

# Progress Report

United Nations Commission on Human Settlements  
Special Session of the United Nations General Assembly



**June 2001**

# **UNITED STATES—HABITAT II**

## **Progress Report**

**United Nations Commission on Human Settlements  
Special Session of the United Nations General Assembly  
June 2001**

**Prepared By:**

**U.S. Department of Housing and Urban Development  
Office of Policy Development and Research  
Washington, DC**



## **PREFACE**

This U.S. National Report to the United Nations Commission on Human Settlements (UNCHS) was prepared for the Istanbul+5 Review by the U.N. General Assembly in June, 2001. It is intended to inform the international community about significant housing and community development trends and policies in the United States over the past five years. The draft is not intended to be an urban policy report for the United States, but rather a response to the Universal Reporting Format set forth in the Guidelines for Country Reporting, as published by the UNCHS at the following web site: [www.unchs.org](http://www.unchs.org).

The UNCHS set out six core subjects for reporting. These are listed in the report's Table of Contents: shelter, poverty, environment, economic development, governance, international cooperation and future action and initiatives. In addition, according to the Guidelines for Country Reporting, 20 specific topics selected by the UNCHS from the Habitat Agenda are included for discussion in this report. As a retrospective of public policies since the Istanbul Conference, it is hoped that the report will prove to be a useful introduction to recent American thought and experience on a broad series of challenges facing the United States in housing and urban affairs, and a stimulus to further dialogue and discussion.



## TABLE OF CONTENTS

Introduction.....	1
Chapter 1: Shelter .....	3
1. Security of Tenure.....	3
2. Right to Adequate Housing.....	5
3. Equal Access to Land.....	7
4. Equal Access to Credit.....	8
5. Access to Basic Services.....	10
Chapter 2: Social Development and Eradication of Poverty.....	13
6. Equal Opportunities for a Healthy and Safe Life .....	13
7. Social Integration and Support for Disadvantaged Groups .....	15
8. Gender Equality in Human Settlements.....	16
Chapter 3: Environmental Management.....	19
9. Promote Geographically Balanced Settlement Structures.....	19
10. Manage Supply and Demand for Water in an Effective Manner .....	20
11. Reduce Urban Pollution .....	20
12. Prevent Disasters and Rebuild Settlements .....	22
13. Promote Effective and Environmentally Sound Transportation Systems.....	23
14. Mechanisms to Prepare and Implement Local Environmental Plans .....	24
Chapter 4: Economic Development.....	27
15. Strengthen Small Enterprises and Microenterprises.....	27
16. Encourage Public-Private Partnerships and Stimulate Productive Employment .....	28
Chapter 5: Governance.....	31
17. Promote Decentralization and Strengthen Local Authority.....	31
18. Encourage and Support Citizen Participation and Civic Engagement.....	32
19. Ensure Transparent, Accountable and Efficient Governance of Towns, Cities and Metropolitan Areas.....	33
Chapter 6: International Cooperation.....	37
20. Enhance International Cooperation .....	37
Chapter 7: Future Action and Initiatives.....	39
Priorities for Shelter Development.....	39
Priorities for Sustainable Urban Development.....	39
Priorities for Capacity Building and Institutional Development.....	41
Priorities for International Cooperation .....	41
Appendix: Indicators.....	43
Endnotes.....	61



## INTRODUCTION

Most U.S. cities have continued the economic and fiscal recovery that was already under way when Habitat II convened in Istanbul in 1996. As a result of the strong national economy, innovative local leadership and federal policies, unemployment in cities has dropped by one third, crime is at a 30-year low, the fiscal health of most cities is significantly more sound, and homeownership for all income and racial groups is at record levels, with homeownership in cities for the first time exceeding 50 percent. New figures from the 2000 census show that most cities are gaining population after years of population decline.

At the same time, not all cities everywhere are sharing in this success, and even in those cities that are doing well there are neighborhoods and communities with high concentrations of poverty and significant numbers of people who have yet to fully share in the nation's economic prosperity. In many cities, in part as a result of the strong economy, there is also a shortage of affordable housing. And, despite the resurgence of urban economies and booming downtowns, there remain income, employment and homeownership disparities between central cities, their surrounding suburbs and adjacent rural communities.

As in other industrialized nations, this is a time of transition for cities in the United States. The most obvious change has been the continuing transformation of the U.S. economy from manufacturing and industrial production to the new high-tech, knowledge-based economy. The new 21st century economy looks substantially different from the economy that shaped the growth of cities over the past hundred years. Cities must now function in a global economy where capital is not rooted in a particular place, and where they must compete for investment capital that transcends national boundaries.

The new economy requires a set of knowledge skills that were not needed in the older, manufacturing industries that formed the backbone of 20th-century urban economies, and it is built around networks of firms that cross borders, replacing the vertically integrated "company towns" of the past. Technological advances in this new economy are also redefining the meaning of place as they allow more workers to work from home or telecommute to urban-based jobs.

In addition, the period covered by this report was marked by a significant shift in public policy. With the passage of the Temporary Assistance for Needy Families (TANF) legislation in 1996, the United States ended its previous system of public assistance and created a new system aimed at moving millions of welfare recipients from welfare to work. The legislation put in place a series of time limits on how long families could receive public assistance and provided significant additional dollars in the form of block grants to the states, to enable them to provide the support services welfare recipients would need to make the transition into the workforce.

This Habitat II follow-up report describes the progress that cities and rural communities in the United States have made over the past five years in managing these important changes. Cities in all parts of the United States have found ways to boost their local economy and replace the jobs lost when their older industrial base declined. But while overall economic growth has for the most part been good for cities, macroeconomic growth must be matched by local initiative if cities are to succeed in transitioning to the new economy and if they are to address its key challenges of affordable housing, equitable economic growth, growing diversity and continuing decentralization.

In addressing these challenges, the U.S. system depends on strong leadership from states and local governments and a relatively constrained federal role. While the National Housing Act of 1949 set a goal for the nation of a “decent home and a suitable living environment for every American family,” land use and development are primarily local responsibilities. There is no single national building code and no national land use plan. These are the responsibility of state and local governments. While it provides operating and capital funds for public housing as well as other housing subsidies, the federal government does not itself operate or manage this housing.

Instead, the federal government works through a network of state-chartered local housing authorities, community-based organizations, for-profit and non-profit developers and state and local governments. Most subsidized housing operates through creative partnerships with the private sector, with the federal government providing mortgage insurance, rental assistance vouchers, tax credits, gap financing or other financial incentives. Federal urban development funds are generally distributed in the form of block grants, giving communities a great deal of flexibility and control in addressing local needs.

Within this framework, this report highlights U.S. progress, as well as remaining challenges, in the six areas enumerated in the Habitat Agenda: (1) Shelter; (2) Social Development and Eradication of Poverty; (3) Environmental Management; (4) Economic Development; (5) Governance; and (6) International Cooperation. The report follows the universal reporting guidelines established by the UNCHS, reports on 20 separate and distinct topics in these areas and concludes with priorities for future actions and initiatives.

## CHAPTER 1: SHELTER

### 1. Security of Tenure

*Progress, trends and issues since Habitat II.* Tenants have strong rights of tenure in the United States. In most states, landlords are legally obligated to ensure that housing units meet state and local fire, housing and health codes; provide electricity and heating systems; keep apartments free of rat and roach infestations; and return security deposits within a specified period of time. A landlord cannot enter an apartment without advance notice, and it is illegal for a landlord to lock a renter out of his or her apartment. Tenants may initiate legal action against landlords, either through administrative proceedings or in local courts with jurisdiction over landlord and tenant issues. Administrative agencies or courts may impose civil sanctions or criminal penalties on landlords for lease or code violations.

Homeownership, the most secure form of tenure in the United States, reached an all-time high in 2000, both nationally and in cities. As of the 1st Quarter, 2001, 72.1 million American households—two of every three households—own their own homes, a net increase of 6.7 million new homeowners since 1996.<sup>1</sup> The new numbers include significant gains for groups that have traditionally lagged behind—new immigrants, minorities, first-time homebuyers and younger households. More than 40 percent of the net increase in homeowners since 1996 has been by members of minority groups, with homeownership among African Americans and Hispanics increasing at more than twice the rate of whites.<sup>2</sup> For the first time, more than half (51.4 percent) of all households in cities own their own homes<sup>3</sup>—a crucial benchmark in the revival of cities, for homeownership is often the key to neighborhood stability, wealth creation and economic vitality.<sup>4</sup>

Despite this progress, there remain significant homeownership gaps. The homeownership rate in central cities trails that of suburban communities—51.6 percent compared with 74.3 percent. 48.5 percent of minority households own their homes, compared to 74 percent among whites—a gap of almost 26 percentage points.<sup>5</sup>

In addition, as homeownership has grown, a new problem has emerged—that of predatory lending. There has been exponential growth in the largely unregulated sub-prime lending market, from just 80,000 loans in 1993 to 790,000 in 1998.<sup>6</sup> This market serves borrowers who, because of income, credit problems, insufficient savings or other factors, do not qualify for conventional home mortgage financing, and thus plays an important role in extending credit to these borrowers. There has also been a rise in predatory lending activity, which has led to high rates of foreclosure in a number of communities.

At the opposite end of the tenure spectrum, progress has also been made in addressing homelessness. Federal assistance increased by a third, from \$823 million in 1996 to \$1.12 billion in 2001. Comprehensive federal homeless assistance programs, known as the Continuum of Care, now cover 3,025 cities and counties with 88 percent of the U.S. population. While impossible to measure with complete accuracy, it has been estimated that some 600,000 individuals may be homeless on any one night, including a growing number of families with children.<sup>7</sup> A 1999 survey by the National Law Center on Homelessness and Poverty found that in many of the nation's 50 largest cities, the number of homeless residents exceeds the number of emergency shelter and transitional spaces.<sup>8</sup>

The report also expressed concern about local laws and restrictions on homeless persons' use of public spaces.

As part of the Continuum of Care, efforts have been undertaken to serve the needs of special populations. The first is a growing number of homeless children, with services especially aimed at overcoming barriers to meeting their educational needs.<sup>9</sup> The second is those homeless people with mental illness, the leading contributing factor to chronic and persistent homelessness. Thirty-five percent of the Continuum of Care's permanent housing programs are required to serve disabled homeless persons, with mental illness being the leading disability.<sup>10</sup> The U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Health and Human Services (HHS) are exploring joint initiatives to more directly serve this vulnerable population.

***Policies and legislation since Habitat II.*** Low mortgage interest rates, along with rising incomes, higher employment and higher consumer confidence, have all played an important part in expanding homeownership. In addition, there are several policy and legislative changes that have contributed to the surge in homeownership.

The Federal Housing Administration (FHA) continues to play a key role in extending homeownership to low- and moderate-income families. Since 1934, FHA has insured over 24 million home mortgages and 38,000 multifamily project mortgages (representing 4.1 million apartments). Recent innovations included the first increases in FHA loan limits in more than five years, allowing FHA to keep pace with rising housing prices, especially in high-cost urban areas. Other actions included streamlined underwriting and simplified downpayment procedures, as well as new consumer protections to regulate home appraisals, monitor lenders and increase efforts against predatory lending. As a result of these changes and the strong economy, the number of FHA-insured loans increased to a record 1.3 million loans in 1999. More than 80 percent of FHA loans are to first-time homebuyers, up from 72.6 percent in 1996.<sup>11</sup>

In addition, the role of the secondary-market government sponsored enterprises (GSEs)—Fannie Mae and Freddie Mac—in financing affordable homeownership has been strengthened. The GSEs' affordable housing goals, last set in 1995, were increased. In addition to raising the low- and moderate-income goal from 42 percent to 50 percent, a special affordable housing goal for families with very low incomes and low incomes was raised from 14 percent to 20 percent, and the geographically targeted goal for underserved central cities and rural areas was increased from 24 percent to 31 percent. It is estimated that over the next 10 years the GSEs will purchase \$2.4 trillion in mortgages for 28 million low- and moderate-income families, an increase of almost \$500 billion over the earlier goal.<sup>12</sup> To boost affordable homeownership, the two companies have developed a wide range of lending products that include more flexible underwriting guidelines and lower downpayment requirements.

Other innovations included Section 8 homeownership vouchers, which for the first time allow rental subsidies to be applied to downpayments or mortgage payments—an important step in enabling low-income renters to make the transition to homeownership. The federal government has also renewed and strengthened its commitment to enforcing Fair Housing and Fair Lending laws; the enforcement rate was significantly increased in cases involving discrimination in the sale, rental and financing of housing.

***Lessons learned in terms of sustainability and impact.*** Homeownership continues to be the single most important source of asset-building and wealth creation in the United States, as well as a significant contributor to neighborhood stability. Public-private partnerships, with government providing mortgage insurance, gap financing and downpayment assistance, help to expand homeownership in underserved markets. Secondary market institutions, which drive credit availability, play a central role in expanding affordable homeownership. Strong enforcement of Fair Housing and Fair Lending laws is also important. Homelessness is best addressed through comprehensive, community-based strategies that are aimed at moving homeless persons into permanent housing and self-sufficiency.

***Recommendations for priority action:***

- Continue efforts to close the homeownership gaps for minority groups, women, first-time homebuyers, city residents and families with children.
- Implement the Administration’s proposed American Dream Downpayment Fund, which will provide \$200 million for downpayment assistance for 130,000 low-income families purchasing a home.
- Enact the Renewing the Dream Tax Credit, an Administration proposal to support the rehabilitation or new construction of 100,000 homes for purchase by low-income families.
- Continue efforts to lower mortgage denial rates for minorities, through strong enforcement of Fair Housing laws, housing counseling and other means.
- Continue efforts to eliminate predatory lending practices in the sub-prime markets.
- Continue efforts to help renters make the transition from rental housing to ownership through such innovations as Section 8 homeownership vouchers.
- Continue to address the housing needs of rural as well as urban communities.
- Continue holistic and comprehensive approaches aimed at moving homeless persons into permanent housing and self-sufficiency through the Continuum of Care.

## **2. Right to Adequate Housing**

***Progress, trends and issues since Habitat II.*** Americans are among the best-housed persons in the world. Drawing on data from the American Housing Survey, the Congressional Research Service reports that most families live in houses in good condition with adequate space and they pay a reasonable amount for shelter—generally less than 30 percent of their monthly income.<sup>13</sup> The United States has a sophisticated housing finance system, a strong home building industry and a vibrant network of non-profit organizations that together have generated the largest number of housing starts since the mid-1980s and record sales of existing homes.

But at the same time, many low- and moderate renters are struggling with a shortage of affordable housing—a shortage that has, paradoxically, grown with the strong economy. While there has been a steady increase in rental assistance vouchers over the past three years, in some cities with difficult market conditions, voucher holders have found it difficult to find landlords willing to accept the vouchers. Another important area of concern is the potential loss of federally-assisted housing. Since April, 1996, a significant number of affordable housing units have been lost due to owner decisions to prepay federally insured mortgages or opt out of expiring Section 8 contracts. While Congress’ and HUD’s Mark up to Market program has helped to preserve many units of affordable housing, losses to this inventory continue.

A key barometer of the affordability gap is the significant number of families with worst case housing needs—very-low-income households who pay more than 50 percent of their incomes for housing or live in substandard housing. As a result of increased income among low-income families, the most recent data show a decline of more than 400,000 in the number of families with worst case housing needs from 1997 to 1999.<sup>14</sup> Despite this decrease, 4.9 million families, or 4.6 percent of all households, have worst case housing needs; the number of rental housing units affordable to very-low-income families declined by 1.1 million, a loss of 7 percent, over the same period. Recent increases in energy prices have resulted in higher electric and utility bills for both renters and homeowners, thereby compounding the affordability problem.

