbery fell by 54 percent, burglary fell 52 percent, and weapons possession declined 40 percent. Police calls in the EC fell from 34,763 to 27,795, a drop of 20 percent.

### **Rural Housing and Economic Development**

HUD funds have always supported the nation's rural communities. In fact, at least 30 percent of HUD's community development grants go to small towns in rural America. However, in 1998, HUD received \$25 million to fund and promote housing and economic development exclusively in rural America. Since that time, the Department also established an Office of Rural Housing and Economic Development designed to magnify HUD's efforts and effect in rural America.

HUD directed \$5 million of the \$25 million in FY 1998 funds for a HUD Colonias Initiative (HCI). Colonias are severely distressed rural, unplanned, and predominantly unincorporated settlements located within 150 miles of the 2,000 mile U.S./Mexico border. Most lack decent, safe, sanitary affordable housing opportunities as well as potable water supplies and adequate sewage systems. Six nonprofit and for-profit private organizations in Arizona, Texas, New Mexico, and California are using the HCI funds to address the housing needs of colonias residents and through new construction and rehabilitation are increasing the stock of affordable, safe, sanitary housing in the colonias. The Housing Assistance Council is using a \$1 million capacity building grant to provide capacity building loans, grants, and technical assistance to local nonprofit organizations serving colonias residents in the four border states.

### Empowerment Zone Financial Institutions Consortium, Detroit, Michigan

The Empowerment Zone Financial Institutions Consortium was formed to support the Detroit Empowerment Zone Application. Members include such leading financial institutions as Commercial Bank, First Federal of Michigan, First Independence Bank, Greater Detroit BIDCO, Liberty BIDCO, Michigan National Bank, First Chicago NBD, Standard Federal Bank, First of America, and Detroit LISC. The Detroit financial community committed to lending the Detroit Empowerment Zone a total of \$1.1 billion over a 10-year period. To date, the \$1.1 billion has contributed to new investments, capital improvements, expansions, and community and economic development in the Empowerment Zone.

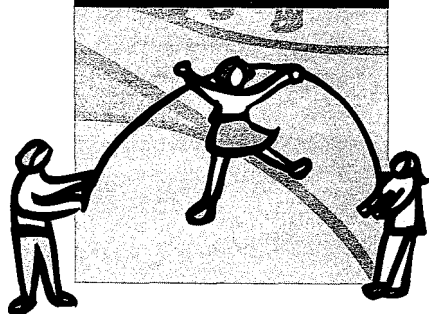
### **LOOKING AHEAD:**

The FY 2000 budget provides \$70 million in funding for Round II Empowerment Zone designees. Of this amount, \$55 million will support urban Empowerment Zones and \$15 million will support Zones in rural communities. This will build on the experience of the program's successful first round which has resulted in more than \$10 billion in private-sector investments in designated communities.



## DID YOU KNOW?

HUD's Office of Rural Housing and Economic Development received funds in FY 1999 and FY 2000 in the amount of \$25 million per year to identify, fund, and promote innovative housing and economic development activities as well as capacity building and seed support activities in rural communities. Because the Department recognizes the significant unmet need for housing and economic development in the colonias, in farmworker communities, and on the nation's Indian reservations, HUD awarded special factor funding points to FY 1999 applicants proposing to undertake work in these communities.



## Brownfields Economic Development Initiative (BEDI)

An estimated 450,000 brownfields contaminate the American landscape. Cleaning up former industrial and commercial sites not only improves a community's environment and health, it also creates jobs and can be a focal point for revitalization. Brownfield sites were once the economic foundations of communities. HUD, working in partnership with local government, the private sector, community groups, and the Environmental Protection Agency, is helping to return these properties to productive use. BEDI grants, CDBG funds, and Section 108 loan guarantees provide communities with critical resources from remediation to reuse.

In each of FY 1998 and FY 1999, Congress has appropriated \$25 million for BEDI. This \$50 million in grants has leveraged \$249 million in Section 108 loan guarantees and \$1.4 billion in public and private investment. That is about \$28 in private investment for each dollar invested by federal taxpayers. In addition, it is expected to help communities create or retain over 19,000 jobs.

The Brownfields National Partnership, launched in 1997, brings together resources from over 20 Federal agencies and non-governmental organizations to reclaim brownfields. The partnership, which represents a \$300 million Federal investment over two years, is projected to leverage up to \$28 billion in additional private investment, support the creation of up to 196,000 jobs, and protect up to 34,000 acres of undeveloped greenfield areas outside of central cities. HUD, as a member of the partnership, provides technical assistance to the participating communities and encourages the use of available HUD programs. The Brownfields Tax Incentive, also enacted in 1997, allows cleanup costs to be expensed in the years those costs are incurred, rather than capitalized into the cost of the property. The Administration and Congress are working to extend this valuable tax incentive for several additional years.

### Exhibit 2-9

#### Brownfields Economic Development Initiative Grants and Section 108 Loan Guarantees—FY 1998

Jurisdiction	BEDI Grants	Loan Guarantees	Jurisdiction	BEDI Grants	Loan Guarantees
Huntington Beach, CA	\$2,000	6,000	St. Louis, MO	\$1,900	20,000
Los Angeles, CA	1,700	10,400	Ithaca, NY	350	800
Stockton, CA	500	3,000	Nassau County, NY	500	6,000
Hartford, CT	2,000	5,000	Rochester, NY	80	315
Washington, DC	300	300	Syracuse, NY	1,000	3,000
Atlanta, GA	500	500	Oklahoma City, OK	823	4,700
Thomson, GA	250	1,250	Allegheny County, PA	2,000	6,000
Chicago, IL	2,500	8,000	Bethlehem, PA	1,000	7,000
Indianapolis, IN	1,000	6,000	Philadelphia, PA	2,000	24,200
Springfield, VA	1,000	2,000	Memphis, TN	1,000	4,000
Benton Harbor, MI	1,000	1,500	Kina County, WA	300	1,000
Kansas City, MO	1,250	10,000			

All grants are in thousands of dollars.

### **Examples of 1998 HUD Assistance for Brownfields Redevelopment:**

- Chicago received a \$2.5 million BEDI grant and \$18 million in Section 108 loan guarantees to spur industrial redevelopment of five sites. Businesses that ultimately locate at these sites will provide 600 jobs and revitalize nearly 85 acres.
- Nassau County received a \$500,000 BEDI grant and \$6 million in Section 108 loan guarantees to revitalize the waterfront in Glen Cove, New York. Funds will be used for land acquisition, rehabilitation costs, relocation payments, and site preparation. The Section 108 funds will be used for purchase and remediation of a site known as Captain's Cove. The project is expected to create 620 jobs.
- Bethlehem, Pennsylvania, received a \$1 million BEDI grant and \$7 million in Section 108 loan guarantees to finance road and utility improvements to permit the redevelopment of a former Bethlehem Steel Plant. When complete, the facility will house a recreation and entertainment complex and is expected to create 757 full-time jobs.
- King County, Washington, received a \$300,000 BEDI grant and \$1 million in Section 108 loan guarantees to redevelop a site that formerly served as a repository for concrete kiln dust. The funds will assist in the development of an industrial business park on a 4.42-acre site. When complete, the park is expected to create 50 jobs.

### **McClure Multi-Generational Center, Burlington, Vermont**

The McClure Multi-Generational Center is a partnership of three nonprofit organizations that redeveloped a brownfield site in the Enterprise Community neighborhood of Burlington. The age range of people served is from 6 to 96. The Champlain Senior Center provides meals, activities, health, and recreational activities for more than 600 senior citizens. The Burlington Children's Space provides child care services for 175 families each year. At the time of development, both the Champlain Senior Center and Burlington Children's Space were in search of more space. The Burlington Community Land Trust was redeveloping a site in the Old North End, and the three groups came together to share resources for funding the project. Intergenerational activities occur daily, formally and informally, and both centers have been able to expand their programs.

### **Disaster Recovery**

Floods, fires, hurricanes, tornadoes, and other natural disasters can devastate a community, often with little or no warning. HUD has made disaster recovery a key component of its support to communities. HUD provides grants and other assistance to help rehabilitate housing and commercial buildings, restore public facilities, assist homeowners, and aid local businesses. The Disaster Recovery Initiative gives communities broad flexibility in meeting local needs quickly.

To assist communities in disaster recovery, Congress may appropriate additional funding for the CDBG and HOME programs to rebuild affected areas and bring crucial seed money to start the recovery process. Communities can also apply for and receive expedited access to their annual CDBG and HOME funds. Through the Federal Housing Administration, HUD offers mortgage insurance resources for homeowners in communities hit hard by disaster. Additional financial support can be mobilized through the Government National Mortgage Association (Ginnie Mae).

#### **DID YOU KNOW?**

Following the devastation caused by Hurricanes Georges and Mitch, President Clinton asked that the Federal Government come together in assisting in Central American and Caribbean recovery. In 1999, HUD received \$10 million in supplemental funds from the U.S. Agency for International Development to help Central American and Caribbean nations build municipal planning and management capacity, increase low-income homeownership, and foster improved construction.





HUD's Office of Special Actions takes the lead in coordinating the Department's disaster response with FEMA and other Federal agencies. During 1998, HUD joined with other Federal agencies in dispatching representatives to help Central American and Caribbean nations devastated by Hurricanes Mitch and Georges.

#### **Examples of 1998 Disaster Recovery Initiative Activities:**

- Immediate distribution of CDBG and HOME funds to communities in Maine (\$28 million), New Hampshire (\$4.4 million) and Vermont (\$12.9 million) to speed disaster recovery efforts from severe winter storms.
- Immediate distribution of \$87.9 million in CDBG and HOME funds to Florida communities to assist redevelopment efforts after severe storms and flooding.
- Waiver of a requirement that California communities hit by severe storms provide matching funds for a portion of HUD disaster assistance, saving the communities up to \$21 million.
- Nearly \$4.7 million in grants to Georgia to help complete recovery from natural disasters, including severe storms, tornadoes and flooding.
- Grants of \$2.2 million to a Texas community for recovery from damage to homes, businesses, roads, and bridges caused by severe thunderstorms and flooding.
- Grants of more than \$668,000 to communities in Colorado—including \$511,740 for Fort Collins—to speed recovery from heavy rains and flash flooding that damaged many homes and businesses and destroyed streets, bridges, and storm drainage systems.
- Grants of \$2.6 million to help Alabama communities repair damages caused by Hurricane Danny.
- Grants of \$4 million to Wisconsin communities to help them recover from damage caused by severe flooding.
- A grant of \$900,000 to Chicago to help the city recover from severe rainstorms and flash flooding.
- Grants of \$863,522 to Montana communities to help them repair damage caused by severe storms, ice jams, melting snow, and flooding.

### **ENLISTING COLLEGES AS COMMUNITY BUILDING PARTNERS**

Academic institutions are often among the greatest assets of a community, yet sometimes, they are isolated from community problem solving and neighborhood concerns. Many colleges and universities are eager to break down traditional "town-gown" barriers and take a more active role in community building activities. To encourage such efforts, HUD sponsors programs to catalyze revitalization

partnerships between cities and the academic institutions within their borders. HUD established the Office of University Partnerships in 1994 to support colleges and universities that wish to promote neighborhood improvement through meaningful, ongoing partnerships rather than a one-shot involvement. The office awards grants on a competitive basis through several programs.

## Community Outreach Partnership Centers (COPC)

The Community Outreach Partnership Centers program helps colleges and universities develop partnerships with local governments, private companies, and nonprofit organizations working on community revitalization. COPC receives funding of about \$7.5 million annually and provides multi-year grants of up to \$400,000 per institution. These funds leverage private and other local funding commitments from the partners.

Colleges and universities use COPC grants to support job training programs, expand affordable housing, fight crime, combat housing discrimination and homelessness, mentor neighborhood youth, research community problems, and assist new businesses. The grants are also supporting institutional change on many of the campuses. The schools are changing internally so that they can continue working in partnership with their communities long after their COPC grants have ended. In 1998, HUD awarded \$7 million in grants to help 18 colleges and universities revitalize distressed, low-income neighborhoods near their campuses. More than 100 institutions applied for the awards.

### Exhibit 2-10

#### 1998 Community Outreach Partnership Centers Grantees

Grantee	Amount
University of Alaska at Anchorage, AK	\$359,945
University of Arkansas at Little Rock, AR	396,348
University of Colorado at Denver, CO	399,718
Florida Atlantic University, Boca Raton, FL	399,043
Florida International University, Miami, FL	399,481
Illinois Institute of Technology, Chicago, IL	394,618
University of Illinois at Springfield, IL	399,880
Iowa State University, Ames, IA	399,889
University of Louisville, KY	399,957
University of Maryland, Baltimore, MD	399,900
University of Minnesota, Minneapolis, MN	399,157
Rutgers University, New Brunswick, NJ	399,998
Kean University, Edison, NJ	399,129
Fayetteville State University, NC	254,550
University of North Carolina at Charlotte, NC	400,000
University of North Carolina at Greensboro, NC	399,325
Wright State University, Dayton, OH	399,963
East Tennessee State University, Johnson City, TN	399,999

### DID YOU KNOW?

In 1999, HUD created the Hispanic-Serving Institutions Assisting Communities Program (HSIAC)—the first of its kind. Akin to HUD's proven program for Historically Black Colleges and Universities, grantees can use HSIAC funds to undertake a wide range of housing and community development projects that will help rehabilitate low-income neighborhoods near these Hispanic-serving colleges and universities and to bring new opportunities to students and working families. The first HSIAC grants were announced in September of 1999.



## Historically Black Colleges and Universities (HBCUs)

While education remains their primary mission, HBCUs also often serve as economic anchors in the communities that surround them. HUD provides funds, awarded annually on a competitive basis from CDBGs special purpose grants, to help HBCUs undertake a range of community development activities. Since 1992, HUD has awarded more than \$49 million under this initiative. In September 1998, HUD awarded \$6.5 million in grants to 19 HBCUs. The grants ranged in size from \$250,000 to \$380,000.

Exhibit 2-11

### HBCU Grantees and Awards: FY 1998

Grantee	Amount
Albany State University, Albany, GA	\$365,897
Benedict College, Columbia, SC	365,897
Bennett College, Greensboro, NC	365,897
Coahoma Community College, Clarksdale, MS	300,000
Elizabeth City State University, Elizabeth City, NC	365,897
Fayetteville State University, Fayetteville, NC	365,897
Gadsden State community College, Gadsden, AL	300,000
Howard University, Washington, DC	365,897
Houston-Tillotson College, Austin, TX	278,057
Interdenominational Theological Center, Atlanta, GA	330,000
Jackson State University, Jackson, MS	365,897
North Carolina A & T State University, Greensboro, NC	365,897
Paul Quinn College, Dallas, TX	250,000
Philander Smith College, Little Rock, AR	275,129
Savannah State University, Savannah, GA	361,943
Texas Southern University, Houston, TX	365,897
University of Arkansas at Pine Bluff, AR	365,897
Virginia State University, Petersburg, VA	380,000
Xavier University, New Orleans, LA	365,897

### City of Pine Bluff, Pine Bluff, Arkansas

The City of Pine Bluff, in partnership with the University of Arkansas at Pine Bluff—a grantee of HUD's HBCU program, conducted a survey and completed a Master Plan for the North Pine Bluff area around the university. The plan focused on neighborhood and university physical improvements while making the campus facilities neighborhood friendly. The vision was to improve infrastructure and housing opportunities while reducing crime, slum, and blight. The plan centered around utilizing CDBG Funds for infrastructure improvement and HOME funds for housing reconstruction and development including the establishment of a HOME community housing development organization (CHDO) for the area. The university's HBCU funds have also been used to further enhance the development process.

## Community Development Work Study Program

Through the Community Development Work Study Program, HUD supports the practical and academic education of the next generation of community building professionals. In 1998, the program awarded a total of \$3 million to 34 universities for fellowships for minority and economically disadvantaged students. The students must be enrolled in a master's degree program in fields related to community development, such as public policy, urban planning, or public administration.

## SUPPORTING SAFE AND HEALTHY COMMUNITIES

Safety is fundamental to building strong communities. In communities with significant criminal activity, residents are often afraid in their own homes, businesses locate elsewhere, and collective community action is difficult. Fortunately, much progress has been made in recent years in improving the safety of our communities. Serious crime has fallen significantly in America since 1993. Even so, there is much to be done to stop crime and improve the investment climate in urban neighborhoods. HUD sponsors a range of programs to help communities fight crime as a prerequisite for promoting economic development and healthy interaction. Some programs are freestanding initiatives, while others are part of larger programs such as CDBG and Public Housing.

### Weed and Seed, Honolulu, Hawaii

A successful crime reduction initiative called Weed and Seed is providing a safer environment for residents and businesses in a distressed area of Honolulu. Under this initiative, Federal, State, and city law enforcement agencies work with private businesses and nonprofit agencies to reduce crime while focusing on developing preventative social services and improving neighborhood appearance. Residents of the neighborhood, in addition to feeling safer, have a renewed sense of community. The initiative is funded, in part, by a \$235,000 HUD Weed and Seed grant.

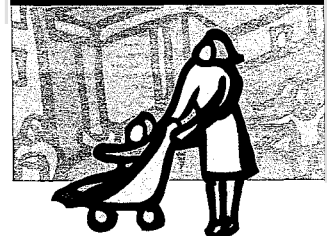
### Drug Elimination Grants

Drug Elimination Grants go to public housing authorities to fund a wide variety of drug and crime prevention activities. Since 1991, HUD has awarded more than \$1.65 billion in drug elimination grants. The funds can be used for a wide variety of activities, ranging from reimbursing law enforcement agencies to organizing tenant patrols. Housing authorities also can use the grants for job training or to hire residents as security guards and drug counselors. Some groups have used drug elimination grants for special youth activities, including sports, gang prevention, Boys & Girls Clubs, and Boy Scouts and Girl Scouts. Funds can also be used to enhance security and investigate and prosecute criminals in housing developments that are not public housing inventory.

