MS. WACHTER: Welcome all again. It's a pleasure to have you all here for this dinner. The Secretary had one request of Bill and I when we put this together and that is that we have the best and the brightest and I believe we do. We have also besides the best and the brightest from the world at large, we have leaders from HUD with us. And I do want to take a moment to introduce you to the audience and please stand up.

We have Assistant Secretary for Public and Indian Housing, Harold Lucas, with us, my colleague. And we have my colleague from the Center for Community and Interfaith Partnerships, the Director, Father Harkela. Please stand up. And we have the Director of the Hope 6 project - office I should say - Eleanor Bacon please. And unfortunately, because of all the activity on the Hill, we do not have Cardell Cooper. But we do have - tonight we have who you've already seen in action, our Assistant Secretary and FHA Commissioner who is not only the best and brightest from academia. But as a manager, he has no peer.

So in a moment, Bill Apgar will step up to introduce our Secretary who will be here in a moment. Thank you.

MR. APGAR: So greetings all. I have had a good afternoon of discussion. And now it's my pleasure to introduce HUD Secretary Andrew Cuomo. As is the HUD way, we could go through the biography of our distinguished
Secretary, go over the usual history. He was the founder of the founding enterprise for the less privileged, HELP, America's largest provider of transitional housing for homeless. That's the fact. The interesting tidbit makes him the first HUD Secretary that ever built housing.

Now, as the first FHA Commissioner that never built anything, I appreciate that because it brought a unique insight to him to understand what it is to be like on the other side of the whole pack of us government bureaucrats and understand the way of a business transaction. I could also tell you how President Clinton asked him to join the administration to bring his unique blend of public and private sector experience to government. In 1993, he appointed him to be Assistant Secretary for Community Planning and Development. His activities there made a substantial mark. His efforts to develop a continuum of care for homeless assistance, set the standard for our provision of assistance to homeless families. One, the Harvard's prestigious innovations and government award. I was not second prize. But it was an enormously competitive activity, literally thousands and thousands of applications. I sat next to the room where they came in. I think that year 3,000 applications were all over the country. And HUD was distinguished and Secretary Cuomo was honored with his innovations and government work for his effort on the continuing of homeless assistance.

Shortly after the 1996 election, of course, Secretary Cuomo was promoted to his current job and he went putting HUD's house in order. You've heard a little bit throughout the day of our management reform efforts because we're so proud of it. What we hadn't told you, of course, is that widely recognized by a whole range of independent groups, Price Waterhouse, Booz, Allen, who have praised HUD as a model of government reinvention.

So I could tell you these things about Secretary Cuomo in his effort to lead the charge in support of low and moderate income folks, poor and disadvantaged citizens within the administration. But I'd like to say something a little more personal than the standard biography material.

Truly, the last three years have been the most amazing experience in my life. As I mentioned, I came here as an academic. And I had ideas of policy. I had ideas of planning. I hadn't had a lot of practical experience. And interacting with the Secretary has been one of the most amazing experiences of my life.

I got thrown into the middle of major HUD reform initiatives. And let me tell you, if you don't do your homework when you're trying to deal with Secretary Cuomo, you're in big trouble. You don't get incompletes here. You get a whole series of very tough questions by somebody who is a truly wonderful hands on manager, leader and mentor. So it helped me be a better manager, a better in our efforts to reform the FHA.
But I've also come to admire in something that's more close to my own expertise in the area of policy development and policy studies. Again, his intellect, his inquiring mind, maybe it's his past as a prosecutor, he has the capacity to ask the most piercing questions that always are asking why can't we do better? You know, we get into these debates in academics, why don't we have vouchers or production? It's always either/or. Secretary Cuomo is the first who will say, well, I like that out of that column. And I like that out of that column. Why don't we put them together and make one program that has all the virtues of a production program in terms of dealing with tight marketing or whatever, but doesn't have the down side of our past programs? Why don't we figure out a way that we can make them link to the market so that we have market discipline? Make them so that folks are responsible for the resources we use. Making sure that the programs don't lock people in inadvertently and deny folks mobility as we're giving them the assistance. And it's that insistence on always saying why can't we do better? Why can't we ask more? Why can't we get the best of all the worlds together in one program that makes him an amazing HUD Secretary.