***Policies and legislation since Habitat II.*** The shortage of affordable housing has been addressed at the federal level through a variety of techniques, including adding new or “incremental” rental assistance housing vouchers to the existing pool of housing vouchers over the past three years, adjusting Fair Market Rents for existing vouchers, and the Administration’s current proposal to increase the loan limits for FHA-insured multifamily rental housing by 25 percent.

Since 1999, Congress has approved nearly 200,000 new rental assistance vouchers, and the Administration has proposed 34,000 additional vouchers in 2002, bringing the total inventory to approximately 1.5 million vouchers.<sup>15</sup> These vouchers reduce the amount paid by low-income families in rent to approximately 30 percent of their income. In addition, significant public housing legislation was enacted in 1998, opening up 1.1 million units of public housing to moderate-income, working families but maintaining public housing’s traditional commitment to very-low-income families. Some of the most distressed public housing is being transformed through the HOPE VI program; more than 100,000 public units have been slated for demolition and replacement with mixed-income communities.

More rural communities have been provided with housing assistance. The U.S. Department of Agriculture (USDA) oversees a portfolio of housing options for single rural residents, rural families and underserved rural residents, including farm workers, the elderly and those living in some of America’s poorest rural communities. The Rural Housing Service distributes more than \$4 billion in loans and grants annually to improve housing and community facilities in these areas.

Steps have also been taken to address the continuing threat to the existing inventory of federally subsidized housing, as long-term subsidy contracts expire and owners of these properties consider “opting out” by converting their buildings to market-rate housing. This problem has been addressed by offering owners the option of renewing contracts at higher rents, where justified, through the Mark Up to Market program. If owners choose to opt out, vouchers are provided that allow eligible tenants to remain in their homes, or move to other affordable housing.

In addition, the Low-Income Housing Tax Credit—the primary vehicle for generating investment capital for new affordable rental housing—will be increased by 40 percent<sup>16</sup> to reflect the increased costs of residential construction since the program started in 1987, creating an estimated 180,000 additional low-income housing units over the next five years. Homeless assistance reached a record \$1.1 billion, \$300 million more than the 1996 level.

In light of the need for affordable housing, there has been increasing interest in Congress and among housing advocates in new initiatives that would increase production of affordable housing. The Millennium Housing Commission, created by Congress in 2000, is examining this issue, as well as a range of other affordable housing matters. Congress directed the Commission to study the importance of housing to the infrastructure of the United States, methods for increasing the role of the private sector in providing affordable housing and how existing programs can be improved to “provide better housing opportunities for families, neighborhoods and communities.” The Commission is expected to issue its recommendations later this year (2001).

***Lessons learned.*** Public-private partnerships are the key to addressing affordable housing needs. For the most part, it is the private sector, not government, that builds housing. But government has a key role to play in addressing housing market gaps, through rental subsidies, downpayment assistance, tax and other financial incentives for private-sector investment in affordable housing. Non-profit and faith-based organizations play a crucial role in producing affordable housing, as do national intermediaries such as the Local Initiatives Support Corporation (LISC), the Enterprise Foundation, the Neighborhood Reinvestment Corporation and others. Preservation of existing housing, through infill housing, adaptive reuse, and reducing barriers to building affordable housing in central cities, is also important.

***Recommendations for priority action:***

- Continue to add new rental housing vouchers to address worst case housing needs, with 34,000 new vouchers proposed in the Administration’s 2002 budget.
- Continue reforms begun in Federal housing programs, including FHA improvements, and procurement reforms.
- Increase FHA multifamily loan limits by 25 percent, in recognition of the increased cost of residential construction.
- Address the housing needs of a growing elderly population.

### **3. Equal Access to Land**

***Progress, trends and issues since Habitat II.*** Overwhelmingly, Americans enjoy “legal security of tenure and equal access to land,” as described in the Habitat Agenda. There are no obvious legal, statutory or regulatory obstacles to “women acquiring full and equal access to economic resources, including the right to inheritance and to ownership of land and other property, credit, natural resources and appropriate technologies.” Women enjoy equal rights to men in these areas.

Nevertheless, since ownership of land in the United States largely equates with homeownership, there remain troubling disparities, as noted in Section 1, above. There remain gaps in homeownership rates between whites and minority groups, especially African Americans and Hispanics. Further, there exists a clear differential in homeownership rates for female-headed households (53.3 percent) compared to the overall national homeownership rate of 67.4 percent.<sup>17</sup> The primary obstacle to closing these gaps is economic—lack of sufficient savings for a downpayment, insufficient income or a lack of (or a poor) credit history.

A separate but related issue that communities are addressing in the United States concerns the difficulty that communities face in accessing and assembling land, both for affordable housing and for other redevelopment purposes. Cities and older suburbs face several handicaps in this regard.

Some state laws and regulations make it difficult for local government to acquire land or buildings that have been abandoned by their owners. In addition, tracts of land are often not readily available for development—they are owned by numerous parties, are not properly zoned for reuse, include infrastructure to be removed or modernized or require environmental remediation.<sup>18</sup> The result is that older inner-city communities and inner-ring suburbs often have difficulty competing with new “greenfield” locations for the business and housing investment needed to create jobs and meet affordable housing needs.

***Policies and legislation since Habitat II.*** Several steps have been taken to strengthen the ability of disadvantaged groups to acquire and own property. The policies discussed above that have been implemented since Habitat II to boost homeownership, such as expanded affordable housing goals for secondary market institutions and higher loan limits for FHA-insured mortgages, are all playing a part in closing homeownership gaps.

Added financing for acquisition and development of vacant land for affordable housing or commercial development has been secured through such programs as the Community Development Block Grant (CDBG) program and the related Section 108 guaranteed loan program, Empowerment Zones (EZs) and Enterprise Communities (ECs) and the federal Transportation Enhancements program. Non-profit organizations such as the Trust for Public Land have successfully packaged these resources and applied innovative land conservation techniques in New York City, Los Angeles, San Francisco and other cities. As a result, they are acquiring and cleaning up vacant land for urban parks and green space, including playgrounds and community gardens. The USDA Farmland Protection Program has also assisted existing state and local farmland conservation programs to purchase conservation easements on valuable farmlands in close proximity to urban areas.

***Recommendations for priority action:***

- Continue to remove impediments to homeownership in underserved markets.
- Support efforts by local governments to remove regulatory and other barriers to inner-city and inner-ring suburban land acquisition and development.
- Continue federal assistance to state and local farmland protection programs that conserve prime farmland near urban areas.

#### **4. Equal Access to Credit**

***Progress, trends and issues since Habitat II.*** Significant progress has been made over the past four years in expanding access to credit to all Americans. Conventional mortgage lending has increased by 31 percent for African Americans, 46 percent for Hispanics and 47 percent for low- and moderate-income households, compared to a 22-percent overall increase from 1996 to 1999.<sup>19</sup> A catalyst for this investment has been the continuation of the Community Reinvestment Act (CRA). The CRA is estimated to have generated an estimated investment of almost \$1.1 trillion in low- and moderate-income communities since its inception in 1977, with \$949 billion, or 88 percent of the total, committed in the post-Habitat II period from 1997-1999.<sup>20</sup>

The share of home mortgage loans received by low- and moderate-income families increased from 26 to 30 percent from 1995 to 1999, a slightly slower rate than for the preceding five years. The Home Mortgage Disclosure Act (HMDA)<sup>21</sup> continues to play an important role in ensuring that

communities have access to information on lending patterns by local lending institutions. In the area of business credit, through the Small Business Administration and other federal programs, small business loans, as well as equity capital for start-up and business expansion, have increased.

Since Habitat II the federal government initiated efforts to highlight the investment opportunities in underserved rural and urban communities, in order to tap their potential as the consumer and labor markets that will be needed to keep the U.S. economy growing. Significant untapped purchasing power exists in these communities: central cities have a total purchasing power of \$665 billion, and inner-city communities have a total purchasing power of \$85 billion.<sup>22</sup> Another focus of federal efforts has been to expand access to credit for individuals moving from welfare to work through self-sufficiency initiatives, including microcredit assistance.

***Policies and legislation since Habitat II.*** A number of new initiatives have been undertaken to expand credit to minority and poor families in the United States. In 1996, the first grants made under the new Community Development Financial Institutions (CDFI) Fund were made. The Fund, administered by the Department of the Treasury, makes capital grants, equity investment and awards for technical assistance to community development financial institutions, and it provides incentives for bank and thrift investment in distressed communities. Over the past five years, 400 CDFIs have been certified, and \$427 million in equity and capital grants have been made.

More recently, in December, 2000, the Congress and the Administration reached bipartisan agreement on legislation that created a new “New Markets” Tax Credit to spur investment of as much as \$15 billion in loans and equity investments in commercial revitalization and economic development in designated low- and moderate-income communities. By making an equity investment in an eligible “community development entity” (CDE), individual and corporate investors can receive a tax credit worth more than 30 percent of the amount invested over the life of the credit.

Further, as part of the New Markets legislation, Congress enacted a third round of EZs and created 40 new Renewal Communities—all of which will provide significant tax incentives to encourage investment in low-income urban and rural communities. Businesses in Renewal Communities will benefit from local regulatory streamlining and a variety of federal tax incentives to stimulate economic growth. Another legislative initiative impacting the availability of credit in poor communities was the passage of the Financial Services Modernization Act in 1999. In passing this legislation, Congress maintained the CRA as a vehicle for expanding access to credit in underserved markets.

***Lessons learned.*** Expanding access to credit to underserved groups requires a multifaceted approach. These include place-based efforts, such as tax incentives to promote investment in underserved communities, preventing discrimination against minorities and other disadvantaged groups through Fair Housing and Fair Lending laws, expanding access to mortgage credit, microcredit initiatives and continued investment in community-based financial institutions.

***Recommendations for priority action:***

- Expand Individual Development Accounts (IDAs) as a source of savings for low-income families, through such initiatives as the Administration’s tax credits to financial institutions that

match private IDAs. These will help low-income families save for a first home, for education or to start a business.

- Implement the New Markets tax credit to expand business investment in distressed and underserved communities.
- Continue support for microcredit efforts through the Small Business Administration and other agencies.
- Continue implementation of the Community Reinvestment and Home Mortgage Disclosure Acts.
- Implement EZs and Renewal Communities to attract business investment and create jobs in 28 urban communities and 12 rural communities.

## 5. Access to Basic Services

*Progress, trends and issues since Habitat II.* Most of the U.S. population has access to basic services, such as water supply, electricity, telephones and home heating. According to the 1999 American Housing Survey, the overwhelming majority of all Americans have access to safe drinking water, sanitation and other basic services. Ninety-nine percent of all occupied units have indoor plumbing, 99.8 percent have piped water, all but 42,000 units (99.6 percent) have electrical wiring and 95.8 percent have telephones. 17.5 million more Americans receive drinking water that meets all federal health standards. And 91 percent of America's tap water from community drinking water systems meets all federal standards.

Nevertheless, the quality of these basic services is problematic for some households. 1.6 million households have one or more rooms without electric outlets. More than two million units have "severe physical problems," including 1.4 million units that have severe plumbing problems. Households reporting these problems are disproportionately low-income.

In addition, the lack of telephone services for poor families is a factor in the growing "digital divide" on the information superhighway. While all but six percent of U.S. households have telephones, 43.5 percent of families who depend entirely on public assistance and 50 percent of female-headed households living at or below the poverty line lack even this basic technology. And African Americans and Latinos lag about 10 percentage points behind their white counterparts in access to telephones, even when income is held constant.

Finally, certain rural areas, such as the colonias along the southwest border, migrant farm worker settlements in California's central valley and Native American reservations, lack some of the basic services that exist in more densely populated urban communities. For example, only 39 percent of rural Indian Country has basic phone service. And even when there is phone service, household personal computer ownership accompanied with Internet access is still no greater than 15 percent.<sup>23</sup>

*Policies and legislation since Habitat II.* Since Habitat II, the United States has continued to expend funds through a variety of programs for home improvements and repairs, or for upgrading community infrastructure through such programs as HUD's CDBG program as well as other resources. To address the needs of the colonias along the southwest border, California, Texas, New Mexico and Arizona are required to set aside a portion of their CDBG funds to upgrade conditions and improve the basic infrastructure in these communities. In other rural communities, the USDA

provides funds for water and sewer systems, telecommunications system upgrades, solid waste management and community facilities through its Rural Services programs.

Over the past five years, significant efforts have also been undertaken to close the “digital divide,” by expanding telecommunications services to underserved communities through a new “e-rate,” which provides for lower rates for schools and libraries, Neighborhood Networks computer centers in public and assisted housing, new Community Technology Centers proposed by the Administration in its current 2002 budget proposal and other initiatives.

***Recommendations for priority action:***

- Continue efforts to upgrade community infrastructure through basic federal programs such as the CDBG program and USDA rural development programs.
- Continue efforts to expand access to telephone and other telecommunications services, especially in rural areas where such services are not as cost-effective as they are in densely populated urban communities.
- Create Community Technology Centers to enable communities to overcome the digital divide.
- Continue targeted efforts to upgrade infrastructure and services in underserved rural areas, including Native American reservations and colonias.



## CHAPTER 2: SOCIAL DEVELOPMENT AND ERADICATION OF POVERTY

### 6. Equal Opportunities for a Healthy and Safe Life

*Progress, trends and issues since Habitat II.* Substantial progress has been made in building healthy and safe communities in the United States since Habitat II. Data available in 2000 indicated that poverty had declined for the seventh year in a row to its lowest point since 1979, and median household income rose more than the inflation rate for the fifth consecutive year, to \$40,816.<sup>24</sup> In 1999, the latest year for which figures are available, there were 4.3 million fewer people in poverty than in 1996. From 1996 to 1999, the poverty rate dropped from 13.7 percent to 11.8 percent, its lowest rate in 20 years.<sup>25</sup> The number of welfare recipients declined by almost seven million people, from 12.6 million in 1996 to 5.8 million in 2000.

The number of people facing severe poverty (at 50 percent or less of the official poverty line) in 1999 declined to 4.6 percent of the population, down from 5.4 percent in 1996. African American poverty, while still significantly higher than the overall rate, nevertheless dropped from 28.4 percent to a record low 23.6 percent. Median incomes for African Americans, Hispanic and non-Hispanic white households reached their highest levels ever. Child poverty also continued to decline, to its lowest level in two decades.<sup>26</sup>

In the health area, increasing access to quality primary health care and other essential services has been an important focus of U.S. government efforts over the past five years. There has been a 15.2-percent decrease in the infant mortality rate, from 8.5 to 7.2 per 100,000 population in 1997, its lowest level ever. Nevertheless, there is evidence that race and ethnicity correlate with persistent and often increasing health disparities among different populations. In the period since Habitat II, the federal government committed the nation to the goal of eliminating these disparities by 2010, in six areas: infant mortality, deficits in breast and cervical cancer screening and management, cardiovascular diseases, diabetes, HIV infection/AIDS, and deficits in child and/or adult immunizations, in part through identifying and providing support to successful community-based interventions.

In the area of public safety, the United States has experienced the longest continuous drop in crime on record. Violent crime declined by 17 percent from 1996 to 1999. The murder rate declined by 23 percent and is now at its lowest point since 1967.<sup>27</sup> Rapes declined by nine percent during the same period. According to the National Crime Victimization Survey, victimization rates in 1999 were the lowest recorded since the survey's creation in 1973. This dramatic decline in violent crimes is a product of a wide variety of factors, including the strong economy and new community policing and crime prevention initiatives.

