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1 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
2
3 HOUSING POLICY IN THE NEW MILLENNIUM
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12 AFTERNOON PLENARY SESSION
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Reported by: Ray Heer

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MS. WACHTER: Good afternoon. Welcome to all of
2 you. We need to hear your voices, not just right now but
3 throughout our deliberations. That's the purpose of this
4 gathering. The purpose of this gathering is to engage us
5 all in a dialogue. You have heard from our Commissioner
6 Bill Apgar of some of the important undertakings that we
7 are about at HUD. You'll hear more about them. But
8 what's most critical is that we engage together in
9 discussing what we are about, some of our new initiatives,
10 some of the things that are in the process of being
11 developed and getting your ideas.

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I am going to shortly introduce our first panel.
14 But I would like to begin by sharing with you brief
15 comments on why I believe this gathering is important and
16 timely.

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Recently, we issued the National Urban Report to
19 the President. It looks like this and it's outside. It's
20 also on the web, "The State of the Nations Cities 2000".

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We identified several major trends in this
23 policy statement. And I will focus briefly on two of
24 them. One, the resurgence of cities. This remarkable
25 economy, unprecedented economic prosperity, has fueled the
26 resurgence of cities. It has also been the basis of a new
27 housing economy.

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succession of housing prices exceeding inflation. Real
2 housing prices and rents in real dollars are at all-time
3 highs, not only in hot markets but on average in the
4 aggregate for the nation as a whole. This is true for low

5 income, middle and high-end as well.

6 This is true for cities. This is true for
7 suburbs. Indeed, for the first time since we have tracked
8 these trends, rents and prices in cities have gone up
9 faster than in suburbs. Although suburban prices and
10 rents still are higher.

11 This is both a bad news and a good news story.
12 Of course, the unprecedented economic prosperity is good
13 news. But the irony that Secretary Cuomo points to is
14 real. This prosperity has fueled housing price increases
15 and an affordable housing crisis. We have a decline in
16 affordable housing stock relative to the need. And we
17 have increasing issues of access to affordable, safe and
18 decent housing.

19 And we believe, based on these long-term shifts,
20 new housing economy, revitalization of cities, that our
21 nation's need for access to safe, decent, and affordable
22 housing is not going to go away. In fact, we believe that
23 these issues are going to become ever more important,
24 increasingly important in the setting of national policy
25 priorities.

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1 Thus, we need your help in addressing these
2 issues. We need the engagement of housing practitioners
3 and researchers in formulating policy responses. This
4 will require an enhanced dialogue among practitioners,
5 researchers, academics, in the policy community. We hope
6 this conference will promote such a dialogue.

7 You have heard about some of our important new
8 initiatives from our Commissioner Bill Apgar. You have
9 heard about REAC, the Real Estate Assessment Center, which
10 allows newly for the first time for us to identify where
11 our HUD assisted projects are and therefore to hold owners
12 accountable.

13 You will hear shortly in the next panel about
14 the important reforms that Bill Apgar has put into place.
15 I know him as an academic and I have worked with him as an
16 academic. But I have to say he's one of the best managers
17 we have at HUD in putting these important reforms in place
18 to bring back FHA.

19 And indeed, bringing back is literal. Because
20 FHA was on the chopping block as was HUD as a whole. We
21 needed to reform FHA and HUD in order to be thinking about
22 the broader policy issues.

23 And we did. One of the amazing things that I
24 think amazed me and probably many of the people in this
25 room was that the Secretary and Bill Apgar were able to

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1 raise loan limits on FHA at a time when the very, very
2 viability of FHA was in question. But now we have an all-
3 time record recovery with returns to the Treasury far in
4 excess of what we've ever had before from FHA.

5 You will hear about other new important
6 initiatives tomorrow. The reform of our fair market
7 rents. New home ownership vouchers, and new supply
8 oriented proposals. And you will hear at the last session
9 tomorrow the focus of building market rate housing in our

10 cities.

11 In all these areas, we need to engage you in a
12 dialogue to help in emerging new policies. Also, under my
13 direction PD&R have undertaken a new look at the
14 formulation of a research agenda to increase our
15 understanding of these long-term trends.

16 We have important new major research projects
17 underway which you'll hear about briefly tomorrow as such
18 policy research initiatives as Moving to Opportunity, Jobs
19 Plus and similar research projects of national importance
20 to the formulation of policy.

21 Similar in ways to the studies that originally
22 HUD did, the experimental housing allowance program, the
23 discrimination studies, which are familiar to many of you
24 in the room, and which many of you participated in. Well,
25 we need your participation in these new long-term research

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1 studies.

2 In addition to that, and you will hear this
3 tomorrow morning, we want you to be aware of our reaching
4 out to you with access to data. And the data will be
5 supplied in an amazing new initiative that will provide
6 online, web enabled, Internet supplied data that will be
7 spatially enabled that you will be able to experiment
8 with, do analysis with, including regression analysis, by
9 downloading all of the data. So you will have access to
10 not only data on housing and urban trends, but also HUD
11 programs, by disaggregated spacial maps to the lowest
12 level of aggregation possible.

13 We will be inviting you to join as beta testers
14 of this new software application tomorrow morning. So we
15 will today and tomorrow be asking you to engage with us on
16 a high level of housing formulation on the level of how
17 you can go forward and help us with our research efforts
18 and today help inform each other, us as well as the
19 participants, here today and tomorrow and the important
20 policymakers who are here with us in the room, not just
21 the HUD folks.

22 We began this with our very distinguished
23 panelists this afternoon. Our panelists are all leaders
24 in the housing research community and activist community.
25 I am sure that you do not need an introduction to this

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1 crowd, but please allow me the pleasure to introduce these
2 folks briefly.

3 Let me first introduce Phil Clay of MIT. Phil
4 is Professor of City Planning at MIT, one of the leading
5 planning programs in the country, and he's also Associate
6 Provost. He is a prominent figure in developing national
7 preservation policy.

8 Currently, Phil has two national research
9 focuses. One on building the capacity of community based
10 organizations and affordable housing production and
11 delivery, and also on comprehensive community initiatives
12 such as HOPE-6.

13 Our second panelist is Peter Dreier, the EP Clap
14 Distinguished Professor of Politics at Occidental College

15 in Los Angeles, California. Peter is also Director of the
16 University's Public Policy program. Peter is known
17 nationally for his work on the politics of housing policy
18 and he's currently working on a book on urban politics and
19 policy, rethinking the urban agenda.

20 Our third panelist, Hattie Dorsey, is a
21 prominent leader in the community development movement.
22 Hattie is President and CEO of the Atlanta Neighborhood
23 Development Partnership. This organization under Hattie's
24 leadership has become a national model for funding and
25 supporting nonprofit development activity. Hattie has

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1 thought through the issues of community development on the
2 ground, real-time. And she will be bringing this
3 perspective to us today.

4 Finally, let me introduce our afternoon's
5 keynote speaker Michael Schill. Michael is a Professor of
6 law and urban planning and the Director of the Center for
7 Real Estate and Urban Policy at the New York University
8 School of Law. Michael is a leading researcher and writer
9 on housing policy issues. His writings include "Housing
10 and Community Development in New York City: Facing the
11 Future", "Assessing the Role of Community Development
12 Corporation in Inner City Economic Local Development" and
13 "Local Enforcement of Laws Prohibiting Discrimination in
14 Housing". Currently, his research focuses on fair housing
15 and land use regulation.

16 Before we began with Michael, I just want to
17 tell you all have binders which I think is remarkable
18 on how many people were able to get us our papers.
19 However, I do want to let you know that there were a few
20 other papers that we were not able to get in time to
21 include in the binder. We will try to make them available
22 to you tomorrow. But they also will be available on the
23 web and in the forthcoming volume. With that, I would
24 like to start with our initial speaker, Michael Schill.
25 Thank you.

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1 MR. SCHILL: Thank you, Susan. This conference
2 today provides us with a wonderful and timely opportunity
3 to discuss and perhaps rethink the future direction of
4 housing policy in the United States as well as what the
5 appropriate federal role should be in creating and in
6 implementing that policy.

7 We have made tremendous strides in reforming
8 housing policy in recent years. And now is a particularly
9 good time for us to sit back and take stock.

10 The next administration will find itself in
11 quite a different policy environment than the current one
12 did in 1993. Rather than facing enormous budget deficits
13 and the need to cut or abolish programs, the budget will
14 be in surplus with some limited opportunity to experiment
15 with new spending initiatives.

16 The economy as we all know is booming today and
17 the economies of most cities are better than they've been
18 in several years. Poverty rates have declined. Rates of
19 welfare receipt have also gone down.

20 HUD, together with states and localities, has
21 begun and made progress towards the process of correcting
22 an accumulation of mistakes that were made over the past
23 50 years, particularly with respect to the public housing
24 program.

25 And then within the housing community - and this
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1 is one of the things that I find most remarkable - within
2 the housing community, less divides us today than in the
3 past. Remarkable consensus exists today between the
4 right, between the left, center, all groups, about many of
5 the issues that used to be most controversial and that
6 used to divide us.

7 Now, over the next 15 minutes or so, I'm going
8 to discuss seven principles - seven is not a magical
9 number. Seven is just the number that I came up with -
10 that I believe should guide federal housing policy as we
11 begin the new millennium.

12 These principles are a work in progress.
13 Hopefully, by the end of the conference, I will be able to
14 listen and steal some of your ideas and maybe have an
15 eighth or ninth principal along the way.

16 Now, the first principal that I think should
17 guide housing policy is that housing policy must be linked
18 to other social policies. We have made significant
19 progress in recent years in breaking through the
20 parochialism of housing policy, and if you will, returning
21 it to its roots.

22 As many of you have eloquently written
23 yourselves, modern housing policy had its origins in
24 concerns that weren't focused on housing per se. Instead,
25 the tenement housing acts enacted by New York City in the
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1 last half of the 19th century were premised on the impact
2 that housing had on people. Decent housing was seen as a
3 prerequisite to public health, morals and crime control.

4 This emphasis on housing as a tool to human
5 benefits and not just bricks and mortar is resurgent
6 today. It exists in policy initiative after policy
7 initiative. Investing in housing can be a method to
8 create order out of disorder, to combat crime and to
9 create neighborhood stability.