So it's my privilege to introduce to you a person who has clearly put HUD back in the forefront of the housing policy for the new millennium, Andrew Cuomo.
the chance to work with Joe Kennedy. He had a tremendous ability to be frank and candid. And he would say whatever he would say. And now ladies and gentlemen, it is my pleasure to introduce the HUD Secretary, my brother-in-law, because no one else was stupid enough to take the job, Andrew Cuomo.

So I've had that type of introduction. But I prefer Bill's introduction. I said when Bill Apgar was nominated by the President that before he even walked into the building, just from knowing him and getting a sense of his personality and skills. I said he was going to be the best FHA commissioner in history. And this was when he was just coming out of academia. And he had not yet been in government service. I said he was going to be the best in history. And I think it's not even close when you look at what FHA has done in this period, but that Bill Apgar is going to go down in the history book as the finest FHA commissioner ever. And let's give him a round of applause. Bill Apgar.

And we have a great team. Probably the best thing I did as HUD Secretary looking back was getting the best talent. Because the enterprise is so big, the place is so big, that you are limited by definition by the amount of senior management you have. And with Susan Wachter at PD&R, the Apgar/Wachter team is tough to beat. And it's a pleasure to be with Susan Wachter. And I want to thank her very much for putting this conference together with Bill Apgar. Thank you very much, Susan.

You guys have met all day. And we have the greatest minds in housing and community development here. So I'm sure you worked out all the answers to whatever questions there were on housing and community development. And I expect that you'll have a paper on this tomorrow morning. A few typos and we'll take it from there. But let me make a couple of points if I can because this is too special a gathering with the minds that are in this room. And it comes at a very opportune time. We are right now literally fighting with the Congress - fighting is somewhat of a pejorative word - discussing with the Congress the future of housing and what it's going to be in this budget which was President Clinton's last budget.

And literally, I had conversations throughout the day on this. And it is still fascinating to me - I've been at HUD for going on eight years now. And I've seen the evolution of the discussion. But as much as it has evolved is as much as it has remained the same. Cushing Dolbeare who is here today said once at an event, there was never a housing bill that was widely acclaimed at the time it was passed. It was always only the best compromise that could be reached.

And in many ways we're having the same basic debate with the Congress today. Although it's at a much, much different time than we were at any point over these seven years. Many of the dynamics were the same.
And this has been an ongoing debate and an ongoing dialogue. I like to think that this HUD team and this President has brought this issue up seven notches in terms of priority and in terms of decibel level of the debate which is a good thing - which is a good thing.

It is easy to have a simple debate, but it doesn't do justice to the issue. And I'm proud of what President Clinton has done. But the debate has gone on. It reminds me of the great line that Webster used in his second replay to Haynes. This was Daniel Webster and they were debating basically the role of the federal government vis-a-vis the states, a topic that we are still debating also.

But Vice President Calhoun had come out with a position and Senator Haynes was arguing Calhoun's position which was that the states should have the right to negate any federal action because states were basically supporting them. And Webster was arguing the flip side. He had done one statement. And Haynes came back and did a great, great response to this on the Senate floor. And now Webster was coming back in his second reply to Haynes.

And he had a great opening paragraph which said basically, well, when the mariner has been tossed for many days in thick weather and on an unknown sea, he naturally avails himself of the pause of the storm, the earliest glance of the sun to take his latitude and ascertain how far the elements have driven him from his true course. Let us imitate this prudence and before we float further on the waves of this debate refer to the point from now which we departed that we may at least be able to conjecture where we are.

His point was that it had gone on for many days. Let's just remember where this all began. Webster then went on to speak for two days in this response to Haynes. You can see why they needed to take their bearings. But I think in some ways we've been having this housing debate for so long, I think it's important to take our bearings. Because this debate is going to be just as furious this year as it's ever been before.