Significant challenges remain. Poverty remains disproportionately concentrated in minority, inner-city communities, on American Indian reservations and in certain other rural areas. Urban poverty, while declining, remains at more than 50 percent above the national rate.<sup>28</sup> Although there has been a drop in hunger since 1996, 17 percent of children, according to one report, faced hunger in 1999.<sup>29</sup> Exposure to lead, asbestos, pesticides, and other toxins can cause serious health problems, particularly among children, that increase family health costs, impair parents' ability to focus on career development and improvement and can cause permanent brain damage and impairment of

the nervous system. The most recent surveys of blood lead levels in young children in the United States, for example, indicate the increasingly disproportionate concentration of lead poisoning in minority and inner-city communities.<sup>30</sup>

***Policies and legislation since Habitat II.*** A strong economy, along with federal policies such as welfare reform, increases in the minimum wage and an expanded Earned Income Tax Credit, as well as tax incentives to spur private sector investment in underserved markets, all contributed to the declining U.S. poverty rate. The most significant achievement in improving access to health care over the past five years was the creation (in 1997) of the State Children’s Health Insurance Program. This is a shared state/federal program, which expands health insurance coverage to low-income children. So far, over 3.3 million children have been enrolled in the program. The United States has also improved access to health care by increasing funding of community-based health care centers, which serve all patients regardless of ability to pay, by 45 percent over the past five years. Funding for primary care for Americans living with HIV infection increased significantly between 1996 and 2000.<sup>31</sup>

HUD and the U.S. Environmental Protection Agency (EPA) have also continued to implement the groundbreaking Lead Paint Hazard Reduction Act. Title X of the Act instituted a preventive approach to a major environmental health problem in the community and housing environment, an approach based on source control and elimination rather than on belated tracking of victims already exposed to lead hazards. Title X is also noteworthy because it requires nationwide hazard notification as part of disclosure provisions in real estate transactions.

Brownfields clean-up and environmental hazard remediation through HUD’s Healthy Homes program and other resources are helping to clean up environmental hazards and ensure healthy working, living and playing environments for lower income working families and their children.

In terms of public safety, in addition to helping communities put more police on the streets, the federal government has been working on innovative ways to improve both enforcement and prevention. One such initiative is Operation Weed and Seed, a U.S. Department of Justice community-based initiative, a multi-agency approach to law enforcement, crime prevention and community revitalization. The strategy involves a two-pronged approach that brings together law enforcement agencies and prosecutors with social and community services.

***Lessons learned in terms of sustainability and impact.*** Obstacles to removing people from poverty have included fragmentation of social services among different programs at the federal, state and local levels; different eligibility rules, application requirements for different programs and duplication of services, causing an increase of per capita service delivery costs. These barriers have been addressed by giving states more flexibility, by emphasizing holistic approaches to addressing poverty, and by increasing cooperation among different funding programs and agencies.

Long-term economic growth, and the building of capacity in low-income communities to create jobs and career opportunities with family-sustaining wages and fringe benefits and with upward mobility, are critical elements in reducing poverty. In addition, holistic and long-term interventions are likely to be more effective in addressing poverty than a fragmented and short-term approach. Assistance tailored to individual needs is likely to be more effective than attempts to apply a standardized

strategy. Experience in the United States and internationally supports the effectiveness of efforts to involve clients in addressing their own problems.

***Recommendations for priority action:***

- Build assets and skills among low-income families through such initiatives as Community Technology Centers, family-self sufficiency in public housing and IDAs that promote savings and the acquisition of assets by lower income working families.
- Strengthen families through a new Federal commitment, in partnership with states and faith-based and community organizations, to reverse the rise in absent fathers by spurring new community-level approaches to job training, creation of new jobs and career opportunities that will provide family sustaining income and fringe benefits, subsidized employment, career-advancing education and other initiatives.
- Ensure that working families live in healthy, safe and energy-efficient homes in healthy communities, through environmental hazard remediation efforts such as brownfields cleanup, HUD’s Healthy Homes Initiative and other initiatives.

**7. Social Integration and Support for Disadvantaged Groups**

***Progress, trends and issues since Habitat II.*** The United States has strong statutory and regulatory prohibitions on discrimination against disadvantaged groups in employment, shelter and other areas. These have been significantly strengthened since Habitat II. The Equal Credit Opportunity Act (ECOA) forbids discrimination in all lending. The Fair Housing Act, enacted in 1968 and amended in 1988, prohibits discrimination in the sale or rental of housing on the basis of color, creed, national origin, religion, family status or disability. Enforcement of Fair Housing cases has doubled since 1996, and the new Administration has committed to rigorous enforcement in the years ahead.

Gains have also been achieved in the area of employment discrimination. Title VII of the 1964 Civil Rights Act made it unlawful to hire or fire any individual on the basis of race, color, religion, sex or national origin. That legislation led to the creation of the Equal Employment Opportunity Commission (EEOC), which is charged with promoting equal opportunity in employment, through enforcement of the federal civil rights laws and through education and technical assistance.

***Policy and legislative changes since Habitat II.*** Through strong enforcement of Fair Housing laws, monetary relief for individuals found to be victims of discrimination has doubled. The Federal government has also forged voluntary agreements with industry groups to educate their members on their obligations under the law as well as affirmative steps they can take to contribute to fair housing. In 1996, the EEOC implemented a new National Enforcement Plan, which set out a three-pronged enforcement strategy: prevention of employment discrimination through education and outreach, the voluntary resolution of disputes where possible and, where voluntary resolution fails, strong and fair enforcement.

***Recommendation for priority action:***

- Continue enforcement of Fair Housing laws and other civil rights laws barring exclusionary practices in the areas of shelter and employment.

## 8. Gender Equality in Human Settlements

***Progress, trends and issues since Habitat II.*** Women have shared in the recent homeownership boom, with 2.3 million new female homeowners since the first quarter of 1996.<sup>32</sup> In 2000, the homeownership rate for female-headed households reached an all-time high of 53 percent.<sup>33</sup> Women have also made progress economically. Reflecting the overall decline in poverty over the past five years, the number of people living in poverty in female-headed households has declined by two million since Habitat II. The poverty rate for female-headed households has declined by almost 20 percent.<sup>34</sup> Labor force participation continues to rise: women make up 46 percent of the labor force, and they are entering fields that until recently were held almost exclusively by men.<sup>35</sup> Women's earnings as a percentage of men continued to increase, from 75 percent in 1996 to 76 percent in 2000.<sup>36</sup>

Nevertheless, the poverty rate for people living in female-headed households is 30.4 percent—almost three times the rate of 11.8 percent for the population as a whole. 3.5 million families headed by females are still below the poverty line; while the median earnings of women working full-time, year-round increased from \$22,497 in 1996 to \$25,324, the median income for men increased to \$36,476 over the same period.<sup>37</sup>

While female-headed households are disproportionately poor, they also receive a substantial majority of federal housing assistance. An estimated 72 percent of all households receiving rental housing assistance<sup>38</sup> are headed by women; 78 percent of families living in public housing are headed by women; and some 85 percent of persons living in assisted housing for the elderly are women. Still, there are 2.5 million very-low-income female-headed households with worst case housing needs, paying 50 percent or more of their income for housing.

Lagging household income and family status are the single biggest constraints to affordable housing for women. The majority (58 percent) of minimum-wage workers are women.<sup>39</sup> With less ability to save money for a downpayment and closing costs, many low- and moderate-income women do not view homeownership as a viable option.<sup>40</sup>

At the same time, according to a recent study by the McAuley Institute, women are leaders in the community development field. They play a key role in bringing positive change to their communities. “As effective builders of social capital, women leaders play key roles in establishing and maintaining important relationships and networks in their communities.”<sup>41</sup> The study found that women practice participatory leadership based on their personal life experience and their concept of community development as human development.

***Policy and legislative changes since Habitat II.*** The United States continues to enforce the Fair Housing Act, which prohibits discrimination in housing based on sex. The primary legislative change affecting low-income women since Habitat II was the passage of welfare reform in 1996. The new legislation replaced the Aid for Families with Dependent Children with a new TANF program, which, among other provisions, provided for a five-year time limit on receiving welfare assistance. The subsequent 1997 Balanced Budget Act provided substantial resources (including \$3 billion in welfare-to-work grants to the states) to move long-term, primarily female welfare recipients into jobs. The Welfare to Work Tax Credit provides incentives to encourage businesses to hire long-term

welfare recipients. The U.S. Department of Transportation's (DOT's) Access to Jobs program helps communities design innovative transportation solutions to help former welfare recipients get to work. Federal funding for child care has more than doubled since 1996, helping parents pay for the care of 1.5 million children.<sup>42</sup>

***Lessons learned in terms of sustainability and impact.*** Flexible and creative lending strategies can help expand women's access to credit. Some lenders have created flexible underwriting standards that recognize different sources of income (e.g., alimony, child support, public benefits) and credit (e.g., regular payment of rent, utility and credit card bills). Another area that shows promise is access to higher education. Some states are enacting policies that enable women leaving public assistance to receive training and higher education. Wyoming allows college attendance to satisfy the work requirement in the TANF program; Vermont allows TANF recipients to satisfy the requirement with six hours of community service per week while attending college and permits five years to finish a four-year degree.

***Recommendations for priority action:***

- Continue new or incremental housing vouchers, allowing women more mobility and the ability to choose safer neighborhoods with better schools for their children.
- Strengthen housing counseling programs. Because lenders seek credit-ready applicants and it often takes women a longer time to prepare for homeownership, funding of counseling programs is critical to women's homeownership.
- Support state efforts to enable women leaving public assistance to receive training and higher education.
- Support Fair Housing programs that address housing discrimination against minority women and families with children.



### CHAPTER 3: ENVIRONMENTAL MANAGEMENT

#### 9. Promote Geographically Balanced Settlement Structures

*Progress, trends and issues since Habitat II.* The past five years have seen the continued shift of population and jobs from central cities to outlying suburbs.<sup>43</sup> Many of these newer-growth suburbs are showing the strains of growth, in the form of long commutes and traffic congestion, overcrowded schools or loss of open space and farmland.

In response to these trends, there has emerged a new readiness among local leaders to work together on regional strategies to achieve more balanced metropolitan growth. In a May, 1999 survey by the U.S. Conference of Mayors, 74 percent of cities and suburban communities identified “limiting the negative effects of sprawl on the community” as a challenge facing their communities. In 1999, more than 30 governors addressed growth issues in their State of the State or inaugural addresses. City and county leaders, regional councils, business roundtables, faith-based metropolitan alliances and other civic stakeholders are fashioning solutions in places as diverse as Boise, Idaho; St. Louis, Missouri; Orange County, Florida; and Chicago, Illinois; and in states such as Maryland, New Jersey and Florida.

*Policy and legislative changes since Habitat II.* Much of the innovation over the past five years has been at the state and local levels. Maryland’s Smart Growth Initiative, begun in 1997, is one of the most noteworthy, prioritizing state funding for development adjacent to existing infrastructure. New Jersey has targeted \$2 billion to preserve open space. Florida is proposing to implement a locally-managed “full-cost accounting” approach, where the costs and benefits of new development must be accounted for prior to development occurring.

These initiatives have been supported at the federal level, through new efforts to target investment to central cities and inner-city communities; through new or expanded brownfields cleanup and redevelopment initiatives; and through support for locally led Partnerships for Regional Livability.<sup>44</sup> The federally-supported “Growing Smart” initiative is an interagency, public-private effort managed by the American Planning Association to develop model land use planning and development statutes for use by state governments. Growing Smart is producing a consensus-based legislative guidebook for use by governors and state legislatures on the best of American planning law.

While these are local issues that require local solutions, in its 2002 budget proposal HUD indicated its intention to facilitate a national conversation on growth management issues and help to develop tools that local communities can use to better manage their growth.

In addition, EPA has helped support the creation of the Smart Growth Network, a network of architects, planners, government officials, developers, environmental groups and citizen organizations. The network shares information on best practices in housing, land use, transportation, air quality and strategies for protecting open space. EPA has also issued guidance to support communities that have adopted voluntary land use policies and projects with associated air quality benefits. The guidance will help states and cities recognize and quantify the transportation-related emissions reductions resulting from policies and projects.

***Lessons learned in terms of sustainability and impact.*** American preference for local control and low-density single-family housing has created an environment that is responsive to market demand for millions of Americans. Local control of zoning and land use helps ensure responsiveness to community preferences. However, there are also costs associated with rapid growth that need to be addressed cooperatively by counties and local communities in each metropolitan area.

***Recommendations for priority action:***

- Expand opportunities for redevelopment in central cities and inner-ring suburbs, through infill, brownfields clean-up and redevelopment, adaptive reuse, historic preservation and other mechanisms.
- Support partnerships between the private sector, civic organizations and local governments to plan for and coordinate responses to environmental degradation, overcrowded schools and increased traffic congestion in fast-growing metropolitan areas.
- Support and encourage regional land use and growth management strategies that have a greater chance of becoming effective than uncoordinated local actions.

## **10. Manage Supply and Demand for Water in an Effective Manner**

***Progress, trends and issues since Habitat II.*** The U.S. government, working with states and local communities, has continued its strong commitment to integrated water resources management. Population growth in metropolitan areas has created additional demands on water supply, especially in rapidly growing communities in the west and south. One of the most damaging impacts of urbanization on the country's natural resources is runoff from city streets, which carries pollutants and excess sediment into waterways.

***Policies and legislation changes since Habitat II.*** The United States has continued to make significant headway in addressing water pollution, through such programs as the Non-Point Source Management Program, established by the 1987 amendments to the Clean Water Act. In addition, public and private groups have developed and used pollution prevention and reduction initiatives as well as management measures to clean water efficiently. Water quality monitoring and environmental education activities supported by government agencies, tribes, industry, volunteer groups and schools have provided information about non-point source pollution and have helped to determine the effectiveness of management techniques.

The Safe Drinking Water Act, amended in 1996, requires the nation's 55,000 water utility companies to provide regular reports to their customers on the quality of their drinking water, and it extends protections to 40 million additional Americans in small communities from potentially dangerous microbes in their water. EPA established a revolving loan fund that has provided almost \$2 billion in loans to states to finance priority drinking water projects, and the USDA has awarded \$226 million in loans and grants for safe drinking water projects in rural areas of 41 states.

## **11. Reduce Urban Pollution**

***Progress, trends and issues since Habitat II.*** Progress continues to be made in reducing urban air pollution. From 1988-97, the Pollutant Standards Index, a measure of pollutant concentrations in large urban areas, showed a 56 percent increase in Southern California, but a 66 percent decrease in the remaining major cities across the United States. In the three decades since the passage of the

Clean Air Act in 1970, emissions of six principal air pollutants have decreased, with the exception of nitrogen dioxide.<sup>45</sup> Nevertheless, EPA reports that in 1999 150 tons of air pollution were released into the air and “62 million people lived in counties where monitored data showed unhealthy air for one or more of the six principle pollutants.”<sup>46</sup> Between 1980 and 1997, urban development patterns and auto-dependent transportation systems resulted in an increase of vehicle miles traveled (VMTs) by more than 63 percent, with significant economic and environmental consequences for air quality.

Progress has also been made in improving urban water quality. Today, all 50 states, six territories, and 80 tribes have completed comprehensive watershed assessments—the first coordinated statement of water quality priorities in U.S. history. Moreover, to improve the protection of urban watersheds, EPA has worked to establish the State Revolving Fund, which has loaned more than \$830 million for the construction of sewage treatment plans and other water quality initiatives through the United States.