10 In the city in which I live, New York, many
11 people believe that the crime rate did not fall solely due
12 to the fact that we instituted some wonderful new policing
13 strategy. Instead, the \$5 billion invested in housing of
14 the city's own money, over three mayoral administrations,
15 quite literally rebuilt entire neighborhoods. If you
16 doubt this, come to New York. Come see the South Bronx.
17 Come see Central Harlem. You will find it difficult to
18 believe the changes.

19 Abandoned housing that was once generating
20 negative externalities that hurt neighborhoods, that once
21 was the breeding ground for crime, is now the opposite.
22 It is attracting people. It is attracting investment.

23 In much the same way, housing is also an
24 economic and a community development tool. The

25 repopulation of inner city neighborhoods made possible

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1 with new housing development and gut renovation programs
2 provides jobs for neighborhood residents. And also a
3 consumer base for new retail and service sector jobs.

4 You go through many of the most distressed
5 neighborhoods in New York, what used to be the most
6 distressed neighborhoods, those areas now are areas of
7 tremendous commercial vitality. The stores are crowded.
8 The streets are crowded. There's a sense of activity.
9 And one of the reasons for that is housing policy.

10 Housing policy can also be a catalyst for
11 community organization and stability. Community-based
12 housing has provided the means through which neighborhood
13 residents have been able to take an active role in their
14 communities. They have recreated the type of institutions
15 that crumble with the flight of the middle class.

16 Home ownership growth in the inner city, fueled
17 by working and middle class home ownership subsidies and
18 by the increase in lending which has been phenomenal to
19 low and moderate-income families, generated by the
20 Community Reinvestment Act, as well as by the GSE
21 requirements, have created a stable population who vote,
22 who join PTAs, who participate in community affairs, and
23 who want to protect their investments in their homes and
24 neighborhoods.

25 Indeed, home ownership programs themselves are

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1 increasingly seen not just as a way to house people, not
2 just as a community development strategy, but also as a
3 mechanism to build individual wealth and assets among the
4 poor and the working class.

5 Housing policy can also be a tool to develop
6 human capital and promote economic mobility. Housing,
7 because it is tied to location, in many ways can determine
8 a person's economic, educational and social opportunities.
9 Nowhere is this more important, and nowhere are the
10 challenges more crucial, than in the area of welfare
11 reform.

12 As households reach the five-year limits on
13 assistance, housing assistance can provide a way for them
14 to gain access to jobs. Welfare-to-work vouchers show
15 much promise for helping inner city families to move to
16 areas of greater economic opportunity. Although they have
17 not yet been fully evaluated, other programs, such as
18 Family Self-Sufficiency and Jobs Plus, those initiatives
19 are welcome additions to the federal anti-poverty effort.
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21 Now, perhaps more importantly, housing
22 assistance can also provide a way for children to grow up
23 in nurturing environments. Results from the Detroit
24 program suggested that kids who grew up in the suburbs had
25 improved educational outcomes.

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1 More recent results, early results, from the
2 phenomenal program Moving to Opportunity demonstrate that
3 children in low poverty neighborhoods experienced a

4 reduced incidence of crime, misbehavior and health
5 problems. And results are still due in. We're only in I
6 think year four or five of that. And we have a ten-year
7 program to evaluate.

8 Well, principal - that was a long principal
9 number one. The other ones will be shorter. Principal
10 number two is that housing policy must fix the mistakes of
11 the past and must also do no harm in the future. Although
12 there have been some successes, the history of American
13 housing policy has also had more than its share of
14 failures.

15 In many cities, the public housing program has
16 become a caricature of all that people feared most in
17 central cities, hulking, non-contextual towers, bad
18 repair, physical dilapidation, concentrations of the most
19 economically marginal people in the metropolitan area,
20 high crime rates, racial segregation. I could go on and
21 on. Some of these problems were caused by the structure
22 of the program, by the absence of federal oversight, by
23 unethical, racist, and sometimes illegal activities of
24 local agencies.

25 Now, Section 8 project based housing, while in
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1 somewhat better shape on the whole than public housing,
2 still has its own issues, ranging from the fiscal solvency
3 problems to the scandals of the 1980s. The federal
4 government, as well as states and cities, have an
5 obligation to remediate the failures of the past. We're
6 currently seeing tremendous progress in the public housing
7 program.

8 The 1998 housing legislation enacted rules to
9 de-concentrate existing public housing by enabling housing
10 authorities to admit more working families. It also set
11 into place the machinery for taking developments away from
12 persistently under performing public housing authorities
13 which did not look after the needs of their tenants. Many
14 of the worst developments, which have blighted
15 neighborhoods for years, reduced property values, created
16 breeding grounds for crime, are finally coming down.

17 With respect to some of these developments,
18 HOPE-6 has proved to be a useful tool to redevelop
19 housing, reduce densities, build communities and create
20 mixed income environments where only poverty existed.

21 Since the Clinton Administration came into
22 office, HUD has also actively sought to conclude a number
23 of desegregation decrees, consent decrees, with public
24 housing in many cities. Finally seeking to correct many
25 of the problems that government itself contributed to by

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1 turning a blind eye to the activities and the
2 discrimination that took place at this local level for
3 years.

4 Now, the federal government must also look to
5 the future and ensure that current housing policies do no
6 harm. One area where I think we have to be careful is
7 home ownership. This year home ownership rates in the
8 United States have reached record levels. Much of this

9 increase in home ownership is a result of federal
10 policies, including FHA mortgage insurance, favorable tax
11 treatment of homeowners, laws requiring banks and GSEs to
12 increase lending to low and moderate income families.

13 As I mentioned earlier, this increase in home
14 ownership can be justified on a number of grounds ranging
15 from asset building to neighborhood stabilization. But
16 the government also owes an obligation to new home owners
17 and also to the neighborhoods in which they live to ensure
18 that purchasers of homes are financially prepared for home
19 ownership and that they can weather the impact of a change
20 in economic conditions.

21 In addition, the housing community has an
22 obligation to all who benefit from federal housing
23 assistance to avoid the types of scandals that have
24 checkered the history of housing policy.

25 HUD's recent efforts to assess the conditions of
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1 privately subsidized housing are important. As Bill Apgar
2 mentioned in his opening remarks, one of the major
3 achievements of HUD over the past three years has been for
4 the first time we have consistent, objective, and up-to-
5 date performance indicators of housing quality and
6 management. And I'm first in line to get some of that
7 data when you're ready for research purposes.

8 In addition, HUD has established a system for
9 bringing enforcement actions against recalcitrant
10 landlords and technical assistance to ones who want to
11 improve, carrots and sticks.

12 The federal government must also monitor more
13 carefully other programs that could also be the breeding
14 ground for corruption and mismanagement.

15 Over the past 15 years, we have increasingly
16 relied on a program that actually is not administered by
17 HUD, the low income housing tax credit, as well as
18 community-based organizations to provide new production of
19 subsidized housing. In many instances, these programs
20 have generated terrific results.

21 Nevertheless, we mustn't forget what Samuel
22 Pierce's HUD did for the reputation of project based
23 Section 8. We must ensure through oversight and through
24 research that housing subsidies of today are used
25 effectively. We cannot afford another scandal.

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1 Part of the responsibility for preventing future
2 abuse also rests with many of the people in this room.
3 Many of us have made our names writing about the failure
4 of individual housing programs. Well, we need to get
5 there a little sooner than when the projects are being
6 taken down. What we need to do is pay attention to
7 studying and evaluating ongoing and proposed programs.
8 Thereby providing useful information to policymakers
9 before the problems get out of hand.

10 In addition to oversight and evaluation, abuse
11 can also be protected against to the extent that private
12 market forces are employed to discipline housing
13 providers.

14 Which brings me to my third principal. To the
15 greatest extent possible, housing programs should work
16 with the market rather than against the market. One
17 reason, as I just mentioned, is that market forces can
18 frequently discipline housing providers to avoid waste and
19 promote efficient use of scarce resources. A second
20 benefit of market based housing policies is their ability
21 to leverage private capital.

22 Recent housing policies have made important
23 strides in using the market. For example, HOPE-6. HOPE-
24 6 and legislative and administrative authorization for
25 mixed financed public housing allows private money to be

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1 drawn into low and moderate income housing.

2 Another manifestation of market based principles
3 is competition among housing providers. Specifically,
4 Congress in 1998 in the housing legislation set up a
5 procedure under which housing could be taken away from
6 particularly or persistently troubled authorities and
7 given to other management entities.

8 HUD is currently considering policies that will
9 cause - that might cause PHAs that under utilize their
10 Section 8 vouchers to forfeit them to better performing
11 PHAs or other market intermediaries.

12 Perhaps most importantly of all, housing
13 vouchers, the quintessential market based housing policy
14 are now a mainstay of our housing assistance.

15 Which brings me to principal four. Incremental
16 housing vouchers are - and this is one of the more obvious
17 ones - incremental housing ventures are a critical element
18 of any American housing policy. When I began studying
19 housing policy - I counted the years and I got actually
20 shocked last week - when I began studying about 25 years
21 ago, the big debate was over the extent to which demand
22 oriented assistance should supplant supply oriented
23 subsidies.

24 The experimental housing allowance results had
25 just been published, and many people were impressed with

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1 the results. Indeed, many of you in the room wrote about
2 this, wrote about the results of the experimental housing
3 program and entered into the voucher production debate.

4 As we begin the new millennium, the debate has
5 shifted in important ways. Vouchers are now the status
6 quo. And instead of debates over whether we should or
7 should not have them, current policy discussion concerns
8 more how should we modifying the voucher program to make
9 it more effective? Vouchers seem to have won the hearts
10 and minds of most housers. Not the exclusive part of
11 their hearts and minds, but nonetheless their hearts and
12 minds.

13 No one is seriously suggesting that we stop
14 using them. And this makes good sense. Vouchers are
15 cost-effective. Vouchers can be targeted to the very
16 poorest of the poor in ways that will not generate great
17 concentrations of poverty. Vouchers can also help to
18 deconcentrate poverty. The neighborhoods of voucher

19 recipients tend to be less poor and racially segregated
20 than the neighborhoods of households who benefit from many
21 other forms of assistance.