You started with the 37 Act, the 1949 Housing Act, which was so simple in some ways that they were truly profound. And you look at what we've done since then. We have a great, great success story which is the home ownership story in this nation, Ken Colton, the home builders. I mean, we have so much to be proud of what we've accomplished. Literally, the highest home ownership rate in the nation. Over 50 percent home ownership in cities for the first time ever. We're a nation of owners. We have a great, great infrastructure of housing organizations out there not for profits, community based organizations.

Our secondary mortgage finance company. Literally, the envy around the globe, China I've been to, Central America. They don't know what it is, but they
know they want it. They want a secondary mortgage market.

They don't have a primary mortgage market, but they want
that secondary mortgage market. Why? Because that is the
great gift. And it is. And it has worked extraordinarily
well.

But if you were to have looked at where we were
from 1949 and the progress we've made, you would see that
great record of success. But my guess is they would talk
about what we have not done and the challenges that we
have not met. That you could have 5.4 million worst case
needs today. When they were arguing about the 1949
Housing Act, there were 3.3 million people who would be
our equivalent of the worst case housing needs. And today
we have 5.4 million. You have that great strong economy
which is a gift to this nation, strongest economy in
history, driving up the rents 1.5 times faster than
inflation. You have waiting lists longer than ever
before, 2 years to get a Section 8 voucher if you can
figure out how to make it work. Ten years for public
housing. 600,000 homeless Americans. Great, great
success. But so much more to do.

The question - the first for me is why am I
fighting with the Congress? Why should this be a debate?
Why are we arguing the need for housing and the numbers?
So many other basic needs, it is assumed - it is presumed
that certainly government must play a role. Why don't we
have this fundamental debate on education? Why doesn't
the government say, well, let the private market do
education? Why don't we have this debate on health care?
Why don't we have this debate on food? Why don't we
debate the food stamp program this way? Why do we take
housing which is just as basic a need as the food stamp
program, as the health care program? And why on housing
is the first debate point whether or not we should do it?
And that is the starting point, whether or not we should
do it.

The House and Senate opening bid, new vouchers
production, is zero. Zero. This is not an argument where
we say $120,000 and they say $60,000. This is where they
say zero. They say we should not do it. Let the private
market do it. Why? Why has housing taken on a
fundamentally different position than these other
comparable needs?

I think frankly government itself bears some of
the responsibility for the negative light that housing is
seen in. Because I believe that the old stereotype that
government public housing projects, government housing
projects, fail is still the conventional wisdom.

Now, we can say that it's not true. Look at the
facts. Ninety-seven percent of the housing authorities
work well. It's only the few handfuls of public housing.

We're not talking about assisted housing. The multi-
family side is different than public housing. All those
distinctions are lost.
Speaking to some of the members on our committee, I am telling you they don't understand the difference between public housing and what FHA, et cetera. So can you imagine a normal person - the stereotype was it didn't work. It became - government's housing program became Cabrini Green, became Pruett Igoe, became the big low income housing project that was down the block from my house wherever I live. And that public housing high-rise came in and it ruined the whole neighborhood. Or I heard stories about how it ruined the neighborhood. It's one of the reasons I fled from the city and I now live in the suburbs.

Because government fouled up the old neighborhood. But this stereotype of the failure of government drives us today. When Bill Apgar was talking about making policy, we tease each other back and forth because at HUD you search for humor whenever you can. That Bill as the great policy person had to become a manager if he was to do policy. And I who was more of a manager coming in needed to do policy to do the management. Why? Because they are the flip side of the same coin. If they do not believe you can do something, it is not a viable policy option. That's the state we're in with housing. We built millions of units, '50s, '60s, '70s. But somehow the perception became that they were a failure.

So 1974 we start to move to vouchers? Well, first of all, they're a nice idea. Mobility, choice. Have a voucher. Let the market work. Subsidize the market. Sounds very nice. Sounds a lot frankly like the educational voucher discussion of today. Who could be against that? Let the market work. And it had one great added bonus which was government doesn't have to do anything. Just give them the voucher and let the market work. Government's role is very limited which is important why? Because then you won't foul it up like you fouled up everything else.