Recycling of municipal solid waste in the United States grew from 9.6 percent in 1980 to 16.2 percent in 1990, to 27.4 percent in 1996 and to 28.2 percent in 1998, an average annual increase of 0.4 percent since Habitat II. EPA has set a goal of recycling 35 percent of all municipal solid waste by the year 2005.

***Policies and legislation since Habitat II.*** To protect Americans’ health, in 1997 the U.S. government set new health-based air standards for soot and smog, based on updated scientific knowledge. These new standards will protect more than 100 million Americans, including 35 million children suffering from asthma and other respiratory related illnesses aggravated by polluted air. The U.S. Supreme Court upheld these new standards in late February, 2001. Other important legislative changes that have taken place include the reauthorization of the Transportation Equity Act of the 21st Century (TEA-21), which includes provisions requiring states and communities to focus transportation investments on projects that meet national air quality standards.

A significant area of progress has been in the area of brownfields. Brownfields are industrial and commercial sites that are abandoned or underused because of real or perceived contamination. Communities across the country face the challenge of putting these sites back to work, from older industrial cities with thousands of acres of abandoned factories to rural villages built around mines or timber mills. Brownfields are a liability that through redevelopment and reuse can become a valuable community resource and bring important benefits to economically depressed communities.

In the mid-1990’s EPA launched the Brownfields Economic Redevelopment Initiative, which paves the way for redevelopment of some 450,000 contaminated and potentially contaminated sites around the country. The Initiative aids brownfields redevelopment by supporting cooperative agreements for brownfields assessment and cleanup, clarifying liability and other cleanup issues, creating partnerships between the public and private sectors, and creating local workforce development and job training opportunities.<sup>47</sup> For each of the past three years Congress has also funded HUD’s Brownfields Economic Development Initiative (BEDI), leveraging an estimated \$1.4 billion in private-sector investment. HUD is also sponsoring a five-year brownfields research effort that includes identification of financing strategies for cleaning up and redeveloping brownfields. Building on these efforts, the U.S. Senate recently passed the Brownfields Revitalization and Environmental Restoration Act of 2001, which when enacted will provide grants to local governments, states and Indian Tribes to inventory, remediate and conduct planning related to

brownfield sites.

## 12. Prevent Disasters and Rebuild Settlements

*Progress, trends and issues since Habitat II.* The United States has seen a revolution in disaster preparedness and response over the past five years. Annual flood losses totaled \$5.2 billion during the period 1989 to 1998, according to the National Weather Service. The National Climatic Data Center estimates \$5.4 billion in annual hurricane losses for the period. The Federal Emergency Management Administration (FEMA) estimates that probable annual earthquakes losses in the United States are almost equal to the losses experienced from floods and hurricanes.<sup>48</sup>

FEMA has been widely recognized as a successful example of government reinvention. Through Project Impact, introduced in 1997, disaster prevention and mitigation have been placed at the center of emergency management in the United States. With federal support, local citizens have taken significant steps to mitigate against the impacts of future disasters, incorporating disaster resistance into a range of community planning decisions. Counties are using disaster resistance to enhance economic development, examine zoning and building codes, purchase flood-prone properties to create open space and review and enhance flood plain management.

*Policies and legislation since Habitat II.* Several initiatives have increased disaster-preparedness in the United States. Project Impact is designed to encourage people and communities to take measures to protect themselves and their property before disasters occur. Significant progress has been made on earthquake-proof construction, as evidenced by the relatively light damage incurred as a result of an earthquake in March, 2000 in Seattle, Washington. Increasing the use of “safe rooms” for protection against hurricanes and tornadoes has been a focus of cooperation between HUD and FEMA.

Improvements in flood control efforts have been made by upgrading the Community Rating System (CRS) for flood mitigation. The CRS lowers flood insurance for communities that go beyond the minimum standards for floodplain management. The CRS has been updated to provide incentives for communities to “build smart,” by strengthening building codes and awarding credits to communities that adopt even stronger codes that include state-of-the-art seismic and wind resistance technology.<sup>49</sup>

In addition, in 1999 HUD created a coordinated housing response to disasters that has five elements: providing temporary housing and shelter from public housing, privately-owned assisted housing and HUD-owned real estate portfolios; identifying funds that can be immediately reprogrammed and redirected to address emergency needs; a 90-day moratorium on foreclosures of federally-insured mortgages; mortgage insurance to disaster victims for financing home reconstruction or replacement; and aiding communities to assess their overall long term needs and begin the process of rebuilding infrastructure, homes, jobs and lives.

### *Recommendations for priority action:*

- Continue programs that encourage individuals, communities and states to take responsibility for mitigation.
- Continue efforts to encourage communities to keep future development out of floodplains, through buying out properties at risk of repetitive flooding and other measures.

- Continue and expand emergency food and shelter assistance to the working poor, the elderly and others who are most hurt by disasters.
- Expand flood mapping capacity by modernizing the current U.S. map inventory and creating new maps for unmapped communities.

### **13. Promote Effective and Environmentally Sound Transportation Systems**

*Progress, trends and issues since Habitat II.* One of the key transportation challenges in the United States is the need to address the widening gap between transportation demand and the capacity of the existing infrastructure. After shelter, transportation is the second largest item in the average household budget, accounting for 18 cents of every dollar expended, or almost \$6,000 per year. In some cities, families spend more on transportation than shelter; in Houston, for example, the average family spends \$8,800 on transportation compared with \$6,500 on shelter.<sup>50</sup> For very-low-income families, transportation makes up fully 36 percent of annual expenditures.<sup>51</sup>

Due largely to the strong economy, growth in passenger travel demand since 1996 has outpaced historical trends. Between 1980 and 1997, urban development patterns and other factors resulted in an increase of VMTs by more than 63 percent. Since 1996, VMTs have continued to increase, from 2.48 trillion per year in 1996 to over 2.6 trillion per year, growing at a rate of approximately 2.5 percent per year. At the same time, progress has been made in addressing the environmental impact of transportation: while VMTs increased, total emissions declined from motor vehicles by more than 10 percent.<sup>52</sup>

But driving by car is leveling off relative to transit: in every year since Habitat II, the increase in transit use has far outpaced the growth in VMTs by automobile. After a long period of decline, transit has seen a resurgence, with transit ridership reaching its highest level since 1964, growing from 7.9 billion passenger trips in 1996 to 9.4 billion in 2000—its highest level in 40 years.<sup>53</sup> In terms of passenger miles, transit use increased by 16 percent from 1996 to 2000, 39 billion to 45 billion.<sup>54</sup> New rapid transit systems are doing well in Portland, Denver, Salt Lake City, and Dallas, while the Metro system in Washington D.C., the nation’s capital, celebrated its 25th anniversary this year with record ridership.

*Policy and legislative changes since Habitat II.* DOT is laying the foundation for a broad-based approach to sustainability in transportation. DOT has launched initiatives focused on the interaction between transportation investments and land use. These will address both current and future challenges in enhancing and preserving communities and the natural environment.

The major transportation-related legislative development since Habitat II has been the reauthorization of the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA). The new TEA-21 guarantees a record \$200 billion in surface transportation investment for highway safety, highways, transit and other programs for the following six years. TEA-21 continues ISTEA’s emphasis on providing additional resources for urban communities to improve the quality of life and the environment. For example, TEA-21 provides funds for the Congestion Mitigation and Air Quality Program. It also provides funding for “transportation enhancements”: one percent of program funds for urban areas<sup>55</sup> are set aside for bicycle access, pedestrian access and walkways, the rehabilitation and operation of historic mass transportation buildings, structures and facilities as well as other activities.

Along with these federal initiatives have come a series of innovations at the state, local and community levels. Metropolitan Planning Organizations, regional bodies that are responsible for prioritizing transportation investments in metropolitan areas, are integrating transportation, land use and air quality in their long-range transportation planning. Transit-oriented development is becoming increasingly popular, as cities work with local transit authorities to focus development or redevelopment around transit stations in Oakland, Chicago, Atlanta, San Diego, Los Angeles and other places. Finally, there are efforts to tap the “location efficiency” of urban centers, through such pilot efforts as Location Efficient Mortgages that are designed to encourage homebuying in denser urban locations close to transit stations.<sup>56</sup>

***Lessons learned in terms of sustainability and impact.*** In spite of the progress in the use of public transit, the majority of urban travel is made by personal vehicle. This has resulted in a growing loss of time for the average urban and suburban resident, increased transportation-related expenses, increased consumption of scarce energy resources and rising traffic congestion. Further, those without access to automobiles (particularly the urban poor) have difficulty accessing jobs in employment centers on the urban periphery. These imbalances are best addressed by innovative land use and congestion mitigation strategies at the state and local level, with support from the federal government.

***Recommendations for priority action:***

- Continue to provide the resources needed to ease transportation congestion, and close the gap between demand for transportation and the capacity of the U.S. transportation infrastructure.
- Implement initiatives such as the New Freedom Initiative that will help Americans with disabilities.
- Expand efforts such as the Job Access and Reverse Commute Program that are aimed at providing transportation services from low-income neighborhoods to areas of job growth.
- Support transportation activities that help communities reach and sustain healthy air standards, such as the federal Congestion Mitigation and Air Quality program, other transportation enhancements, innovative projects that promote transit ridership, clean fuels and emissions-reducing inspection and maintenance programs, as well as bicycle and pedestrian-oriented projects.

#### **14. Mechanisms to Prepare and Implement Local Environmental Plans**

***Progress, trends and issues since Habitat II.*** Over the past five years, developing sustainable national and local policies for urban areas on topics such as brownfields, growth management and transportation have been high-priority issues in the United States. In response to the rising social, economic and environmental importance of urban issues, EPA created the U.S. Brownfields Economic Redevelopment Initiative and the Smart Growth Network. These have fostered local, regional and national partnerships among urban practitioners and linked environmental protection, social inclusion and economic development efforts.

Expanded access to information through the Internet is enhancing local environmental planning. The National Environmental Policy Act (NEPA) requires that federal agencies “make available to states, counties, municipalities, institutions and individuals, advice and information useful in restoring, maintaining and enhancing the quality of the environment.” Through efforts such as

NEPANet, the Council on Environmental Quality's web site, the Internet is providing users with on-line versions of environmental laws and regulations and is facilitating increased interaction among agencies and the public. The public's right to know about chemicals released into air and water has been strengthened by partnering with the chemical industry and environmental community to complete data on the potential health risks of the 2,800 most widely used chemicals.<sup>57</sup> HUD's Internet-based E-maps have been developed as a tool for communities to link environmental information with housing and community development data.

***Policy and legislative changes since Habitat II.*** Through the Brownfields Economic Redevelopment Initiative, EPA promotes redevelopment of abandoned and contaminated properties previously used for industrial and commercial purposes. It places environmental protection within the broader social setting of issues such as poverty, metropolitan growth, crime, urban blight, jobs, training, and public health. Through this and other initiatives, EPA has worked to create a positive climate for cleanup, redevelopment and reuse of brownfields across the United States. This has led to the leveraging of more than \$2.8 billion in cleanup and redevelopment funding, a commitment from more than 25 Federal agencies and partners, and it has been a catalyst for the creation and retention of more than 11,000 jobs with a return of \$2.50 for every dollar of public-sector investment.

***Recommendations for priority action:***

- Continue efforts to merge environmental protection with the broader issues of poverty, growth management, crime, urban blight, jobs, training, public health and social equity.
- Continue efforts to promote urban environmental protection and development through innovation without dependence on laws and regulations.



## CHAPTER 4: ECONOMIC DEVELOPMENT

### 15. Strengthen Small Enterprises and Microenterprises

*Progress, trends and issues since Habitat II.* There has been steady growth in microenterprises in the United States over the past five years. In 1997, 10.5 million people in the United States were self-employed; of these, 2 million were low-income entrepreneurs. There are an estimated 700 to 1,000 microenterprise programs across the United States. These programs are generally community-based, non-governmental programs and are tailored to meet the needs of diverse client groups including women, minorities, welfare recipients, refugees, dislocated workers, and the working poor, giving them additional options for participating in and benefiting from the mainstream economy. The 1999 Directory of U.S. Microenterprise Programs estimates that microenterprise programs have served more than 170,000 low-income microentrepreneurs nationwide.

Industries that have seen the growth of microenterprise include specialty foods, jewelry, arts, crafts and gifts, clothing and textiles, furniture, computer technology, daycare and environmental products and services. The field enjoys a private, national infrastructure composed of an industry association (the Association for Enterprise Opportunity), a research and learning network, several policy and advocacy groups and a new national funding intermediary.

*Policies and legislation since Habitat II.* Several microenterprise initiatives have been enacted, most notably the Program for Investment in Microentrepreneurs (PRIME), recently funded at \$15 million for training, technical assistance, capacity-building and documentation of microenterprises in the United States. In 1998, Congress enacted the Assets for Independence Act, authorizing HHS to establish and administer a 5-year, \$125 million demonstration of IDAs, which can be used to fund microenterprises. This is the first federal program established to test the efficacy of IDAs as a poverty reduction strategy for low-income Americans.

The 1997 Presidential Awards for Excellence in Microenterprise Development reflected the federal government's commitment to advancing the role of microenterprise in expanding opportunities for low-income people. The Federal Interagency Workgroup on Microenterprise Development encourages the continued use and development of microenterprise in the United States through policymaking, support, technical assistance and funding for microenterprise programs.

*Lessons learned in terms of sustainability and impact.* While microenterprise programs are likely to continue to play a larger role in developing countries than in industrialized nations such as the United States, their importance in advancing economic opportunity for low-income families, and especially low-income women, is firmly established. Microenterprise programs continue to struggle with issues of sustainability, which can be addressed by expanding partnerships with private- and public-sector sources of funding.<sup>58</sup>

#### *Recommendations for priority action:*

- Continue to support microenterprise development as an element of advancing economic opportunity for low-income individuals and families.

- Implement IDAs and other mechanisms that support microenterprise initiatives as a vehicle for expanding economic self-sufficiency in the United States.

## **16. Encourage Public-Private Partnerships and Stimulate Productive Employment**

*Progress, trends and issues since Habitat II.* The strong U.S. economy produced more than 22 million new jobs over the past decade—almost 12 million of them since 1996.<sup>59</sup> Cities have shared in these gains. In 114 of the nation's largest cities tracked in HUD's State of the Cities database, private-sector jobs grew by 8.5 percent, more than five times the population growth in those cities.<sup>60</sup> The rate of job growth in cities has accelerated, from a 1-percent average annual rate in the early 1990s to a 2.7-percent annual rate of growth from 1996 to 1998. This rapid increase in jobs has contributed to a significant drop in unemployment, from 6.2 percent in 1996 to 4.6 percent in 2000.

At the same time, while most cities have seen employment growth, 40 central cities have unemployment rates at least double that of the national average. In addition, central-city unemployment is still about one third higher than the suburban rate (4.6 percent vs. 3.3 percent). Unemployment among African-American youth remains high—at 31.6 percent in April, 2001.

A significant area of progress, described below, has been to develop new public-private partnerships to help former welfare recipients move into productive work. The Urban Institute estimates that 70 to 80 percent of those leaving welfare have experienced some employment within a year of leaving the rolls, while roughly 50-60 percent are employed at any point in time. Areas of concern include the fact that former welfare recipients are often concentrated in low-wage, entry-level positions.<sup>61</sup> Further, urban welfare caseloads are shrinking more slowly than those outside of cities.