22 That's not to say, however, that vouchers are
23 perfect. In some markets, problems have cropped up. Due
24 to management weaknesses, some public housing authorities
25 don't effectively utilize all of their voucher authority.

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1 And with needs as great as they are today, we can't have
2 that.

3 In addition, particularly in metropolitan areas
4 with low vacancy rates, some voucher recipients have
5 trouble successfully using their vouchers.

6 Finally, some municipalities are experiencing
7 concentrations of voucher holders in certain
8 neighborhoods. Although these concentrations are not
9 nearly as severe as those in public housing, they do
10 detract from one of the principal benefits of the program.
11 They also threaten support of the program by neighborhood
12 residents who feel inundated. And they can serve as
13 lightning rods for people to use as scapegoats against
14 housing assistance.

15 Policies can and should be put into place to
16 deal with these isolated problems. Indeed, HUD's recent
17 increase of fair market rents for certain metropolitan
18 areas should improve the ability of households who get
19 vouchers to utilize them. According to HUD estimates, the
20 pool of apartments affordable to voucher recipients should
21 go up by 25 percent as a result of these reforms.

22 Additional efforts should be made to assist
23 households to find housing, particularly in areas where
24 there are not already a lot of voucher recipients.
25 Although systematic studies don't exist yet, anecdotal

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1 accounts from assisted mobility programs, such as MTO,
2 suggest that counseling, particularly with respect to
3 search strategies, can work, can be effective, in helping
4 people to utilize their vouchers in less concentrated
5 surroundings.

6 And also, counseling doesn't just have to be at
7 the front end. Counseling may also occur after the move
8 to ensure that the voucher recipients integrate into the
9 neighborhoods and that disruptions don't occur.

10 Principal number five. The federal government
11 needs to improve the ability of existing supply oriented
12 programs to serve the lowest income households. As a
13 result of the virtual end of Section 8, project based
14 developments in public housing, the major engine for
15 subsidized housing production in the United States, as
16 I've already said, is the low income housing tax credit.

17 The subsidy provided by tax credits, however, is
18 usually not deep enough to make the housing affordable to
19 extremely low income households. This is so despite the
20 fact that research, such as the research that Susan
21 described a moment ago, indicates that affordability
22 problems are worse for this group.

23 Thus, if existing supplier entry programs are to

24 reach the neediest Americans, they will need some
25 additional source of subsidy. Current proposals for a new
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1 housing production subsidy would be useful in this regard.
2 The Clinton Administration's 2001 budget contains a
3 proposal to make some Section 8 vouchers project based for
4 one year.

5 This together with FHA insurance would allow
6 extremely low income families to live in tax credit
7 projects. Because the tenant would have a voucher, the
8 tenant would also be able to move away if the project were
9 not appropriate or if there were economic opportunities in
10 other areas. Preserving tenant mobility would not
11 threaten the underwriting of these projects because there
12 would still be a tax credit there to subsidize the rents.

13 Most importantly, and this could actually
14 justify a whole other principal, but it's just so - it
15 runs throughout all of these principles, is that de-
16 concentration or the avoidance of concentrated poverty is
17 part of the proposal. No more than a certain proportion
18 of units in any particular tax credit project would get
19 vouchers and therefore be affordable to the very extremely
20 low income families. Thus, we will not the rebuilding the
21 extremely low income concentrated developments that we've
22 seen in the past.

23 Turning to principal six, housing policy cannot
24 adopt a one size fits all model. Current discussion of a
25 production subsidy illustrates a point that should be

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1 obvious to us all now. Federal housing policies need to
2 be flexible enough to adapt to the varying market
3 conditions of cities throughout the nation. Vouchers can
4 be expected to work well under most conditions and in most
5 markets. However, in certain geographic areas and for
6 certain purposes, supply oriented substances will be more
7 effective.

8 For example, in cities with extremely low
9 vacancy rates, vouchers may be difficult to use and may
10 contribute to inflation in the housing market. In these
11 types of markets, supply oriented substances may be useful
12 at least in the short run. In addition, some cities may
13 want to use their housing subsidies as part of a
14 comprehensive community building strategy.

15 Now, the absence of geographical targeting with
16 respect to vouchers is their principal benefit. But that
17 also limits their usefulness in achieving community
18 development objectives. Supplies subsidies, particularly
19 those that involve indigenous community-based
20 organizations as project sponsors or developers may be
21 very appropriate in these circumstances.

22 This example illustrates a number of points.
23 One, federal housing policy in HUD need to be adaptable to
24 local needs and conditions. And two, federal housing
25 programs must be consistent with local community

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1 development and redevelopment objectives and must be
2 provided in coordination with these objectives.

3 Having said all this, while HUD should sit back,
4 enjoy the fruits of devolution, it can't step out in many
5 of the ways that Bill was describing earlier today. HUD
6 needs to ensure that localities are not diverting the
7 money they receive and that the federal government
8 spending our scarce resources are used for their maximum
9 benefits to house low and moderate income families.

10 Now, just as all places are not the same, we
11 have to bear in mind that not all people have the same
12 housing goal needs or objectives. For many Americans,
13 particularly the working poor, all the family needs is
14 some financial help to afford housing. For these people,
15 vouchers are fine. For others, however, particularly
16 seniors, households with physical or mental handicaps,
17 addictions or behavioral problems, supportive services in
18 conjunction with supply oriented subsidies may be
19 necessary. Without these services on site, many of these
20 households would be unable to keep their households.

21 Principal seven, the last principal, not
22 necessarily the most important, but the last principal, is
23 regional solutions are necessary and require that states
24 and localities become responsible partners in low income
25 housing efforts.

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1 Increasingly, we are seeing - it's almost truism
2 - that municipal fragmentation and lack of coordination
3 threatens the quality of life in many of our nation's
4 metropolitan areas. In addition to sprawl and unplanned
5 development, this fragmentation has enabled many
6 municipalities to create barriers to affordable housing.

7 For example, exclusionary zoning limits the
8 housing production in many suburbs and robs inner city
9 residents the ability to move to resource rich locations.
10 Housing, both in the suburbs and in the cities, is also
11 inhibited by costly government regulations. The federal
12 government has an interest in states and localities taking
13 steps to remove regulatory barriers in the housing market
14 that have the effect of driving up the cost of housing.

15 These regulations waste federal resources. It
16 becomes more expensive to subsidize housing when you have
17 gold plated regulations that are not needed. Many
18 regulations are, but not all are. And they inhibit the
19 achievement of federal objectives.

20 There are no shortage of efforts to document
21 these wasteful practices. Nevertheless, there is a
22 shortage of meaningful federal action to address these
23 problems. Existing proposals to require the federal
24 government to take into account the impact of regulations
25 on housing affordability are just the tip of the iceberg

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1 of what needs to be done.

2 Through its spending power, the federal
3 government has both the power and the interest to use a
4 carrot and stick approach to get states and cities to
5 become responsible partners in affordable housing efforts.
6 Smart growth is important and should be pursued, but the
7 federal government must remain vigilant in ensuring that

8 states and localities do not use it as an excuse to erect
9 additional barriers to new affordable housing development.

10 Well, recent experience suggests the continuing
11 truth of the old expression what a difference a few years
12 make. Who would have thought five years ago that both HUD
13 and a Republican controlled Congress would be proposing a
14 new production program?

15 If this were five years ago, I'd be writing and
16 speaking about whether there was any role whatsoever for
17 HUD in the federal government and housing assistance.
18 Instead today, the existence of a federal role in housing
19 assistance seems assured. One of the reasons is, as Susan
20 said earlier, despite the booming economy, perhaps despite
21 the booming economy, affordability problems among low and
22 moderate income families are even more intense today than
23 they were at the beginning of the decade.

24 Another reason for the continuation and
25 strengthening of a federal role in housing resides in this

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1 room. When the future of the federal government in
2 housing came under attack, a combination of factors saved
3 it. An innovative policy response by HUD officials,
4 energetic lobbying by the advocacy organizations and also
5 thoughtful and perceptive research by the academic
6 community that both documented the need for federal
7 intervention and also suggested ways to reform existing
8 programs.

9 Our success in the 1990s, together with the
10 remaining challenges of the new millennium, makes me
11 particularly excited about HUD's sponsorship of this
12 conference and about the insights that I hope will emerge
13 both today and tomorrow. Thank you.

14 MS. WACHTER: We thank Mike Schill for his
15 challenging us with these seven very broad based
16 principles. We now have the opportunity to hear our
17 distinguished panelists responding to these challenges.
18 And then we will allow Mike Schill to respond briefly and
19 turn it to the audience. And we have on each chair a card
20 to write your questions. So we are going to attempt to be
21 brief in our panelist comments so that we can get to the
22 interchange that we all want this conference to be about.

23 So let me just ask you to as we go through the
24 panelists' comments start writing your questions and they
25 will be collected by Jeff Lubell. So if you will just

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1 move them over this direction. Thank you. Phil.

2 MR. CLAY: I agree with Mike that this is an
3 outstanding occasion to revisit the purpose of housing
4 policy and to think ahead about what housing policy might
5 become. I realize that we are in the midst of a national
6 campaign and I also realize that housing is an invisible
7 topic in that campaign. But that's okay. We needed the
8 time to re-gather our thoughts.

9 Let me also say that I agree with Mike on
10 several points, his main principles for housing,
11 comprehensive approaches, the need to reach the lowest
12 income, flexibility and the like. I also share his view

13 that vouchers are important.

14 But I would want to make as my first comment the
15 need to insist on balance in our housing policy, the need
16 to have a production set of tools as well as a housing
17 voucher or a certificate approach, as well as policies
18 that he pointed out on tax and regulatory policies, for
19 example, to deal with the sensitivity to housing supply.

20 I'm reminded of when I took my first housing
21 course sometime ago reading the justification for housing
22 policy. Which is that the market fails to supply housing
23 to some people, some of the time, in some places. And
24 that the wise housing policy is one that is able to
25 redress that market or those market imperfections.

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1 And I think we are well aware that the demand
2 side approaches are not always effective. And indeed one
3 of my tough exam questions to my graduate students is to
4 ask them - and I use a city that has a very soft housing
5 market and lots of vacancies - I ask them to write a case
6 for a production component for that city's local housing
7 policy. And the students who make A's on the exams are
8 doing well in cities around the country. Because they
9 learned that we have to be responsive in flexible ways and
10 that flexibility can never exclude production in my view.

