

NATIONAL HOUSING POLICY IN THE U.S. FOR THE 21ST CENTURY

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Report Prepared for the Center for National Policy, Washington, DC, December 2002

INTRODUCTION: THE MILLENNIAL HOUSING COMMISSION

In May 2002 the Congressionally appointed bipartisan Millennial Housing Commission issued its final report, *Meeting Our Nation's Housing Challenges*. This is the first major comprehensive congressional commission report on housing policy since the 1990 National Commission on Affordable Housing (the Rouse-Maxwell report). While the fact that the Millennial Housing Commission was created in 2001 indicates some level of concern by national policymakers about the lack of sufficient and decent quality affordable housing in America, the report's recommendations suggest that the current political commitment to devoting significant new resources to address this problem is extremely weak.

This paper will analyze the present status of housing policy debates in the United States, and make several modest and realistic proposals for progressive policymakers to pursue in developing a realistic agenda for action. In discussing these issues, I will draw upon several decades of experience as a scholar and practitioner of national housing policy, particularly my half-decade of service during the 1990s as a senior housing and urban policy official in the Clinton Administration. My main focus will be on describing the serious political challenges and constraints that stand in the way of making substantial progress toward enabling everyone in America to be well-housed, and on suggesting methods to obtain broader political support for a more ambitious program of expanding opportunities for affordable rental housing and homeownership.

The report of the Millennial Housing Commission clearly identifies the central housing challenge as the lack of sufficient rental apartments that are affordable for low-income households. This problem, which has been steadily worsening for more than two decades, was severely exacerbated by drastic cutbacks in federal budget resources for housing initiated by the Reagan Administration beginning in 1981. Unfortunately, such a sizable withdrawal of federal government responsibility became possible because the political constituency for aggressive and well-funded housing programs targeted to low-income families has steadily declined, especially since the 1970s. In 1948 President Harry Truman made the lack of affordable housing a major issue in his successful reelection campaign, because it was of fundamental importance to the vast majority of American voters following the housing shortage of the Great Depression and World War II. Three decades later, a combination of rising affluence, expanded homeownership, and large-scale suburbanization had generated far better housing conditions for most Americans. Those left behind in what the U. S. Department of Housing and Urban Development (HUD) calls “worst case housing needs” were a distinct minority of less than five percent of American households, and those living in the poorest urban and rural housing conditions in terms of physical dilapidation, overcrowding, and lack of affordability, most often were from racial and ethnic minorities who were generally isolated from the political mainstream.

This situation has continually deteriorated since the 1980s. Though presidential candidate Bill Clinton made a substantial commitment to housing improvement during the 1992 election campaign, upon taking office President Clinton and his Housing and Urban Development Secretary Henry Cisneros soon discovered that there was very little support in Congress for sizable budget increases or programmatic initiatives, not even among the majority of Democratic members in the House and Senate. Indeed, a survey by *Congressional Quarterly* of members of Congress at the beginning of 1993 found that housing ranked last in order of priority among 100 major issues to be considered by federal legislators. This dismal political environment for housing policy turned from bad to worse when the Republicans won the majority in both the House and Senate two years later. The GOP lawmakers in Congress immediately attempted to abolish HUD as a

presidential cabinet department, and though they failed at this effort, they succeeded in drastically slashing the HUD budget by 25 percent in 1995 and making another draconian 25 percent reduction in HUD's budget during 1996.

The bottom line is this: though the problem of insufficient decent-quality affordable rental housing for low-income people has been repeatedly documented over the past few years, not only by the Millennial Housing Commission but by many other research and policy reports produced by Harvard University's Joint Center for Housing Studies, the National Low Income Housing Coalition, the National Housing Conference, the National Housing Law Project, the Center on Budget and Policy Priorities, the U.S. Conference of Mayors, the National Association of Counties, the Urban Institute, the Brookings Institution, the Urban Land Institute, Fannie Mae, Freddie Mac, the Federal Housing Finance Board, HUD, the Congressional Research Service, the U.S. Census Bureau, and many other sources, very little has actually been accomplished to address this growing crisis. In fact, during recent years the expiration of 20-year federal government financial subsidies provided annually for thousands of rental apartments that were originally constructed to be affordable for low- and moderate-income households has turned an already bad situation into a much worse one, as many of these landlords have dramatically raised their rents and forced the eviction of low-income tenants. Despite efforts by the Clinton Administration to substantially expand the number of Section 8 housing vouchers available for low-income people to rent affordable apartments and houses, the Republican-led Congress actually reduced the number of new vouchers to their lowest numbers ever, far fewer than any amount ever proposed by President Reagan in his tragically effective eight-year obsession with radically downsizing HUD's budget.