So vouchers became the panacea. And that was a big shift from the project basing, from the hard units, was to go to the Section 8 voucher. We said in order to have an intelligent policy discussion, we needed to have other options on the table. And therefore, we had to disprove the premise that was keeping those options off the table.

We were an impediment to a full discussion. Because literally if you say that HUD is incompetent, then it's a very short discussion. Then by definition, you limit your options to only those programs that government has very little to do with. And that was the attraction of the voucher. So we had a startling revelation. It occurred to us that we were going to have to do something about the management of HUD which was a scary proposition.

When I became Secretary, I went and I talked to some of the past Secretaries. They all had the same
advice on this point. Don't go near the management of the
department. It is a morass that will suck you in. You do
not come out of that morass. It is the swamp you enter.
There is no exit. Just don't go there. One, I don't
believe that's true. And I do believe that if you take
that as a premise, then I as a government official should
go home. Because once you give up on government, then
find a different occupation.

Second, in some ways by the force of
circumstance, I didn't have an option either. They were
talking about eliminating HUD. And that was a very real
threat four years ago. It seems like a lifetime ago. But
it was a very real threat. And tinkering on the edges was
not an option. So we said we were going to go literally
into the eyes and the teeth of the beast and we were going
to do basic management reform. And we came up with a very
aggressive template. And we said we're going to start
with a blank slate. We're going to think outside the box.
We're going to bring in more business principles. We're
going to work with the market, not try to have programs
that are going to defy the private market, which is what
many of our programs were going to do. We're going to
figure out how to bring in the local community, do this in
an integrated approach, have our programs work with our
other programs which would be nice and do something about
waste fraud and abuse so you had accountability. And you
could say to the Congress, you could say to the American
person, I can actually do this thing called building
housing. Now let me try.

And we went and we revamped the place from top
to bottom. I remember at one of my hearings when I was
just confirmed, I had a discussion with a Senator who
said, you know, you're in the business of building slums.
And I don't know why we should be giving you money. And I
don't know why you should be here. Because you're in the
business of building slums.

And I said, we're not in the business of
building slums. I thought that was a good response at the
time. I still do. He said, oh, no. Everything you
build, you build the projects. You build the ghettos.
These are government sponsored ghettos. That's what you
do. You pay slumlords. You get ripped off. You build
ghettos.

I said, no. The overwhelming majority of our
projects are well-run projects. They look good. They're
an asset to the community and they're an asset to the
neighbors. He said, well, how many? I said how many
what? He said how many are good and how many are bad? I
said, oh. Overwhelming majority are good. Already I knew
how to BS pretty good right away. He said, well, how many
is the overwhelming majority? I said, well over the
majority. Hence, overwhelming. But I'll get you the
specific number and I'll be back to you. Which is always
the case of last resort, the I'll get back to you,
Senator.
I came back to the building and I said, you know, we need to know - I need to know because I have to get back to the Senator - what percent of our buildings are in good shape, what percent are in moderate shape, what percent are in poor shape. And everybody looked at me. And they said, well, this is an issue. I said, well, what do we have in terms of knowing what shape the buildings are in? Well, we have reports from the owners. And the owners - or on the public housing Authority side the PHA directors - they say the projects are in very good shape. I said, well, that's a start. But I can't go back there with that because they'll say, of course, the owners are going to say that. What else are the owners going to say? I'm in violation of my contract. I'm in breach of the federal law. Please come and arrest me. They'll probably not say that. I said, well, what if we have an independent analysis of our portfolio?

To make a long story short, we had none. And this was a very big deal now. Because before you could go and inspect the buildings, you needed to know where the buildings were. And we didn't. We knew where we sent the check. Because that's the address that we maintained. But that was very often the managing agent for the building and the management agent or the owner may have moved to Florida.