11 I want to emphasize as well that we are in a
12 very prosperous period. And we are reminded from time-
13 to-time of how well the economy is doing, the low level of
14 unemployment. But I want to suggest that there really is
15 only a very thin veneer on that prosperity for many of the
16 people in the cities that we care about. But for the
17 strong economy, many of the issues that we sometimes not
18 pay little attention to would be very high on our agenda.
19 And these range from unemployment to local budgets.

20 HUD survived a very hostile environment during
21 the mid-1990s. The environment for HUD has never in
22 recent years been overly enthusiastic. And I want to
23 address that issue. Because I think going forward we have
24 to figure out how to make building communities and
25 maintaining our communities very high on the agenda and

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1 not a secondary issue. And many of you understand why
2 that has been true historically.

3 But let me suggest what I think the real problem
4 is. Unlike many of our conservative colleagues, and many
5 who take a very particular view as to what's wrong with
6 society, education or jobs, for example, those of us who
7 are interested in housing and community development have
8 not recently had a very clear voice about what we are up
9 to or how we would achieve it. And let me be clear about
10 what I mean by voice.

11 I mean that we can state the problem and parse
12 it in its dimensions. That we can identify the interests
13 that are at stake. That we can articulate the problems
14 going forward with the status quo. That we can present a
15 vision for change or the possibilities that can come from
16 change. And we can present a clear view of how to get
17 from the present to the future.

18 Our conservative colleagues have been very good
19 at that for much of the last 15 years. Even when they
20 weren't good at it, they sounded good. I remember sitting
21 on the other side of the river a few years ago with one of
22 Susan's predecessors who said with a straight face, a
23 clear voice and conviction, in 1984 that there was not a
24 problem with homelessness in America because everybody
25 lives somewhere. And the audience glossed over it. That

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1 sounds right. And it took a while for us to present and
2 document homelessness as a problem. And we have come
3 considerably beyond that point.

4 But as I want to suggest, there are other issues
5 where we have been caught rhetorically, politically,
6 administratively short sighted and silent. So let me use
7 my remaining couple of minutes just introducing two or
8 three of these areas that I hope will get further
9 discussion as we go through the conference.

10 The first is the issue of sprawl. And our
11 current way of talking about sprawl is smart growth. And
12 I know that's going to be a major agenda item. So I won't
13 dwell on it. But let me observe that much of what I've
14 heard about sprawl in recent months in the last couple of
15 years in fact has to do with how some regions and suburban
16 clusters can effectively manage their growth to make it
17 more consistent with infrastructure or other local
18 planning issues.

19 The discussion has not always been about the
20 metropolitan region. It has not always been about how to
21 manage population shifts in the cities, the older suburbs,
22 the suburban cities, the ex-urban areas. It has not been
23 about how to manage the redistribution of jobs, as jobs
24 are re-distributing in some communities, or what the next
25 investments in mass transit ought to be in order to have

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1 some more effective metropolitan community. Or what kinds
2 of changes in the road system would be most appropriate.

3 My fear is that unless we get a clear statement
4 of where we are headed, in short a better voice about
5 this, what we will wind up addressing in a conference like
6 this several years from now is better planned exurbs. Or
7 in the worst case, particular parts of the community that
8 have been able to manage their future well at the expense
9 of other parts of the metropolitan area.

10 Another area that I think we have not been able
11 to get a clear voice on - and this is an issue which goes
12 considerably beyond housing, but housing is very important
13 in it, is the issue of race. We clearly have much
14 stronger enforcement of fair housing today than in the
15 past. We clearly have innovative new approaches to
16 support mobility and to promote deconcentration.

17 But I believe that we have failed to generally
18 improve our dialogue and our conversation around race in
19 dramatic ways. And let me be the first to plead guilty to
20 this indictment. And on behalf, not just of myself but
21 many of those who have regularly large numbers of young
22 people sitting captured before us 15 or 20 hours a week

23 over four years and we don't do much about it.

24 So let me sort of plead guilty even as I read
25 out the indictment. The failure in housing and community

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1 development has been and continues to be rather serious.
2 Because as we are continuing to make progress in some
3 areas, even as we face difficulties in other areas, we are
4 not able to talk fully about division, about divorce,
5 about the concerns that tie to race.

6 For example, we have experiments and policies in
7 place to promote income mixing. And some of you will
8 remember in the past, not too distant past for me, a sense
9 that revitalization efforts were really designed to
10 displace the minority population.

11 In my discussions with friends in cities as far
12 apart as Boston and Atlanta, this kind of discussion is
13 re-emerging. That somehow the successes that we can be
14 excited about in theory or in general are taking place at
15 the expense of minority populations who are not part of
16 the dialogue about the future of planning or about
17 particular housing policy implementation.

18 There are turf battles over gentrification and
19 over urban development in ways that are reminiscent of the
20 50s and 60s. There are conflicts between policies which
21 on their surface seem very progressive but are decidedly
22 in favor of non-family as opposed to family households.

23 We go between being interested in reforming
24 public education and feeling hopeless that anything can be
25 accomplished. We see a widening gulf between a growing

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1 persistent poverty population in the minority community
2 and a middle-class broadly defined population.

3 My point about this is not that these are new
4 developments, but because they persist and we aren't able
5 to talk about them in a way that we incorporate them in
6 the solutions that we can document, we are in fact not
7 having the progress on race that our progress in other
8 areas ought to permit.

9 I have no delusions that the candidates who are
10 running for office and who are not mentioning housing - or
11 at least not at the international level, though our local
12 candidates clearly are. But I do hope that we would be
13 able to use conference and other sessions like it to
14 become clear about what it is that we're trying to
15 achieve, to address some of the puzzles in our policy, in
16 our past, as well as in our current approaches. And that
17 we are then able to inform the politicians who are elected
18 and policies that we will in this generous environment
19 that Mike described be able to push. Thanks very much.

20 MS. WACHTER: Thank you, Phil. And thank you for
21 being a voice on this issue. I might note that tomorrow
22 we are in the sprawl section going to be looking at
23 bridging the divide and putting the revitalization of the
24 core at the heart of the sprawl agenda and at the same
25 time looking at the fragility of the recovery and the

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1 importance of as we do recover that we are inclusive,

2 especially across racial lines. But nonetheless, we need
3 to have a better voice, better articulation. And Phil, it
4 is important to have you here for that as always.

5 And now I want to turn to Peter Dreier who is
6 going to also respond to Michael Schill's comments.

7 MR. DREIER: I want to followup on Phil's
8 comments about the political climate. In fact, I want to
9 talk explicitly in the time allotted me about politics and
10 how that affects our views about our implementation of
11 housing policy.

12 As Phil said, and as Mike implied, the political
13 candidates for President in the current election are not
14 talking about housing. And even though this does provide
15 us with an opportunity to talk to each other, I don't
16 think that's a good thing. I think that we have to be
17 worried about why housing is not on the political agenda.
18 And that's really what I want to talk about.

19 HUD has been on the chopping block for a long
20 time. And since the late 1980s with the HUD scandals and
21 with the press paying a lot of attention to the negative
22 side of housing policy as opposed to the positive side of
23 housing policy, the American public has understandably had
24 some skepticism about the ability of the federal
25 government to address the housing problems, not only of

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1 the poor, but of the middle-class. And when the
2 Washington Post said in 1995 that HUD is as popular as
3 small pox and Newt Gingrich was quoted in 1994 saying you
4 could abolish HUD tomorrow and improve life for most
5 America, you can see where that attitude for many
6 Americans comes from.

7 So by the mid-1990s, I think it's reasonably
8 fair to say that many Americans viewed federal housing
9 policy as basically benefitting politically connected
10 developers, government bureaucrats and poor people who
11 engage in antisocial and self-destructive behavior.
12 That's not a recipe for support for federal housing
13 policy.

14 Now, I think it's also fair to say - and I think
15 I take a little issue with Mike on this - HUD was never
16 the basket case that people said it was. And that the
17 long waiting list for public and Section 8 housing in our
18 cities suggest that even though there are many mistakes
19 that the quality of housing provided by federal assistance
20 was clearly better for the poor than the alternatives in
21 the market. Which is why, as HUD has documented many
22 times, there have been long waiting lists for federal
23 programs.

24 And it's been particularly improved under
25 Secretary Cisneros and Cuomo. And I won't go through the

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1 long list that's in my paper, but all the wonderful things
2 they've done. But I think we all acknowledge that it's
3 been a wonderful eight years compared to the previous
4 eight years.

5 But I think Mike's point that there is a
6 remarkable consensus among the left, right and center

7 about housing policy is a function in part of our
8 incredibly low expectations for housing policy. And
9 that's partly what I want to talk about. Why do we have
10 such low expectations? Or another way of saying this is I
11 want to put HUD in some broader perspective.

12 So despite all the successes of the last eight
13 years, I want to put HUD in a slightly different
14 perspective. Number one, HUD's budget is still
15 dramatically less than it was 20 years ago in real terms.
16 There's been a decline in federal funding for HUD of about
17 70 percent. In other words, we've not yet recovered from
18 the slashings of the 1980s, even though the HUD budget has
19 improved during the Clinton Administration.

20 And I think the fact that we're all excited
21 about 60,000 new vouchers when we need millions of new
22 vouchers is really a reflection of low expectations. HUD
23 still serves only less than one-third of the families who
24 are eligible for subsidized housing. The gap between low
25 income housing and the number of low income families has

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1 gotten wider. The geographic concentration of the poor
2 has persisted and even increase.

3 The home ownership rate which is now 67 percent
4 has increased to an all time peak. But I think we have to
5 take that with a little bit of concern. Because according
6 to the Census Bureau, the home ownership rate that's so
7 high is almost entirely a function of the fact that the
8 home ownership rate for families over age 55 and above is
9 remarkably high. For every age cohort under 55 - for
10 every age cohort under 55, the home ownership rate is
11 actually less than it was 20 years ago.

12 And despite this high home ownership rate, I
13 think it's fair to say, as Mike warned us, that the next
14 recession, if we're not careful, we'll see a significant
15 number of foreclosures. In part, because as the Fed
16 released - stated in its survey of consumer finance a few
17 months ago, the amount of debt taken on by American
18 families making under \$50,000 has reached an unprecedented
19 level.