*Policies and legislation since Habitat II.* The Balanced Budget Act of 1997 provides Welfare to Work grants to states and local communities to create additional job opportunities for the hardest-to-employ welfare recipients. These funds provide many welfare recipients with the job placement services, transitional employment and other support services they need to make the successful progression into long-term unsubsidized employment.<sup>62</sup>

The Workforce Investment Act of 1998 has brought about a reorganization of the U.S. workforce development system, replacing the Job Training Partnership Act with a new system of One-Stop Career Centers throughout the country. These centers provide information and access to relevant programs and services for workers, unemployed persons and employers. Newly-created Workforce Investment Boards set policy at the state and local levels. Their membership includes a majority of employers, as well as representatives of all One-Stop Partners.

Another key initiative has been the Welfare to Work Partnership, created in 1997 to encourage and assist businesses hiring recipients from public assistance without displacing current workers. The Partnership's CityLink campaign is a locally-based initiative to bolster Welfare to Work in 17 high-poverty cities across the country. In each of these cities, the Partnership works with local and state government leaders, businesses, service providers and welfare recipients to develop effective welfare-to-work initiatives.

Another major focus of employment policy over the past five years has been to encourage investment by businesses in underserved markets. The EZ initiative, begun in 1994 in six

communities, was expanded to a total of 40 communities. Significant tax incentives are provided to businesses that locate in or hire zone residents. The federal government's New Markets Initiative resulted in the creation of tax credits that will spur \$15 billion in equity investment in low- and moderate-income communities.

***Lessons learned in terms of sustainability and impact.*** There is an array of benefits and services to support former welfare recipients and other low-income workers. These include child care, transportation, federal and state earned income tax credits, food stamps, transitional Medicaid and the States' Children's Health Insurance Program. However, many eligible families are not accessing these programs once they have left the welfare or workforce development system and are working. They often do not know about these programs or do not want to encounter the anticipated difficulties in enrolling in government programs. In some areas, economic development and workforce development efforts are not sufficiently integrated. Community Development Corporations are playing an increasingly important role in bridging this gap, often through innovative partnerships with the private sector.

***Recommendations for priority action:***

- Provide incentives for businesses to invest in untapped consumer and labor markets.
- Continue job training and other job-readiness efforts for hard-to-employ persons moving from welfare to work.
- Develop a system to facilitate access to and use of work supports by low-income workers.
- Integrate economic development and workforce development efforts.



## CHAPTER 5: GOVERNANCE

### 17. Promote Decentralization and Strengthen Local Authority

*Progress, trends and issues since Habitat II.* The 1997 Census of Governments lists 87,453 local governments in the 50 states, including 3,043 counties and 1,100 cities with populations of 25,000 or more. With this multiplicity of governments and its long tradition of local authority, the challenge facing the United States is to find the proper balance between Federal, state, regional and local authority and to experiment with the genius of federalism that has served the country well for more than 200 years. Where national or state regulations become burdensome or limit local initiative to deal with local problems creatively, these need to be made more flexible.

For much of the 1990s, a major trend has been the devolution of federal responsibilities to states or local communities. Two developments in this regard were especially significant: the shifting of responsibilities for social services and workforce development to the states as a central element of welfare reform; and the emergence of community empowerment as a guiding principle for housing and community development.

An important aspect of community empowerment has been to strengthen local communities' ability to manage federal funds with increased flexibility and less paperwork and regulation. There has been a continuing shift from "categorical" programs toward "block grant" programs, which, rather than having the federal government create specific, competitive programs to address individual problems, set broad national objectives and give local governments added responsibility to make choices about how to spend federal funds. This has meant greater choice for local communities in how best to expend federal funds, and at the same time it has increased capacity to address local problems comprehensively.

*Policies and legislation since Habitat II.* The most obvious example of federal efforts to decentralize its community development programs and shift added responsibility to local communities is the EZ/EC initiative, begun in 1994 but expanded in 1997 and again in 1999. This initiative recognizes that the problems distressed areas face are often interrelated and that local communities often know best how to address their needs. Each community is required to develop a Strategic Plan, involving a wide range of stakeholders, which adopts a unified, community-based partnership approach to making neighborhoods more viable places in which to live, work and raise families.

Another example of community empowerment and decentralization were the reforms enacted (in 1998) for public housing, which gave 3,200 locally-run public housing authorities greater flexibility in setting priorities for some 1.1 million units of public housing. Similarly, in the area of homeless assistance, local service providers are encouraged to form partnerships or coalitions with local governments to prioritize funding requests to the federal government.

*Lessons learned.* For decentralization and community empowerment to work, there must be a strong commitment at all levels of government to partner with civic and private organizations in collaborative planning efforts. It requires a holistic approach that addresses both the need for

affordable housing and accompanying social services. It also means breaking down the fragmented approach to community problem-solving that occurred in the past.

***Recommendations for priority action:***

- Continue to lessen regulatory burdens of programs that address local housing, social service and community development needs.
- Encourage broad-based cooperation between local governments, civic organizations and the private sector in addressing local needs.
- Ensure continuing commitment by local communities to broad national objectives as decentralization and devolution continues, and at the same time ensure that local organizations have the resources they need to carry out their enhanced roles effectively.

## **18. Encourage and Support Citizen Participation and Civic Engagement**

***Progress, trends and issues since Habitat II.*** The past five years have seen continued citizen involvement in community planning, development and civic affairs. Capacity building for locally-based non-profit organizations has expanded, through a combination of state, local and federal programs, or through intermediary organizations funded in part by private foundations.

A key part of this effort has been a new commitment to the role of faith-based organizations. Churches, synagogues and mosques all have strong roots in their communities and have historically played an important role in providing charitable services to the poor or engaging in comprehensive community development. President Bush has created a White House Office of Community and Faith-Based Initiatives that is working with Congress to expand the ability of faith-based organizations to access federal funds for housing, homeless assistance and other community services. The President has also proposed encouraging greater charitable giving by expanding the federal tax deduction for charitable contributions.

Another important trend has been to increase citizen access to all levels of government through expanded use of information technologies and new models of customer service. The 1990s was the decade of “e-government:” with the rapid growth of the Internet, citizens are gaining unprecedented access to government information and resources. Citizens can now purchase foreclosed properties on the Internet. They can access a variety of federal environmental information relating to their communities. And they can access a variety of local data, such as property tax assessments; in some states citizens can conduct basic transactions, such as renewing a driver’s license or ordering a birth certificate, over the web.

Finally, significant progress has been made in expanding the voluntary sector. Americans contribute significant amounts of time, money and goods to formal charitable organizations that are involved in such things as the arts, education, the environment, health and human services, international affairs, politics, recreation, religion and youth services. America’s Promise, headed by Colin Powell, involved Americans in youth mentoring and other volunteer work in hundreds of U.S. communities, and organizations such as Habitat for Humanity have built thousands of low-cost homes with the help of volunteers.<sup>63</sup>

***Policies and legislation since Habitat II.*** Government reinvention has resulted in an explosion of “e-government,” which is expanding citizen participation in, and access to, government programs

and resources at all levels of government. At the federal level, for example, HUD created state-of-the-art kiosks, providing for citizens instant access to HUD’s resources in 91 sidewalk locations in 47 states. At the local level, 93 percent of all local governments report having web sites.

Most Federal and State programs have strong citizen participation requirements. Citizen participation guidelines for key community development programs have been strengthened since Habitat II. One example is HUD’s Consolidated Planning process, which requires strong citizen participation for local governments to qualify for housing and community grant funds. Another is DOT’s metropolitan planning process under the newly authorized transportation legislation.

In addition, partnerships such as the National Community Development Initiative (NCDI) between the federal government and private foundations are strengthening the capacity of community-based organizations and community development corporations to deliver services in their communities. These kinds of partnerships are to be found in virtually every arena. Community policing, for example, has become an effective strategy for reducing and preventing crime. Its success is largely due to working partnerships between community organizations and local law enforcement agencies.

The Corporation for National Service, through the Americorps program and the SeniorCorps, has significantly boosted community service in the United States. It engages more than 40,000 Americans in intensive community service, working in local and national organizations like Habitat for Humanity, the American Red Cross, Big Brothers/Big Sisters, and Boys and Girls Clubs.

***Lessons learned.*** In underserved communities, civic and community organizations, working closely with local government and the private sector, are proving adept at filling gaps that the private sector and government cannot fill themselves. These organizations must have the resources they need to effectively address local problems.

***Recommendations for priority action:***

- Continue to increase the capacity of non-profit and community-based organizations in building affordable housing and leveraging private-sector investment in their communities.
- Support and expand the role of faith-based institutions and other charitable organizations in providing services for disadvantaged groups.
- Continue the transition to “e-government” by adequately supporting the technical and other needs local governments have to increase public access to services and information.
- Continue to support citizen participation in setting priorities for government programs in their communities.

**19. Ensure Transparent, Accountable and Efficient Governance of Towns, Cities and Metropolitan Areas**

***Progress, trends and issues since Habitat II.*** The federal government has strong regulatory controls and enforcement mechanisms to ensure that, when federal funds are expended by local governments, they are spent efficiently, and that communities meet statutorily required national objectives and goals and comply with program regulations. In recent years, this compliance system has undergone a dramatic overhaul. As a result of the implementation of the Government Performance and Results Act of 1993, there has been an increasing emphasis on performance and results as measures of success.

At the local level, a similar change is taking place. In the past, few governments could provide information about the quality of the services they provide or even how much service they provide. Citizens had difficulty in determining if they were receiving value for their tax dollars, and governments had difficulty explaining what they were accomplishing. Increasingly, however, governments are “managing for results,” using performance measurement as a tool for accountability.

Using benchmarks, scorecards and other techniques, local governments are now providing citizens with the tools they need to understand how effectively their tax dollars are being spent. Cities such as Charlotte-Mecklenburg County, North Carolina; Sunnydale, California; Indianapolis, Indiana; and Philadelphia, Pennsylvania, and states such as Florida have all developed innovative web-based, performance management and reporting systems that are accessible to the general public.<sup>64</sup>

The past five years have also revealed another trend: the steady growth of regional cooperation between cities and their neighboring suburbs in addressing issues of mutual concern. Communities are finding that central-city boundaries are inadequate to address transportation, environmental, affordable housing and other issues that are increasingly metropolitan wide in nature.

While increasingly these are issues that need to be addressed regionally, metropolitan areas are typically fragmented into scores or hundreds of local jurisdictions. Accordingly, cities and counties are exploring new ways to cooperate. Examples are Miami, Florida, and Louisville, Kentucky, which have consolidated city and county government; Atlanta, Georgia, which has formed a Regional Transportation Authority; and Boise, Idaho, which formed the Treasure Valley Partnership with neighboring counties around a set of sustainable development principles.

A key to transparency is easy access to information. Federal agencies are governed by the requirements of the Freedom of Information Act (FOIA), which provides for citizen access to government documents and information. Most state and local governments have similar FOIA requirements.

***Policies and legislation since Habitat II.*** In the area of performance measurement and accountability, the Government Performance and Reinvention Act is now being implemented throughout the federal government, with every federal agency setting annual performance measures and reporting on their accomplishments. Another model in the environmental arena is the National Environmental Performance Partnership System (NEPPS). Created in 1995, NEPPS is now being implemented in the environmental area. Before NEPPS, states submitted annual work plans to EPA for each of many separate environmental grants. Under NEPPS, states prepare self-assessments that set goals and assess whether state activities are helping to achieve these goals.

***Lessons learned.*** While there are many examples of innovative local partnerships, the large number of separate local governments in metropolitan area limits the ability of communities to address regional growth issues in a coordinated way. While there is some movement toward consolidation, the primary trend in the United States is for local governments and counties to establish partnerships around key areas of cooperation.

***Recommendations for priority action:***

- Continue to increase transparency by emphasizing performance measurement such as benchmarking, scorecards and other performance tracking techniques
- Enhance regional management capacity by reducing barriers to the ability of cities and counties to coordinate federal housing, transportation and environmental cleanup funds.



## CHAPTER 6: INTERNATIONAL COOPERATION

### 20. Enhance International Cooperation

*Progress, trends and issues since Habitat II.* The U.S. Agency for International Development (USAID) is the primary U.S. organization responsible for providing foreign assistance and helping transitional and developing countries address issues of urbanization, poverty and growth. For more than 30 years, USAID's principal tool for dealing with urbanization was the Housing Guaranty Program—providing U.S. government guarantees for private, long-term loans to finance low-income housing and urban infrastructure. In recent years, the Housing Guaranty program has been phased out, emphasizing instead the delivery of housing, urban land and services through the private sector. Other USAID credit and technical assistance resources for urban development have been reduced. USAID remains committed to playing a leadership role in responding to urbanization issues and has accordingly adapted its approach to urban development to reflect both reduced resources and the lessons learned from past experiences.

*Policies and legislation since Habitat II.* Despite the continuing importance of shelter as a basic human need and its importance in generating employment and economic activity, USAID has de-emphasized the direct provision of shelter and urban infrastructure by governments. Instead, it has promoted the adoption of policies that facilitate the delivery of housing, urban land and services through the private sector. Recent experience suggests that the private sector usually is better suited to play the role of builder, developer and financier, while the public sector plays a critical role in other aspects of the development process: setting standards and objectives, acting as a facilitator for development and providing financial incentives. To expand its capacity to deal with urban problems, USAID in 1998 formally adopted its Making Cities Work strategy. It calls for all USAID program goals to be viewed from an urban perspective.

Along with USAID, HUD has established bilateral relationships with other countries, with the goal of sharing U.S. expertise in the housing and community development arena, especially in the area of housing finance. As part of its international work, HUD, working with USAID, has also played a leadership role in U.S. assistance in helping other countries respond to natural disaster.

The established programming requirements for the use of U.S. assistance resources requires that the United States focus on only a few measurable objectives in each country. This means that USAID may forgo opportunities to assist its development partners with worthy programs; more flexible approaches are now being examined that will allow the U.S. government to more fully engage the many private sources in providing development and humanitarian assistance overseas.

*Lessons learned in terms of sustainability and impact.* Partnerships with professional housing and urban development associations can provide problem-solving assistance to their counterparts in other countries. For example, the National Association of Realtors, a trade association of 760,000 U.S. realtors, formed the International Real Property Foundation as a vehicle for making the experience and expertise of its members available to other countries. USAID also partners with a wide variety of business organizations to help them identify business and investment opportunities and make their skills and expertise available to their counterparts in other countries.

*Recommendations for priority action:*

- Focus on establishing the coordination mechanisms needed to more effectively engage the full spectrum of both private and public development assistance organizations.
- Promote more effective and coordinated international assistance for state and local government as well as for other federal agencies, along with the nongovernmental organization (NGO) community.

## CHAPTER 7: FUTURE ACTION AND INITIATIVES

### Priorities for Shelter Development

- **Homeownership.** The United States is planning to implement a number of new or expanded initiatives to improve homeownership rates among low-income and minority families and in central cities. Since the biggest single obstacle to homeownership is the inability to afford a downpayment on a home, the Administration has proposed two initiatives in its Fiscal Year 2002 budget—the American Dream Downpayment Fund and the Section 8 Homeownership program—that focus directly on overcoming this obstacle. Another initiative—the Renewing the Dream Tax Credit—will subsidize the costs of 100,000 homes that are rehabilitated or newly-built for purchase by low-income households. Also, a new, hybrid adjustable rate mortgage will expand access to homeownership by reducing families' mortgage payments in the initial years of a mortgage.
- **Rental housing.** The United States is committed to helping low-income families afford the high costs of rental housing. Currently the federal government provides subsidies to more than four million households nationwide through a variety of programs, including the tenant-based and project-based Section 8 programs and public housing. The Administration's 2002 housing budget renews all expiring rental subsidy contracts, which protects current participating families, and provides 34,000 additional low-income families with housing vouchers. These vouchers will be distributed to state and local housing agencies that have demonstrated an ability to effectively use their existing vouchers.