In 1998, HUD awarded grants totaling \$280.6 million to 749 public housing authorities. The Department also disbursed \$8 million to 39 Indian Tribes and \$16.6 million to 143 privately-owned housing developments that receive HUD assistance. An additional 53 privately-owned HUD-subsidized housing projects received \$11.7 million from a similar program called the New Approach

#### DID YOU KNOW?

FY 1999 was the first year that Drug Elimination Program funds were allocated by formula, rather than by a competitive process. The formula allocations will provide a more predictable and equitable means of distributing funds.



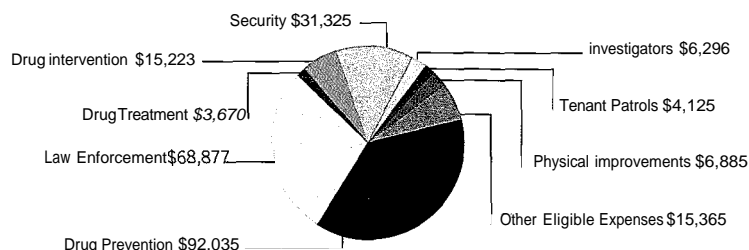
Anti-Drug Program. Grant awards ranged in size from \$23,400 to the Hertford Housing Authority in North Carolina, to \$35 million to the New York City Housing Authority, with an average grant award of almost \$326,000.

#### Exhibit 2-12

### Public Housing Drug Elimination Program

#### Funded Activities by Eligible Expense Category: FY 1998

(dollars in thousands)



#### DID YOU KNOW?

In September of 1999, President Clinton announced the Gun Buyback Violence Reduction Initiative, as part of the Public Housing Drug Elimination Grant Program. The objective of the initiative is to curtail the hazards of accidental shootings, suicides, the tragedies of domestic violence, and the devastating effects that often accompany such acts in and around public housing. Funding for this effort is made available through housing agencies around the country in cooperation with local police departments and city governments.



### Witness Support Program, Birmingham, Alabama

With its Drug Elimination Program grant, the Housing Authority of the Birmingham District developed the Witness Support Program to provide moral and monetary support to residents willing to furnish information or testimony on criminal activities in public housing. The program provides transportation for witnesses to and from court, counseling assistance, relocation of witnesses when needed, enhanced police security, surveillance to protect witnesses, and a variety of social service referrals. The program recognizes effective participants with special awards as well as payments for information leading to arrest, conviction, or eviction from public housing. Police statistics show that crime rates have dropped as much as 60 percent in public housing communities since the advent of the program.

### One Strike and You're Out

One Strike is the most aggressive anti-drug and anti-crime policy HUD has ever implemented. Begun in 1996, this zero-tolerance initiative operates throughout the nation's public housing. Residents who use or deal drugs or engage in other criminal activity may be evicted from public housing. When combined with local crime prevention activities, One Strike is a highly effective tool making public housing safer and more secure. Under One Strike, public housing authorities conduct criminal background checks to screen housing applicants and offer clear guidelines concerning who can be denied admission to public housing.

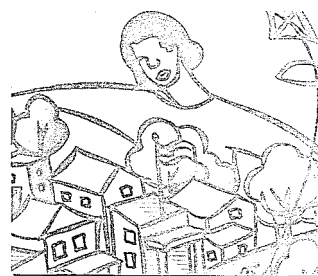
### Lead-Based Paint Hazard Reduction

Lead poisoning is the leading environmental hazard for children—and a threat to healthy communities across the country. Nearly 1 million children under the age of 6 suffer from lead poisoning. Among low-income children living in older housing, about one in six children have lead poisoning. HUD is working closely with the Centers for Disease Control and Prevention and the Environmental Protection Agency to combat this threat.

Since FY 1996, HUD has provided approximately \$60 million or more annually in grants to State and local governments, nonprofit community groups, public relations firms, and research organizations to remove lead-based paint in older homes and apartments, undertake scientific research on lead-based paint, and conduct national and local public awareness campaigns. Since 1993, HUD has awarded \$435 million in 130 grants to 95 grantees in 31 states and the District of Columbia to control lead-based paint hazards in more than 50,000 homes where young children reside or are expected to reside. The FY 1998 and FY 1999 budgets each provided \$80 million for lead hazard reduction, including a set-aside for Healthy Homes.

### Manchester Lead Abatement Program (LAP), Manchester, Connecticut

With 40 percent of its housing stock over 50 years old, lead-based paint is a significant problem in Manchester, CT. The Manchester Lead Abatement Program, however, has the problem under control. The LAP Community Advisory Group provides guidance for an innovative, integrated, and comprehensive approach to lead abatement and code correction administered by the town's Health Department. The program has built its success on client service, education, management, and quality construction. The program has helped 1,200 individuals reduce their exposure to lead's toxic effects and has certified 198 people in lead abatement procedures. In addition, approximately 150 families have moved into safe, affordable, and healthy homes.



### Healthy Homes

Every year, millions of accidents occur at home—and often the victims are children. In 1998 alone, residential fires, scald burns, and fall-related injuries accounted for more than 2.5 million emergency room visits by children under the age of 14. Rodent infestation, lead-based paint, mildew, and other household hazards also contribute to childhood illnesses, including asthma, respiratory diseases, and lead poisoning. Such illnesses disproportionately affect low-income children and minorities.

Secretary Cuomo launched the Healthy Homes Initiative in 1997, shortly after taking office. Its goal is to raise the awareness of parents, children, and educators about the serious threats of home hazards to young children and to ensure communities have an effective local response. The program encourages partnership among local agencies, businesses, teachers, parent groups, and health professionals and includes an active marketing and public information campaign. During 1998, the initiative developed newspaper advertisements, brochures, and a toll-free information line to help parents protect their children from potentially deadly hidden dangers in their homes. HUD provided \$10 million in both the FY 1999 and FY 2000 budgets for Healthy Homes from the Lead-Based Paint Hazard Reduction program.

“Every day, children are exposed to health risks in the course of their day—from pesticides on food or in the backyards to lead paint in homes or at school. The Clinton Administration’s Healthy Homes initiative **will** help parents make informed decisions about how best to protect their children from these health hazards.”

*Environmental Protection  
Agency Administrator Carol Browner, 1998*



### **Childhood Immunization Demonstration Program, Chicago, Illinois**

Inner city kids are now protected against childhood diseases thanks to a cooperative effort among the Centers for Disease Control, HUD, the U.S. Department of Health and Human Services, the Corporation for National Service, and the Chicago Department of Health. The program provides immunization coverage to children between the ages of 19 and 35 months. All project employees are residents of public housing and are employed part-time as Resident Health Advocates (RHAs) to provide education and referrals for community residents. The RHAs receive on-the-job training while increasing the immunization rate within their communities. As of May 1999, 792 Chicago children were enrolled in the program, and 266 children in need of immunization were referred to health care providers.

### **Health Care Facilities Financing**

For almost 30 years, HUD has helped to finance health care facilities in underserved areas. Under the program, the Federal Housing Administration (FHA) insures private loans for hospitals and health care centers. In FY 1998, FHA extended insurance to 7 hospital loans, valued at \$171.6 million. The Department also insured 161 first and second mortgages for nursing homes, assisted living facilities, and board and care facilities valued at over \$900 million and with over 16,800 units. As a result of improved portfolio monitoring and working closely with insured hospitals, HUD has had only one hospital insurance claim since 1994.

#### **Exhibit 2-13**

#### **Healthcare Facilities First Mortgage Endorsements, FY 1998**

Healthcare Facilities	Number	Units	Dollars
<u>Nursing Homes</u>	<u>74</u>	<u>8,064</u>	<u>\$422.0</u>
<u>Board and Care</u>	<u>23</u>	<u>1,338</u>	<u>73.4</u>
<u>Assisted Living</u>	<u>46</u>	<u>3,985</u>	<u>264.8</u>
<u>Hospitals</u>	<u>7</u>	<u>1,920</u>	<u>171.6</u>
<u>Total</u>	<u>150</u>	<u>15,307</u>	<u>931.8</u>

*Dollars are in millions*

### **Center for Community and Interfaith Partnerships**

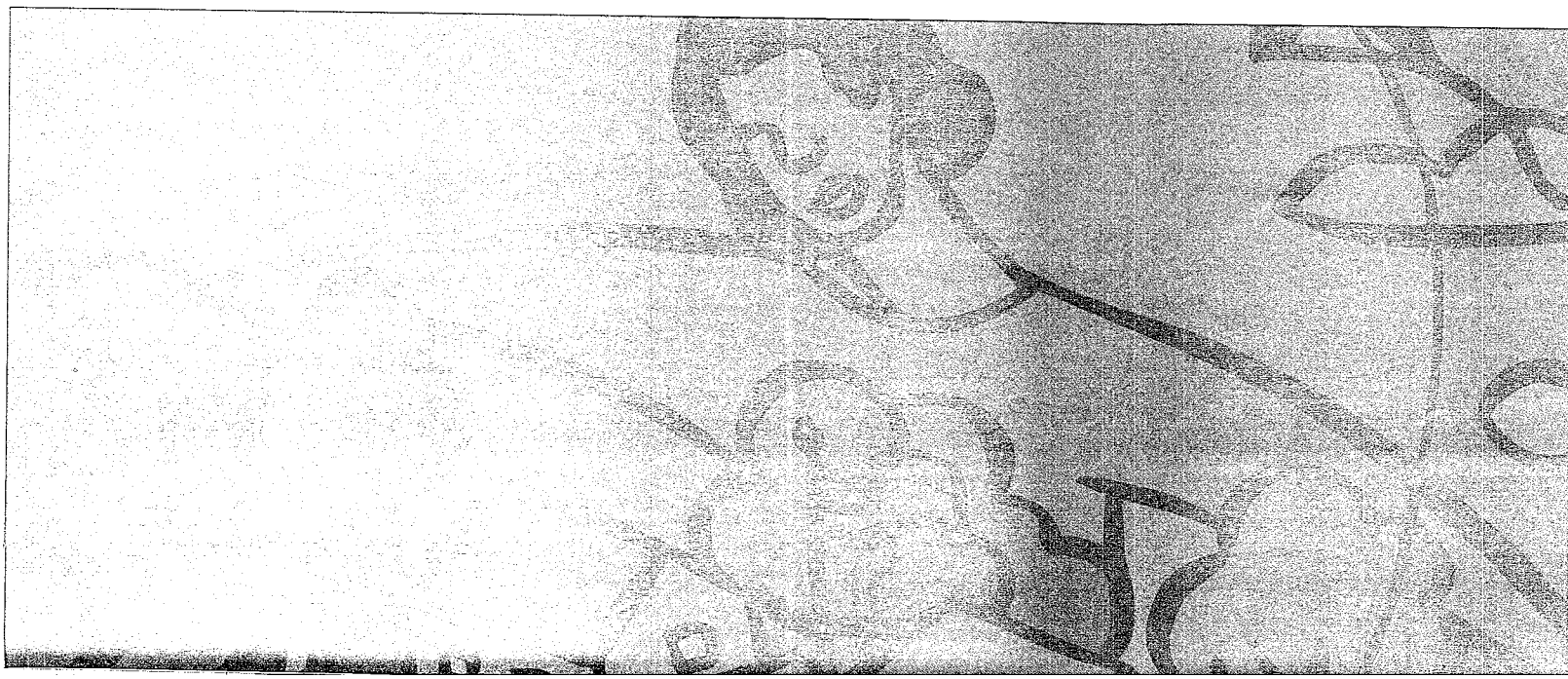
HUD launched this Center soon after Secretary Cuomo took office to intensify its collaborations with community and faith-based organizations in support of low-income people and their communities. While not a new funding source, the Center works to strengthen HUD's link with community and faith-based groups. It provides information and expertise on HUDS programs and ways to best use them: by seeking input on ways to better assist communities; by acting as a problem solver to help overcome barriers and find common ground; and by forging new and deeper partnerships.

In March 1998, leaders from 33 national organizations met with HUD officials from the Center for Community and Interfaith Partnerships to encourage more local cooperative efforts. The groups included the National Council of Churches, Congress of National Black Churches, National Neighborhood Coalition, National Urban League, Bread for the World, Catholic Charities USA, Council of Jewish Federations, and Center for Community Change.



*Safe, decent, affordable housing for all Americans is a cornerstone of our Nation that many of us take for granted. Increased funding for Section 8, public housing modernization, mixed-income public housing developments, seeding local and corporate investment in housing, improved Native American housing, and housing assistance for homeless, elderly, and disabled persons, and persons living with HIV/AIDS address the housing problems of low-income families and individuals.*

### Section 3. A Place To Call Home— Affordable Housing



# Section 3.

## A Place To Call Home—Affordable Housing

### 1998 Highlights: Safe, Decent Housing for all Citizens

**Low-Income Housing Assistance:** The 1998 passage of the Public Housing Reform Act funded an increased number of Section 8 tenant-based vouchers for the first time in 4 years.

**Native American Housing:** The year saw implementation of the Native American Housing Assistance and Self-Determination Act, the first HUD program designed by and for American Indian and Native Alaskan communities.

**HOME:** Tenant-based rental assistance was provided to 46,404 families.

**Housing Opportunities for Persons With AIDS:** The second national meeting of HOPWA grantees was held in Atlanta, Georgia, with over 58 formula grantees in attendance. The two days provided a forum for grantees to gain valuable information and technical assistance from each other and HUD staff.

While the homeownership rate is increasing, the supply of affordable rental housing is becoming more scarce. An estimated 5.3 million very low-income households spend more than half of their family income on rent. Housing assistance helps working families to live near jobs and transportation and gives families more disposable income to purchase goods and services, save for college, start a business, or accumulate a downpayment to purchase a home.

Exhibit 3-1

### A Place to Call Home: Budget Summary of Selected Programs

Program	FY 1996 (Actual)	FY 1997 (Actual)	FY 1998 (Actual)	FY 1999 (Enacted)	FY 2000 (Enacted)
Section 8 Tenant Assistance and Protection	\$400	\$190	\$303	\$394	\$156
Section 8 Incremental	—	—	—	283	347
Section 8 Renewals	4,008	3,550	9,030	9,599	10,834
Native American Housing	163	204	600	620	620
HOME	1,400	1,400	1,500	1,600	1,600
Housing for Elderly and Disabled	1,088	839	839	854	911
Continuum of Care	823	823	823	975	1,020
Housing Opportunities for Persons With Aids	171	196	204	225	232

All figures in millions of dollars.

### MEETING LOW-INCOME HOUSING NEEDS

America is experiencing a period of unprecedented prosperity and economic expansion. At the same time, too many Americans have not shared in the triumphs of this productivity—too many are on the verge of homelessness. The 5.3 million very low-income households with worst case housing needs are made up of an estimated 12.5 million individuals, including 4.5 million children, 1.5 million senior citizens, and up to 1.4 million adults with disabilities. The U.S. Conference of Mayors reports that in 1998 requests for housing assistance by low-income families rose in 25 of 30 major cities. Although the budgets of rental housing assistance programs and the numbers of households assisted by these programs have increased since 1997, we still have a long way to go to provide safe, decent and affordable housing for all citizens.

#### DID YOU KNOW?

The FY 1999 budget provided for 50,000 new tenant-based vouchers to help families make the transition from welfare to work. In addition, the elimination of the mandatory three-month delay in issuing turnover certificates and vouchers made approximately 40,000 vouchers and certificates available earlier to needy families.



### **Salem's Occupancy Catalogs, Salem, Oregon**

The Housing Authority of the City of Salem designed and produced Occupancy Catalogs, which offer housing applicants descriptive and visual information on available subsidized housing. The catalogs were developed as a response to prospective clients' need for data on which to base housing decisions. Each catalog contains maps and directions to the developments or units; a profile of the properties; and other information related to access to support services, shopping, and public transportation. The catalogs also present internal and external photographs of the housing units' common and private spaces as well as rent structures and types of housing programs. The catalogs result in better informed prospective tenants and serve as a cost-effective marketing tool.

#### **DID YOU KNOW?**

In 1999, HUD published "*The Widening Gap: New Findings on Housing Affordability in America.*" The report has four key findings:

- Despite a period of robust economic expansion, the housing stock affordable to struggling families continues to shrink.
- In 1997 and 1998, rents increased at twice the rate of general inflation.
- As the affordable housing stock shrinks, the number of renters at or below 30 percent of median income continues to grow.
- The gap between the number of struggling Americans and the number of rental units affordable to them is large and growing.



### **Section 8 Tenant-Based Vouchers and Certificates**

Tenant-based rental assistance helps approximately 1.4 million households afford decent housing. The vouchers and certificates help low-income individuals and families afford housing in privately-owned developments near jobs and transportation. But until recently, finding levels only supported assistance for a static number of low-income households. The passage of the Public Housing Reform Act funded an increased number of Section 8 vouchers for the first time in 4 years.

### **Rental Appraisal Committee, Fort Myers, Florida**

A Rental Appraisal Committee established by the Fort Myers Housing Authority is saving money on Section 8 rental vouchers and ensuring that landlords receive fair treatment. RAC was established in April 1997, to ensure that modest, decent, safe, and sanitary housing is available to tenants with rent subsidies at a competitive market rate. RAC collects data on assisted and unassisted units to ensure that the housing authority does not pay rents higher than the unassisted market. As a result, the housing authority does not inflate rents in the community. The benefit of the market survey is that common economic and geographic factors are being used to create a workable formula for appraising all rental units. RAC's efforts saved more than \$200,000 in 1998. These savings provided housing assistance for an additional 181 families without increasing the housing authority's budget.

### **Section 8 Project-Based Assistance**

With Section 8 project-based assistance, owners of multifamily housing receive housing assistance payments directly from HUD or from State housing finance agencies that administer the program for HUD. The mid 1990s saw the expiration of large numbers of Section 8 project-based contracts. Renewal was budgeted for 492,000 units in FY 1998, 552,000 units in FY 1999, and 678,000 units in FY 2000.