20 I think it's also important to recognize that
21 HUD plays a relatively small role in the overall amount of
22 federal housing subsidies. And I circulated among you two
23 tables that I hope you don't take a lot of time to look at
24 now. Please don't. But they basically say the following.

25

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1 That the federal government spends now about
2 \$125 billion in housing subsidies. And that does not
3 include FHA, Fannie Mae and Freddie Mac. It includes the
4 tax subsidies for investors and homeowners, the Department
5 of Agriculture, the Department of Defense, and HUD. If we
6 eliminate the Department of Defense, we're talking about
7 \$115 billion in federal housing subsidies.

8 I think we have to ask ourselves do we spend
9 that money well? And if we had \$115 billion at our
10 disposal to solve America's housing problems, how would we
11 best spend it?

12 In other words, most Americans think of federal
13 housing policy as a poor people's program, as a welfare
14 program. But in fact relatively few low income American
15 families actually receive any housing subsidies. Most
16 middle income working-class families receive few housing
17 subsidies. And most wealthy and upper middle class
18 American families receive the bulk of American housing
19 subsidies.

20 And finally, HUD as an agency has very little
21 impact on our metropolitan communities compared to the
22 impact of the Department of Transportation, to the IRS
23 with its tax subsidies, and to the Defense Department
24 where it puts its contracts and its installations. So our
25 industrial policies and are geographic location of federal

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1 subsidies are actually much greater in other departments.

2 So having said that, I think I'd like to talk
3 about the political climate in more specific detail. The
4 debate over housing policy is relatively invisible. And I
5 think that's for three reasons. Number one, the programs
6 of federal housing policy, both HUD, Department of
7 Agriculture, as well as the tax subsidies, reach very few
8 poor people. And they reach very few working-class
9 Americans, particularly those that live in the key swing
10 districts that make a difference in our national
11 elections. And here's where I think Mike Stegman's new
12 report on housing America's working families is
13 particularly important. If that exist now has very little
14 political support

15 Number two, the programs that exist now have
16 very little political support among very narrow
17 constituencies. The political constituencies for housing
18 policy, particularly HUD, but also other housing policies,
19 basically boil down to the housing industry, home
20 builders, realtors and lenders, big city mayors and
21 government, local government agencies and their political
22 supporters, and various low income community
23 organizations, CDCs and community groups.

24 And between them they have relatively little
25 muscle in the big picture of American politics and they

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1 focus on very narrow aspects of the federal budget. And
2 collectively they disagree with each other over what is
3 important in housing policy.

4 And there are two major missing constituency
5 groups that in the past have played an important role in
6 American housing policy. The most important one, the one
7 that I've written quite a lot of doubt - and have an
8 article in the current issue of "Housing Policy Debate",
9 so I won't go into a lot of detail about this - is the
10 American labor movement. Which as many of you know was
11 the foundation of America's housing policy in the 1930s.

12 The American labor movement has been on a
13 downhill slide for about 30 years. It's now back on an
14 upswing. Of all the groups that represent the working
15 class and the poor, the people in the key swing districts
16 in American politics, it is the one vehicle that has the

17 most ability to mobilize people in elections, to reach
18 across suburban and urban boundaries, to reach across, as
19 Phil said, the barriers of race. And yet, it has very
20 little impact - little interest right now in housing
21 policy except in a few cities.

22 And I think getting what the housing
23 constituency owes to itself, building bridges with the
24 American labor movement - and I don't mean just with the
25 housing investment trust and the use of pension funds for

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1 the construction of housing. I mean politically, the
2 political weight of the American labor movement, whose
3 constituency is increasingly low income, immigrant and
4 women trying to be organized into America's increasingly
5 low-wage economy. And they are a major constituency and
6 have a major need for housing.

7 And the second major constituency that's missing
8 on the housing agenda is the business community. And by
9 that, I don't mean the lenders and the housing developers.
10 I mean major employers. In a few big cities, major
11 employers have played a role in convening housing
12 partnerships of various kinds.

13 But at the national level, the Chamber of
14 Commerce, the National Association of Manufacturers, the
15 Business Roundtable, the major employers who should
16 understand that the business climate of our society, and
17 in particular metropolitan regions, depends a lot on
18 having a healthy housing stock. They are not engaged.
19 There on the sidelines. They're not on the sidelines on
20 health-care policy. They're increasingly engaged in day-
21 care policy. They're not engaged in housing policy. And
22 I think we have an obligation to talk to the leaders, the
23 CEO's of the major Fortune 500, Fortune 1000 corporations
24 and talk about that housing is part of their agenda.

25 There are about 152 congressional districts

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1 where the vast majority of the residents live in suburbs.
2 And I think it's fair to say that there are about 20 or 30
3 of them that will constitute the difference in this and
4 most elections, the swing districts. Those 152 suburban
5 districts have an average median income of \$36,800.

6 I think it would be a useful exercise in
7 research to ask ourselves - these are mostly working-
8 class suburbs where the vast majority of people are making
9 between \$20,000 and \$50,000 a year. What housing policies
10 reach that constituency? We know they reach the poor,
11 although only a third of the poor. We know that the tax
12 breaks and FHA reach another constituency. How many of
13 those people and where are those people reached in housing
14 policy?

15 And so I think we have to ask ourselves
16 politically how do we build a political coalition for
17 housing policy that crosses the urban boundaries between
18 the central cities and the working class suburbs where the
19 key swing congressional districts are located?

20 The urban vote has declined over the last 30
21 years, the number of people in central cities that vote in

22 elections. There are two reasons, in other words, why
23 increasingly American politics is dominated by the
24 suburban vote. One is pure demographics that more people
25 are moving to the suburbs. And secondly, the people that

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1 live in the central cities don't vote. In part, because
2 their congressional districts - and I'm talking mainly
3 congressional. Although you could have the same analysis
4 on state politics. Congressionally, most of those are
5 safe seats, those central cities seats, that depresses the
6 vote. In many ways, those are wasted votes. Because not
7 in a Presidential election, but in Congressional
8 elections.

9 And so there are a couple of policy or obvious
10 policy consequences of that. Number one - and this is not
11 for housing policy people to decide, but it's part of the
12 political discussion we should have about how to make
13 housing policy higher on the agenda. We need to shift
14 some of those central city, low income voters into those
15 swing suburban districts in the next redistricting. So
16 those of you who are involved in the census, I hope that
17 will be part of what we are looking at.

18 I live in Jim Rogan's Congressional district
19 which is mainly a working class, lower middle-class
20 district of inner suburbs around Los Angeles. I teach at
21 Occidental College in Havia Pasera's, a mostly Latino
22 district. Havia Pasera wins with 90 percent of the vote
23 every year. Rogan is now facing a liberal Democrat, Adam
24 Schiff, and it's a 50/50 race. If only 10,000 of Pasera's
25 constituency was moved over one Congressional seat, Jim

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1 Rogan wouldn't be in Congress. And there are at least 30
2 or 40 examples of that, that can make the difference in
3 the politics of housing if our housing policy is expanded
4 to meet the needs of the folks that work - live in my
5 congressional district which right now they don't.

6 So I think we need to mobilize the urban vote
7 and shift some of that urban vote into the working class
8 suburbs. And most importantly for this conference, to
9 target or expand housing policy programs beyond its
10 current constituency, both politically and in terms of the
11 beneficiaries.

12 And I want to talk in the time remaining about
13 five agendas, five policy agendas. I've got one minute
14 for five things. That gives me 20 seconds for one. Okay.
15 Five policy agendas.

16 Number one. Expand home ownership for working
17 class families, something that Mike has talked about. And
18 one vehicle for doing that would be to expand the current
19 tax benefits that now particularly help upper middle class
20 families to provide a progressive and refundable tax
21 credit for home ownership and for down payment assistance
22 similar to the earned income tax credit. And I'm sure
23 Richard Green will talk about that later. He and I and
24 Randy Wischofsky are working on a project to design such a
25 credit.

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1 Number two, a universal housing allowance. Now,
2 the universal housing allowance will solve many problems,
3 but not all of them. Because we know that there are many
4 metropolitan areas that still have housing vacancy
5 shortages. And, therefore, it's like having food stamps
6 when there's no food on the grocery shelves. You can't
7 use them.

8 So we still need a production program as Phil
9 said. But what kind of production program? I think that
10 housing production programs under HUD should combine the
11 existing housing tax credit and home and part of the CDBG
12 and expand it into a housing block grant, but not for all
13 entitlement cities. Because, as Mike said, we don't need
14 new construction in all entitlements cities. We need new
15 construction - not necessarily low income construction if
16 we're going to have vouchers. But new rental housing and
17 limited equity cooperative housing in suburbs so that
18 people can use vouchers.

19 So I think that having entitlement grants for
20 production in cities and suburbs I think is no longer
21 useful. And in particular, I'd say those production
22 programs should have at least two characteristics. They
23 should not be only for the poor, like public housing was,
24 like Section 8 was and like the low income housing tax
25 credit is. They should be at most for 20-30 percent of

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1 the units should be targeted for the poor, that we should
2 have mixed income housing. That should be a requirement.
3 It would also make it more compatible and more open to
4 suburban - fending off suburban NIMBYism.

5 Secondly, most of this new housing should not be
6 built in the central cities.

7 Fourth, I will repeat what Mike said, that HUD
8 programs should be implemented on a metropolitan level.
9 HUD has done wonderful research and PD&R over the last
10 several years to identify the interdependence economically
11 of cities in suburbs. But that hasn't yet to translate
12 into the metropolitan implementation of housing policy. I
13 realize there are many political obstacles to that.
14 That's something we need to push. And the carrots and
15 sticks on how to get that done are important, particular
16 at the state level which has the most control over zoning.

17

18 And I think that one of the issues about
19 metropolitan implementation of policy is to recognize that
20 when you have 3,400 housing authorities and even more
21 local housing departments, you're going to get this
22 fragmentation that leads to exclusionary zoning.

23 And finally, if we're going to increase the
24 urban vote, if we're going to rebuild the fabric of our
25 urban and inner city communities, we have to learn from

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1 the experience of the last 20 years about what works and
2 what doesn't work.