So we went through a process which in many ways for me is a metaphor of the entire transformation. We had to find out where the buildings were. Then we had to go out and inspect the buildings and we had to audit the financials which meant we had to come up with a national protocol to do this. We had to train the inspectors. We had to get out a contract. We had to determine what was a good building, bad building. We had to find out what was a good financial audit.

But just about four years later, we can now say we know where all the buildings are. We know which ones are good. We know which ones are bad. We can manage the ones that are bad. And we can also tell you that overwhelmingly the HUD programs have worked extraordinarily well. Assistant Secretary Harold Lucas is here. Over 75 percent of the public housing projects when we went out and did a physical inspection were in good condition the way we define it. We did a customer survey, residents of public housing. We had a higher customer approval rate than people who stayed at a Marriott Hotel believe it or not.

So the projects did work. And more importantly, we had a basic idea and basic assessment of what our portfolio was all about. We call that the REAC real estate assessment center. We put together measures that said if you are defrauding the public at HUD, if you have one of the bad buildings. If you come up with an audit that suggests that there's been foul play, we're going to have a process that handles that. Because at HUD one of the things we must prove is that we can safeguard the tax
dollar. So much of HUD's negative reputation with the
"scandals" which I still hear about. And when they say -
when I'm introduced to someone who doesn't follow this
day in and day out and I say I'm the HUD Secretary, they
say I thought you were in jail. I say, no. This is a
parole. It's like ground Hog Day. I'm out and I'm back
at HUD again. But that negative stereotype is still
there.

Waste, fraud and abuse. Making sure that we
guarantee the money. We started an enforcement center.
We brought in the FBI into HUD as a permanent enforcement
center, as a way to say don't worry. Your tax dollars are
in good hands.

The FHA, Bill Apgar, is a totally different
organization than it was. It is a night and day. He came
in. It was 5,000 employees. Today it is 3,000 employees.
It will do more mortgages this year than it's ever done
before, 1.7 million mortgages. Its first automated
underwriting system. We had 81 centers across the nation
when Bill took over. We now have four home ownership
centers. And we're doing more. And we're doing it
better.

Public housing under Harold Lucas, the HOPE-6
program, it is a different experience. 100,000 units
across the country. Our homeless programs totally
revamped, different approach, community driven, moving
people towards independence with three times the money.
We're serving 14 times as many people. We're on the side
of the consumer now. What we've done with predatory
lending and getting ahead of that issue and putting it on
the national radar screen. What we've done with the FHA
home buyer program, the healthy homes. We are a competent
regulator. HUD regulates Fannie Mae and Freddie Mac.
Have you ever heard of them? The initial concept of HUD
as a regulator for Fannie, Freddie, left some people
wondering whether or not HUD could actually do this.
I think over the past four years, we've proven
ourselves a competent regulator. We've done the same in
enforcing the fair housing law. We enforced the fair
housing law, a law that was passed one week after Martin
Luther King's death. We will do two times as many
discrimination cases at FHHEO, Fair Housing Enforcement
Equal Opportunity. First federal department to sue the Ku
Klux Klan, Department of Housing and Urban Development
just last year in Pennsylvania.

The zero tolerance for waste, fraud and abuse
between the enforcement center meeting and what we will
have done with tenant income verification. Every resident
of public housing or multi-family housing will have had
their income submission, one against their IRS data.
Never been done before. Controversial. Frankly, I was
not wild about the concept. But their income submission
will be run against IRS data where there is a deviation
between what they reported to the Housing Authority and
what they reported to the IRS. That deviation will be
...resolved one way or the other. So no one can say, well, all those rich people in public housing are really ripping off the taxpayer. The first time that was ever done. And all of the programs, especially on the housing side, have been redefined where they now will work with the market as opposed to against the market. That's what the mark up to market and the mark down to market is.


The reforms have worked. As I like to say, are we bumping up against the ceiling? Have we reached the management nirvana? No. But is this a well functioning department? Is it a credible department? Yes. So says GAO. So says Chairman Leach. So says Chairman Walsh of our Appropriation Subcommittee. So says David Osborne who is the guru who started the whole concept of reinventing government. That expression was David Osborne. He said the HUD transformation was one of the most ambitious in the federal government. And Ken Harney just last week said, "The FHA has turned itself into what is arguably the consumer protection leader in the mortgage industry.