Reform of Section 8 housing assistance is a top priority for Secretary Cuomo. The Section 8 reforms in HUD's FY 1998 appropriations bill preserved much needed affordable housing. The bill increased funding for Section 8 contract renewals by \$4.6 billion, enabling HUD to renew all expiring contracts for the year. The legislation also ended excessive subsidies to private landlords under the Section 8 project-based program. During the past two decades, these subsidies escalated with inflation to far exceed rents for comparable apartments on the private market.

## Mark to Market

HUD developed the Mark to Market demonstration program in 1996 to address the complex problems of reducing over-market subsidies and restructuring Section 8 financing. Housing subsidy contracts are expiring on thousands of privately owned multifamily properties with Federally-insured mortgages. Many of these contracts set rents at amounts higher than those of the local market. As these subsidy contracts expire, the Mark to Market program reduces rents to market levels and restructures existing debt to levels supportable by these rents. Under the demonstration program, FHA completed Mark to Market processing of 54 multifamily properties between October 1, 1997, and December 31, 1998. In FY 1998, the Office of Multifamily Housing Assistance Restructuring (OMHAR) was officially established by Congress to administer the ongoing Mark to Market program.

## Mark-Up-to-Market

In many areas of the country, property owners could potentially receive a higher rent on the open market than if they remain in the Section 8 program. To ensure the continued affordability of these units, HUD implemented Mark-Up-to-Market in June of 1999. This initiative permitted many property owners in tight rental markets to mark their rents up to market rates. After the initiative was announced, opt-outs dropped 50 percent.

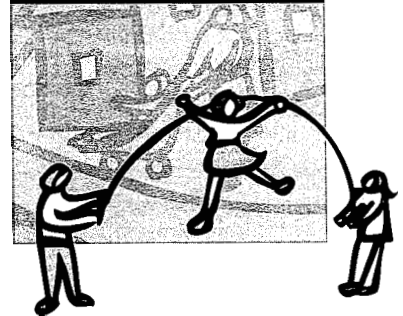
The FY 2000 budget made HUD's Mark-Up-to-Market policy into law, and included other initiatives to preserve affordable housing. The legislation makes changes to HUD mortgage programs to ensure that good properties have incentives comparable to the incentives offered by the open market in exchange for continued affordability. The legislation also gives HUD the authority to offer "enhanced vouchers" to residents in properties that do opt-out of Section 8 contracts. These vouchers will better protect the residents from substantial rent increases and possible displacement.

## Public Housing

Across the country, approximately 3,200 public housing authorities manage 1.2 million units of public housing. HUD supplies operating subsidies of approximately \$2.9 million annually to these public housing authorities to ensure that the properties are well maintained, safe, and secure. Although most public housing is safe and sound, some projects are plagued by deterioration, crime, and decay. The Department is pursuing reforms to remove and replace the most distressed public housing projects and to insist that all units be well-managed and maintained as high quality housing.

### DID YOU KNOW?

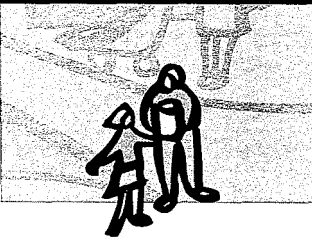
In 1999, all properties with expiring Section 8 contracts were inspected by HUD's new Real Estate Assessment Center, using their computer assisted standardized protocol. Eligible projects with over-market rents were referred to HUD's Office of Multifamily Housing Assistance Restructuring for possible rent reduction and mortgage restructuring. In addition, properties with rents below market, with owners most likely to opt out, were marked up to market—cutting opt-outs by over 50 percent.





### **DID YOU KNOW?**

In 1999, FHA began developing Multifamily Accelerated Processing (MAP), which will permit qualified lenders to expedite applications for multifamily insurance by assuming part of the responsibility for underwriting those applications. MAP will eventually replace "fast-track" processing in HUD field offices. That same year, FHA also enhanced its multifamily systems with the initiation of the Development Application Processing system (DAP), a computer system that when fully operational will track and process multifamily mortgage insurance and capital grant applications.



### **NAHRO Maintenance Workshop, Cheyenne, Wyoming**

The Mountain Plains National Association of Housing and Redevelopment Officials Maintenance Workshop for housing authority maintenance personnel is an annual 3-day Workshop. The workshop is designed to improve maintenance skills through formal presentations on maintenance subjects, hands-on demonstrations of typical maintenance tasks, and the exchange of maintenance ideas through interaction among attendees.

### **The Public Housing Reform Act of 1998**

The Quality Housing and Work Responsibility Act of 1998 (QHWRA), also called the Public Housing and Reform Act, was signed by President Clinton on October 21, 1998. QHWRA is landmark legislation that will make public housing reform a reality by:

- reducing the concentration of poverty in public housing;
- protecting access to housing assistance for the poorest families;
- supporting families making the transition from welfare to work;
- raising performance standards for public housing agencies;
- rewarding high performing public housing agencies;
- transforming public housing stock through new policies and procedures for demolition, replacement, and mixed-income projects;
- merging and reforming the Section 8 certificate and voucher programs;
- allowing public housing agencies to implement a Section 8 homeownership program; and
- supporting HUD management reform efficiencies through deregulation, streamlining, and program consolidation.

### **Reno Housing Authority's Public Housing Calendar, Reno, Nevada**

Since 1989, the Reno Housing Authority has been publishing annual calendars for all residents of its Section 8 and public housing programs. Developed in-house, the calendars are a low-cost way for the housing authority to provide critical information to residents, landlords, government officials, and service providers. The calendar gives program information on lease provisions, how rent is calculated, income and deduction information, and reexaminations. In addition, the calendar highlights and encourages participation in resident councils, the Family Self-Sufficiency program, and resident owned businesses. The initiative has proven to be a strong networking and communication tool that benefits the whole community. It has led to increased attendance at resident council meetings, Housing Authority and community events, and timely payment of rent.

Exhibit 3-2

# Public Housing Modernization Funding: FY 1998

Program	Allocation Amounts	Number of PHAs Funded
Comprehensive Grant Program	\$2,121	832
Comprehensive Improvement Assistance Program	\$305	1,004
Totals	\$2,426	1,836

Allocation Amounts *in* millions of dollars

## LOOKING AHEAD:

The FY 2000 budget provides new Section 8 Rental Assistance Vouchers for 60,000 families.

## Life Cycle Costing Program, Spokane, Washington

The Spokane Housing Authority has designed the only Life Cycle Costing Program (LCCP) in the State of Washington and the Northwest region. The Program projects the replacement dates for major components of public housing units. The computerized data are used by management and maintenance staffs to plan for necessary upgrades, modernization, and grant activities. LCCP has made it possible for the PHA to demonstrate a quantifiable need for funds rather than one based on unreliable estimates.

## HOPE VI Public Housing Demolition and Revitalization Program

Most of the nation's 1.2 million units of public housing are a source of safe, decent affordable housing for low-income Americans. However, economic isolation coupled with growing crime rates and structural and construction deficiencies, led to the accelerated deterioration of public housing units across the country. HOPE VI, in combination with leveraged funds, enables public housing authorities to transform these developments into mixed-income communities.

In partnership with local PHAs, HUD has set a goal of demolishing 100,000 severely distressed units and providing a combination of hard units and voucher replacements by 2003. During FY 1998, the Department awarded \$564 million in 72 HOPEVI grants. The awards will support the demolition of 10,407 units of obsolete public housing, 5,627 replacement units through new construction, and the major rehabilitation of 1,161 obsolete public housing units.



"Seventy-five percent of our customers say they were satisfied or very satisfied with their public housing authority. That is a higher percentage than the average of all the other businesses in the United States. The average customer approval is 72 percent ..... The satisfaction with public housing is higher than the national average."

Secretary Cuomo, April 1999

Exhibit 3-3

## HOPE VI Grant Awards: FY 1993 to FY 1998

(dollars in thousands)

	Planning		Revitalization		Demolition	
	Funding	Awards	Funding	Awards	Funding	Awards
1993	\$1,000	2	\$299,000	6	—	—
1994	2,725	6	752,674	20	—	—
1995	11,026	27	485,850	13	—	—
1996	—	—	403,463	20	\$69,571	22
1997	—	—	497,355	23	955	4
1998	—	—	531,565*	28	57,084	50
Total	\$14,752	35	\$2,969,907	110	\$127,610	76

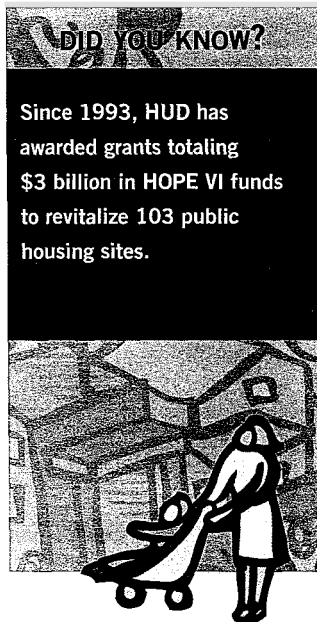
\*HOPE VI Revitalization funding for FY 1998 includes \$24.5 million for the revitalization of six severely distressed projects that serve elderly persons.



## HOPE VI Design, San Juan, Puerto Rico

The rehabilitation and modernization of La Nueva Puerta de San Juan maximized resident and community involvement in the essentials of planning, design, and coordination with the goal of building a truly new community. Creation of the Design Committee guaranteed active community participation. The Committee undertook coordination of door-to-door visits, developed a Comprehensive Temporary Relocation Plan, conducted construction meetings, and issued informational bulletins. When complete, the project will provide 40 new townhouses and a new 40-unit, 3-story midrise apartment building for elderly residents; 360 modernized units; 40 additional units; and a community center measuring 43,000 square feet.

Residents' contributions to the design process resulted in enlarged living space in existing units and the creation of defensible outdoor space. Because residents were involved in the design and planning phases, relocation was eased, and the long-term marketability, maintenance, and security of the community are better assured.



## HOME Investment Partnership Program (HOME)

The HOME program is one of the nation's most important resources for increasing the supply of safe, decent affordable housing in urban, suburban, and rural America. Working through State and local governments and nonprofit housing partners, HOME finances the construction and rehabilitation of multi-family rental housing, improves substandard housing for current owners, provides tenant-based rental assistance, and assists new homebuyers with acquisition, construction, and rehabilitation. The range of uses of HOME funds gives local participating jurisdictions the flexibility to implement strategies that meet their community's housing needs.

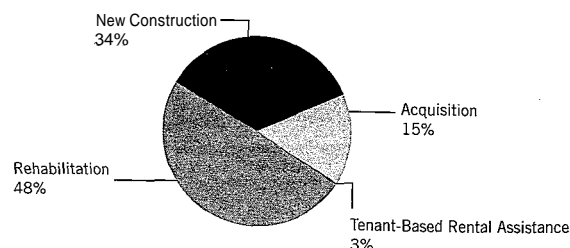
**Exhibit 3-4**  
**HOME Program Funding**  
**Commitments: FY 1992 to FY 1998**  
(dollars in billions)

Year	Amount Allocated
1992	\$1.46
1993	.99
1994	1.22
1995	1.34
1996	1.36
1997	1.33
1998	1.44

**Exhibit 3-5**  
**HOME Funded Housing Activities**  
**by Tenure Type**  
**(as of September 30, 1998)**

Tenure	Units
Rental	149,871
Homebuyer	120,640
Homeowner	76,218
Subtotal	346,729
Tenant-Based Rental Assistance	46,404
Total	393,133

**Exhibit 3-6**  
**Housing Activities Funded by HOME**  
**(as of September 30, 1998)**



### **Vera Court Revitalization, Madison, Wisconsin**

---

The \$5.7 million Vera Court revitalization demonstrates how the private sector can take the initiative in community development using public funds as a foundation. The Future Madison Housing Fund, established by local business executives, used \$265,000 in CDBG funds and \$445,000 in HOME funds to purchase and renovate 12 buildings containing 120 units in the Vera Court neighborhood. Future Madison and the City established a coalition of business partners to recruit, train, and employ neighborhood residents in the renovation of the buildings. The comprehensive revitalization project improved neighborhood stability, lowered the crime rate, attracted new businesses, and increased resident satisfaction.

The HOME program not only increases the supply of affordable housing, it builds the capacity of nonprofit community-based organizations to meet the housing needs of low-income communities. At least 15 percent of local allocations must fund housing to be owned, developed or sponsored by community-based nonprofit organizations known as Community Housing Development Organizations (CHDOs). HOME also helps to stimulate the local economy through the construction, rehabilitation, and homeownership that takes place. Since its inception, HOME has funded the construction, rehabilitation, or acquisition of a total of 346,729 units of housing. Of that total, 43.2 percent were rental units and 56.8 percent were owner-occupied units. In addition, HOME has provided tenant-based rental assistance for 46,404 units.

### **Creekside Place Apartments, Thornton, Colorado**

---

The New Vision Housing Partnership LP, which includes the Adams County Housing Authority and the Dinerstein Companies, a private developer that specializes in rebuilding neglected, substandard properties, is rehabilitating the Creekside Place Apartments. The partnership is transforming Creekside Place Apartments from one of the Rocky Mountain region's worst maintained and most crime-ridden properties into one of the region's most attractive communities. Two of 16 existing buildings have been rehabilitated and occupied, and work is underway on the dramatic improvement of the complex's exterior common areas. Exterior amenities include better lighting, improved landscaping, a club house, and other community facilities. HUD, which insured the mortgage through its 221(d)(4) program, is playing an instrumental role in this effort along with other Federal, State, and local government agencies. The Colorado Housing and Finance Authority issued bonds to finance the loan, the City of Thornton provided tax credits, and Adams County is offering tax incentives.



## Low-Income Housing Tax Credit (LIHTC)

The Low-Income Housing Tax Credit, administered by the U.S. Department of the Treasury, is the largest source of development capital for building new affordable rental housing. Created in 1986, the LIHTC gives states federal tax credits of \$1.25 per capita for allocation to developers of affordable housing, funding the construction of 75,000 to 90,000 units per year. This construction not only promotes revitalization, it generates an estimated 70,000 jobs with wages of \$1.8 billion and yields \$700 million in tax revenues annually. The tax credit creates the incentive for new corporate investment in affordable housing.

### Casa Heiwa, Los Angeles, California

Casa Heiwa is the first multifamily housing project built in Little Tokyo since World War II. Combining the Spanish name for house with the Japanese word for harmony, Casa Heiwa is a 100-unit project with a mix of four bedroom, three bedroom, one bedroom, and studio apartments. Amenities include recreational facilities, a child care center, and a computer learning center. A courtyard provides green space and barbecue areas for residents, as well as a community vegetable garden. With a total project cost of \$17.2 million, the developer obtained funding through public and private sources, including Low-Income Housing Tax Credits. The project has created a boon to the local economy. Nearby businesses, restaurants and community organizations report increased patronage. In addition, there has been a renewed interest in developing the areas surrounding Casa Heiwa.

#### DID YOU KNOW?

Indian CDBG funding for FY 1998 was \$67 million with 78 percent being used for community facilities and infrastructure projects. These projects have the benefit of providing short-term construction employment and needed improvements to sustain longer-term economic growth.



## Native American Housing

Fiscal year 1998 saw the initial implementation of the Native American Housing Assistance and Self Determination Act (NAHASDA). NAHASDA is the first attempt to develop a HUD program that is exclusively designed by and for American Indian and Alaskan Native communities. The new law consolidates eight separate programs and now provides Tribes direct funding and decision making for their housing program resources.

Native American communities suffer from shortages of quality housing and economic opportunities. Many reservations have high levels of poverty—up to 63 percent—and unemployment—up to 43 percent—combined with low levels of infrastructure and commercial activity. This scarcity of resources means housing is often substandard and overcrowded. For example, in Phoenix, Arizona, 54 percent of Native American households live in overcrowded housing without a kitchen or plumbing.

The nature of Indian tribal law, culture, and economies requires different approaches to the design and administration of programs. For example, most tribes hold land in common or in trust, while conventional mortgages require a family to have clear title to land to qualify for a home loan. NAHASDA and HUD's other programs for Native Americans—Indian Community Development Block Grants, Economic Development and Supportive Services (EDSS) and others are designed to address tribes' unique needs and circumstances. In 1998, HUD guaranteed 187 Section 184 mortgage loans and implemented the Title VI loan guarantee program to increase opportunities for tribes by bringing private financial capital to Indian Country.

### Exhibit 3-7

## Native American Housing Program Appropriations, FY 1997 and FY 1998

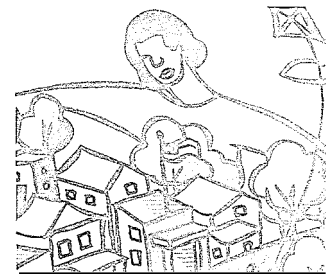
(dollars in thousands)

Programs	FY 1997	FY 1998
Indian Housing Development	\$200,000	
Comprehensive Improvement Assistance Program	24,885	
Comprehensive Grant Program	114,529	
Emergency/Disaster	23,097	
Operating Subsidy	98,997	
NAHASDA		600,000
Rental Assistance	416	
Indian CDBG	67,000	67,000
Indian HOME	21,000	
Emergency Shelter Grants	1,265	
Indian Housing Loan Guarantee Program (Section 184)	5,000	6,000
Indian Housing Activities Loan Guarantee Program (Title VI)		5,000

\*These programs were incorporated into NAHASDA.

### Chickasaw for Beautiful Home Loan Program, Ada, Oklahoma

Regardless of income level, members of the Chickasaw Nation of Oklahoma can buy, build or renovate their homes under the Chickasaw for Beautiful Home Loan Program. The innovative public-private partnership seeks to overcome the reluctance of banks to extend conventional financing to Native Americans. The program includes a 3 percent downpayment and a 30-year fixed interest rate mortgage. The Chickasaw Nation can also provide second mortgages to applicants to assist with downpayment, closing costs, reserve requirements, and permanent interest rate buydowns. The initiative is underwritten by money from HUD's Indian Housing Block Grant Program, private partners, and Freddie Mac.