3 One of the most important things that happened
4 over the last 20 years was the rise of the Community
5 Development Corporations and nonprofit groups. And the

6 intermediaries, like Lisk Enterprise, the National
7 Reinvestment Corporation, that help to facilitate
8 increasing their capacity.

9 One of the things, however, that we've learned
10 about CDC's over the last few years is that they are not
11 political for the most part. They are reluctant to bite
12 the hand that feeds them. The Community Reinvestment Act,
13 which is one of the great success stories of the last 20
14 years is successful mostly because of grassroots community
15 organizing by groups like ACORN and others, not because
16 the CDC's - the CDC's have been the beneficiaries of the
17 CRA, but they haven't been the ones that have shaken the
18 money tree, either the regulators or the lenders. It
19 seems to me that what HUD needs to do to increase the
20 turnout of the urban vote, improve the ability of self-
21 help and self empowerment groups in the inner cities is to
22 have a major initiative to support community organizing,
23 not just community development.

24 And I have a very particular and final way of
25 thinking about this. The success of Lisk and Enterprise

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1 and the network should be replicated in the community
2 organizing world. Which is another way of saying that too
3 much community organizing is a dead end. Because it's
4 little groups that can't go beyond helping get a stop sign
5 put in on a street corner. The success of community
6 organizing is primarily when there are networks of
7 community groups, the Industrial Areas Foundation, ACORN
8 and others, that can build on successes and expand what we
9 would call in economics the economies of scale or the
10 organizing to scale.

11 So those are my five recommendations for
12 addressing both the policy and the political dilemmas that
13 we face in trying to recognize that housing, despite the
14 successes of the last year, has not been on the political
15 agenda and look to ways to remedy that. Thank you.

16 MS. WACHTER: We thank Peter. And I'm sorry to
17 have to move us along. I just want to also specifically
18 thank Peter for his clarion call. And while Hattie's
19 coming to the podium, let me just - I do feel I have to
20 address specifically two points, actually three.

21 We have not 60,000 vouchers, but 110,000
22 vouchers. This year we're asking for 120,000 vouchers. A
23 million is a lot, but 100,000 here and there are going to
24 help.

25 Secondly, the all-time high of 67.2 home

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1 ownership rate is matched by an all-time high of minority
2 home ownership rates and for the first time - ethnic and
3 racial - and for the first time in our nation's history, a
4 majority of urban residents are home owners.

5 This is consistent with Peter's notations, but
6 it is important. And it is increasingly the role of FHA
7 that has brought us here. An increase of our home
8 ownership rise to this all-time high is made up of - 42
9 percent of it is made up of minority households. While
10 they're only increasing the population by 24 percent. And

11 as you will see on our next panel, the role of FHA has
12 been critical to this as its share of first time
13 homeowners and minority home ownership increases and its
14 role in those places.

15 Secondly, I want to - it's a half full, half
16 empty discussion obviously. But for the first time last
17 year and instrumental in getting our budget through
18 Congress, AFL/CIO was that the table. And in the last
19 years, especially in the last two years, we increasingly
20 have business with us. And we had a wonderful conference
21 recently bridging the divide where business is
22 increasingly recognizing the need for housing assistance.

23
24 So we need more clear, strong voices like
25 Peter's to make sure that the support to our agenda and
0052 mission is there.

1 And his last point I think is extraordinarily
2 important, the networks and the growth of networks and
3 CDC's. There's no one who is in better position - and I
4 hope you will address this - than Hattie. Thank you.

5 MS. HATTIE: Thank you, Susan. Why don't we all
6 just raise your hands and stretch a minute? Because it's
7 kind stuffy in here. I'm pleased to join this panel of
8 experts and academics and bring a little practitioner's
9 view to the table.

10 As Susan indicated, the Atlanta Neighborhood
11 Development Partnership, better known as ANDP, is a local
12 intermediary. And some might call us a massive CDC
13 working within the metro region of Atlanta, Georgia.

14 And I like to describe myself as one that
15 confronts the system. I like to describe myself as that
16 gnat, you know, that you wave away and it keeps coming
17 back. I'm trying to grow more gnats around the whole
18 issue of rebuilding our communities and with reference to
19 housing and the housing policy or lack thereof.

20 I don't - I agree with Phillip and others that
21 have addressed this that I'm very concerned that in the
22 current policy debates that are being promoted by our
23 candidates running for President that neither one of them,
24 the two top candidates - I think Nader mentions it every
25

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1 now and then - there is no discussion of housing on the
2 agenda. There's no discussion of poor folks on the
3 agenda.

4 So I think there's something that many of us in
5 this room ought to begin to do something about. Housing
6 policies and prices as it exists today exceed the price
7 that poor folks can afford, that poor folks can afford
8 either for home ownership or for rental. We have to
9 address this problem. It is becoming critical in many of
10 our cities and namely the city that I am from which is
11 Atlanta, Georgia.

12 Daniel Moynihan said some years ago in a
13 conference where he had asked a question, where have all
14 the advocates gone? So I ask that question myself. Where
15 are those of us who grew up insisting on change to occur

16 that we have slowly gone away?

17 So no matter what the subject is or the trend of
18 the day, housing issues and the lack of policies will
19 always surface. We have had a lot of conversation and
20 dialogue around the subject of smart growth, regionalism
21 and new urbanism.

22 New urbanism at a recent meeting I just left for
23 ULI, somebody asked to describe what new urbanism was.
24 And the response came back, well, it's really not new. So
25 there is a new dialogue taking place.

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1 But we've got to deal with the subject matter at
2 hand a bit like Michael indicated. Housing policies must
3 be linked with other social policies.

4 Transportation. Transportation is a major issue
5 today. And especially in the area where I've come from,
6 Atlanta, Georgia, we have become the postal child of
7 sprawl. How in fact do we begin to connect the housing
8 and the job link? It has to be tied to transportation and
9 transportation linkages.

10 We are dealing with clean air issues. If we are
11 out of our cars, the air will clean up itself.

12 We have health issues as a result of the clean
13 air policies that we just let slip by.

14 When I think about welfare-to-work conversations
15 and what I call the absurd conversation that's going on
16 and being very political about the minimum wage. I think
17 it's absurd to talk about a minimum wage when \$5.15 or
18 \$6.15 for that matter will not sustain anyone as a matter
19 of livable wages. So we need to change minimum wage to
20 liveable wages.

21 When we talk about gentrification in areas like
22 older cities, now beginning to rebuild itself, people talk
23 about it in a bad sense. I've talked about it in a good
24 sense. The good sense means that we must figure out how
25 to make it work for all of us. That people who have lived

0055

1 in communities during the good times or bad times are not
2 pushed out during the good times. There must be linkages
3 again to other social policy issues.

4 Phil mentioned race and class. And maybe three
5 times I've been invited to talk to a group out at Gwinett
6 County on race. And I always used to wonder why they
7 invited me being that I'm no racial expert other than I'm
8 black and female.

9 I say race matters. Class matters. And there
10 is a separation that is caused by the policies of today or
11 policies of a more recent past. So we have got to change
12 policies to make certain that we have what is known as
13 mixed income communities or livable communities or
14 whatever other code word that we want to use in order to
15 make it happen.

16 So local housing policies must have, as I have
17 begun to cry for, inclusionary housing policies or
18 inclusionary practices. They must be tied to national
19 entitlements. It gets all tangled up with local
20 bureaucratic maze when we separate it in the way that

21 monies are doled down from federal agencies.
22 For instance, CDBG that is used for housing
23 becomes very political. HOME dollars become very
24 political. And many groups like CDC's that exist in
25 Atlanta if they're not political will be bypassed.

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1 So what I've seen happen in Atlanta is that we
2 have depended on a group of people that is unlikely - and
3 that's the private sector - in order to get this done.
4 The private sector and the philanthropic community.

5 I'd like to talk a bit about public housing and
6 HOPE-6, a great program. But that policy needs to extend
7 into communities. Mixed income agendas have worked in
8 replacing some very deteriorating housing throughout the
9 city of Atlanta and throughout the nation. But it needs
10 to expand beyond a project to a community to a
11 neighborhood. That 20/20/60 mix is essential in order to
12 facilitate the kind of housing I'm talking about.

13 Inclusionary housing is a requirement I believe
14 to - or should be a requirement to states, cities and
15 municipalities gaining in access to federal dollars. It
16 must be mandated. It should not be optional.

17 So I always say that in order to do some things
18 that are radical and force change, you have to be very,
19 very brave. And I encourage those of you who look at
20 public policy to be very, very brave in getting this done.

21

22 I've seen Atlanta go through a period of
23 disinvestment to one of reinvestment. And that
24 reinvestment has been brought on because of the fact that
25 folks who ran away from the city and further away from the

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1 city now are looking to come back in. And they're coming
2 back in because of the fact they've been caught an hour
3 and a half in their cars going to their home or coming
4 into the city for work.

5 So, now we're seeing the affordable housing
6 crisis beginning to emerge in a way that is, I mean,
7 tragic. We can no longer afford affordable housing on our
8 own. We have to begin to look at new venues and new
9 opportunities in order to make it work. Equity has got to
10 begin to be included in the dialog as it relates to smart
11 growth and other conversations. We have got to figure out
12 how to make this work.

13 We must be thoughtful as we go about rebuilding
14 our neighborhoods, as we go about looking at the first and
15 second outer ring suburbs to be a place where all people
16 can live and raise their families. New housing must also
17 be built - and I take issue with Peter on this one - in
18 the central cities. Because too long they have been
19 abandoned and a harbor of dilapidated housing, crumbling
20 housing and vacant lots. So we have got to rebuild the
21 inner city communities as well as moving out into the
22 suburbs. So inclusionary housing mandates that the whole
23 gets done.

24 I would like to also respond to the national
25 intermediaries as well because I am a local intermediary.

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1 We have a different agenda because we work in rebuilding
2 our community and our region. And we have got to be
3 included in the mix where we begin to look at strategies
4 of how to deploy the resources.

5 I look forward to the rest of the conversation
6 and to responding to any of the questions that you may ask
7 as we move forward in today's conversation. Thank you so
8 much.