So we have management credibility. Which means what? Which means we can talk policy again. And now we can revisit the 1974 vouchers production discussion with alternatives. Because you needed the alternatives to have a real discussion. And with vouchers, I say they work very, very well. The concept is right, mobility and choice and using the private market and deconcentration and not having density. The concept is right. But the difference between the practice and the concept in this case at this point in history is a schism.

You have about 25 percent of the vouchers that are returned, that don't work. Why? Discrimination is still alive and well in America. Some landlords don't want to deal with the "Section 8 person". Some people don't like the profile - some landlords don't like the profile of the tenant who appears with the Section 8 certificate. Sometimes they don't work because there's no vacancy in the market. Sometimes they don't work because the price has gone too high in the market and we haven't kept up with it with our FMR, fair market rent, standards. So 25 percent of the time they're being returned to us.

First step, we have to correct what's not working in the voucher program. We tried to do that by raising the FMR to 50 percent three or four weeks ago which was a very big change. Raising the value of the voucher literally, raising what the voucher will pay to a point where now 50 percent of the units will be available to a voucher holder. We've changed the program to where seniors can now use vouchers for assisted living facilities. And most importantly in my opinion, we've changed it to where a voucher can now be used to purchase a home. Think about it. Since 1974, you had vouchers, about $7 billion per year today. $7 billion of housing subsidies. $7 billion cost.
Only rental by definition you could not use that voucher to pay your mortgage. Why? Today any Section 8 voucher can be used to pay your mortgage. And I think that's a big change. Also, you have to understand that the vouchers need help in the administration. Sometimes you need home ownership counseling. You need mobility counseling. And we have a $50 million what we call a voucher success fund to put the servicing the counseling together with the voucher holder.

So vouchers are good. Vouchers are not a panacea. They are a tool. They are not the exclusive tool. That's why we need a production program, especially today, especially in these markets where you can't get an apartment with a voucher. Because you can't find the apartment. You need to produce housing. You no longer have the excuse that says you can't do that because you're incompetent. Because we're now competent. And we should talk about production. President Clinton in his budget this year had a production program. It will be the first new one in 24 years. But the President had it in his budget.

Back in the spring, the President was talking about the FHA increase. FHA when we took over was in the red. The value was a negative $2 billion. Today it is a positive $16 billion. And the President was talking about what to do with that increase in value in FHA. And the President was signaling that he wanted a production program.

Our production program has certain parameters. Number one, it is all mixed income. No more 100 percent poor complexes. We did that. We don't want to go back there. Our number is no more than 30 percent of the units in a complex low income. We believe the production program should be targeted to the extremely low income. Because they are the ones who are being least served by this market. And we believe a housing production program now must take advance of one of our best assets which is the infrastructure that we have, which is the state FHA certainly, but not exclusively. The state FHAs are not the only housing production mechanism. Many of them are great. Many of them are less than great. But we also have CDCs. We also have national not for profits, national intermediaries, use that entire infrastructure. That's what we mean by a production program.