**“The rental assistance I’m announcing today will enable low-income people with disabilities to live as independently as possible, in homes of their own choosing rather than in institutions. This is a program that dramatically transforms the lives of Americans who need our help to obtain safe and decent housing.”**

*President Clinton, November 24, 1998*

### Housing for Elderly and Disabled Persons

Without financial assistance from HUD, millions of low-income senior citizens and persons with disabilities would be faced with excessive rent burdens, standard housing, or worse, homelessness. Through supportive housing for elderly individuals and persons with disabilities programs, HUD helps nonprofit organizations finance the construction and rehabilitation of housing with supportive services for these groups. HUD also helps fund the conversion of existing elderly housing to assisted living facilities for extremely low-income elderly persons. In addition, supportive housing programs for elderly people and persons with disabilities provide rental assistance that covers the difference between the HUD-approved operating cost per unit and the amount the resident pays—generally 30 percent of adjusted income. Eligible residents generally have an annual income of less than \$8,000. In FY 1998, HUD provided \$645 million for supportive housing for elderly individuals and \$194 million for similar services for persons with disabilities. The Department also awarded approximately \$25 million to six cities for the revitalization of public housing for elderly residents. These awards, provided from an FY 1998 demonstration set-aside, are intended to show how obsolete housing for elderly persons can be transformed to meet the needs of this growing segment of the public housing community.

## LOOKING AHEAD:

By 2050, as many as 1 in 5 Americans, or 80 million people, will be over age 65. This "graying of America" means more seniors and their children will confront difficult housing choices—should our elders stay at home or move away to get the housing and related care they need? The

Older Americans was enacted into law as part of HUD's FY 2000 budget. The \$710 million in funding will provide tions to meet the changing needs of our Nation's elders. HUD will work to:

- help seniors stay in their homes;
- build more affordable elderly housing;
- provide seniors the services they need; and
- ensure access to assisted living.

## Beulah Schoolhouse Apartments, Beulah, North Dakota

When the small community of Beulah realized that the old Beulah Middle School could no longer serve the needs of the community's youth, replacing the beautiful old structure was the only alternative. Community historians worried that the historic school would deteriorate beyond repair once a new facility was constructed. Working with resources from the Federal Home Loan Bank of Des Moines, the Bank of Beulah, the North Dakota Housing Finance Agency, the historical society, the USDA's Rural Development program, and HUD's HOME and CDBG programs, officials saved the historic school and turned it into a 28-room housing facility for elderly and disabled residents of Beulah. The facility boasts controlled access, emergency call services, laundry facilities, a beauty shop, community rooms, and access to an adjacent recreation center.

## FHA Multifamily Insurance

FHA insurance programs stimulate construction, rehabilitation, and preservation of multifamily rental properties by insuring lenders against loss in financing first mortgages. The Federal Housing Administration does not make loans or build housing. Instead, its programs enable qualified borrowers to obtain long-term, fixed-rate financing through HUD-approved lenders for apartments and townhouses. The provision of FHA insurance also makes it possible for many nonprofit organizations and cooperatives to build affordable housing. In 1998, FHA initially endorsed 702 multifamily mortgages totaling \$4.2 billion dollars. FHA has over \$40 billion in outstanding insurance—a testament to decades of work ensuring affordable apartments for America.

## Continuum of Care Assistance for Homeless Individuals and Families

The way communities work to address homelessness has been revolutionized by the Continuum of Care approach. The Continuum of Care provides a comprehensive range of programs and services to address homelessness. Underlying the approach is the understanding that homelessness is not solely created by a lack of shelter, but is the result of a variety of physical, mental, economic, and social needs. The fundamental concepts of the Continuum of Care strategy are outreach, assessment, emergency shelter, transitional housing, supportive services, and permanent housing.

Exhibit 3-8

### Continuum of Care Awards

Program	FY 1996	FY 1997	FY 1998
Supportive Housing Program	\$606	\$663	\$596
Shelter Plus Care	89	61	117
Section 8 Single Room Occupancy	48	24	10
Emergency Shelter Grants	115	115	135
Total	\$858	\$863	\$858

Dollars in millions.

The Continuum of Care strategy is used by communities nationwide to organize and deliver housing and services to homeless persons as they move off the streets, into stable housing, and towards self-sufficiency. Federal funding for such plans is allocated through Homeless Assistance Grants which have increased from \$450 million in FY 1992 to \$888 million in FY 1998. Funds are allocated to four key programs: Emergency Shelter Grants (ESG), the Supportive Housing Program (SHP) Shelter Plus Care (S+C), and the Section 8 Moderate Rehabilitation of Single-Room-Occupancy Program (SRO).

#### **Exhibit 3-9**

#### **Continuum of Care,**

Number of Persons to be Assisted

FY 1992 to FY 1998

Program	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Supportive Housing	15,069	6,480	85,272	279,491	328,037	123,033	227,458
Shelter Plus Care	2,816	13,224	4,274	7,440	4,048	2,718	3,217
Single-Room Occupancy	2,257	2,601	2,739	2,690	880	501	177
Total	20,142	22,305	92,285	289,621	332,965	126,252	230,852

The reduction in persons to be assisted after 1996 coincides with the inclusion of renewal projects in the competition.

### **Emergency Shelter Grants (ESG)**

The Emergency Shelter Grant program is designed to: improve the quality of existing emergency shelters for homeless individuals and families; make available additional shelters and transitional housing; meet the costs of operating shelters and provide essential social services; and help prevent homelessness.

### **Supportive Housing Program (SHP)**

The Supportive Housing Program promotes the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in transition from homelessness and to enable them to live as independently as possible.

### **Shelter Plus Care (S+C)**

The purpose of the Shelter Plus Care program is to provide rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from other sources.

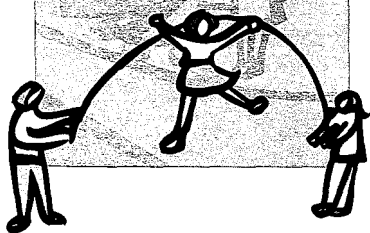
### **Section 8 - Moderate Rehabilitation of Single Room Occupancy Program (SRO)**

HUD's Section 8 SRO program is designed to bring more SRO units into the local housing supply and to use those units to assist homeless individuals. The SRO units, before rehabilitation, might be in a rundown hotel, a former YWCA or YMCA, an old school, or even in a large abandoned home.



### DID YOU KNOW?

In 1999, the Continuum of Care strategy was one of 10 winners of the prestigious Innovations in American Government Awards. The award sponsors, the Ford Foundation and Harvard University's John F. Kennedy School of Government, in partnership with the Council for Excellence in Government, selected the Continuum of Care strategy from among 1,600 applicants. The Innovations in American Government Award recognizes cutting edge strategies that make government more efficient and effective and help to improve the daily lives of our citizens.



### Family Shelter, Portland, Maine

Family Shelter, a program funded through a CoC grant in 1998, is a homeless services facility that is part of Portland's Homeless Assistance Program. It is known for its outstanding work in helping homeless people gain self-sufficiency. The facility, which receives HUD funds through the City of Portland, serves about 200 families a year in a 10-unit apartment building. Families stay for an average of four to six weeks.

### Housing Opportunities for Persons with AIDS (HOPWA)

Although the rate of increase for AIDS-related deaths has slowed, the actual number of cases continues to grow. The Centers for Disease Control reported that more than 48,000 new cases of AIDS were diagnosed in the United States in 1998, bringing the total of known persons affected to over 274,000. In addition, there are an estimated half million to 800,000 undiagnosed persons with HIV. HOPWA provides housing assistance and related supportive services for low-income people living with HIV/AIDS and their families. The program assists families with short-term rental or mortgage assistance and utility payments. It also funds construction, rehabilitation, operating costs, and support services for housing facilities dedicated to persons living with HIV and AIDS.

### YWCA Blue Triangle Residence Hall, Indianapolis, Indiana

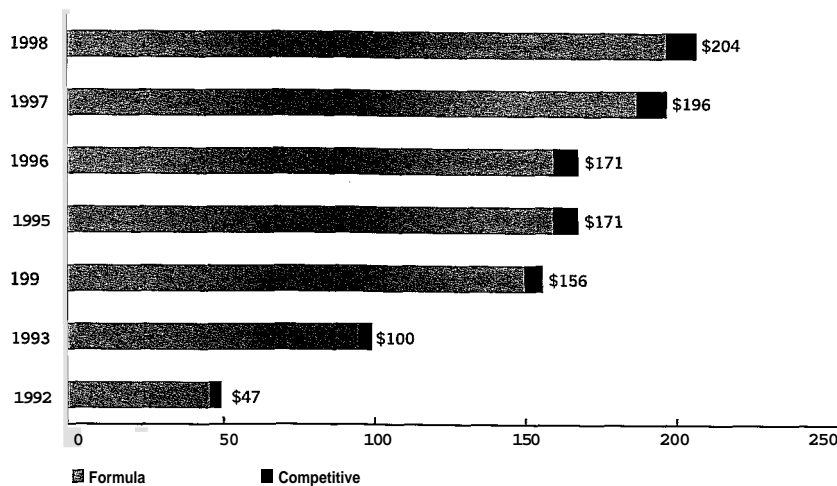
Renovation of the former YWCA Blue Triangle Residence Hall, built in 1923 and listed on the National Register of Historic Places, is a notable attempt to address the lack of transitional housing in the City of Indianapolis. The new facility provides 96 renovated single-room occupancy units, social services, employment training, job placement, and the basics of a social fabric for homeless people who commit to improving their lives. The project was financed through a public-private partnership consisting of a HOME loan from the City of Indianapolis, Community Development Block Grant funds, a HOPWA grant, low-income housing tax credits, Federal and state historic tax credits, foundation grants and a deferred developer fee loan.

By statute, 90 percent of HOPWA funds are distributed annually by formula to States and urban areas with the highest number of AIDS cases as reported by the Centers for Disease Control. The remaining funds are awarded on a competitive basis. Grantees are encouraged to develop community-wide comprehensive strategies and to form partnerships with nonprofit organizations to provide

Exhibit 3-10

# **Housing Opportunity for Persons with AIDS Annual Appropriations, FY 1992 to FY 1998**

(dollars in millions)

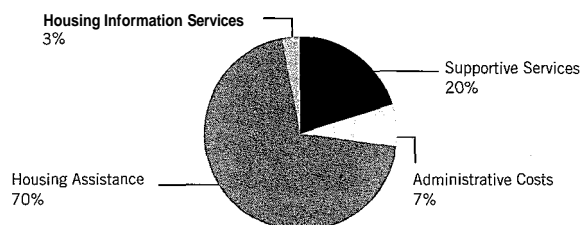


housing assistance and related supportive services. In 1998, HOPWA formula grantees reported that about 48,900 persons with HIV/AIDS and over 24,900 family members received some form of housing assistance, including monthly rental assistance payments, short-term payments that prevented homelessness, and occupancy in community residences or other facilities. Approximately 91 percent of beneficiaries have family incomes of less than \$1,000 per month.

In FY 1998, \$20.15 million was made available through HOPWA competitive grants and HUD selected the 20 projects with the highest ratings under the selection criteria. Through these projects, an estimated 6,106 persons will receive some form of housing assistance and 10,206 persons will receive supportive services that enable families and persons to remain in their homes, or access other housing programs.

Exhibit 3-11

# **HOPWA Expenditures in Providing Housing Assistance, FY 1998**

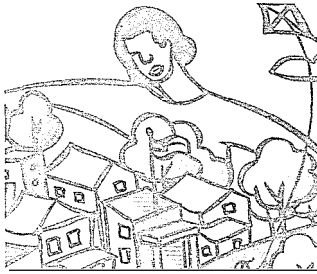


## **DID YOU KNOW?**

By 1998, over 80 percent of the U.S. population lived in areas covered by Continuum of Care plans. Continuum of Care has helped increase the estimated number of homeless people that will be moving toward independent living from about 20,000 persons in 1992 to 230,000 in 1998. During those same years, the number of homeless persons with disabilities served increased from 2,800 to 50,699, while the number of children assisted rose from approximately 6,500 to 81,439.







“Tragically, HIV/AIDS too often throws hard-working Americans into poverty, hitting them with huge medical bills and sometimes leaving them unable to **work**. HUD assistance is vital to prevent those in greatest need from being forced into homelessness.”

*Secretary Cuomo, November 3, 1997*

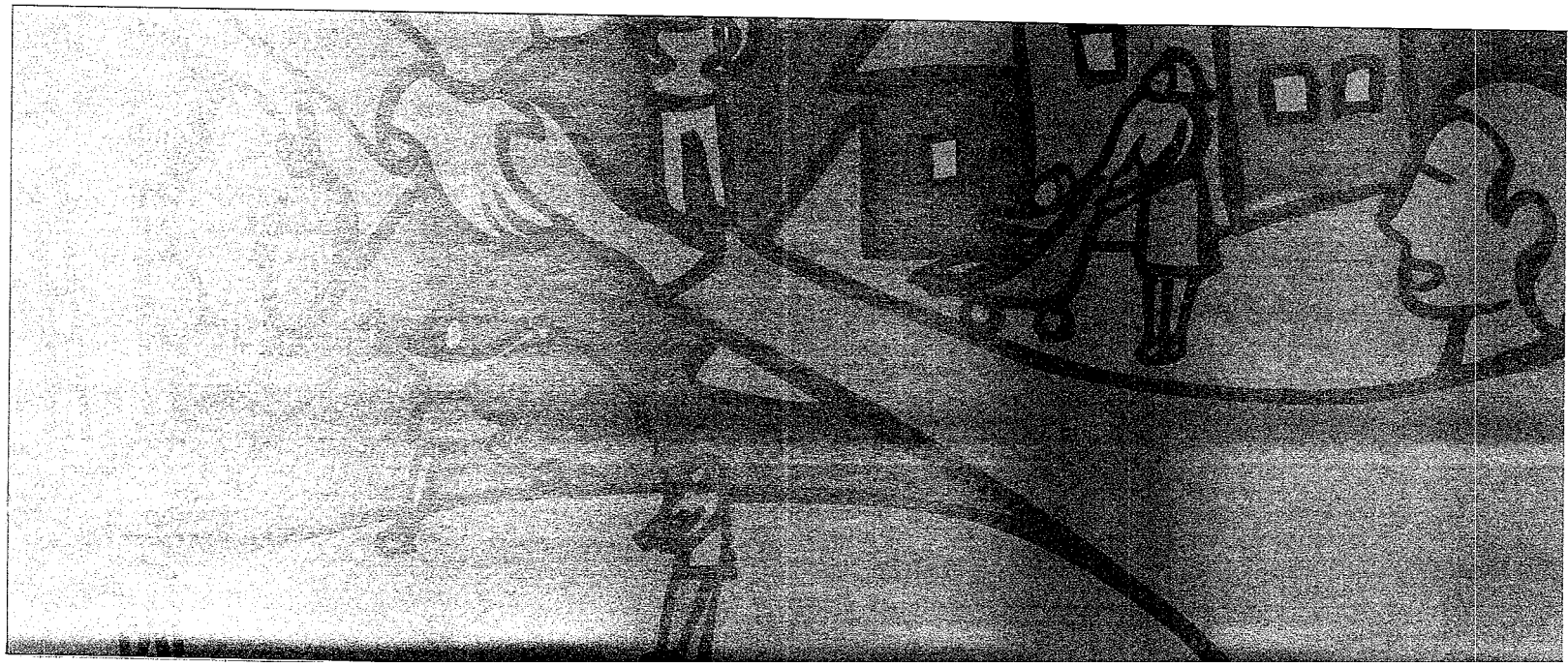
### HOPWA in Mississippi

The State of Mississippi's goal for the HOPWA program is to maximize independent living and self-determination for people living with HIV/AIDS and their families. This goal is accomplished by providing scattered site housing (emergency, short-term, and rental assistance) to keep people living with HIV/AIDS from losing their housing and help ensure that low-income people with AIDS receive appropriate health care. One of the ways in which self-determination is achieved is to provide a choice between home health care or institutionalized care. The program doubled the number of clients served in the first year and has continued to serve increasing numbers each year. The number of persons served in the Ryan White AIDS Drug program has also increased proportionately. In 1998, the state reported that 454 households received housing assistance and that 796 persons were assisted in avoiding homelessness with HOPWA funds. Over 75 percent of the families had incomes of less than \$500 per month.



*There are many families in distressed communities for whom the promise of America has not been fulfilled. HUD administers a menu of programs that assist low-income families and welfare recipients living in underserved communities along the path from poverty to self-sufficiency and help to make those communities better places to live and work.*

## Section 4. A Place at the Table—Expanding Prosperity and Economic Opportunity



## Section 4.

# A Place at the Table—Expanding Prosperity and Economic Opportunity

### 1998 Highlights: Helping Low-income Families Succeed

**Neighborhood Networks:** The number of resource and computer learning centers in operation grew to more than 500. At year's end, more than 700 additional centers were in various stages of development.

**Welfare-to-Work Rental Vouchers:** Congress appropriated \$283 million for 50,000 incremental vouchers targeted for families who are currently receiving, are eligible for, or have left welfare within the last two years, and for whom housing assistance is essential to obtaining or retaining employment.

**Youthbuild:** A total of \$33.1 million in grants is allowing 69 local governments, housing authorities, and nonprofit organizations to provide 2,300 young people with on-the-job training while building and renovating 850 units of affordable housing.

HUD has a unique and critical role to play in our nation's welfare-to-work efforts. Approximately 25 percent of the nation's 7.6 million welfare recipients benefit from public and assisted housing programs. HUD administers an array of workforce development initiatives that focus on the untapped markets that low-income and underserved communities represent. The range of programs includes employment, training, education, and supportive services, such as child care and transportation.