9 MS. WACHTER: Thank you, Hattie. I first met
10 Hattie in our work together in the Partnership for
11 Regional Livability. And there as here, she's an
12 important voice for solutions to sprawl that are
13 inclusive. I now want to ask folks to bring up cards,
14 just hand them up if they have cards to Jeff. It looks
15 like there's one over here. And then as we do that, I
16 would like to ask Michael Schill whether he has any
17 responses to the comments there were made by the
18 panelists.

19 MR SCHILL: I'll go very quick because you heard
20 enough from me and I'd like to hear from you. But just
21 three comments. One is I agree with Phil. We need a
22 balanced housing program. I would only say we need a
23 balanced and smart housing program. And I think that
24 we've learned a lot. And all of the proposals that I've
25 seen coming out of HUD for the new production program seem

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1 to have incorporated what we've learned and are acting in
2 a smart way to avoid problems of previous programs. So I
3 think in that sense I agree entirely.

4 Secondly, on the political agenda point, which I
5 think everybody brought up in one way or another, I'm not
6 sure housing is ever going to really - I think, you know,
7 housing - it's not clear to me housing is ever going to be
8 the number one agenda item, you know, forcing its way into
9 the political debates.

10 I think that what we need to do, both in the
11 research community and in the advocacy community and
12 government, is to try to make people see that housing is
13 related to things that they actually do think about and do
14 care about.

15 So housing is important to health. Housing is
16 important to schools and education. Housing is important
17 to getting people off of public assistance. And housing
18 is important to transportation and to the economic
19 competitiveness of the cities. If we price out the middle
20 class from our cities, we're not going to have a labor
21 force.

22 So I think we need to be better at making those
23 connections and not just dealing with it as a housing
24 issue.

25 The third thing I just want to say, both Phil

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1 and Hattie brought this up, is the importance of race and
2 thinking about race. And I agree entirely. I actually
3 think that one of the risks that we now encounter is the
4 dwindling of support for housing integration, both among

5 white people but also among black and other and Latino
6 people.

7 I mean, I think that there is - I see in my
8 students, year in and year out, the diminished desire for
9 integration. Partly not due to the fact of hostility, but
10 just due to the fact that Brown v. Board of Education was
11 in 1954. The progress has been very slow and very
12 disappointing thus far. And I think that we need to use
13 our housing policy to promote people living near each
14 other which then I think will get to the sort of
15 understanding that Phil was talking about. So those are
16 my three comments.

17 MS. WACHTER: Peter, do you want to quickly
18 respond? Are there any other questions that panelists have
19 for each other? Then let me turn to the questions for the
20 panelists. We have some here. Some of them are actually
21 more very long statements. I can't even hardly read them,
22 but I will try to get to them all. Peter, how politically
23 feasible is a block grant program for housing production
24 allocated predominately to the suburbs?

25 MR. DREIER: It depends on what I said earlier.

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1 It's whether or not you're reaching working-class
2 families. Right now HUD doesn't have much to offer
3 families making \$25,000 to \$50,000 in the swing
4 Congressional districts. And so there's not much support
5 for the state cracking down on zoning, exclusionary
6 zoning, the way Hattie was talking about.

7 I think that a block grant has to be tied to
8 ISTEA or the new version of ISTEA. It has to be tied to
9 other federal expenditures that benefit - infrastructure
10 and other expenditures that benefit the suburbs. And it
11 has to be mandated.

12 There are many times when public figures have
13 been willing to exercise some political courage if they
14 thought that the votes were there behind them so they
15 don't have to be out on a limb. And I think that the way
16 we've designed our federal housing policies, although
17 well-intentioned, doesn't reach the kind of broad
18 political coalition that we need to make it politically
19 feasible. So right now it's not politically feasible.

20 MS. WACHTER: Does anyone else want to add to
21 that? Okay. In this time of devolution - this is for all
22 panelists - have state and local planning supported the
23 federal goal of providing safe, decent and affordable
24 housing? What initiatives on the state and local level
25 can do so? Does anyone want to take this? Hattie.

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1 MS. DORSEY: I'll start it off with saying
2 sometimes it's hard to see because it's hard to get at the
3 funds. The way that they come into the city, they're used
4 often times for supporting city driven initiatives that
5 may not always be in line with neighborhood initiatives.

6 And also, it's very difficult because of the
7 political structure. I always say I wish that politics
8 didn't play role in this. But one group or another group
9 can't get the resources in a timely enough manner in order

10 to make housing work or housing production work. So I
11 would say that it is tied to how the funds come into the
12 city.

13 MR. SCHILL: My feeling is that you can't expect
14 municipalities to act in a responsible way with their
15 zoning because they're all pursuing their own parochial
16 interest. And I don't expect good behavior out of people
17 when I think it's impossible or of entities. But I do
18 expect better behavior out of states. And I think that by
19 and large the states have been absent. They have not at
20 all - they are the entities that have authority over local
21 governments under law. And they basically in most states,
22 not all states, but in most states they have basically
23 taken themselves out of the game. And they need to create
24 rational, non-exclusionary land use practices and
25 mandates. And they just don't.

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1 MR. CLAY: I'll keep my comments to 30 seconds.
2 I think we all recall some years ago of being outraged
3 that communities had one acre zoning or two acre zoning.
4 Well, guess what? They are now some of the same places up
5 to five acres zoning. And other actions which suggest to
6 me that not only are they not trying to become more
7 inclusive, they're trying to avoid even modest change or
8 the status quo.

9 MR. DREIER: Let me just remind everybody that
10 the Clean Air Act and ISTEA both required regional
11 planning and regional allocation resources and put
12 mandates on local governments to do certain things on a
13 regional level. In Los Angeles, the quality of air has
14 improved dramatically, even though it's still the worst in
15 the country except for Houston. The amount of pollution
16 is half of what it was 30 years ago. And that's directly
17 a result of the fact that the Clean Air Act mandated the
18 state to create regional bodies that put - imposed local
19 regulations on local governments. And they initially
20 kicked and screamed a little bit. And now everybody's
21 glad they did it.

22 MS. WACHTER: And although I can't lobby, let me
23 say that we have a regional connections proposal that
24 would incentivize such planning in Congress right now.
25 Here's a question - it's a long one, but I think it's

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1 important - for Michael Schill.

2 The beneficiaries of HUD assistance programs are
3 not the poorest households. Comparing public housing with
4 the voucher program, the proportion of poor households in
5 the public housing programs is much higher than in the
6 voucher program. Also, the proportion of minorities is
7 much higher in public housing than in the voucher program.
8 If these patterns of utilization continue, doesn't
9 expanding voucher programs as is being called for
10 disproportionately benefit non-poor and non-minority
11 households?

12 MR. SCHILL: Well, I think that there's a couple
13 of things going on. I think one safeguard against that in
14 the future is more vigorous fair housing enforcement of

15 grantees and cities who are applying their fair housing -
16 I'm sorry, their Section 8 money.

17 In addition, though, I think that the new law,
18 the new 1998 law, required targeting which is much more
19 strenuous now on the Section 8 vouchers in that many more
20 of the vouchers have to go to extremely low income people.
21 And actually the targeting on the public housing has been
22 loosened and more working families go to public housing
23 which seems to me to be exactly the right shift in that
24 that will encourage de-concentration in vouchers going to
25 the poorest of the poor. So I think we have statutorily

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1 started to address those issues.

2 MS. WACHTER: This is a question for Peter
3 Dreier. Anyone else who wants to respond. If housing
4 policy should be coordinated with other social programs
5 and if the private sector should be the dominant form in
6 caring out housing policy - two of Schill's principles -
7 then why shouldn't we focused on an income support policy
8 and not a policy on housing? I don't know, Peter, if this
9 is actually a good question for you. Maybe for Mike. But
10 in any case -

11 MR. DREIER: Well, I think income support
12 policies are important. I think we ought to expand the
13 income tax credit. I think we ought to raise the minimum
14 wage. I'm not against those things. I'm for those
15 things. Which would make it easier for people to get
16 housing. But as we see in lots of places around the
17 country, people with middle-class incomes can't afford
18 housing. Bill said that an hour and a half ago.

19 Because housing is a sunk cost, a fixed cost,
20 that is very difficult to reproduce. And we all know this
21 from housing 101. I think that in most places it costs
22 between \$75,000 and \$100,000 just to build a unit of
23 housing. And most working-class people can't afford the
24 operating expenses of that.

25 So we have to provide some subsidies. And the

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1 subsidies are - and this is important and Cushing said
2 this to me earlier this morning, you know, the price bread
3 is the same in Des Moines and Los Angeles. But the price
4 of housing is three times in Los Angeles what it is in Des
5 Moines.

6 So whatever income support programs we have tend
7 to be - tend to not take into account the housing costs
8 except for the FMRs or the Section 8's. They do not take
9 into account housing cost.

10 So if you're on the earned income tax credit or
11 you have the minimum wage in Des Moines, you might be able
12 to find a reasonably good place to live. But you can't in
13 many places around the country. So we have to tie income
14 and housing policies together.

15 MS. WACHTER: Mike.

16 MR. SCHILL: I think also that there is another
17 two points. I also think that - on some days I do think
18 that what we need is to address housing much more through
19 income support than through "housing programs". But I

20 think there are a number of instances where income support
21 will be insufficient to achieve housing related
22 objectives.

23 And I think one of these is areas where there's
24 barriers to production, where all of a sudden people
25 having income. And really a voucher is a form of a little
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1 bit of targeted income support. And I think that in the
2 areas where there's barriers to production, you may not
3 get a supply response in the absence of some production
4 encouragement. And then you could have inflation the
5 housing market.

6 But I also think importantly the difference
7 between housing and other social programs is one of space.
8 Housing is located someplace. So bad housing creates
9 externalities, creates neighborhood decline, creates
10 order.

11 Housing policy, it seems to me, at its best can
12 address those issues. Housing can be a community
13 development, a neighborhood redevelopment program. I
14 don't think income assistance which is not targeted well
15 is something that can achieve those objectives as
16 effectively.

17 MS. WACHTER: I just wanted to underline the two
18 responses, both of which I agree. Does anybody else want
19 to add to it? Hattie.

20 MS. DORSEY: I just want to go back to the
21 statement I made earlier about livable wages and add a
22 couple more components to it. Tax incentives, which we
23 see often times applied to enterprise zones that reduce
24 the cost of housing for at least five years to afford
25 people who are on the margin to get into home ownership.