The Administration will also expand the supply of rental housing by raising the FHA Multifamily loan limits by 25 percent, in recognition of the increased cost of residential construction. By expanding the number of multifamily developments that can obtain FHA insurance, this initiative will help to increase the availability of affordable rental housing.

- **Fair housing.** The United States is committed to vigorous enforcement of the nation's Fair Housing laws to help ensure that all Americans have equal access to rental housing and homeownership. The Administration plans to increase the amount of funding available for fair housing enforcement activities by 16 percent over current levels. The Administration will also take further steps to decrease the incidence of predatory lending.
- **Meeting the needs of special populations.** The United States will continue to provide housing and other essential support to a wide range of populations with special needs, including the elderly, disabled persons, homeless persons and persons with HIV/AIDS. HUD will focus on developing permanent housing solutions for those without homes and, with HHS, will work to overcome the barriers to accessing mainstream supportive service programs.

### Priorities for Sustainable Urban Development

- **Growth management.** Many communities are experiencing rapid growth that requires them to address such difficult quality-of-life issues as traffic congestion, the availability of affordable housing, preservation of natural resources and the adequacy and timely provision of the public

facilities and services needed to accommodate growth. While these are local issues that require local solutions, HUD will facilitate a national conversation on growth management issues and help to develop tools that local communities can use to better manage their growth.

- ***Environmental protection and brownfields.*** EPA will direct federal resources to develop new, more effective methods to achieve environmental progress, both in cities and for the nation as a whole. EPA will place a greater emphasis on innovative approaches to environmental protection, such as market-based incentives to clean up and redevelop brownfields. In addition, HUD will continue support for Healthy Homes in Healthy Communities, seeking to reduce carbon monoxide poisoning in homes, seeking the reduction of moisture that produces asthma-causing antigens and reducing exposure to pesticides and other toxic substances. The Administration is also proposing more funds for lead abatement, limiting the exposure of children to lead paint in older homes.

HHS, through the Office of Community Services and its network of Community Action Agencies, will continue to work for safe, healthy and energy-efficient housing for low-income families. HHS will support innovative initiatives such as Building Deconstruction and Materials Re-Use, which promotes environmental safety and the recycling of valuable building materials while creating family-sustaining jobs.

- ***Strengthening families and building assets and skills.*** The United States will help low-income families build assets and acquire skills that will increase their earnings and move them toward self-sufficiency. This will be accomplished through a variety of existing initiatives, as well as a new tax credit for financial institutions that match private IDAs. In addition, HHS will continue its support of the Assets for Independence Demonstration Program. IDAs are directed, matched savings/investment accounts for lower income working families, through which they learn financial literacy and can acquire assets, including a first home, post-secondary education or capitalization of a business. Other initiatives will strengthen families by helping to reverse the rise in absent fathers.
- ***Improving schools and education.*** The Administration proposes to improve public education by both increasing resources for urban schools and emphasizing results and accountability. States will be given more freedom in directing Federal education dollars in exchange for creating a comprehensive system of accountability, including regular measurement of student achievement and regular reporting of those results. Students in chronically failing schools will have the option of transferring to other schools and receiving support for remedial programs.
- ***Community and economic development.*** The U.S. government will continue its commitment to core infrastructure and housing initiatives, such as the CDBG program, and the Community Services Block Grant Program, which supports a nationwide network of 1000 Community Action Agencies and, through its Discretionary Programs, a broad network of Community Development Corporations. All of these efforts are dedicated to building the capacity in low-income communities that will result in the creation of new jobs and careers for the poor, and in addition will implement 40 new Renewal Communities, which will provide a variety of federal tax incentives to stimulate economic development.

### **Priorities for Capacity Building and Institutional Development**

- ***Community technology centers.*** The Administration is proposing an expanded Community Technology Centers Initiative that will enhance the existing Neighborhood Networks program by providing \$80 million in competitive grants to help communities create or expand technology centers in high-poverty urban communities.
- ***Faith-based initiative.*** The Administration is proposing to expand the role of faith-based organizations, giving them greater access to federal funds for housing, community development and social service initiatives.
- ***Promote volunteerism.*** Americans are volunteering 20 percent more than they did 20 years ago. In addition to increasing the role of national and local non-profit organizations and faith-based organizations, the Administration will increase funding for the Senior Corps to enable the skills and experiences of 500,000 older Americans to be put to work in their communities.
- ***Community partnerships.*** Through the National Community Development Initiative, the federal government will work to expand the capacity of community development corporations and other community-based and non-profit organizations to carry out community and economic development. In addition, funds will be provided to colleges and universities to enable them to bring their intellectual and financial resources to bear on locally-identified problems.

### **Priorities for International Cooperation**

- ***Establish coordination mechanisms.*** The Administration will focus on establishing the coordination mechanisms needed to more effectively engage the full spectrum of both private and public development assistance organizations. The Administration will also promote more effective and coordinated international assistance for state and local government, as well as for other federal agencies, along with the NGO community.



## **APPENDIX: INDICATORS**

### **Key Indicators**

Based on the Habitat Agenda, and on Resolutions of the United Nations Commission on Human Settlements, UNCHS (Habitat) has developed an indicator system that contains a set of 23 key indicators. These are required for reporting on shelter and urban development, consistent with the 20 key areas of commitment in the universal reporting format and discussed in the body of this report.

Indicators are intended to measure performances and trends in the 20 selected key areas, and to measure progress in the implementation of the Habitat Agenda. Indicators provide a comprehensive picture of cities which, with other indicators which may be chosen by countries, will provide a quantitative, comparative base for the condition of cities, and show progress toward achieving urban objectives. According to the Urban Global Observatory, the resulting database “will provide a statistical foundation for development of composite indices of urban poverty, urban human development, city investment potential, urban environment, urban governance and overall quality of urban life.”

The U.S. indicators provided in this Appendix cover data are for the United States overall, as well as for ten geographically and demographically representative metropolitan areas: Atlanta, Boston, Minneapolis-St. Paul, New York City, Seattle, Tampa, Birmingham, Des Moines, Hartford, Providence, Salt Lake City, San Jose and Washington D.C. Note that the data reported are for metropolitan areas, consistent with the UNCHS definition of a city.

The following indicators are provided in this Appendix:

#### **CHAPTER 1: Shelter**

1. Security of Tenure  
Indicator 1: Tenure Types
2. Right to Adequate Housing  
Indicator 3: Housing price to income ratio
3. Equal Access to Land
4. Equal Access to Credit  
Indicator 5: Mortgage and non-mortgage
5. Access to Basic Services  
Indicator 6: Access to water  
Indicator 7: Household connections

#### **CHAPTER 2: Social Development and Eradication of Poverty**

6. Equal Opportunities for a Healthy and Safe Life  
Indicator 8: Under-five mortality  
Indicator 9: Crime rates
7. Social Integration and Support for Disadvantaged Groups  
Indicator 10: Poor households
8. Gender Equality in Human Settlements

**CHAPTER 3: Environmental Management**

9. Promote Geographically Balanced Settlement Structures  
Indicator 12: Urban population growth
10. Manage Supply and Demand for Water in an Effective Manner  
Indicator 13: Water consumption
11. Reduce Urban Pollution  
Indicator 15: Air pollution
12. Prevent Disasters and Rebuild Settlements
13. Promote Effective and Environmentally Sound Transportation Systems  
Indicator 18: Travel times  
Indicator 19: Transport modes
14. Mechanisms to Prepare and Implement Local Environmental Plans

**CHAPTER 4: Economic Development**

15. Strengthen Small Enterprises and Microenterprises
16. Encourage Public-Private Partnership and Stimulate Productive Employment  
Indicator 21: City product  
Indicator 22: Unemployment

**CHAPTER 5: Governance**

17. Promote Decentralization and Strengthen Local Authority
18. Encourage and Support Citizen Participation and Civic Engagement
19. Ensure Transparent, Accountable and Efficient Governance of Towns, Cities and Metropolitan areas

**CHAPTER 6: International Cooperation**

20. Enhance International Cooperation

Additional data for Indicators 2, 4, 11, 14, 16, 17 and 20 will be posted at [www.huduser.org](http://www.huduser.org) once they are compiled from the forthcoming 2000 national census or provided by local governments. Qualitative Data can also be found at this web site.

Shelter: Security of Tenure <i>Indicator 1—Tenure Type</i>										
	<i>Homeowners</i>						<i>Renters</i>			
	<i>Total</i>		<i>Clear of Debt</i>		<i>Holding Mortgages</i>		<i>PRIVATE SECTOR</i>		<i>Publicly Assisted</i>	
	<b>1993</b>	<b>1998</b>	<b>1993</b>	<b>1998</b>	<b>1993</b>	<b>1998</b>	<b>1993</b>	<b>1998</b>	<b>1993</b>	<b>1998</b>
<b>U.S.</b>	<b>64.7%</b>	<b>66.5%</b>	<b>25.4%</b>	<b>25.0%</b>	<b>39.3%</b>	<b>41.6%</b>	<b>31.2%</b>	<b>29.6%</b>	<b>4.1%</b>	<b>3.9%</b>
<b>Selected Metro Areas</b>										
Atlanta, GA	63.9%	63.6%	16.1%	16.3%	47.8%	47.2%	32.7%	33.2%	3.4%	3.2%
Birmingham, AL	69.7%	70.4%	30.5%	30.9%	39.2%	39.5%	25.7%	26.0%	4.6%	3.5%
Boston, MA	60.5%	60.1%	20.0%	18.2%	40.5%	41.9%	31.6%	32.4%	7.9%	7.4%
Hartford, CT	65.8%	66.2%	22.0%	23.1%	43.8%	43.2%	27.7%	26.6%	6.4%	7.2%
Minneapolis-St. Paul, MN	71.6%	73.1%	18.4%	18.0%	53.2%	55.1%	18.6%	23.2%	9.9%	3.7%
New York, NY	44.7%	44.5%	16.3%	16.4%	28.4%	28.0%	43.4%	45.4%	11.8%	10.1%
Providence, RI	61.8%	63.2%	21.6%	20.8%	40.1%	42.4%	31.8%	30.0%	6.4%	6.8%
Salt Lake City, UT	68.8%	73.5%	21.5%	21.1%	47.2%	52.4%	28.4%	24.0%	2.8%	2.6%
San Jose, CA	59.2%	60.7%	12.6%	14.7%	46.6%	46.0%	38.2%	36.5%	2.6%	2.7%
Seattle, WA	62.7%	62.2%	18.6%	18.3%	44.1%	43.9%	34.1%	33.2%	3.2%	4.5%
Tampa, FL	70.2%	71.3%	30.0%	27.7%	40.2%	43.6%	26.9%	26.9%	2.9%	1.8%
Washington, DC	61.7%	64.5%	12.1%	12.3%	49.6%	52.2%	33.5%	31.7%	4.8%	3.9%
Definitions: Total Homeownership: proportion of households who have purchased the residence in which they are living. Clear of Debt: Proportion of households that are owner-occupiers and who have paid off all loans used to purchase the residence. Mortgagors: Proportion of households that are owner-occupiers but have not yet paid off the loans used to purchase the residence. Renters (private sector): Proportion of households living in non-subsidized, private sector apartments. Renters (publicly-assisted): Renters of public housing units or receiving Section 8 housing vouchers. Source: American Housing Survey (1992, 1993, 1995, 1997, 1998 and 1999) Most data are for 1993 and 1998. When this is not the case, the 1993 and 1998 data are estimated from the closest years, as follows: Housing data for Atlanta, GA, Hartford, CT and Seattle, WA came from the years of 1991 and 1996; New York-Nassau-Suffolk, NY data were for 1995 and 1999; Birmingham, AL and Providence, RI were for 1992 and 1998.										

Shelter: The Right to Adequate Housing				
<i>Indicator 3—Housing Price to Income Ratio</i>				
	<i>Rent to Income Ratio</i>		<i>Housing Price to Income Ratio</i>	
	<b>1993*</b>	<b>1998*</b>	<b>1993*</b>	<b>1998*</b>
<b>U.S.</b>	<b>0.29</b>	<b>0.28</b>	<b>2.7</b>	<b>2.3</b>
<b>Selected Metro Areas</b>				
Atlanta, GA	0.28	0.29	2.1	2.1
Birmingham, AL	0.24	0.24	1.9	1.9
Boston, MA	0.31	0.31	2.9	2.9
Des Moines, IA	---	---	---	---
Hartford, CT	0.28	0.29	3.3	2.5
Minneapolis-St. Paul, MN	0.29	0.28	2.1	2.1
New York, NY	0.32	0.28	2.9	2.7
Providence, RI	0.29	0.29	3.1	2.5
Salt Lake City, UT	0.25	0.27	2	2.8
San Jose, CA	0.3	0.29	4.2	4
Seattle, WA	0.27	0.28	2.9	3
Tampa, FL	0.31	0.3	2.3	2.1
Washington, DC	0.29	0.26	2.7	2.3
Definitions: Ratio of median annual rent and house price to the median annual household income.				
Source: American Housing Survey (1992, 1993, 1995, 1997, 1998 and 1999)				
*Data for Atlanta, Hartford, and Seattle came from the years of 1991 and 1996; US data were for the years of 1993 and 1999; New York data were for 1995 and 1999; Birmingham and Providence were for 1992 and 1998.				

Shelter: Equal Access to Credit		
<b>Indicator 5—Homes Financed with Mortgages</b>		
	<b>1993*</b>	<b>1998*</b>
<b>U.S.</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Selected Metro Areas</b>		
Tampa, FL	100.0%	100.0%
Atlanta, GA	100.0%	100.0%
Birmingham, AL	100.0%	100.0%
Boston, MA	100.0%	100.0%
Des Moines, IA		
Hartford, CT	100.0%	100.0%
Minneapolis-St. Paul, MN	100.0%	100.0%
New York, NY	100.0%	100.0%
Providence, RI	100.0%	100.0%
Salt Lake City, UT	100.0%	100.0%
San Jose, CA	100.0%	100.0%
Seattle, WA	100.0%	100.0%
Washington, DC	100.0%	100.0%
Definition: Percentage of dwellings purchased during the last past year that are covered by mortgage and percentage of dwellings that are covered by non-mortgage loans. Source: American Housing Survey (1992, 1993, 1995, 1997, 1998 and 1999) *Corresponding housing data for Atlanta, GA, Hartford, CT and Seattle, WA came from the years of 1991 and 1996; US data were for the years of 1993 and 1999; New York-Nassau-Suffolk, NY data were for 1995 and 1999; Birmingham, AL and Providence, RI were for 1992 and 1998.		

Shelter: Access to Basic Services		
<i>Indicator 6—Households with Access to Water</i>		
	1993*	1998*
<b>U.S.</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Selected Metro Areas</b>		
Atlanta, GA	100.0%	99.8%
Birmingham, AL	100.0%	100.0%
Boston, MA	100.0%	100.0%
Des Moines, IA		
Hartford, CT	99.6%	99.8%
Minneapolis-St. Paul, MN	100.0%	100.0%
New York, NY	100.0%	100.0%
Providence, RI	100.0%	100.0%
Salt Lake City, UT	100.0%	100.0%
San Jose, CA	100.0%	100.0%
Seattle, WA	99.5%	100.0%
Tampa, FL	100.0%	100.0%
Washington, DC	100.0%	100.0%
Definition: Percentage of households that have some access to water, which includes public and private systems, and drilled Source: American Housing Survey (1992, 1993, 1995, 1997, 1998 and 1999) *Corresponding housing data for Atlanta, Hartford, Seattle came from the years of 1991 and 1996; US data were for the years of 1993 and 1999; New York data were for 1995 and 1999; Birmingham and Providence were for 1992 and 1998.		