#### Exhibit 4-1

#### A Place at the Table: Budget Summary of Selected Programs

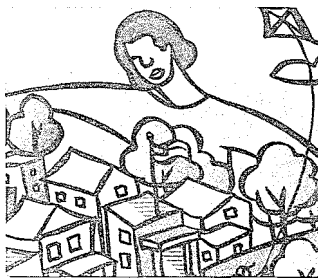
Program	FY 1996 (Actual)	FY 1997 (Actual)	FY 1998 (Actual)	FY 1999 (Enacted)	FY2000 (Enacted)
Youthbuild	\$20	\$30	\$35	\$43	\$42.5
Tenant Opportunities Program	15	5	5	—	—
Bridges to Work	8	—	—	—	—
Economic Development and Supportive Services	53	60	55	—	—
Resident Opportunities and Self Sufficiency Program	—	—	—	55	55
Moving to Work	—	5	5	—	—

All numbers in millions of dollars.

\*These Programs became part of the Resident Opportunities and Self Sufficiency Program.

### Orientation to College, Maysville, Kentucky

The Housing Authority of Maysville and Maysville Community College are preparing residents of public housing for higher education in a groundbreaking program called Orientation to College. The Orientation to College program creates a Campus of Learners in a public housing setting and includes a number of core classes designed to enhance confidence and academic skills needed to launch residents into a liberal arts, science, or technical degree program. The program also offers GED classes for youth.



“Creating job opportunities for public housing residents can change their lives dramatically. They can work their way out of poverty and out of dependency to build better futures for their families.”

Secretary Andrew Cuomo, 1998

## MOVING FAMILIES TO SELF-SUFFICIENCY

With the advent of welfare reform, HUD has placed increased emphasis on moving individuals and families from a state of reliance on government benefits, including housing assistance, to a state of self-sufficiency. Today, residents of public and assisted housing have access to training, education, and supportive service programs designed to help them make the transition from dependency to being employed, self-sustaining members of society.

Exhibit 4-2

### Characteristics of Households Living in HUD Public and Assisted Housing

Program	Public Housing	Tenant-Based Section 8	Project-Based Section 8	Other Private Project-Based	TOTAL
Total number	1.2 million	1.4 million	1.4 million	300,000	4.3 million
Families with children	46%	65%	35%	38%	48%
Families with children for whom public assistance is primary income	48%	49%	38%	10%	42%
Median income all households	\$6,939	\$7,547	<b>\$7,501</b>	\$13,326	—

Source: HUD Office of Policy Development and Research Fact Sheet, February 1998

### HUD's Welfare to Work Strategy—5 Principal Components

- Provide housing assistance
- Invest in workforce development
- Help communities expand their job base
- Help low-income people build assets and increase household income
- Build and share knowledge through demonstration programs and research studies

### Family Self-Sufficiency (FSS)

The Family Self-Sufficiency program promotes the development of local strategies to deliver the range of supportive services necessary to help residents of Section 8 and public housing achieve self-sufficiency. This initiative funds program coordinators who ensure that program participants are linked to services, including child care, education, job training, transportation, substance abuse counseling, and parenting skills and personal financial management classes. In FY 1998, \$24 million was available under FSS.

FSS is a voluntary program, but families that choose to participate must sign a contract with the housing authority. In addition to access to services, families have a chance to save money. The program mitigates the impact of rent increases that result from increased earnings. Any rent increase the family pays due to increased earnings is deposited into an escrow account that can be accessed after the family fulfills its contract.

### **The STEPS Program, Providence, Rhode Island**

Providence Housing Authority (PHA) has initiated Strategies To Encourage Personal Success (STEPS) to prepare adults for the transition from welfare to work and provide youth with the computer skills and experience needed for the job market. Computer Resource Centers provide a family computer learning center curriculum, and after completing this curriculum, adult students can seek further training at the PHA's Employment Support Center. Since the Program began, there has been a 44 percent reduction in the number of calls to the police department from PHA communities.

### **Economic Development and Supportive Services (EDSS) Grant Program**

Designed to enhance the self-sufficiency of public housing residents, EDSS provides grants to Public and Indian Housing Authorities to implement programs that increase resident self-sufficiency and support continued independent living for elderly or disabled residents. In addition to funding programs that prevent premature or unnecessary institutionalization, funds may be used for job training, job placement, child care, transportation, education, microloans, and small business development training. In FY 1998, \$30 million was available for this initiative. All EDSS grants require a match of at least 25 percent in cash or in-kind contributions.

### **Tenant Opportunities Program (TOP)**

The Tenant Opportunities Program provides grants to public housing resident associations and management corporations to fund job training, education, business development, and social services. The grants allow residents to establish programs that encourage economic development, stability, and independence tailored to meet their specific needs. The goal is to focus resources on welfare to work for non-elderly family households and on independent living for elderly individuals or persons with disabilities.

In FY 1998, HUD made available \$16,884,530 in TOP grants under three categories: Economic Self-sufficiency Grants (ESSG), Organizational Development Grants (ODG), and Mediation Grants (MG). Grants were awarded to a total of 76 grantees.

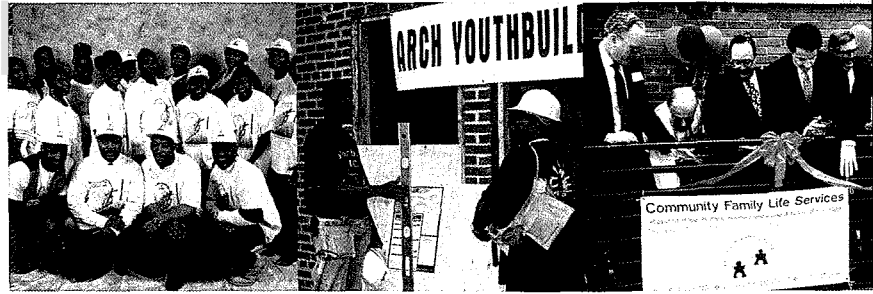
#### **The Tenant Opportunities Program is designed to:**

1. Prepare residents to become self-sufficient and move toward financial independence, experience the **dignity** of meaningful work, and own and operate resident businesses;
2. Enable residents to receive remedial education, employment training and counseling, job placement, and supportive services, such as child care and transportation; and
3. Assure meaningful participation by residents in the management of housing developments.

#### **DID YOU KNOW?**

In FY 1999, the EDSS and TOP programs merged to become the Resident Opportunities and Self Sufficiency Program (ROSS). That year, \$55 million was available under the program. ROSS links services to Public and Indian Housing residents by providing grants for supportive services, resident empowerment activities, and activities to assist residents in becoming economically self-sufficient.





### **Allen Road Resident Association, Fulton County, Georgia**

With the help of a Tenant Opportunities Program grant of \$100,000, residents of Allen Road—a 100 unit mid-rise development in North Fulton County—have embarked on an ambitious set of business initiatives. The Allen Road Resident Association (ARRA) used the TOP training funds to gain skills in community organizing, board development, conflict resolution, and economic and business development. In partnership with the Housing Authority, ARRA embarked on several successful business initiatives, including a small loan program. The loan program boasts a 99 percent record of on-time payments, and proceeds are placed in an interest-bearing account averaging more than \$5,000 a month.

### **HOPE VI Self-sufficiency**

Since 1993, the HOPE VI Program has been the engine driving the revitalization of the nation's most distressed public housing developments. HOPE VI provides Public Housing Authorities with grants and the flexibility to address the housing and social service needs of their residents. While the major focus of the program is the revitalization of severely distressed public housing, up to 20 percent of grant funds (or up to \$5,000 per household beginning in 1999) may be used for community and supportive services, including literacy programs, job training, and day care. In FY 1998, \$101 million in funding was available for supportive services, with each participating city contributing to supportive services from non-Federal sources.

### **The Terry Carpenter Family Investment Center, Scotts Bluff County, Nebraska**

The Scotts Bluff County Housing Authority created a 20,000-square-foot multipurpose, neighborhood facility on an abandoned drive-in movie lot. The center hosts a licensed day care center, a Head Start program, a computer lab, job training program, and an alternative school servicing three districts. The center also features an outdoor park, a full size soccer field, two softball fields, a senior room, kitchen, and an 8,000-square-foot gym with seating for 250. A HUD Family Investment Center and CDBG funds provided the foundation for the development with additional grants from the Village of Terrytown, Union Pacific Railroad, Platte Valley Builders, the Nebraska Arts Council, the Kansas/Nebraska Foundations, KN Energy Corporation, the Van Steenberg Law Firm, and a variety of local financial institutions. Operating costs for the 11-acre site are supplemented by rent from the Head Start program and the alternative high school.

## Service Coordinators for Elderly Residents of HUD-Assisted Housing

Since 1992, HUD has provided grants to fund service coordinators in privately-owned, multifamily housing for elderly persons. In 1995, the program expanded to public housing. An estimated 365,000 persons living in HUD-assisted housing experience some form of frailty, and this number will increase as people living in those units age. By arranging and monitoring the delivery of services such as meals, health screenings, housekeeping, or counseling, service coordinators can extend the length of independent living while improving the quality.

### LOOKING AHEAD:

The FY 2000 budget allocated \$50 million in funding for service coordinators for elderly persons in HUD-assisted elderly housing.

## Job Training And Education

Untapped labor markets can contribute to national economic growth only if available workers have the necessary skills. HUD is committed to ensuring that residents of public and assisted housing are prepared for work by administering a range of programs that help low-income adults and teenagers attain the education and training needed for today's job market.

### Work Force Unemployment Prevention Program, Cambridge, Massachusetts

The Cambridge Housing Authority (CHA) manages more than 1,800 units of Federally-assisted public housing. It operates three major programs with its Public Housing Drug Elimination Program funding, including the Work Force Unemployment Prevention Program. Work Force serves approximately 125 youth from Cambridge public housing developments each year. All youth in the program (ages 13-19) are low-income with 20 percent court-involved and 36 percent learning disabled. In 1994 and 1995, 75 percent of participating high school seniors went on to college, and 80 percent retained jobs.

With its long and positive track record within the public housing community, the Work Force Program has little difficulty attracting participants. Most recruiting takes place by word-of-mouth, as older siblings encourage their younger brothers and sisters, parents encourage their children, and school personnel encourage their students to participate.

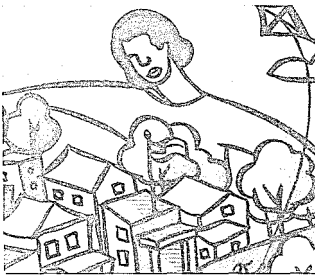
## Youthbuild

In FY 1998, HUD awarded \$33.1 million to 69 Youthbuild programs from 39 states. This investment will attract additional cash and in-kind contributions of \$34 million. More than \$170 million in grants have been made under Youthbuild since it began in 1993, enabling over 7,800 young people to take part in building or rehabilitating more than 3,650 houses or apartment units.

### Casa Verde Builders Program, Austin, Texas

Thanks to the sweat and skills of several young people, numerous distressed neighborhoods in Austin, Texas are true communities again. The Casa Verde Builders Program provides decent, affordable housing in the city's economically depressed neighborhoods. Additionally, it provides at-risk youth with a chance to gain valuable job skills and experience. The Casa Verde Builders Program has constructed over 30 homes for low-income families, developed transitional housing for homeless persons, rehabilitated a community center, weatherized over 120 homes, and developed a shop where cabinetry skills are taught. The program currently operates under a \$700,000 Youthbuild grant, \$180,000 in HOME CHDO funds, and \$500,000 from the Texas Department of Housing and Community Affairs.





“Youthbuild helps high school dropouts build new housing for families in need, while building new careers and new lives for themselves. With the construction and academic skills they learn, young people can work their way out of poverty and support themselves for a lifetime.”

Secretary Andrew Cuomo, 1998

## Step-up

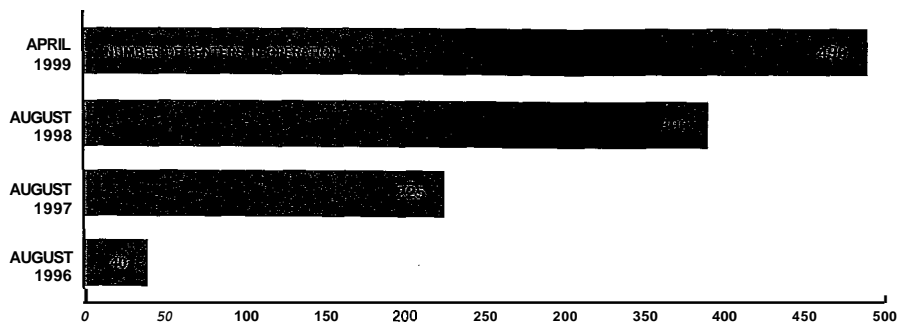
Step-up is an apprenticeship-based employment and training program that prepares public housing residents for employment in the construction trades. Participants earn wages while receiving on-the-job training supplemented by classroom instruction. Local partnerships between housing authorities, labor organizations, employers, and supportive service providers offer two to three months of pre-employment training and twelve months of paid work experience. A project is designated as part of the Step-up program following a review by HUD and the U.S. Department of Labor. Currently, there are 25 Step-up sites. The program has been supported by funding from existing programs, including Comprehensive Grants, HOPE VI, and EDSS.

## Neighborhood Network Centers

HUD recognizes that computer literacy and access are prerequisites for economic opportunity in the information age. Neighborhood Network Centers help low-income persons get on the “information superhighway” by encouraging the development of computer learning centers in HUD-assisted and -insured housing developments. Across the country, the Centers are working with community partners to increase employment opportunities for residents and improve prospects for self-sufficiency and economic self-reliance. Since Neighborhood Networks is not a grant program, local support is vital. Local businesses, government, educational institutions, private foundations, and community-based organizations are needed to donate computers and software and provide capital funding.

Staffed by trained professionals and resident volunteers, each center has its own *mix* of services. Although no two centers are alike, typically a Neighborhood Network Center is a room filled with computers located onsite or near a housing development. Programs may include computer training, internet access, job readiness support, microenterprise development, general equivalency high school diploma certification, health care and social services, adult education classes, and youth services.

Exhibit 4-3  
Neighborhood Network Centers



### **The Gateway @ Edgewood Terrace, District of Columbia**

The Gateway @ Edgewood Terrace has become a hub of training and jobs for the residents of its Washington, DC neighborhood. Located in the Edgewood Terrace apartment complex, the Neighborhood Works Center offers a 12-week computer and office skills employment program. Residents receive 120 hours of hands-on training in Microsoft Office, supplemented by 156 hours of vocational evaluation, personal and professional enhancement, career exploration, and job placement. The program's success is evident in the placement rate—55 of the 56 graduates are employed. In addition, 22 of the program participants have earned academic scholarships to the Catholic University. The \$300,000 start-up costs were funded, in part, by a \$25 million HUD Property Disposition Grant.

### **Campus of Learners**

Campus of Learners is designed to provide public housing residents at 25 sites with an opportunity to live in a college-like setting focused on learning. The initiative helps public housing residents develop the skills they need to compete in today's job market. In the program, children participate in special educational programs, and adults become proficient in the use of new telecommunication and computer equipment and partake in job training initiatives with local businesses.

Participating Public Housing Authorities rely on a broad range of public and private funds for Campus of Learners. The PHAs typically establish partnerships with local schools, vocational centers, community colleges, or universities.

### **Holly Park Campus of Learners, Seattle, Washington**

The Campus of Learners Program is sponsored by the Seattle Housing Authority and offers education, job training, employment opportunities, and support services to Holly Park residents. Participating welfare recipients must first complete a needs and skills assessment and comply with TANF Work First requirements. More than 30 organizations and agencies have partnered in this effort. Since the Program's inception, over 100 residents have found employment in construction, landscaping, metal work, asbestos abatement, data entry, child care, and case management jobs.

## **CONNECTING RESIDENTS TO WORK**

Millions of welfare recipients have already made the transition from welfare rolls to payrolls, and the percentage of the U.S. population on welfare is at its lowest since 1969. Nevertheless, important challenges remain. One-half of all households that receive public assistance live in central cities. Across the nation, the majority of new job growth continues to concentrate largely in suburban



#### DID YOU KNOW?

All assistance available through MTO was used to rent apartments by July 1998. In September 1999, HUD published *Moving to Opportunity for Fair Housing Demonstration Program: Current Status and Initial Findings*. The report presented several noteworthy findings. The most important reason families gave for entering MTO was to get away from drugs, gangs, or other criminal behavior. Additional reasons included obtaining a larger or nicer apartment, and gaining access to better schools. The 860 families in the MTO treatment group leased housing in low-poverty neighborhoods. The 816 families in the Section 8 comparison group moved to areas with higher poverty rates than the MTO families, but lower poverty rates than their original public housing neighborhoods.



communities where growing numbers of suburban employers face shortages of workers. For low-income residents of central cities, the ability to access those suburban jobs requires information on opportunities, appropriate skills, transportation, and supportive services such as affordable child care. Sustained economic growth is dependent upon our ability to link the untapped labor pool of central city residents with suburban employers.

### Bridges to Work (BtW)

Bridges to Work is a 4-year demonstration program that links low-income, work-ready central city residents with suburban jobs, transportation, child care, and other supportive services. With HUD, national foundation, and local funds, the demonstration is underway in five regional employment markets—Baltimore, Chicago, Denver, Milwaukee, and St. Louis. At the end of its second year, nearly 800 persons had been placed in suburban jobs.

An initial report on BtW, entitled *Getting From Here To There*, focused on the challenges and successes of planning the coordinated delivery of comprehensive services by multiple agencies. Based on the BtW experiences, guidance was shared with the U.S. Department of Transportation in the development of two new grant programs approved by Congress, Access to Jobs and Reverse Commute.

### Moving to Opportunity (MTO)

The Moving to Opportunity for Fair Housing Demonstration is a 10-year research program that combines tenant-based rental assistance with housing counseling to help very low-income families move from high-poverty urban areas to low-poverty neighborhoods. Authorized in 1992, the initiative tests the impact of housing counseling and other assistance on the housing choices of Section 8 recipients and the long-term effects of moving to better neighborhoods. The goal is to develop more effective mobility strategies for recipients of tenant-based housing assistance in metropolitan areas. Five public housing authorities—Baltimore, Boston, Chicago, Los Angeles, and New York City—administer HUD contracts under this demonstration.