But bottom line is in this budget debate, we need vouchers. We believe we're making the vouchers work better. But we still need vouchers. And we need a production program. And we've made that abundantly clear to the Congress. I as the Housing Secretary have one ultimate weapon which is if I don't believe the budget reached is in the best interest of the department and the purposes that we're supposed to be serving. I can recommend to the President a budget veto. And I've told OMB. And I've told the Congress if we don't have a housing production program, I will recommend a veto to the
President. And I believe he will do it. This is a
President who has put housing back on the agenda. It was
high up on the radar screen last year.
The only reason we have 120,000 vouchers is
because President Clinton said he would not sign a bill
without vouchers. That's how that happened last year.
And I believe that Congress has heard the message. I
don't want to argue about the numbers now. And we will
argue about the numbers between vouchers and production.
But we need a voucher program and we need a production
program. And we have to make the statement today that it
is time we get back into the housing production business.
We need the units. And there's no reason not to.
We are confident that the federal government.
We have the best housing infrastructure on the globe. Use
it. Use it. That's going to be the argument we're making
over the past few weeks.
My final point is this. Many of you I saw when
I first started four years ago as Secretary, not as
Assistant Secretary. And I said, can you imagine this?
Here's the nirvana. We do all this management work at
HUD. Because when we started, you have to remember, four
years ago, there was no money anyway. There was no
possibility of budget infusion. We were fighting the
deficit. That was all about the deficit. So there was no
great budget increase for HUD. So we were doing the
management work.
But I said, can you imagine what would happen if
we did this management work on HUD and HUD turned around
from a management point of view - or at least you weren't
a negative, you were a positive in the discussion - and
simultaneously the economy turned so there was actually a
possibility for funding? And you put a competent HUD
together with a possible budget increase. And that we had
to be ready for the moment where you could once again talk
about progressive government and resources for government.
And HUD has to be ready and we would do the management
work because who knows? Maybe the stars are going to
align. And maybe we would come out the other end of the
tunnel. And we'd have a competent HUD. And we would have
a government budget that could actually do what we need to
do.
Because housing is still a question of
resources. You have to close that gap and only dollars
close that gap. And my friends, that is where we are.
The reason I'm going to push this budget so hard is
because I believe we have a moment in history. I believe
the stars are aligned in a way they have not been aligned
before. You have a political consensus that you have not
had in decades. You have Republicans arguing for
production. You have democrats arguing for vouchers. You
have both sides saying we have to do something about
housing. You have a geographic consensus. There's no
longer a war between the city and the suburbs. They're
both saying you need housing. You need it in the suburbs
intelligently, smart growth. And you need to redevelop the cities.

That tension is gone. And from an academic point of view, I don't know what you decided today, but before today we would have agreement and a consensus that no one tool does a housing policy make. But, yes, you need vouchers. Yes, you also need a production program. Yes, you need the state entities and the Feds and the community based nonprofits and intermediaries. You have that consensus that you haven't had in years. You put that consensus together with the strongest autonomy in the history of the nation. You went from the greatest deficit to the greatest surplus. They're talking about breaking the caps now in addition to the surplus. You have an investment to make. The consensus, the investment, the need and then the competence of HUD where they can't excuse stepping into this arena because of the competency of HUD.

All the elements are there. They're floating in the air. You feel that you just need a spark and you'd have ignition. You'd have spontaneous combustion. And when has this happened before? When have you seen all those stars aligned that way? Forty years? Fifty years? Sixty years? And we are that far. In some ways that spark is just the daring, the boldness, to do it. I was looking back getting ready for tonight on the floor debate on the 1949 Housing Act. And what you hear over and over and over again is, of course, you should provide safe, clean, decent housing for every American. Why? Because they are Americans. And because this is America. And because we can and we should. And how could you not? How could you leave a person in a delapidated condition? At that time, they were talking about the slums and the ghettos. How could you not do it if you can do it? Please give me a reason why you wouldn't. If you don't have the money, that's one thing. If you're incompetent as HUD, that's something else. If it's a political war between Democrats and Republicans, it's something else. If it's a war between the cities and the suburbs, it's something else. But if you have none of that happen, why wouldn't you do it? Only because you didn't believe you can. Or you didn't care enough to do it. I don't believe either of those are the case.

We know we can. We know we need to. Just like that spark. And we can do what we've all dreamed of for decades.

It's been an honor for me to be part of this journey with you. Thank you, very much.

MS. WACHTER: The Secretary has to go back to the Hill. He left out the key factor which is the best housing leader in the country that we could have. Let us thank him again. [applause]

Tomorrow morning we have a 9:00 a.m. sharp. All of you whose juice runs at data, you can get access to data by being there at 9:00 a.m. We look forward to
seeing you then.
(Whereupon, at 7:45 p.m. the hearing was adjourned.)