Shelter: Access to Basic Services										
<i>Indicator 7—Household Connections</i>										
	<i>Water</i>		<i>Piped water</i>		<i>Sewer system</i>		<i>Electricity</i>		<i>Telephone</i>	
	<b>1993*</b>	<b>1998*</b>	<b>1993*</b>	<b>1998*</b>	<b>1993*</b>	<b>1998*</b>	<b>1993*</b>	<b>1998*</b>	<b>1993*</b>	<b>1998*</b>
<b>U.S.</b>	<b>100.00%</b>	<b>100.00%</b>	<b>99.80%</b>	<b>100.00%</b>	<b>100%</b>	<b>100%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>93.40%</b>	<b>95.80%</b>
<b>Selected Metro Areas</b>							-----	-----	-----	-----
Atlanta, GA	100.00%	99.80%	100.00%	99.60%	100%	100%	100.00%	100.00%	92.50%	90.30%
Birmingham, AL	100.00%	100.00%	99.90%	99.80%	100%	100%	100.00%	100.00%	90.00%	-----
Boston, MA	100.00%	100.00%	100.00%	99.90%	100%	100%	100.00%	100.00%	96.00%	-----
Des Moines, IA	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Hartford, CT	99.60%	99.80%	99.60%	100.00%	100%	100%	100.00%	100.00%	94.10%	90.00%
Minneapolis-St. Paul, MN	100.00%	100.00%	100.00%	99.80%	100%	100%	100.00%	100.00%	95.60%	-----
New York, NY	100.00%	100.00%	100.00%	100.00%	100%	100%	99.90%	100.00%	90.30%	96.00%
Providence, RI	100.00%	100.00%	100.00%	99.90%	100%	100%	100.00%	100.00%	93.50%	-----
Salt Lake City, UT	100.00%	100.00%	100.00%	100.00%	100%	100%	100.00%	99.90%	95.20%	-----
San Jose, CA	100.00%	100.00%	100.00%	99.90%	100%	100%	100.00%	100.00%	96.00%	-----
Seattle, WA	99.50%	100.00%	99.50%	100.00%	100%	100%	100.00%	100.00%	95.90%	92.10%
Tampa, FL	100.00%	100.00%	100.00%	100.00%	100%	100%	100.00%	100.00%	92.10%	-----
Washington, DC	100.00%	100.00%	100.00%	100.00%	100%	100%	100.00%	99.90%	94.40%	-----
Definitions:										
Water: Percentage of households that have some access to water, which includes public and private systems, and drilled. PIPED WATER: Percentage of households that within their housing unit are connected to piped water.										
Sewer System: Percentage of households that, within their housing unit are connected to the sewer system. ELECTRICITY: Percentage of households that, within their housing unit, have electrical wiring.										
Telephone: Percentage of households that have a telephone connection within their housing unit.										
Source: American Housing Survey (1992, 1993, 1995, 1997, 1998 and 1999)										
*Corresponding housing data for Atlanta, Hartford, and Seattle came from the years of 1991 and 1996; US data were for the years 1993 and 1999; New York data were for 1995 and 1999; Birmingham and Providence were for 1992 and 1998.										

Social Development: Equal Opportunities for a Healthy and Safe Life						
<i>Indicator 8—Child under-five mortality (per 100,000)</i>						
	Total		Female		Male	
	1993	1998	1993	1998	1993	1998
<b>U.S.</b>	<b>205</b>	<b>176</b>	<b>182</b>	<b>160</b>	<b>227</b>	<b>191</b>
<b>Selected Metro Areas</b>					235	209
Atlanta, GA	220	185	204	161	328	288
Birmingham, AL	280	267	229	246	143	130
Boston, MA	141	116	138	143	283	258
Des Moines, IA	218	201	150	140	202	166
Hartford, CT	167	165	131	164	191	176
Minneapolis, MN	175	149	158	122	271	170
New York, NY	248	165	225	159	177	210
Providence, RI	155	166	133	120	153	145
Salt Lake City, UT	136	156	118	168	112	108
San Jose, CA	86	106	118	105	166	145
Seattle, WA	147	130	127	115	257	217
Tampa, FL	215	195	172	173	275	205
Washington, DC	249	198	221	190	227	191

Definition: number of female and male children who die before reaching their fifth birthday per 100,000 children five and younger.  
 Source: The Compressed Mortality File (CMF), which is comprised of data from the Census, Office of Analysis and Epidemiology, National Center for Health Statistics, and Centers for Disease Control and Prevention.

Social Development: Equal Opportunities for a Healthy and Safe Life						
<i>Indicator 9—Crime Rates (per 100,000 Population)</i>						
	<i>Homicides</i>		<i>Rapes</i>		<i>Thefts</i>	
	1993	1998	1993	1998	1993	1998
<b>U.S.</b>	<b>9.5</b>	<b>6.3</b>	<b>40.6</b>	<b>34.4</b>	<b>3,032</b>	<b>2,728</b>
<b>Selected Metro Areas</b>						
Atlanta, GA	12.2	10	42.4	32.4	4,280	3,724
Birmingham, AL	19.3	11.5	52	37.1	3,191	2,600
Boston, MA	4.3	1.8	31.3	22.3	2,314	1,752
Des Moines, IA	2.4	3.9	27.7	28.8	4,184	3,519
Hartford, CT	4.9	4.2	24	21	2,793	2,407
Minneapolis-St. Paul, MN	4.4	3.5	-----	49.4	3,379	3,130
New York, NY	23.2	7.6	34.8	25.4	3,061	2,031
Providence, RI	3.9	2.5	28.6	31.8	2,370	2,194
Salt Lake City, UT	3.9	2.5	50.6	45.7	4,489	4,436
San Jose, CA	4	2.7	38.2	33	2,918	2,130
Seattle, WA	5.3	4.2	69.8	50.8	4,325	3,961
Tampa, FL	6.1	4.4	53.5	40.5	3,978	3,216
Washington, DC	15.8	9.7	33.4	25	3,260	2,821
Source: "Crime in the United States Uniform Crime Reports 1998" "Crime in the United States Uniform Crime Reports 1993" US Department of Justice						

Social Development: Promote Social Integration <i>Indicator 10—Percentage Poor Households</i>		
	1993	1997
<b>U.S.</b>	<b>15.1%</b>	<b>13.3%</b>
<b>Selected Metro Areas</b>		
Atlanta, GA	13.4%	11.0%
Birmingham, AL	16.8%	13.2%
Boston, MA	9.9%	9.3%
Des Moines, IA	9.8%	8.2%
Hartford, CT	9.9%	9.3%
Minneapolis-St. Paul, MN	9.5%	7.7%
New York, NY	22.1%	20.4%
Providence, RI	12.4%	11.5%
Salt Lake City, UT	9.9%	8.9%
San Jose, CA	9.2%	9.0%
Seattle, WA	9.6%	7.8%
Tampa, FL	14.8%	13.6%
Washington, DC	8.8%	8.2%
Definition: Percent of people below poverty level. The threshold is based on several factors, including family size and gross annual income, and is set by the U.S. Census Bureau. Source: HUD calculations derived from Census Bureau's Small Area Income and Poverty Estimates		

Environmental Management: Promote Geographically Balanced Settlement Structures <i>Indicator 12—Urban Population Growth</i>			
	1993	1998	Avg. annual % change
<b>U.S</b>	<b>257,782,608</b>	<b>270,248,003</b>	<b>0.9%</b>
<b>Selected Metro Areas</b>			
Atlanta, GA	3,225,429	3,744,022	3.0%
Birmingham, AL	870,389	909,202	0.9%
Boston, MA	3,214,625	3,285,387	0.4%
Des Moines, IA	412,785	436,787	1.1%
Hartford, CT	1,149,845	1,142,946	-0.1%
Minneapolis-St. Paul, MN	2,654,810	2,830,434	1.3%
New York, NY	8,574,427	8,679,319	0.2%
Providence, RI	1,129,403	1,121,875	-0.1%
Salt Lake City, UT	1,159,845	1,263,310	1.7%
San Jose, CA	1,539,465	1,641,848	1.3%
Seattle, WA	2,152,371	2,311,563	1.4%
Tampa, FL	2,132,804	2,254,405	1.1%
Washington, DC	4,395,953	4,661,308	1.2%
Definition: the total population within the urban area as defined by the Metropolitan Statistical Area by the Office of Management and Budget (always use the 1999 PMSA definition).			
Source: U.S. Census Bureau			

Environmental Management: Manage Supply and Demand for Water					
<i>Indicator 13—Water consumption</i>					
	1990		1995		%change
	liters	gallons	liters	gallons	
<b>U.S.</b>	<b>383</b>	<b>1,619</b>	<b>370</b>	<b>1,564</b>	<b>-3.4%</b>
<b>Selected Metro Areas</b>					
Atlanta, GA	430	1,816	403	1,705	-6.1%
Birmingham, AL	369	1,558	393	1,663	6.7%
Boston, MA	241	1,017	252	1,066	4.8%
Des Moines, IA	273	1,154	226	955	-17.2%
Hartford, CT	267	1,129	284	1,202	6.4%
Minneapolis-St. Paul, MN	551	2,330	281	1,186	-49.1%
New York, NY	453	1,914	448	1,892	-1.1%
Providence, RI	241	1,018	246	1,039	2.1%
Salt Lake City, UT	711	3,006	668	2,824	-6.1%
San Jose, CA	339	1,434	343	1,449	1.1%
Seattle, WA	512	2,163	476	2,011	-7.0%
Tampa, FL	360	1,520	327	1,385	-8.9%
Washington, DC	377	1,593	396	1,672	5.0%
Definition: Liters (or gallons) per capita per day of domestic water consumption measured by total withdrawals plus deliveries.					
Source: USGS Water Survey 1990 and 1995.					

Environmental Management: Reduce Urban Pollution															
<i>Indicator 15—Air pollution</i>															
	<i>Sulfur Dioxide (ppm)</i>			<i>Ozone (ppm)</i>			<i>Carbon Monoxide (ppm)</i>			<i>Nitrogen Dioxide (ppm)</i>			<i>Lead (Pb) (µg/m3)</i>		
	1993	1998	% change	1993	1998	% change	1993	1998	% change	1993	1998	% change	1993	1998	% change
<b>U.S.</b>	<b>0.0072</b>	<b>0.0053</b>	<b>-26.4%</b>	<b>0.108</b>	<b>0.110</b>	<b>1.9%</b>	<b>4.9</b>	<b>3.8</b>	<b>-22.4%</b>	<b>0.019</b>	<b>0.018</b>	<b>-5.3%</b>	<b>0.05</b>	<b>0.04</b>	<b>-20.0%</b>
<b>Selected Metro Areas</b>															
Atlanta, GA	0.006	0.004	-33.3%	0.14	0.14	0.0%	4.9	4.1	-16.3%	0.020	0.019	-5.0%	0.02	0.02	0.0%
Birmingham, AL	0.009	0.007	-22.2%	0.11	0.12	9.1%	6.9	4.7	-31.9%	-----	-----	-----	0.07	0.13	85.7%
Boston, MA	0.009	0.006	-33.3%	0.11	0.10	-9.1%	4.0	2.9	-27.5%	0.030	0.027	-10.0%	-----	-----	-----
Des Moines, IA	-----	-----	-----	0.08	0.07	-12.5%	4.5	5.7	26.7%	-----	-----	-----	-----	-----	-----
Hartford, CT	0.005	0.004	-20.0%	0.15	0.12	-20.0%	5.6	5.4	-3.6%	0.018	0.020	11.1%	-----	-----	-----
Minneapolis-St. Paul, MN	0.003	0.002	-33.3%	0.08	0.09	12.5%	5.2	4.9	-5.8%	0.018	0.018	0.0%	0.12	0.06	-50.0%
New York, NY	0.012	0.008	-33.3%	0.12	0.12	0.0%	5.3	3.7	-30.2%	0.040	0.038	-5.0%	0.16	0.14	-12.5%
Providence, RI	0.008	0.005	-37.5%	0.11	0.11	0.0%	5.4	4.7	-13.0%	0.022	0.022	0.0%	---	---	---
Salt Lake City, UT	0.007	0.003	-57.1%	0.10	0.12	20.0%	6.4	4.9	-23.4%	0.024	0.022	-8.3%	0.07	0.06	-14.3%
San Jose, CA	-----	-----	-----	0.11	0.11	0.0%	6.4	6.1	-4.7%	-----	-----	-----	0.02	0.01	-50.0%
Seattle, WA	0.008	0.005	-37.5%	0.10	0.12	20.0%	5.6	4.5	-19.6%	-----	-----	-----	0.37	---	---
Tampa, FL	0.005	0.005	0.0%	0.09	0.11	22.2%	2.6	2.5	-3.8%	0.011	0.011	0.0%	0.23	0.18	-21.7%
Washington, DC	0.008	0.007	-12.5%	0.12	0.12	0.0%	5.0	3.3	-34.0%	0.026	0.023	-11.5%	0.02	0.01	-50.0%

Definition: *ppm* is "parts per million" or the concentration of the pollutant. For lead the measure used is *µg/m3*, "micrograms per cubic meter", a measure of the density of the pollutant.  
 Source: Air Quality Trends Summary Report 1999, EPA

Environmental Management <i>Indicator 18—Travel time</i> <i>Average Travel Time to Work (minutes)</i>	
<b>U.S.</b>	<b>22.4</b>
<b>Selected Metro Areas</b>	
Atlanta, GA	26.0
Birmingham, AL	23.1
Boston, MA	24.5
Des Moines, IA	17.9
Hartford, CT	21.1
Minneapolis-St. Paul, MN	21.1
New York, NY	35.3
Providence, RI	19.3
Salt Lake City, UT	19.8
San Jose, CA	23.3
Seattle, WA	24.4
Tampa, FL	21.8
Washington, DC	29.5
Definition: Average One Way Travel Time to Work Source: Census Bureau: Journey to Work, 1990	

Environmental Management <i>Indicator 18—Average Travel Time to Work (minutes)</i>			
	1990	1995	%change
<b>U.S.</b>	<b>19.05</b>	<b>20.65</b>	<b>8.4%</b>
Definition: Average One Way Travel Time to Work (minutes) Source: Summary of Travel Trends 1995 Nationwide Personal Transportation Survey			

Environmental Management				
<i>Indicator 19—Transport modes</i>				
	Drove Alone	Car-pool	Public Transit	Other Means
<b>U.S.</b>	<b>73.2%</b>	<b>13.4%</b>	<b>5.3%</b>	<b>8.2%</b>
<b>Selected Metro Areas</b>				
Atlanta, GA	78.0%	12.7%	4.7%	4.6%
Birmingham, AL	81.2%	14.0%	1.3%	3.5%
Boston, MA	65.8%	9.8%	14.2%	10.2%
Des Moines, IA	77.3%	13.7%	2.2%	6.9%
Hartford, CT	78.3%	11.3%	4.6%	5.7%
Minneapolis-St. Paul, MN	76.0%	11.2%	5.3%	7.5%
New York, NY	30.7%	8.9%	47.3%	13.0%
Providence, RI	78.2%	11.9%	3.1%	6.9%
Salt Lake City, UT	76.3%	14.0%	3.0%	6.7%
San Jose, CA	77.7%	12.3%	3.0%	7.0%
Seattle, WA	72.8%	11.6%	7.4%	8.2%
Tampa, FL	78.8%	13.3%	1.5%	6.5%
Washington, DC	62.9%	15.8%	13.7%	7.6%
Definition: Modes of transportation used for the journey to work.				
Source: Census Bureau: Journey to Work, 1990				