### Moving to Work (MTW)

Moving to Work is a demonstration program that is enabling some of the best-managed PHAs to experiment with new ways to help low-income families become economically self-sufficient. Under this demonstration, HUD may relax certain Federal requirements placed on PHAs; provide them with new powers to operate, produce, modernize, and replace public housing units; and give them tools to help low-income residents become homeowners. While participating in MTW, each PHA must continue to serve the same number of families, ensuring that at least 75 percent of those served are very-low income.

In October of 1997, HUD selected 24 housing authorities for the demonstration. Since that time, the PHAs worked with HUD-assisted families, and coordinated with local partners to define and refine their individual programs within the broad parameters of the demonstration. In 1998, HUD allocated \$5 million to the demonstration for technical assistance, training, and monitoring and evaluation activities.

## Baltimore Regional **Housing** Opportunity Program, Baltimore, Maryland

The Baltimore Regional Housing Opportunity Program (BRHOP) offers assistance to low- and moderate-income clients hoping to relocate to areas where they have a better chance of obtaining affordable housing. Funded by a five-year \$2.1 million HUD grant, the program offers assistance in making fair housing mobility moves to Section 8 applicants and participants from seven neighboring jurisdictions. With up to 90 seminars per year, BRHOP serves some 720 participants. Another 300 individuals per year receive more intense assistance by working directly with a housing counselor who provides personal support and ongoing assistance for a year after the move. Sixty percent of the 117 clients served to date have moved to non-impacted, low-poverty areas within the Baltimore metropolitan area.

## Jobs-Plus

Employment opportunities are key to eliminating persistent poverty. Jobs-Plus is a sophisticated 5-year place-based welfare-to-work demonstration aimed at significantly increasing the employment and earning potential of public housing residents. A special part of the larger Moving-to-Work demonstration, Jobs-Plus brings the flexibility of the demonstration to seven targeted public housing developments in *six* Public Housing Authorities: Baltimore, Chattanooga, Dayton, Los Angeles, St. Paul, and Seattle. The goal of the demonstration is to saturate the developments with employment-focused services to substantially increase the share of residents who are employed, particularly those residents receiving welfare benefits.

Initially authorized in 1996, each housing authority received a \$200,000 grant—to be matched at least 2 to 1 at the local level—for the direct cost of implementation and research activities. Each project must include three broad program elements: work incentives; effective employment training, placement, and retention; and enhanced ability of the public housing community to actively promote and support work among working-aged residents.

HUD provided \$5 million in FY 1996 and \$1.7 million in FY 1999 for technical assistance and evaluation. The Rockefeller Foundation has provided \$6.7 million, with additional contributions from the Surdna Foundation, Irvine Foundation, Northwest Area Foundation, Joyce Foundation, Annie E. Casey Foundation, and the U.S. Departments of Labor and Health and Human Services. Sites have begun program operations, and residents are enrolling in Jobs-Plus.

### DID YOU KNOW?

HUD is working with the Manpower Demonstration Research Corporation, the nation's premier welfare policy research organization, to provide technical assistance to the local Jobs-Plus collaboratives in designing their programs and evaluating program outcomes. The first report on Jobs-Plus's early accomplishments, *Mobilizing Public Housing Communities for Work*, was published in September 1999.



*At the end of 1998, the national homeownership rate was at an all-time high—66.7 percent—well on the way to achieving President Clinton's goal of 67.5 percent by 2000. Increased participation by women, minorities, and new immigrants in the mortgage market is key to this success. With higher FHA loan limits, the increase in grant awards to Housing Counseling agencies, the creation of Innovative Homeownership Zones in inner cities, and other efforts, homeownership is becoming a reality for an unprecedented number of Americans.*

## Section 5 Realizing the American Dream— Homeownership



# Section 5.

## Realizing the American Dream—Homeownership

### 1998 Highlights: More Homeowners Than Ever Before

**Record Homeownership:** The national homeownership rate hit a then record annual high in 1998, with 66.3 percent of all households owning their own homes, breaking the previous record of 65.7 percent set in 1997.

**First-time and Minority Homebuyers:** The increase in the national homeownership rate translated into higher homeownership rates among segments of the population traditionally underserved by the home mortgage industry. Female-Headed Households rose to 51.6 percent, an increase from 1997. Homeownership for African Americans climbed from 45.4 percent in 1997 to 46.1 percent in 1998. Hispanic homeownership reached 44.7 percent in 1998, an increase from 43.3 percent in 1997.

**FHA Insurance:** In 1998, FHA insured 1.1 million single family mortgages valued at \$100.2 billion.

**Ginnie Mae:** Ginnie Mae closed its largest REMIC transaction, at \$1.8 billion, exceeding the previous record of \$1.4 billion, that was set one month earlier. A REMIC is a type of mortgage-backed security and stands for Real Estate Mortgage Investment Conduit. Salomon Smith Barney sponsored both transactions.

Low interest rates, low unemployment, and a booming economy have combined to send sales of new and existing homes to record highs in recent years. American families, workers, and businesses are all benefiting from the economic prosperity fostered by this Administration's policies. In the third quarter of 1998, the national quarterly homeownership rate reached an all-time high of 66.8 percent, or a total of 69.1 million families owning a home. U.S. builders sold a record breaking 886,000 new homes in 1998, surpassing the 1977 record of 819,000. In addition, 4.97 million existing homes were sold in 1998, breaking the previous record of 4.38 million set in 1997.

Exhibit 5-1

#### Promoting Homeownership: Budget Summary of Selected Program

Program	N 1996 (Actual)	N 1997 (Actual)	FY 1998 (Actual)	FY 1999 (Enacted)	FY 2000 (Enacted)
Housing Counseling	\$12	\$15	\$20	\$17.5	\$15
Homeownership Zones	30	20	—	—	—
PATH	—	—	—	10	10

All numbers in millions of dollars.

Homeownership is a vital component of stable and more livable communities. Homeowners generally enjoy better living conditions than renters; accumulate wealth as their investment in their homes grows; strengthen the economy with purchases of furniture and appliances; and tend to be more involved than renters in promoting strong neighborhoods and good schools. However, many Americans do not enjoy the benefits of homeownership. There is a disparity between homeownership in the city and suburbs—50 percent and 73.2 percent, respectively. Central city residents of all income levels are less likely to own a home than suburban residents with similar incomes.



“For the first time in history, thanks in part to the heroic efforts of the Secretary of Housing and Urban Development, Andrew Cuomo...over two-thirds of the American people live in their own homes. So we are moving in the right direction. That is a good thing.”

President Clinton, 1998



#### DID YOU KNOW?

A landmark private-public partnership was created to bring new housing to America's cities—the "One Million Homes" initiative. This partnership between the National Association of Homebuilders (NAHB), the U.S. Conference of Mayors (USCM), and HUD aims to promote the construction of an additional one million new homes in urban areas across the nation over the next 10 years.



According to an Urban Institute study, *What We Know About Mortgage Lending Discrimination in America*, there is continuing racial disparity in the nation's home purchase, mortgage, and refinancing markets. Minorities are less likely than whites to obtain mortgage financing and, if successful in obtaining a mortgage, tend to receive less generous loan amounts and terms. The Association of Community Organizations for Reform Now (ACORN) found that African Americans were denied mortgages more than twice as often as whites, and Latino applicants were rejected nearly twice as often as whites for conventional mortgages.

Through FHA and fair housing initiatives, HUD strives to break down barriers to homeownership for all Americans.

#### **South Carolina Partners in Homeownership, Columbia, South Carolina**

The South Carolina Partners in Homeownership represents a partnership of more than 30 private- and public-sector organizations and agencies dedicated to expanding homeownership opportunity statewide through information and outreach. The Partners in Homeownership developed an internet web site that includes information on housing and homeownership programs, data, and housing trends. The web site also provides information about current events and timely access to funding opportunities. This information is especially critical to rural and underserved communities in South Carolina.

#### **National Partners in Homeownership**

The National Partners in Homeownership has launched initiatives to close the homeownership gap and increase overall homeownership. The group was created in 1995, as part of President Clinton's National Homeownership Strategy to achieve a homeownership rate of 67.5 percent by the end of the year 2000. By the end of 1998, it had aided up to 5.2 million additional households in making the transition to homeownership. Led by Secretary Cuomo, the National Partners consists of 66 members representing lenders, real estate professionals, home builders, nonprofit housing providers, and Federal, State, and local governments. Since its inception, more than 157 local partnerships have joined the National Partners to sponsor activities aimed at increasing homeownership.

### **The Four Guiding Principles of the National Homeownership Strategy:**

1. *Maintain a strong economy:* confidence in the economy is a leading reason behind a family's decision to buy a home.
2. *Cut the cost of buying and owning a home:* eliminate inefficiencies that add to the cost of housing and find ways to make owning a home more affordable.
3. *Make it easier to buy and own a home:* minimize complexity through education and counseling.
4. *Expand opportunities to buy a home:* fight discrimination and change the false perception of investment risks that have limited homebuying for some populations, especially minorities and female-headed households.

### **Wilmington Housing Partnership, Wilmington, Delaware**

A loan pool created by the Wilmington Housing Partnership eases the way for Wilmington residents to become homeowners. This new program helps program organizers lend assistance to a larger number of affordable housing developments, while increasing the Partnership's flexibility in leveraging grant funds. Interest rates, loan terms, and subsidy amounts vary with each project depending on the project's ability to absorb some of the costs. As of April 1999, the Partnership assisted more than 1,800 families by raising and placing approximately \$12 million in bank, corporate and foundation contributions into service. Additional funds came from State and local governments as well as HUD's HOME and CDBG programs.

### **Federal Housing Administration (FHA)**

Since 1934, the FHA has made homeownership possible for nearly 28 million families by insuring mortgages issued by private lenders. FHA insured about 1.1 million home mortgages in FY 1998, worth about \$100.2 billion—a 33 percent increase from 1997.

FHA loans are particularly important to both first-time and minority homebuyers. In 1998, 80 percent of FHA-insured purchase mortgages were for first-time homebuyers. FHA insures more than 40 percent of all mortgages to African-American and Hispanic homebuyers. By insuring private loans made to homebuyers, FHA encourages lenders to extend loans to families who would be turned down for a conventional (non-FHA) loan. Compared to conventional loans, FHA-insured mortgage loans allow homeowners to make lower down-payments, include closing costs in the total loan amount, put gifts from relatives toward the downpayment, and carry more debt.

In 1998, HUD requested and Congress approved higher limits on FHA loans, allowing tens of thousands more American families to become homeowners. On January 1, 1999, FHA began insuring mortgages of up to \$115,200 in communities where housing costs are low and up to \$208,800 in communities where housing costs are high. The previous FHA mortgage limits of \$86,317 to \$170,362 fell well below the cost of the average home in many communities, locking many middle-class families out of the benefits of the FHA program.





**DID YOU KNOW?**

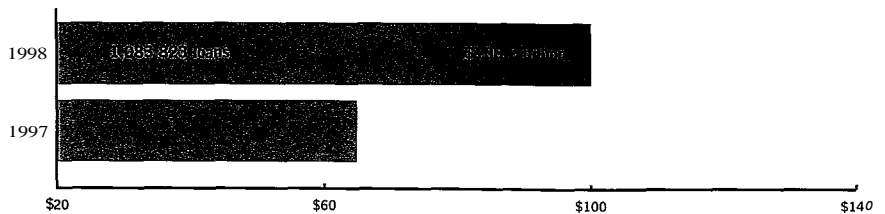
The new Homebuyer Protection Initiative requires homebuyers seeking FHA mortgages to sign a new form advising them about the benefits of getting a home inspection before proceeding to settlement. HUD joined with the National Association of Realtors and the Mortgage Bankers Association to launch a national public awareness campaign entitled, For Your Protection, Get a Home Inspection.

### Hobbler Place Subdivision, Boise, Idaho

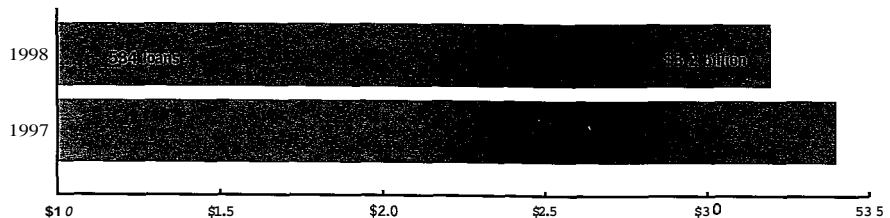
Hobbler Place is a 100-unit, single family subdivision developed by the Boise City/Ada County Housing Authority. Houses are leased for a minimum of 2 years to allow families and individuals time to establish a complete rent-paying history and work with a counselor to overcome credit and income hurdles. Once the 2-year lease period is up, potential homeowners can opt to purchase the home and receive downpayment assistance through a grant from the housing authority. The level of affordability is maintained for the potential homeowners by offering the homes for sale at prices based on the appraised value at the time the homes were initially built. Purchasers are required to take Homebuyer Education classes through the Neighborhood Housing Services, a local not-for-profit organization, or through various bank-approved programs. FHA/Idaho Housing Authority financing is being offered because of allowed gift funds, better ratios, and below-market interest rates from the Idaho State Financing Agency. To date, fourteen homeowners have successfully purchased homes.

Secretary-held properties which are sold to nonprofit organizations at a discount ranging from 10 to 30 percent, fulfill a significant and important FHA objective of providing homeownership opportunities for low- and moderate-income families. In FY 1998, FHA sold 5,817 Secretary-held properties to nonprofit organizations, compared to 3,877 in FY 1997 and 3,403 in FY 1996.

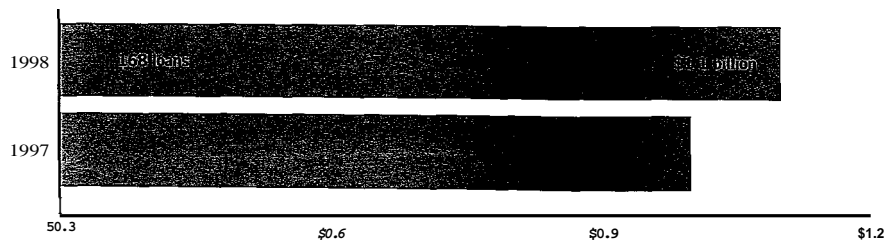
Exhibit 5-2  
**FHA Insurance Written, FY 1998**  
Single Family (33% increase)



Multifamily (4% decrease)



Hospitals & Health Care Facilities (3% increase)



Insurance written in billions of dollars.

### Exhibit 5-3

### What Does FHA Insure?\*

FHA Insurance Product	1997	1998
Single Family	87.2%	87.8%
Multifamily	9.0	8.7
Title I**	1.4	1.2
Hospitals and Nursing Homes	2.4	2.3

All numbers in percentages.

\*Insurance in force outstanding as of September 30

\*\*Title I includes property improvement and manufactured home loans

### Exhibit 5-4

### Breakdown of Borrower's Race/Ethnicity for FHA-Insured Single Family Mortgages (FY 1997–FY 1999)

Race/Ethnicity	FY 1997	FY 1998	FY 1999
White	68.72%	71.05%	70.92%
Black	11.96	11.34	11.98
Hispanic	16.86	15.26	14.70
Asian	1.93	1.83	1.87
American Indian	.53	.53	.53
Total	100	100	100

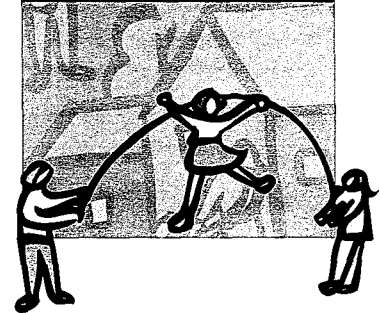
All numbers in percentages

### Billings Native American Partners in Homeownership Program, Billings, Montana

Two-thirds of Montana's families own their own homes, but until recently, fewer than a quarter of the Native Americans living outside of reservations owned their own homes. This disparity is being greatly reduced through a coalition the City of Billings has formed with 23 partners to provide assistance to median income families and first-time homebuyers at or below 60 percent of the median income. This assistance includes soft second loans for Native American families and mortgage financing through the Montana Board of Housing, FHA, and conventional lenders. Previous homeownership efforts aimed at the Native American community have focused on reservation-based populations; urban Native Americans were not targeted by major initiatives even though they represent the largest minority group in Montana. Since its inception in 1998, 45 Native Americans have participated in the Partnership program, 27 of them have completed the loan process and qualified for a loan. Almost half of these families have purchased homes; the remainder are actively house hunting.

### DID YOU KNOW?

With a powerful computerized loan evaluation system, more families are able to qualify for FHA mortgages. Before the reforms, potential borrowers would have to wait four to six weeks for word on their loan approvals. Now, consumers can learn in a matter of minutes if they qualify for a mortgage with FHA insurance. Instead of pushing paper, HUD staff use state-of-the-art technology for loan approvals.



## Officer Next Door

The objective of the Officer Next Door Program is to strengthen America's communities and build a safer nation by offering homeownership opportunities to law enforcement officers. Having a police officer for a neighbor helps deter crime, increases the speed of emergency response, and creates an economic boost for local business. Officer Next Door enables officers to buy HUD-held single family homes in HUD-designated revitalization areas at 50 percent of the appraised value. To make the properties more affordable, when the officer chooses an FHA-insured mortgage, the required down-payment is only \$100. The officers must agree to occupy their homes for at least 3 years.

Since the program's inception, approximately 3,000 law enforcement officers in 37 states and the District of Columbia have purchased homes. In 1998, Vice President Al Gore announced that the Mortgage Bankers Association of America (MBA) would urge its nearly 3,000-member lenders to give additional mortgage discounts to law enforcement officers moving into eligible neighborhoods. Officer Next Door has been endorsed by major law enforcement groups with a total membership of over 500,000 officers including: National Fraternal Order of Police, International Association of Chiefs of Police, International Union of Police Associations, Federal Law Enforcement Officers Association, Major Cities Chiefs Association, National Organization of Black Law Enforcement Executives, Police Executive Research Forum, National Sheriffs Association, National Troopers Coalition, and the Police Foundation.