During the 1990s the Clinton Administration did manage to make significant progress with three major housing policy initiatives. One of these, the National Homeownership Strategy, offers important lessons that can serve as a guide to housing policy over the next several years. The other two initiatives – the restructuring of assistance for homeless people through the Continuum of Care concept, and the

transformation of distressed public housing communities through the HOPE VI program – most likely will not continue to be vital and dynamic elements of national housing policy in the future, despite their many positive accomplishments in the recent past.

HOMELESSNESS AND THE CONTINUUM OF CARE INITIATIVE

Homelessness emerged in the 1980s as a widespread urban phenomenon, in part due to the decline in federal government housing assistance. State and local governments compensated to some extent by increasing their level of financial support for affordable housing programs, but the economic recessions that started and ended the decade made their task especially difficult. The problem of homelessness – with large numbers of people literally sleeping outdoors in public places, as many as 600,000 nationally on any given night – elicited a moral concern from the American people that enabled elected officials to gain political support for devoting modest additional resources to addressing the issue. Many forms of government and philanthropic intervention were emergency measures simply designed to get homeless people off the streets and instead have them sleep in temporary overnight shelters. Such an approach, while necessary, was not sufficient for alleviating the real causes of the problem, which ranged from inadequate individual and family income, to a variety of mental health, substance abuse, and other medical or social disorders that made it difficult for homeless people to take care of themselves and sustain a stable working lifestyle. During the Clinton Administration, HUD substantially increased federal support for state and local government homeless programs and for non-profit service providers that assist homeless people, while requiring the streamlining of public and private intervention through more comprehensive and integrated strategies that ranged from transitional and long-term affordable housing, to job training and placement, to a wide variety of health, education, and human services activities. While the federal government budget for addressing homelessness increased three-fold during the Clinton Administration, the number of homeless people being served expanded by 14 times during the 1990s, largely through the increased efficiency of the Continuum of Care approach to coordinated housing and service delivery. This initiative was awarded the Innovations in American Government award from the Ford

Foundation and Harvard University. Yet despite this success, or perhaps because of it, today the homelessness issue no longer generates any political resonance. Those homeless people currently sleeping on the streets or in temporary shelters are generally the hardest to help with the most deeply rooted human problems, and much of the general public has lost both patience and sympathy for doing anything other than continuing to provide basic support at modestly reduced budget levels to the institutions and programs that are already in place and appear to be working effectively.

THE HOPE VI PROGRAM TO TRANSFORM PUBLIC HOUSING COMMUNITIES

Another Clinton Administration winner of the Innovations in American Government award is the HOPE VI program to transform public housing communities. The HOPE VI initiative was created in response to the final report of the National Commission on Severely Distressed Public Housing in 1992. This report identified nearly 100,000 units of severely distressed public housing in the U.S. out of a total of 1.4 million public housing units. The worst public housing was in the major urban centers, and much of it was concentrated in inner city high-rise apartment buildings, though significant amounts of low-rise, high-density barracks-style public housing also was dangerous and deteriorated. The HOPE VI program under President Clinton was expressly committed to demolishing all 100,000 units of truly bad public housing, and replacing them with lower density, more attractive, mixed income, mixed-use, mixed ownership, livable communities. Under the leadership of Secretary Cisneros, HUD embraced the community planning and design philosophy of the “New Urbanism” movement, essentially requiring local public housing authorities competing for HOPE VI grant funds (up to \$50 million in HUD grant funds per HOPE VI project was permitted by law) to produce a vastly improved urban landscape of long-term value in everything from safety and security to housing quality, neighborhood amenities and services, affordable homeownership, jobs and business opportunities, community livability, improved education and transportation, and market appeal. A major purpose of this initiative was to break up the extremely isolated yet dense concentrations of very low-income people completely separated both physically and socially from the mainstream

city and metropolitan economy and society, and especially to comprehensively reconnect low-income families and neighborhoods with the wider fabric of urban life. The goal was to reintegrate public housing residents and communities with their urban neighbors, such that public housing people and places would become like “Where’s Waldo”—invisible and indistinguishable from everyone and everywhere else in cities, towns, and suburbs.