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1 Taxation, some kind of relief for - and not so much at the
2 end where you get a tax credit, but somewhere during the
3 whole process, some kind of taxation relief so that they
4 do not have to pay exorbitant prices as the value of
5 properties escalate.

6 MS. WACHTER: Thank you, Hattie. And to go back
7 to the too broad policy implications, while the earned
8 income tax credit is clearly a critical piece of our
9 overall policy, it will not address the specific housing
10 needs for folks whose work will never cover the cost of
11 housing in a reasonable fashion. Our worst case needs
12 data just point that out. And, of course, additional -
13 Mike's points about could support housing but not decent
14 housing.

15 I want to turn to another very fundamental
16 question. And we certainly have people in the audience
17 willing to ask the fundamental questions. Are the
18 panelists aware of systematic studies that show that
19 construction programs are more cost-effective than
20 vouchers under particular market conditions? If so, what
21 are those studies? If not, why have construction
22 programs? Phil.

23 MR. CLAY: I'm not aware of studies that would
24 show that. But I think the arguments for construction

25 programs are contextual. I can think of several arguments
0069

1 why you would want to have a set of production tools even
2 in so-called weak markets. They range from the
3 possibility that the housing that exists is sufficiently
4 obsolete or at a scale that's not sustainable, that
5 rehabilitation doesn't make sense. It's not necessarily
6 cheaper.

7 New construction can get you something more.
8 New construction can also stimulate revitalization and
9 investment by surrounding property owners. New
10 construction can be critical to meeting the needs of
11 populations that are unlikely to benefit even if they
12 could afford to rehabilitate the housing surrounding them.
13 The frail elderly, for example, or other special
14 populations, fixing - they're not a position to fix up or
15 maintain a freestanding, single-family house, even those
16 may be there.

17 And there are cases where as part of a
18 comprehensive area-wide plan new construction is the only
19 way to bring housing into an area where housing has not
20 been present before and where housing, mixed income
21 housing, would really go a long way towards rebuilding the
22 community.

23 And finally, there is still the very widespread
24 activity of re-constructing a nonresidential structure
25 into housing. And that often has a substantial amount of

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1 what is actually new construction associated with it.
2 It's not simply re-habbing an existing residential area.

3 So for all of those reasons, I can't imagine an
4 American city that ought not have a set of production
5 tools available to address its housing problems.

6 MR. DREIER: Let's say we had - let's just
7 fantasize for a second. Let's say Congress allocated - I
8 think it would cost about \$60 billion for a universal
9 housing voucher that would reach about 12 million
10 households. What percentage of those people will be
11 unable to find housing?

12 It depends on the city or the Metropolitan area.
13 But it's significant in Boston, Los Angeles, San Francisco
14 and quite a few - and not just those places, but quite a
15 few, including some of the smaller cities, places like
16 Rochester and others. There would be a lot of people who
17 would be unable to use that income support which is called
18 a voucher.

19 So the question is even if we had a - this is
20 one of my points that I mentioned earlier. Even if we had
21 a universal voucher or some version of it which I'm in
22 favor of, you'd still need to add new housing. And I
23 don't think it has to be subsidized housing. It has to be
24 market rate, rental or limited equity cooperative housing
25 so people could use their vouchers or home ownership

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1 housing were they could use their vouchers for down
2 payments or for mortgage payments. Where would they use
3 them?

4 And so then you have to figure if we had a - if
5 we complemented a universal housing voucher program or
6 housing allowance program, with a production program, how
7 would we target the production? And as I said earlier, I
8 think it should be in places where there are low
9 vacancies, both in the city and in the suburbs, but
10 primarily in the suburbs.

11 I'm not against community building in the
12 cities, but I think we have to not allow this to be just
13 housing for the poor. It has to be mixed income housing.
14 And I think we have to figure out some categorical ways of
15 doing is that don't require us to micromanage too much.
16 Because that's what we don't do well. B

17 ut make it possible for state governments and
18 for the Feds to basically tell suburbs you have to have a
19 certain amount of - as they do in some states that have
20 anti-snob zoning laws, to the extent that they work like
21 in Massachusetts. You have to have a production program
22 that has market rate housing in the suburbs for which
23 people with vouchers are eligible, but not all of them.
24 It won't be a hunter percent low income. So there has to
25 be a production program.

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1 MS. WACHTER: Thank you, Peter. I am going to
2 ask one more question. We are just about at the end of
3 our time, but this one is near and dear to my heart. The
4 other questions - and there are many. And I do apologize
5 to those of you who didn't get your questions answered.
6 We'll distribute them to the relevant panels. This is
7 what areas of housing and housing policies most need
8 additional research? Does anyone want to take that one
9 on?

10 MR. SCHILL: I have a couple of ideas. And if
11 you want to write the checks, I'll also take them. But I
12 think one thing that needs - there's a new program now
13 which is the final rule just came out, the home ownership
14 voucher. Which I think is a fascinating program. And I
15 think that it's just bubbling up. Some demonstrations
16 have occurred. And I think that we need to track and see
17 the extent to which that is a successful way to get low
18 income, quite low income, people into home ownership.

19 I think that we need to figure out what it is
20 that makes people successful using housing vouchers - this
21 is rental housing vouchers. And what can we do as
22 government and policymakers to increase the usefulness of
23 those? I think we need to think about fair housing
24 enforcement. But that's just because I'm doing - well,
25 it's not just because I'm doing research. But it's partly

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1 due to that.

2 I also think that one thing that we need to do -
3 and this relates to my earlier comment - is do the
4 analysis of the secondary impacts of housing. Do the
5 analysis of why it is that - what are the benefits of
6 housing beyond housing? And I don't think we have good
7 data on that. I don't think we have good analysis.

8 We're currently doing a project at NYU which is

9 looking at the impact of home ownership programs on
10 property values and neighborhoods. That sort of thing
11 applied to other types of housing programs applied to in
12 general I think it would be useful information to try to
13 establish what are the benefits and then you can truly
14 look at costs and benefits.

15 MS. WACHTER: Peter.

16 MR. DREIER: Yeah, I have an idea for a research
17 - it's not so much a research program, but it could be
18 turned into one. In the last couple of months, the number
19 of people running for Congress have taken bus trips. It's
20 mostly people like in the Pacific Northwest and New
21 England - have taken bus trips with the media up to Canada
22 to tell them why is it that Canada is able to have a
23 prescription drug benefit for everybody? Why are
24 pharmaceuticals so much cheaper in Canada?

25 And I think a comparable thing - I think we

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1 ought to spend some of HUD's money to take every member of
2 Congress and every member of every state legislature to
3 Vancouver, to Montreal, and to Toronto. And just let them
4 see for themselves a country that has the same
5 distribution of income, the same level of poverty pretax,
6 roughly the same culture with obviously some exceptions,
7 not the racial problems in history that we have in this
8 country, by an enormous amount of immigration, as much as
9 we have in this country, in Canada, in Vancouver, but in
10 the other cities.

11 And then ask them why are there no slums? Why
12 are there no ghettos? Why are Canada's cities so much
13 more livable? I think it's not just about housing. I
14 think it has to do with they're more of a social democracy
15 than we are. But I think that Americans don't know that
16 not far from our own border there is a country that does
17 things a lot better than we do. And we could learn a lot
18 from that experience.

19 And I think that we don't have to go very far
20 away to see that housing policy and city planning and
21 other social and economic policies can work in a
22 capitalist democracy with the roughly same kinds of
23 economic and social and cultural institutions that we have
24 in this society. I think that would be a better use of
25 money than evaluating yet another program.

0075

1 MS. WACHTER: Well, I'm not going to say no to
2 that. Although it might be particularly expensive. I
3 want to also say - and this may be a shocking comment -
4 include Portland, Oregon in that. Portland, Oregon,
5 there's no blight in Portland, Oregon. There was, but
6 there isn't. And I think some interesting issues of
7 inside game and outside game - maybe Russ isn't with us
8 today. He was at an earlier conference - in terms of
9 building coalitions that come out of that. Let me turn to
10 Hattie.

11 MS. DORSEY: I would like to add also that
12 Portland, Oregon is suffering right now with trying to
13 figure out how to have affordability in their policies.

14 Because now that area is up against it.

15 The piece that I would like - Susan, I think you
16 and I have been talking about this most recently - is
17 around census tracts. Right now they exist, some policies
18 or laws or regs on the books that boil down to census
19 tract issues. Inasmuch as that on one side of the street
20 can be butting up to upper income community. The other
21 side of the street butts up to lower in. And the whole
22 corridor is in disrepair.

23 So I would like to see some funds funneled down
24 to helping to resolve some of those issues that prevent
25 neighborhoods from rebuilding themselves. Right now we're
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1 going to have to go after a legislative fix by Congress
2 in order to go around a problem that I think just plain
3 old common sense would help us out.

4 MS. WACHTER: I do want to say that kind of local
5 research with local impact and showing where community
6 development groups are in fact building communities and
7 where we can best use our dollars to have that happen is
8 high on the agenda and it doesn't have to be that
9 expensive with our new data sets and disaggregated data
10 sets. Phil, did you have a comment?

11 MR. CLAY: Just a short one and it's in the
12 spirit of Peter's suggestion. And that is there are
13 examples of communities around the country that have done
14 the things that we here have suggested they ought to do.
15 And these examples are not very well documented with
16 respect how it is that communities and parts of cities
17 have been able to make the kinds of changes that not only
18 have made the lives of the residents better, but represent
19 models for urban planning and urban development.

20 And I think we ought to document these in the
21 same ways that some of your colleagues, Susan, have
22 documented how families in these situations are managing
23 to make it as the Title I book goes.

24 MS. WACHTER: Thank you. And this kind of
25 documentation, not just ad hoc anecdotes but actual

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1 documentation is critical to this initiative that we'll
2 unveil tomorrow.

3 I think we all owe a great round of applause to
4 our thoughtful panelist. They've really set us up very
5 well for our deliberations. We have a break until 4:15 at
6 which point we will reconvene. And Bill Apgar will lead
7 our next section. Thank you, very much.

8 (Whereupon, at 3:55 p.m. the meeting was
9 adjourned.)

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