### DID YOU KNOW?

Based on the success of the Officer Next Door program, HUD developed a new initiative called Teacher Next Door. The initiative will operate exactly like the Officer Next Door program, but will make homes available to teachers. The program became operational during the Fall of 1999.



## Homeownership Opportunities for Women (H.O.W.)

Although close to two-thirds of all U.S. households own their own homes, that figure drops to half for households headed by women. Established in 1998, by HUD and 43 national organizations interested in women's issues, H.O.W. is working to increase the number of women homeowners. Key to this effort are HUD-funded housing counseling agencies, located in communities all over the country, which work one-on-one with women who want to become homeowners.

### New Mexico Statewide Homeownership Counseling and Outreach Program, Albuquerque, New Mexico

Through a \$315,000 Housing Counseling Grant and \$2 million in private contributions, the New Mexico Statewide Homeownership Counseling and Outreach Program has provided homebuyer education classes and mortgage financing to thousands of families. Led by the New Mexico Mortgage Finance Authority, this statewide effort to improve homeownership opportunities for low-income residents has provided more than \$1 billion in affordable housing loans to 25,237 families. Minority borrowers comprise 47 percent of the total, and single-parent families comprise 14 percent. In addition, since 1992, 1,450 potential homeowners have graduated from the homebuyer education classes administered by the program.

## Housing Counseling

The Housing Counseling Assistance Program enables anyone who wants to (or already does) rent or own housing—whether through the private market or programs offered by HUD, the Department of Veterans Affairs, or other Federal, State or local agencies—to get the counseling they need to make their rent or mortgage payments and to be responsible tenants or owners. HUD-approved housing counseling agencies conduct community outreach activities and provide counseling to individuals. HUD pays only part of the costs of an agency's counseling activities. In recent years, the amount of funding available from HUD has increased. In FY 1998, HUD awarded grants totaling \$20 million, up from \$12 million in FY 1996 and \$15 million in FY 1997.

### **The Goals of the Housing Counseling Assistance Program:**

1. To improve the quality of renter and homeowner education;
2. To develop a reliable stream of funding and resources for counseling agencies; and
3. To enhance coordination among local housing providers.

## Homeownership Zones

This HUD initiative enables cities to undertake large-scale, mixed-income developments of owner-occupied homes that serve as catalysts for bringing distressed inner-city neighborhoods back to life and attracting new business. The program is an important part of the Administration's efforts to expand homeownership in underserved markets. Innovative design techniques, public-private partnerships, leverage, and community participation are key elements of the Homeownership Zone program. More than 3,500 new homes will be produced in twelve cities as a result of two competitive funding rounds.

The first competition used FY 1996 Economic Development Initiative funds to provide Homeownership Zone grants and companion Section 108 loan guarantees to Baltimore, Buffalo, Cleveland, Louisville, Philadelphia, and Sacramento. Grants were awarded in April 1997. In FY 1997, the second competition used recaptured Nehemiah funds to provide Homeownership Zone grants to Flint, Indianapolis, Long Beach, New York, San Juan, and Trenton. Grants were awarded in March 1998. No new finds were appropriated in FY 1998.

### **Affordable Housing Partnership, Anchorage, Alaska**

The Alaska Affordable Housing Partnership was established in 1993, with the goal of developing education, outreach, and programs to increase homeownership opportunities for all Alaskans. As a result of the Partnership's work, the state homeownership rate has increased from 55.4 percent in 1993 to 70.4 percent in 1998. Furthermore, a statewide Homeownership Center was opened by Consumer Credit Counseling of Alaska, and homeownership classes are conducted by local lenders and the Alaska Housing Finance Corporation.

### **DID YOU KNOW?**

In 1998, under HUD's 2020 Management Reform Plan, the housing counseling program formerly carried out by each HUD field office, consolidated its efforts into HUD's four Homeownership Centers (HOC's) in Atlanta, Denver, Philadelphia and Santa Ana.



## LOOKING AHEAD:

An historic action by HUD proposes raising the required percentage of mortgage loans for low- and moderate-income families that Fannie Mae and Freddie Mac must purchase from the current 42 percent of their total purchases to a new high of 50 percent in the year 2001. The percentage would first increase to 48 percent in 2000. This policy would require that Fannie Mae and Freddie Mac buy approximately \$2.4 trillion in mortgages over the next 10 years to provide affordable housing for about 28.1 million low- and moderate-income families.

## Fannie Mae/Freddie Mac Oversight

The Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) are the largest providers of credit to the conventional mortgage market. The congressionally chartered, publicly-owned corporations are monitored by HUD and an independent office located within HUD, the Office of Federal Housing Enterprise Oversight. HUD's regulatory staff monitors the government sponsored enterprises' (GSEs) compliance with statutory requirements, including establishing and enforcing housing goals for the purchase of home mortgages for very low-, low-, and moderate-income families and for housing located in central cities and other underserved areas. HUD also monitors the GSEs to ensure they do not discriminate in the purchase of loans. It is the responsibility of the Office of Federal Housing Enterprise Oversight to ensure that the GSEs are adequately capitalized and operating in a safe and sound manner.

### Exhibit 5-5

#### GSE Affordable Housing Goal Performance, 1998

	Low- and Moderate-Income		Special Affordable		Geographically Targeted	
	Goal	Performance	Goal	Performance	Goal	Performance
Fannie Mae	42%	44.1%	14%	14.3%	24%	27%
Freddie Mac	42%	42.9%	14%	15.9%	24%	26.1%

All numbers in percentages

	Special Affordable Subgoal for Multifamily	
	Goal	Performance
Fannie Mae	\$1.3 billion	\$3.53 billion
Freddie Mac	\$988 million	\$2.69 billion

All numbers in dollars.

### Self-Help, Durham, North Carolina

Self-Help, a nonprofit agency in Durham, is helping to create a national secondary mortgage market for affordable home loans, thereby allowing private banks to make more loans to low- and moderate-income families. With traditional loans, private lenders can sell their loans to secondary market lenders, freeing up funds to make additional loans. Fannie Mae and Freddie Mac, however, are restricted in their charters from purchasing certain non-conforming loans. The absence of a secondary mortgage market for this type of affordable housing loan ties up the funds of private lenders, preventing them from making additional affordable loans. Self-Help responded to this problem by establishing an alternative source of mortgage capital for banks, allowing them to increase their lending to low- and moderate-income families. Building on the success of the program, Self-Help launched its secondary mortgage market nationally in 1998.

## Ginnie Mae

The Government National Mortgage Association (Ginnie Mae) is a government corporation within HUD that supports Federal housing initiatives by providing liquidity to the secondary mortgage market and by attracting capital to the residential mortgage markets. Ginnie Mae helps increase the supply of affordable housing by guaranteeing securities issued by private lenders backed by pools of residential mortgages insured by the FHA, the Department of Veterans Affairs and the Rural Housing Service. During FY 1998, Ginnie Mae experienced substantial increases in both revenue and assets, recording a record net income of \$689 million, an 11 percent increase over FY 1997. Revenue and total assets both rose approximately 12 percent to \$767 million and \$6.4 billion, respectively.

## Partnership for Advancing Technology in Housing (PATH)

The PATH initiative, a public-private partnership launched by President Clinton in 1998, will further increase homeownership by making quality housing more affordable. Working with the Nation's leading builders, home manufacturers, product suppliers, architects, and insurers, PATH aims to improve the lives of Americans by changing the way people think about and build housing. PATH will accomplish this by speeding the identification and adoption of new building technologies to make housing more energy efficient, durable, and affordable.

### PATH's goals by 2010 are to:

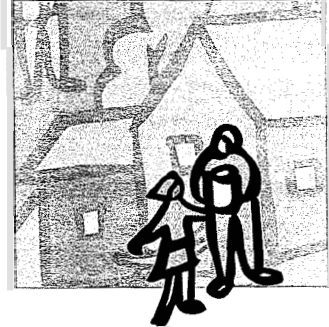
1. Reduce the monthly cost of new housing by 20 percent or more;
2. Cut the environmental impact and energy use of new housing by 50 percent or more and reduce energy use in at least 15 million existing homes by 30 percent or more;
3. Improve durability and reduce maintenance costs by 50 percent; and
4. Reduce by at least 10 percent the risk of loss of life, injury and property destruction from natural hazards and reduce by at least 20 percent residential construction work illness and injuries.

## Governor's House Program, Pierre, South Dakota

More than 300 people in South Dakota now own their own piece of the American Dream thanks to a program designed to increase homeownership among residents traditionally underserved by the private housing market. The Governor's House Program purchases home building materials in bulk and uses Springfield Prison inmates to build energy efficient modular homes. In addition to providing the inmates with valuable vocational skills, the program produces 200 new affordable homes a year. The finished, 786-square foot homes sell for \$22,000 and are available to state residents over 62 years of age, those with disabilities age 18 or older, and Native Americans living on reservations. The program has helped reduce the severe affordable housing shortage experienced by the state since early 1996.

### DID YOU KNOW?

Homeownership Week 1998 featured more than 1,200 events in over 600 locations. These events included home-buyer fairs, seminars and workshops, official proclamations, and open houses. Through Habitat for Humanity International's initiative, The Houses that Congress Built, more than 150 members of Congress helped build homes for low-income families during Homeownership Week 1998.



*Over the past 30 years, America has made great strides in opening housing markets. In 1997, President Clinton directed HUD to double the number of enforcement actions it brings under the Fair Housing Act. During 1998, HUD intensified its fair housing activities and increased support to local nonprofit fair housing groups and enforcement agencies.*

## Section 6. Breaking Barriers—Fair Housing



# Section 6.

## Breaking Barriers—Fair Housing

### 1998 Highlights: Ensuring Equal Opportunity

**Make ‘Em Pay:** In an effort to combat the rising incidence of hate crimes, President Clinton and Secretary Cuomo announced a new initiative that will fight housing-related acts of hate, violence, and intimidation. Under the new plan, the financial penalties for housing-related hate crimes will increase; first-time offenders with multiple offenses will now be assessed separate fines for each act of discrimination; and repeat offenders will face significantly greater fines for each subsequent offense.

**30 Years Later, A Fair Housing Report:** In April of 1998, in recognition of the 30th anniversary of the Federal Fair Housing Law, HUD published this report that highlights some of the major steps taken by HUD and its partners—both, public and private—to combat housing discrimination and open housing opportunities for all Americans.

**Mortgage Lending Discrimination Study:** HUD announced the initiation of a new mortgage lending discrimination study in FY 1998. The goal of the study is to examine lending practices in American cities and identify methods to increase the minority homeownership rate.



**“Today, our nation much more readily acknowledges that people of diverse cultures and backgrounds, living together, generate new energy, creativity, and an ongoing affirmation of the American Dream. While this is encouraging, we should not underestimate the extent to which housing discrimination still occurs in America.”**

*Assistant Secretary for Fair Housing and Equal Opportunity, Eva M. Plaza  
May 29, 1998.*

Exhibit 6-1

### Breaking the Barriers—Budget Summary of Selected Programs

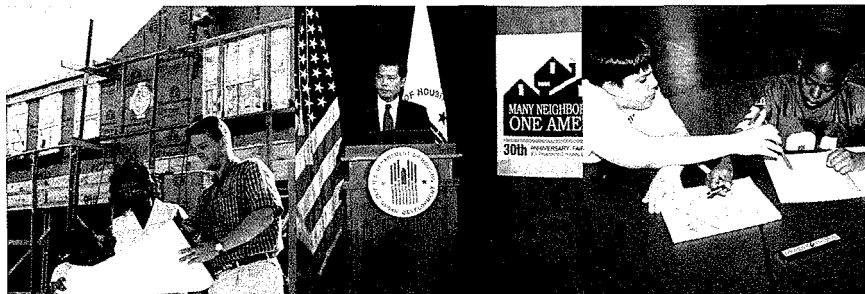
Program	N 1997 (Actual)	FY 1998 (Actual)	N 1999 (Enacted)	FY 2000 (Enacted)
Fair Housing Initiatives Program	\$15	\$15	\$23.5	\$24
Fair Housing Assistance Program	15	15	16.5	20

*All figures in millions of dollars.*

Over the past 30 years, HUD has made great strides in ensuring that all Americans have an equal opportunity to live in any community they can afford. After all, providing housing opportunity is the key to letting all share in the American Dream. The Fair Housing Act is an indispensable tool in this effort. Despite all attempts to enforce the Fair Housing Act, many Americans still encounter the harsh face of discrimination in the housing market. In report after report, fair housing and fair lending experts detail the subtle discriminatory acts faced by minorities in urban, suburban, and rural communities throughout the country. Discrimination takes many forms. Examples include: unequal access to capital and mortgage information; steering minorities to certain neighborhoods and lending institutions; and imposing unequal terms and conditions in the sale or rental of housing.

Under President Clinton’s “One America” initiative, the Office of Fair Housing and Equal Opportunity (FHEO) has played a significant role in combating housing discrimination. Launched in 1997, the initiative challenged HUD to double the number of targeted housing discrimination enforcement actions. In FY 1998, FHEO received more than 10,600 Fair Housing Act cases, an increase of approximately 4 percent over FY 1997. As citizens became more educated about their rights, HUD substantially increased the number of enforcement actions brought.

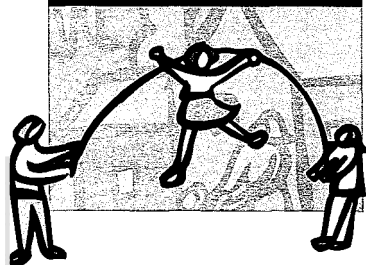




Enforcement of the Fair Housing Act is supported by HUD's close working relationship with a nationwide network of public fair housing enforcement agencies and private nonprofit fair housing organizations. HUD's Fair Housing Initiatives Program provides competitive grants to local, regional, and national nonprofit fair housing organizations and helps fund their fair housing testing, enforcement, education, and outreach programs. HUD's Fair Housing Assistance Program helps ensure that States and cities with substantially equivalent laws have the financial resources necessary to process fair housing complaints.

#### DID YOU KNOW?

In January 1999, Secretary Andrew Cuomo announced \$3.5 million in HUD grants for a campaign to educate the public about housing discrimination, and to help communities respond to tensions caused by housing rights conflicts. Approximately \$1.5 million will be awarded for Community Tension Projects designed to respond to hate crimes that result from housing discrimination.



#### Cross-Burning in Rushville, Missouri

In April 1998, HUD filed civil charges of housing discrimination against four men involved in a cross-burning at the home of a woman of Cape Verdean heritage. The victim, who the men believed was part of an African American family, found a seven-foot cross burning on her lawn in 1997. "I don't understand what these men were thinking," she said. "I don't understand what gave them the right to decide who's good enough to live in this town."

### FAIR HOUSING INITIATIVES PROGRAM (FHIP)

In 1998, HUD provided approximately \$15 million for the Fair Housing Initiatives Program. FHIP partners the Federal government with local communities and community-based organizations to promote fair housing laws and equal housing opportunity awareness. Currently, FHIP supports over 200 organizations in 30 states. Since its inception, FHIP has awarded—through the program's four general initiatives—approximately 600 grants totaling more than \$100 million.

Education and Outreach Initiative (EOI) ensures that housing providers, community organizations, and victims of discrimination have access to information about their rights and responsibilities under the Fair Housing Act. Eligible activities for EOI funding range from fair housing counseling to the production and dissemination of educational materials to technical assistance and public service announcements. A typical EOI grant might fund conferences to teach builders and architects about the accessibility requirements of the Fair Housing Act.

Fair **Housing** Organizations Initiative (FHOI) enhances the capacity and effectiveness of nonprofit organizations to enforce the Fair Housing Act. FHOI also strengthens the fair housing movement at the national, regional, and local level by encouraging the development and expansion of organizations attending to the needs and rights of underserved populations,

Private Enforcement Initiative (PEI) supports nonprofit organizations in their testing and investigation of discriminatory housing practices.

Administrative Enforcement Initiative (AEI) is designed to fund administering State or local laws that are “substantially equivalent” to the Federal Fair Housing Act. This initiative has not been funded since Fiscal Year 1995, because eligible applicants now receive support for case processing and other enforcement related activities under the Fair Housing Assistance Program.

### Fair Lending Best Practices Agreement, West Virginia

On December 3, 1997, the West Virginia Housing Development Fund (WVHDF) became the second State housing finance agency in the country to sign a Fair Lending Best Practices Agreement with HUD. In signing this Fair Lending Best Practices Agreement, the West Virginia Housing Development Fund will increase homeownership opportunities while reinforcing and supporting the principles of sound lending. The agreement will create an environment that increases credit and homeownership opportunities for historically underserved borrowers. This agreement should eliminate discriminatory barriers and result in increased lending to low-income and minority persons.

#### **Exhibit 6-2**

#### **FY 1998 Fair Housing Initiatives Program: Funding by Category**

Category	Number of Grants	Allocation
Education and Outreach Initiative	11	\$ 1,000
Private Enforcement initiative	30	9,300
Fair Housing Organizations Initiative	6	1,200
<b>Total</b>	<b>47</b>	<b>\$11,500</b>

*All dollars in thousands.*

### HUD Minnesota Field Office, Minneapolis, Minnesota

Through a unique partnership with the Minneapolis City Council and the City's Water and Civil Rights Departments, HUD's Minnesota Field Office has taken an unusual approach to fighting housing discrimination. More than 95,000 households in Minneapolis received a fair housing flyer with their April 1999 water bills. The flyers were distributed to inform citizens of the subtlety and sophistication of today's housing discrimination, and provide them with a way to fight it. Each flyer, printed in ten languages, included information on housing rights and provided contact information to report acts of housing discrimination.