Perhaps because severely distressed public housing, best symbolized by notorious “projects” such as Cabrini-Green and the Robert Taylor Homes in Chicago or Desire in New Orleans, was so unpopular with the general public, the HOPE VI efforts to replace such decrepit and dangerous developments were largely applauded by the media and by elected officials from both major political parties at all levels of government. Even Republicans who were basically hostile to the very existence of public housing liked the HOPE VI program because of the demolition of the hated structures. Indeed, President Nixon had essentially started this trend with the dramatic media event in 1972 dynamiting the vacant Pruitt-Igoe public housing project in St. Louis, Missouri, and in the Clinton Administration we discovered that we generally attracted much larger crowds and a great deal more publicity for demolishing bad public housing and dysfunctional living environments, than the positive attention we received when breaking ground for construction or cutting ribbons for completion of the much better quality replacement housing and livable communities. After the Republicans took over the Congress in 1995 and drastically slashed HUD’s budget, the Clinton Administration was able to obtain bipartisan support, with the help of Senators Christopher Bond and Connie Mack and Representatives Richard Lazio and James Walsh, for maintaining Congressional appropriations for HOPE VI grant funds at approximately 500 million dollars per year.

Despite the considerable success of HOPE VI in dramatically transforming the worst urban public housing into vastly improved communities, this initiative, like the Continuum of Care initiative for homeless people, has essentially lost its political base of support. From the perspective of the Republicans, the main purpose of HOPE VI was to get rid of the dangerous eyesores, and now that the original goal of eliminating the

100,000 units of severely distressed public housing has basically been achieved, there is no need to continue with this program. Public Housing Authorities at the local level do want to continue using HOPE VI as a stream of funds to improve all public housing and build better communities, but political conservatives do not find this to be an acceptable public policy since they do not believe in doing much to assist low-income people. This change in the bipartisan consensus supporting HOPE VI was recently confirmed when President Bush presented to Congress his proposed budget for Fiscal Year 2004, which calls for the first reduction in annual funding for HOPE VI grants since the program was launched a decade ago.

On the progressive side, HOPE VI also has run into a storm of rising criticism from advocates for low-income housing, ranging from grassroots activists to academics to public interest lawyers. For these people, the main problem with HOPE VI is that in order to reduce housing densities and foster a mixed-income living environment, it has resulted in a net loss of public housing units devoted to very low-income tenants. Further, while this was not the intent of the Clinton Administration, HUD has done an inadequate job of monitoring the relocation activities of the local Public Housing Authorities (PHAs), such that some public housing residents displaced by HOPE VI demolition and reconstruction have not been provided with appropriate replacement public housing at other sites, or have not obtained decent private housing with Section 8 subsidized vouchers, or have not been offered sufficient opportunities to move back to their old public housing neighborhoods after the completion of HOPE VI redevelopment. As such, low-income housing groups have begun joining forces during the past two years since President Clinton left office, to lobby Congress to make major changes in the HOPE VI program or to eliminate it. These low-income housing advocates have focused their efforts on Democrats in Congress, particularly Senator Barbara Mikulski, to turn the HOPE VI budget primarily into providing federal grants to renovate existing public housing or build new public housing exclusively for low-income tenants. Such an approach would be the death-knell of the HOPE VI program as conceived by the Clinton Administration, which was the first politically popular public housing initiative since the 1960s! We argued then, and I still believe now, that without radically transforming the

whole concept behind public policy towards affordable rental housing in urban America, the traditional public housing program as conceived in the 1930s would eventually collapse due to inadequate resources and declining political support. Indeed, such an outcome was predicted as long ago as 1957 by legendary low-income housing advocate Catherine Bauer in her famous article on “The Dreary Deadlock of Public Housing” in *Architectural Forum*, where she states: “But public housing, after more than two decades, still drags along in a kind of limbo, continuously controversial, not dead but never more than half alive.” The unhappy prospect of public housing’s demise remains a major and imminent threat, and it has recently become even more troublesome than a decade ago due to the currently declining consensus for HOPE VI-style reforms, coming from both the right and left ends of the political spectrum.

PRESIDENT CLINTON’S NATIONAL HOMEOWNERSHIP STRATEGY

By far the most successful housing policy initiative of the Clinton Administration, launched by HUD under the leadership of Secretary Henry Cisneros in 1994, was the President’s National Homeownership Strategy. This grew directly out of a book entitled *Own Your Own Home: The Triumph and Challenges of American Homeownership Policy* that I was writing as an Associate Professor of Urban Development, Planning, and Preservation at Columbia University in 1991 when I signed on as the Senior Policy Adviser and a campaign spokesman on Housing and Urban Issues for Arkansas Governor Bill Clinton’s Presidential primary campaign and later the Clinton-Gore general election campaign and the Presidential Transition.