Economic Development: Encourage Public-Private Partnerships						
<i>Indicator 21—City product</i>						
	<i>City product</i> <i>(millions of 1998 US \$)</i>			<i>City product per capita</i> <i>(1998 US \$)</i>		
	1993	1998	%change	1993	1998	%change
<b>U.S.</b>	7,397,718	8,511,000	15.0%	28,698	31,493	9.7%
<b>Selected Metro Areas</b>						
Atlanta, GA	100,524	137,124	36.4%	31,166	36,625	17.5%
Birmingham, AL	24,210	28,750	18.8%	27,815	31,621	13.7%
Boston, MA*	194,422	238,042	22.4%	34,157	40,596	18.9%
Des Moines, IA	12,587	15,342	21.9%	30,494	35,124	15.2%
Hartford, CT	40,111	44,392	10.7%	34,884	38,840	11.3%
Minneapolis-St. Paul, MN	88,813	112,999	27.2%	33,454	39,923	19.3%
New York, NY	322,008	374,948	16.4%	37,554	43,200	15.0%
Providence, RI	26,391	30,155	14.3%	23,367	26,879	15.0%
Salt Lake City, UT	28,125	37,116	32.0%	24,249	29,380	21.2%
San Jose, CA	58,514	79,741	36.3%	38,010	48,568	27.8%
Seattle, WA	76,189	101,341	33.0%	35,398	43,841	23.9%
Tampa, FL	58,832	73,008	24.1%	27,584	32,385	17.4%
Washington, DC	172,274	199,856	16.0%	39,189	42,875	9.4%
CITY PRODUCT Definition: City product is defined as the product of metropolitan area personal income and the ratio of the national GDP to personal income. The data are normalized to 1998 U.S. dollars. CITY PRODUCT PER CAPITA Definition: City product (defined in the above table) in 1998 U.S. dollars divided by the metropolitan area population. *Note we used the NECMA population to calculate the City product per capita for Boston since the income data was for the Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH NECMA. Sources: Bureau of Economic Analysis, U.S. Bureau of the Census.						

Economic Development: Encourage Public Private Partnerships <i>Indicator 22 - Unemployment rate</i>		
	1993	1998
<b>U.S.</b>	<b>6.9%</b>	<b>4.5%</b>
<b>Selected Metro Areas</b>		
Atlanta, GA	5.3%	3.3%
Birmingham, AL	5.6%	2.8%
Boston, MA	6.0%	2.8%
Des Moines, IA	3.4%	2.1%
Hartford, CT	6.7%	3.5%
Minneapolis-St. Paul, MN	4.4%	2.0%
New York, NY	9.6%	7.3%
Providence, RI	8.4%	4.9%
Salt Lake City, UT	3.7%	3.6%
San Jose, CA	6.8%	3.2%
Seattle, WA	6.5%	3.1%
Tampa, FL	6.4%	3.0%
Washington, DC	4.7%	3.2%
Definition: the percentage of adults seeking employment divided by labor force.		
Source : U.S. Bureau of Labor Statistics.		

Governance: Ensure Accountable and Efficient Governance <i>Indicator 23—Local government revenue and expenditures</i>				
	<i>Revenues per capita (1998\$)</i>		<i>Capital outlay expenditures per capita (1998\$)</i>	
	<b>1992</b>	<b>1997</b>	<b>1992</b>	<b>1997</b>
<b>Selected Metro Areas</b>				
Atlanta, GA	1,979	1,902	341	553
Birmingham, AL	1,302	1,427	276	234
Boston, MA	2,630	2,668	302	701
Des Moines, IA	1,787	1,854	461	424
Hartford, CT	2,424	2,442	446	276
Minneapolis-St. Paul, MN	2,085	2,066	561	626
New York, NY	3,770	3,962	634	934
Providence, RI	1,092	1,169	96	99
Salt Lake City, UT	1,239	1,308	232	463
San Jose, CA	2,221	2,096	388	475
Seattle, WA	1,890	2,232	678	889
Tampa, FL	1,678	1,738	412	358
Washington, DC	2,408	2,379	394	658
Definitions: REVENUES PER CAPITA: Total revenues of local governments per capita within the metropolitan area, normalized to 1998 price levels. CAPITAL OUTLAY PER CAPITA: Expenditures on capital investment (infrastructure) per capita by local governments within the metropolitan area. In US dollars, normalized to 1998 price levels. Source: US Census of Governments 1992, 1997.				

**ENDNOTES**

<sup>1</sup> HUD, *U.S. Housing Market Conditions* (February, 2001). Table 28. Homeownership Rates by Region and Metropolitan Status. Annualized homeownership rate for 2000 of 67.4 percent is the highest on record. First Quarter rate, 2001 rate was 67.5 percent, compared to 1st Quarter, 1996 rate of 65.1 percent. The record quarterly rate of 67.7 percent was reached in the Third Quarter, 2000.

See [www.huduser.org/periodicals/ushmc.html](http://www.huduser.org/periodicals/ushmc.html).

<sup>2</sup> As of 1st Quarter, 2001, there were 13.12 million minority homeowners, up from 10.28 million in the 1st Quarter, 1996, an increase of 2.8 million over the 5-year period, or 42 percent of 6.7 million new homeowners.

<sup>3</sup> Central-city annualized homeownership rate in 2000 was 51.4 percent; Third Quarter, 2000, 51.9 percent.

<sup>4</sup> HUD, *Homeownership and its Benefits*, Urban Policy Brief, Number 2 (August 1995).

<sup>5</sup> As of First Quarter, 2001.

<sup>6</sup> HUD, *Unequal Burden: Income and Racial Disparities in Subprime Lending in America*, April 2000.

<sup>7</sup> Burt, Martha, and Barbara Cohen, *America's Homeless: Numbers, Characteristics, and Programs that Serve Them, 1989*. Also see Urban Institute, *America's Homeless II* (February 1, 2000), where the authors estimate the number of homeless persons to have increased from 600,000 to 842,000 in 1996. For a full picture of U.S. homeless population, see Interagency Council on the Homeless, *The Forgotten Americans. Homelessness: Programs and People they Serve* (December, 1999). Also, National Coalition for the Homeless, *How Many People Experience Homelessness?* (February, 1999). Nearly 1 of 4 homeless persons are estimated to be children.

<sup>8</sup> National Center of Homelessness and Poverty, *Out of Sight—Out of Mind, A Report on Anti-Homeless Laws, Litigation and Alternatives in 50 United States Cities*, January 1999.

<sup>9</sup> Twenty-three percent of all homeless people were found to be children by the 1999 National Survey of Homeless Assistance Providers and Clients (December, 1999).

<sup>10</sup> According to the National Survey of Homeless Assistance Providers and Clients, 66 percent of homeless persons report mental health problems; 66 percent report one or more indicators of mental health problems, drug use, or alcohol use.

<sup>11</sup> See “About Housing”; <http://www.hud.gov/fha/fhaabout.html>.

<sup>12</sup> See Fannie Mae web site, [www.fanniemae.com](http://www.fanniemae.com), for further details.

<sup>13</sup> Congressional Research Service, *Housing the Poor: Federal Programs for Low-Income Families* (March, 2000).

<sup>14</sup> HUD, *A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges* (January, 2001). Reversing a 10-year trend of rising need, between 1997 and 1999, the number of very low-income renters with worst case needs fell by 440,000 or 8 percent, to 4.86 million. This decline occurred because income growth exceeded rent increases among very-low-income renters.

<sup>15</sup> 1.5 million vouchers are in use; a total of 1.7 million have been obligated.

<sup>16</sup> The LIHTC was created in 1986 and made permanent in 1993. H.R. 4577, enacted by Congress on December 15, included a 40 percent increase in the annual volume cap for the tax credits by increasing the amount of per capita housing tax credits that each state is entitled to allocate each year, from the current cap, equal to \$1.25 per state resident (per capita) to \$1.50 in 2001 and to \$1.75 in 2002. Congress also enacted a 50 percent increase in the annual volume cap for tax-exempt private activity bonds, which can be used to finance low-income multifamily rental housing.

<sup>17</sup> U.S. Census Bureau, *Housing Vacancies and Homeownership Annual Statistics 2000*.

<sup>18</sup> Brookings Institution Working Paper, February 2001.

<sup>19</sup> Federal Financial Institutions Examination Council, *Fact Sheet on 1999 Data* (August 8, 2000). Provides data reported by lending institutions under the HMDA.

<sup>20</sup> Survey of CRA agreements conducted by the National Community Reinvestment Coalition.

<sup>21</sup> HMDA was enacted in 1975.

<sup>22</sup> HUD, *Building Communities and New Markets For The New Century* (1998). Also see Initiative for a Competitive Inner City, [www.icic.org](http://www.icic.org).

<sup>23</sup> Economic Development Administration, *Assessment of Technology Infrastructure in Native Communities* (1999).

<sup>24</sup> Steven Holmes, “Incomes Rise and Poverty Ebbs, Data Shows” *New York Times*, Sept. 27, 2000, A 12.

- <sup>25</sup> U.S. Census Bureau, *Historical Poverty Tables*, <http://www.census.gov/hhes/income/histinc/histpovtb.html>.
- <sup>26</sup> From 1993 through 1998.
- <sup>27</sup> Federal Bureau of Investigation, *Uniform Crime Reports*.
- <sup>28</sup> HUD, *The State of the Cities 2000: Megaforces Shaping the Future of the Nation's Cities* (June, 2000).
- <sup>29</sup> “Millions going hungry in the US, report finds” *New York Times*, Sept. 9, 2000.
- <sup>30</sup> Centers for Disease Control, *Morbidity and Mortality Weekly Report*, Vol. 49 (December 8, 2000).
- <sup>31</sup> Increased to \$1.6 billion in 2000.
- <sup>32</sup> U.S. Bureau of Census, *Current Population Survey*. Female homeowners increased from 14.6 million in the First Quarter of 1996 to 16.9 million in the First Quarter of 2000. Female households consist of one-person female households, other 2-or-more-person female households, and other-family-female households.
- <sup>33</sup> U.S. Census Bureau, *Housing Vacancies and Homeownership Annual Statistics: 2000*.
- <sup>34</sup> U.S. Census Bureau, *Poverty in the United States: 1999*.
- <sup>35</sup> Approximately 65.8 million, or 60.6 percent, of women are expected to participate in the workforce.
- <sup>36</sup> Department of Labor, Women’s Bureau, February 2001. Bureau of Labor Statistics, Bulletin 2340 and Unpublished Tables.
- <sup>37</sup> Department of Labor, Women’s Bureau, “Median annual earnings in current and 1999 dollars for year-round full-time workers by sex, 1951-99.” Source: U.S. Bureau of the Census, *Current Population Reports*, Series, p. 60, selected issues.
- <sup>38</sup> Including Section 8 certificates and vouchers, assisted housing, and public housing.
- <sup>39</sup> 9 to 5, *Profile of Working Women* (2000).
- <sup>40</sup> McAuley Institute, *Women, Pay Equity and Housing* (2000).
- <sup>41</sup> McAuley Institute, *Women as Catalysts for Social Change* (1999).
- <sup>42</sup> From \$2.2 billion to \$4.6 billion. HHS, Bureau of Child Care Services.
- <sup>43</sup> New 2000 census figures show most cities gaining population, but out-migration to the suburbs continues.
- <sup>44</sup> These partnerships are being implemented in Atlanta, Chicago, Denver, and San Francisco.
- <sup>45</sup> Six pollutants are designated as criteria pollutants under the Clean Air Act of 1971: particulate matter, ozone, sulfur dioxide, nitrogen dioxide, carbon monoxide, and lead. For each of these pollutants, a primary health-based National Ambient Air Quality Standard (NAAQS) under the Clean Air Act has been established, which sets the “safe” amount of the pollutant that can be present in the air. See Helen H. Suh et al., “Criteria Air Pollutants and Toxic Air Pollutants,” *Environmental Health Perspectives*, August 2000.
- <sup>46</sup> Environmental Protection Agency, *Latest Findings on National Air Quality: 1999 Status and Trends* (August 2000)
- <sup>47</sup> Since 1997, more than 400 assessment demonstration projects have helped pay for environmental assessment and planning. Participating communities have attracted another \$2 billion in public and private investment.
- <sup>48</sup> To arrive at their findings, FEMA building scientists and seismologists used an earthquake loss estimation methodology called Hazards U.S. (HAZUS), developed by the agency in cooperation with the National Institute of Building Sciences.
- <sup>49</sup> Remarks by Howard Leikin, Federal Insurance Administration, February 14, 2001.
- <sup>50</sup> Bureau of Labor Statistics, U.S. Department of Commerce, *Consumer Expenditure Survey, 1997–98*. Compiled in *Driven to Spend*, Center for Neighborhood Technology and Surface Transportation Policy Project (April, 2000).
- <sup>51</sup> Consumer Expenditure Survey, 1998, for families with incomes below \$12,000.
- <sup>52</sup> From 66.9 billion tons in 1996 to 59.7 in 2000. See *Performance Progress Report*, DOT, 2002 Budget in Brief.
- <sup>53</sup> American Public Transit Association, *Monthly Transit Ridership Report*, [www.apta.com/stats/ridership](http://www.apta.com/stats/ridership).
- <sup>54</sup> Surface Transportation Policy Project, slide presentation.
- <sup>55</sup> With populations greater than 200,000.
- <sup>56</sup> Fannie Mae is conducting a pilot program of location efficient mortgages in three locations: San Francisco, Chicago, and Seattle, in partnership with the Center for Neighborhood Technology, the Natural Resources

Defense Council, and the Surface Transportation Policy Project. See [www.locationefficiency.com](http://www.locationefficiency.com) for further information.

<sup>57</sup> Toxics Release Inventory, See [www.rtknet.org](http://www.rtknet.org).

<sup>58</sup> Edgcomb, Klein, and Clark, 1996, pp. 70-72, cited in ILO Report.

<sup>59</sup> Bureau of Labor Statistics, *Establishment Data, Historical Employment*. See Table B1: Employees on nonfarm payrolls by major industry, 1950 to date. Employment grew by 22.2 million from 1991 to 2000, and by 11.8 million between 1996 and 2000. Total (nonfarm)employment, which was 108,249 million in 1991, grew to 119,608 million in 1996 and to 131,418 million in 2000. See <http://www.bls.gov/ceshome.htm>.

<sup>60</sup> For the period 1992–97, the last period for which data are available.

<sup>61</sup> With median hourly wages of \$6.61.

<sup>62</sup> Additional legislation included the Welfare-to-Work and Child Support Amendments of 1999, which simplified eligibility for the Welfare-to-Work program. Largely because of the initial eligibility requirements, recruitment into the program has proceeded more slowly than anticipated and a significant amount of funds remains unspent. The Consolidated Appropriations Act of 2001 provides a two-year extension to all grantees in the Welfare to Work program.

<sup>63</sup> See [www.livablecommunities.org](http://www.livablecommunities.org); Community Indicators.

<sup>64</sup> For Florida Web site, see [www.Oppaga.state.fl.us](http://www.Oppaga.state.fl.us).