## **FAIR HOUSING ASSISTANCE PROGRAM (FHAP)**

To encourage and assist in the enforcement of the Fair Housing Act, HUD provides technical and financial assistance to State and local fair housing enforcement agencies working to further fair housing within their jurisdictions. Only those State and local fair housing enforcement agencies with statutes “substantially equivalent” to the Federal Fair Housing Act are eligible for Federal financial and technical assistance. FHAP grants are awarded on a noncompetitive basis for complaint processing, training, capacity building, implementation of data and information systems, and other special projects. Through this partnership,

### **DID YOU KNOW?**

HUD is using one of technology's newest tools to fight housing discrimination. On April 10, 1998, Secretary Cuomo unveiled HUD's new internet web site designed to collect housing discrimination complaints online. The new method of filing complaints online will supplement the existing written or telephone hotline complaints.



HUD encourages State and local agencies to assume a greater share of the responsibility for administering fair housing laws and ordinances. With a program operating budget of \$15 million, 80 State and local FHAP agencies handled slightly more than 56 percent of all fair housing complaints filed in FY 1998.

### **Arizona Attorney General's Office, Phoenix, Arizona**

The Arizona Department of Law (ADL) in the Arizona Attorney General's Office is responsible for enforcement of the Arizona Fair Housing Act. In FY 1998, ADL operations received \$193,000 FHAP funds to process cases under Arizona law. HUD's contract with ADL helps defray the significant costs of processing more than 100 housing discrimination complaints annually. HUD's annual evaluation of the current cooperative agreement recognizes that ADL closed 119 cases and remanded 1 case. With no separate mechanism available for legal review, cases in which cause is found may be filed in State court immediately. During the past year, ADL has reached out to 27 organizations (such as local fair housing advocacy agencies, the Board of Realtors, mortgage lenders, and professional housing developers and managers). In FY 1997 and FY 1998, ADL reached monetary settlements totaling \$144,978. The agency also reached a \$5 million settlement to be used for monitoring and reviewing and generating loans to minorities.

### **LOOKING AHEAD:**

**The FY 2000 budget provides \$20 million in FHAP funding. This is an increase of \$3.5 million over FY 1999 funding.**

## **MAKE 'EM PAY INITIATIVE**

In conjunction with the White House Conference on Hate Crimes and as part of the national crackdown on this type of offense, President Clinton launched the Make 'Em Pay initiative in December 1998. Make 'Em Pay is designed to fight housing-related acts of hate, violence, and intimidation with sharply higher fines and increased enforcement. Separate fines are assessed for each act of discrimination committed, and repeat offenders face increasingly steeper fines for each subsequent offense. The new endeavor also partners HUD with civil rights advocacy and fair housing enforcement agencies at the State and local level to identify and track housing-related hate crime activity. The initiative requires fair housing groups funded by HUD to report cases directly to HUD for fast processing.

### **Hamilton County Cops Arrest Housing Bias, Cincinnati, Ohio**

Hamilton County police chiefs are placing their departments on the battlefield against unlawful housing discrimination. Local cops are learning about the Fair Housing Act and other civil rights laws by enrolling in an anti-bias training program run by the local office of Housing Opportunities Made Equal. The goal is to make law enforcement and other community service providers aware of how their actions affect housing opportunities. The program offers insight into the way law enforcement agencies are perceived and how hate crimes should be handled. Police officers are taught how to understand and react to victims of criminal acts based on their race, color, religion or ethnicity. The four-part training curriculum features presentations by policemen, hate crime victims, local community leaders, law enforcement executives, and civil rights leaders in the affected communities.

## VOLUNTARY FAIR HOUSING PROGRAMS

As part of its effort to strengthen fair housing enforcement, HUD has adopted an approach based on partnership and cooperation with the housing industry and other interested parties. HUD's Office of Fair Housing and Equal Opportunity has signed Voluntary Affirmative Marketing Agreements with three industry groups: the National Association of Home Builders, National Association of Real Estate Brokers, and the Association of Real Estate License Law Officials. These housing industry representatives have worked together with HUD to develop voluntary affirmative marketing agreements that advance fair housing goals, particularly for homeownership to underserved groups. Consequently, signatories to these agreements are involved in: disseminating fair housing information and educational materials; providing fair housing training programs for members of their organizations; establishing and observing fair housing standards for public advertising and marketing; and promoting greater diversity within the housing industry and trade associations to increase minority membership.

HUD's partnership with fair housing advocates was expanded on November 15, 1997, when Secretary Cuomo and the National Association of Realtors signed an agreement to develop a training and certification program for real estate professionals. It is intended to dismantle barriers to homeownership and encourage those in the real estate profession to further the President's goal of creating One America. HUD also continues to work with the National Association of Realtors as part of its Fair Housing Partnership Resolution signed in December, 1996. The partnership recognizes the unique demographics of every community and establishes a framework for addressing fair housing issues at the local level.

### DID YOU KNOW?

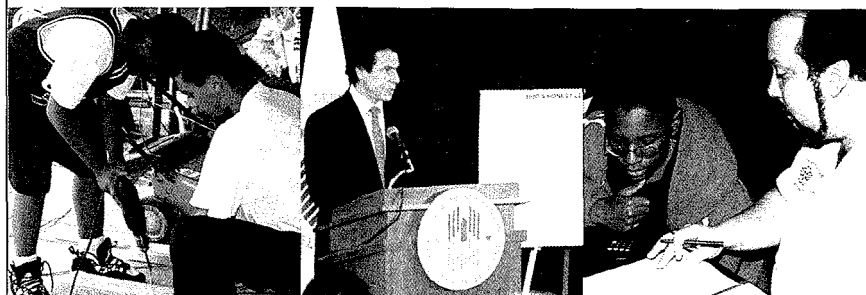
In November 1998, Secretary Andrew Cuomo announced the initiation of the most comprehensive and sophisticated nationwide audit ever conducted on housing discrimination. The nationwide audit will cost \$7.5 million and will include 3,000 to 5,000 tests for Fair Housing Act violations including discrimination in housing sales, rentals and mortgage lending.



### Housing Opportunities Made Equal, Richmond, Virginia

Since 1995, nearly \$1.5 million in FHIP funding to Housing Opportunities Made Equal has made a number of fair housing achievements possible. For instance, FHIP-funded testing helped win a \$100 million judgment against Nationwide Insurance for discriminating in the provision of property insurance. Housing Opportunities Made Equal also settled a rental discrimination case against the owners and managers of Wedgewood Village apartments. According to white tenants, there was a plan for "keeping the niggers out." In addition, FHIP funding covered the cost of printing brochures on fair lending and homeowners' property insurance in four languages.

*Housing Opportunities Made Equal, Richmond, Virginia, is a Fair Housing Act certified agency.*





“The American Dream of homeownership is not reserved for whites. We will not tolerate a continued homeownership gap as wide as the Grand Canyon that divides Americans into two societies, separate and unequal. Eliminating housing and lending discrimination is vital to making the opportunity for homeownership a reality for **all** Americans.”

*Secretary Cuomo August 6, 1998.*

### **Seton Hall Law School Fair Housing Partnership, Hackensack, New Jersey**

To assist in investigating the large volume of fair housing complaints received by the Fair Housing Council of Northern New Jersey and HUD, the two agencies formed a partnership with Seton Hall Law School. Complaint processing increased and law students are gaining hands-on experience in housing discrimination law. As a result of more efficient processing, delays in the processing of complaints are down. Now, the Council is able to devote more of its resources to fair housing education and foreclosure counseling. Aiding the Council in its fight against discrimination is a two-year FHIP Private Enforcement Initiative award of \$350,000.

### **FAIR LENDING “BEST PRACTICES” AGREEMENTS**

Launched in 1994, the Fair Lending “Best Practices” Initiative engages mortgage banking institutions in a nationwide, cooperative effort to incorporate fair housing and equal opportunity principles into mortgage lending standards as well as increase low-income and minority lending. Since the signing of the HUD-Mortgage Bankers Association of America (MBA) Fair Lending “Best Practices” Master Agreement, more than 117 lenders have signed individual, voluntary Fair Lending accords.

The companies and associations that sign “Best Practices” Agreements not only commit to meeting the responsibilities under the Fair Housing Act, but also make a concerted effort to exceed those requirements. In general, the signatories agree to administer a review process for loan applications to ensure that all applicants have every opportunity to qualify for a mortgage. They also assent to making loans of any size so that all borrowers may be served and to provide information on all loan programs for which the applicant qualifies. In addition, lenders agree to engage in consumer education on fair lending laws and loan eligibility requirements and establish a working relationship with community organizations that promote fair lending.

The results of the initiative are promising. As lenders discover new, untapped markets, their minority and low-income loan applications and originations have risen. Consequently, the homeownership rate for low-income and minority groups has increased throughout the nation. However, a nearly 30 percent gap currently exists between the homeownership rate of white Americans and their African American and Hispanic counterparts. In an effort to reduce this disparity, HUD signed “Best Practices” Agreements with 7 additional lending institutions in FY 1998. Furthermore, 10 expired agreements were re-signed.

### **West Tennessee Legal Services, Inc., Jackson, Tennessee**

Using funds from both the Housing Counseling Grant Program and Community Development Block Grant Program, West Tennessee Legal Services, Inc. (WTLS), has counseled more than 1,200 persons in the last 2 years. WTLS has also provided fair housing enforcement, education, and outreach to individuals in a four-state area while working with Legal Services Corporation entities across Tennessee, Alabama, east Arkansas, and north Mississippi. Cooperative agreements between WTLS and the entities allow WTLS to handle Fair Housing Act enforcement services, education, and outreach to persons seeking to pursue their rights under the Act.



# Index

## B

---

Bridges to Work (BtW) . 57  
Brownfields Redevelopment . 14, 15, 20, 22

## C

---

Campus of Learners . 50, 56  
Center for Community and Interfaith Partnerships . 14, 31  
Community 2020 Mapping Software . 12  
Community Builders . 2, 8, 9, 10  
Community Development Block Grant (CDBG) . 15  
Community Development Work Study Program . 27  
Community Outreach Partnership Centers (COPC) . 15, 26  
Consolidated Plan- 14, 15  
Continuum of Care . 34, 43, 44, 45, 46

## D

---

Disabled Housing . 34, 42  
Disaster Recovery . 24, 25  
Drug Elimination Program . 28, 29, 54

## E

---

Economic Development and Supportive Services (EDSS) . 41, 52  
Economic Development Initiative (EDI) . 19  
Economic Development Loan Fund (Section 108) . 15, 18  
Elderly Housing . 34, 42  
Emergency Shelter Grants (ESG) . 44  
Empowerment Zones (EZS) and Enterprise Communities (ECS) . 15, 20  
Enforcement Center . 2, 4, 7, 8, 78

## F

---

Fair Housing Assistance Program (FHAP) . 70, 72  
Fair Housing Initiatives Program (FHIP) . 70  
Fair Lending “Best Practices” Agreements . 75  
Family Self Sufficiency (FSS) . 51  
Fannie Mae . 67  
Federal Housing Administration (FHA) . 31, 62  
FHA Multifamily Insurance . 43  
FHIP: Administrative Enforcement Initiative (AEI) . 72  
FHIP: Education and Outreach Initiative (EOI) . 71, 72  
FHIP: Fair Housing Organizations Initiative (FHOI) . 71  
FHIP: Private Enforcement Initiative (PEI) . 72  
Freddie Mac . 42, 67

## G

---

Ginnie Mae (Government National Mortgage Association) . 24, 60, 68, 78

## H

---

Health Care  
Facilities Financing . 31  
Healthy Homes . 30  
Hispanic-Serving  
Institutions Assisting  
Communities . 27  
Historically Black  
Colleges and Universities  
(HBCUs) . 15, 27  
Home Investment  
Partnerships Program  
(HOME) . 34, 39, 40, 43, 62  
Homeownership  
Opportunities for  
Woman (H.O.W.) . 65  
Homeownership  
Zones . 15, 60, 66  
HOPE VI . 38  
HOPE VI Self  
Sufficiency . 53  
Housing Counseling . 60  
Housing Opportunities  
For Persons With AIDS  
(HOPWA) . 34, 45  
HUD Annual  
Performance Plan . 10  
HUD Business and  
Operating Plan . 10  
HUD Next Door Kiosks . 11  
HUD Storefront Offices . 11  
HUD Strategic Plan . 10  
HUD’s Web Sites . 11

---

## I

International Program . 12

---

## J

Jobs-Plus . 58

---

## K

Lead-Based Paint Hazard Reduction . 29, 30

Low-Income Housing Tax Credit (LIHTC) . 41

---

## M

Make'Em Pay Initiative . 73

Management Reform . 2, 3, 7, 8, 9, 10, 11, 12

Mark to Market . 36

Mark Up to Market . 36

Moving to Opportunity (MTO) . 57

Moving to Work (MTW) . 57

---

## N

National Partners in Homeownership . 61

Native American Housing . 9, 41

Native American Housing Assistance and Self Determination Act (NAHASDA) . 41, 42

Neighborhood Network Centers . 55

---

## O

Officer Next Door . 65

One Strike and You're Out . 29

---

## P

Partnership for Advancing Technology in Housing (PATH) . 68

Processing Centers . 6, 7

Public Housing . 4, 5, 10, 28, 29, 31

Public Trust Officers . 8.9

---

## R

Real Estate Assessment Center . 2.4

---

## S

Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program . 44

Section 8 Project-Based Assistance . 35

Section 8 Tenant-Based Vouchers and Certificates . 35

Service Coordinators for the Elderly . 54

Shelter Plus Care (S+C) . 44

Step-Up . 55

SuperNOFA . 11

Supportive Housing Program (SHP) . 44

---

## T

Tenant Opportunity Program (TOP) . 52

Troubled Agency Recovery Centers . 4, 5

---

## V

Voluntary Fair Housing Programs . 74

---

## Y

Youthbuild . 54.55

# Headquarters and Regional Offices

451 Seventh Street, S.W.  
Washington, D.C. 20110

## General Information

202.708.1112

## Office of the Secretary

202.708.0417

## Assistant Secretary for Administration

202.708.0940

## Chief Financial Officer

202.708.1946

## Assistant Secretary for Congressional and Intergovernmental Relations

202.708.0005

## Office of Departmental Equal Employment Opportunity

202.755.0341

## Office of Departmental Operation and Coordination

202.708.2806

## Assistant Secretary for Fair Housing and Equal Opportunity

202.708.4252

## Office of Federal Housing Enterprise Oversight

202.414.3800

## Office of General Counsel

202.708.2244

## Government National Mortgage Association

202.708.0926

## Assistant Secretary for Housing/Federal Housing Commissioner

202.708.3600

## Office of Inspector General

202.708.0430

## Office of Lead Hazard Control

202.755.1785

## Assistant Secretary for Policy Development and Research

202.708.1600

## Assistant Secretary for Public Affairs

202.708.0980

## Assistant Secretary for Public and Indian Housing

202.708.0950

For further information, contact HUD offices in the following areas:

## New England

Thomas P.O'Neill, Jr. Federal Building  
10 Causeway Street, Room 375  
Boston, MA 02222-1092  
617.565.5234

## New York/New Jersey

Jacob Javits Federal Building  
26 Federal Plaza  
New York, NY 10278-0068  
212.264.1161

## Mid-Atlantic

The Wanamaker Building  
100 Penn Square East  
Philadelphia, PA 19107-3380  
215.656.0600

## Southeast/Caribbean

49 Marietta Street  
5 Points Plaza  
Atlanta, GA 30303-2806  
404.331.5136

## Midwest

Ralph H. Metcalfe Federal Building  
77 West Jackson Boulevard  
Chicago, IL 60604-3507  
312.353.5680

## Southwest

801 Cherry Street  
Post Office Box 2905  
Fort Worth, TX 76113-2905  
817.978.9000

## Great Plains

Gateway Tower II  
400 State Avenue  
Kansas City, KS 66101-2406  
913.551.5462

## Rocky Mountain

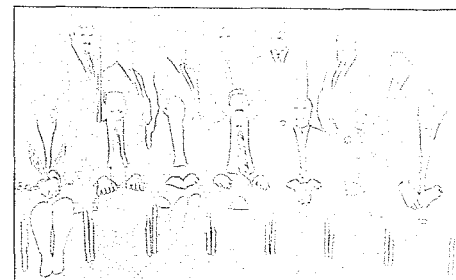
633 17th Street  
Denver, CO 80202-3607  
303.672.5440

## Pacific/Hawaii

Phillip Burton Federal Building  
and U.S. Courthouse  
450 Golden Gate Avenue  
Post Office Box 36003  
San Francisco, CA 94102-3448  
415.436.6550

## Northwest/Alaska

Seattle Federal Office Building  
909 1st Avenue, Suite 200  
Seattle, WA 98104-1000  
206.220.5101



## HUD Principal Staff

### Seated (left to right)

Gloria Parker  
Chief Information Officer  
Cardell Cooper  
Assistant Secretary for Community Planning and Development  
Susan Wachter  
Assistant Secretary for Policy Development and Research  
Saul N. Ramirez, Jr.  
Deputy Secretary  
Harold Lucas  
Assistant Secretary for Public and Indian Housing  
Gail Laster  
General Counsel  
William Apgar  
Assistant Secretary for Housing—Federal Housing Commissioner

### Standing (left to right)

Edward Kraus  
Director, Enforcement Center  
David Gibbons  
Chief Financial Officer  
Hal DeCell  
Assistant Secretary for Congressional and Intergovernmental Relations  
George Anderson  
Executive Vice President, Ginnie Mae  
Joseph Smith  
General Deputy Assistant Secretary for Administration  
Donald J. LaVoy  
Director, Real Estate Assessment Center  
Ira Peppercorn  
Director, Office of Multifamily Housing Assistance Restructuring

### Not Pictured

Eva Plaza,  
Assistant Secretary for Fair Housing and Equal Opportunity











451 Seventh Street, S.W., Washington, DC 20410  
Telephone 202.708.1112 • Telefax 202.619.8153 • [www.hud.gov](http://www.hud.gov)