The mass expansion of homeownership in America during the 1940s and 50s is one of the greatest public policy success stories of the 20th century. When the national policy debates and the “Own Your Own Home” campaign were launched immediately after World War I, non-farm homeownership in the U.S. stood at roughly one-third of the population measured by households. During the 1920s, 30s, and 40s, a series of major improvements --many associated with the Administrations of Presidents Hoover, Roosevelt, and Truman -- in housing finance, insurance, construction, land development,

appraisal, regulation, and planning combined with rising incomes and pent-up market demand after World War II to promote the most dramatic increase in homeownership ever seen in world history, with the national rate skyrocketing from 40 percent of the non-farm U.S. population in 1940 to 60 percent by 1960, an expansion that literally involved millions of new homeowners almost overnight, extending ownership opportunities much farther down the income scale to essentially modest-income working families.

From 1960 to 1980, the national homeownership rate rose by about four percent over the two decades, peaking at a then all-time high of 65.6 percent in 1980. Under the Reagan and Bush Administrations, however, the national homeownership rate either stagnated or actually declined for 12 consecutive years, falling to 64.1 percent in 1992. Bill Clinton made a major issue out of the declining national homeownership rate, pledging to reverse the decline if he was elected President. During 1993, implementation of the Clinton Administration's economic plan led to improved national economic performance, which, combined with lower mortgage interest rates, generated a slight increase in the national homeownership rate for the first time since 1980. Having fulfilled on his campaign pledge, President Clinton made a dramatic decision: to reach farther down the income scale and across the social divide of ethnicity, gender, age, and location, by promoting a sizable increase in homeownership nationwide and reach a new all-time high rate by the end of the decade, with millions of new homeowners. Thus was born the President's National Homeownership Strategy.

On November 3, 1994, President Clinton sent a letter from the White House to Secretary Cisneros at HUD. It stated:

Dear Henry:

Homeownership is the American Dream. Our nation has embraced this dream since the National Housing Act of 1949 made 'a decent home and a suitable living environment for every American family' a goal of national policy. The United States is the first major industrial country to make homeownership a reality for a majority of its people. Thanks to effective cooperation between industry and government, the doors of homeownership have been opened to millions of families in the past 45 years. However, since 1980, the national

homeownership rate has been declining. Reversing this trend is vital to American families, to communities, and to our economy. Homeownership strengthens families and stabilizes communities. It encourages savings and investment and promotes economic and civic responsibility. Expansion of homeownership is an integral part of the Administration's economic plan. It spurs new investment, strengthening the economy and creating jobs. A stronger economy in turn enables more people to buy homes. For all these reasons, it is in our national interest to expand homeownership opportunities for all Americans.

Today, I am requesting that you lead an effort to dramatically increase homeownership in our nation over the next six years. I would like you to work with the Assistant to the President for Economic Policy, the Assistant to the President for Domestic Policy, the Secretary of Agriculture, the Secretary of Veterans Affairs, and other private and public sector partners you may designate to develop a National Homeownership Strategy that will carry us into the 21st century. I request that you report back to me within six months, with a concrete strategy involving the private and public sectors, and all levels of government, that builds on the base of the more than 1.5 million additional families who have been able to buy their own homes since the beginning of this Administration. Your program should include strategies to ensure that families currently underrepresented among homeowners – particularly minority families, young families, and low-income families – can partake of the American Dream.

In the course of developing this strategy, you should explore ways to combine private and public sector resources and commitment to:

- Cut Costs, including financing, production, and transaction costs and fees, to make homeownership more affordable and financing more accessible;
- Open Markets, to increase choice and remove discriminatory and regulatory barriers, making homes, financing, and insurance more accessible and affordable to all Americans, and;
- Expand Opportunities, to make homeownership a reality for more people through education, information, technology, and community involvement.

Previous cooperation between the private sector and the federal government has opened the doors to homeownership to tens of millions of American families, and has been one of America's greatest success stories. This new initiative to dramatically expand homeownership by the end of this century is in keeping with our nation's bipartisan tradition of public-private partnership in this arena. I welcome your commitment and involvement in this important task. I know that working together, we can make the dream of homeownership a reality for millions more families and build a better future for all Americans.

Sincerely,

Bill Clinton

At the same time, President Clinton made a major speech in Anaheim, California to the annual convention of the National Association of Realtors, announcing the new initiative. Eight months later, in a ceremony at the White House in the East Room, he unveiled his National Homeownership Strategy with 100 key actions to implement the three broad elements of the strategy – Cutting Costs, Opening Markets, and Expanding Opportunities – with the key implementing group being a public-private partnership called the National Partners in Homeownership, representing every major national association involved in housing policy, from the major industry groups to state and local governments to non-profit housing advocacy and community-based development organizations. Representatives from the 65 public, private, and civic sector members of the National Partners in Homeownership were present at the White House for President Clinton’s announcement on June 5, 1995. Over the next five and one-half years, more than 250 state and local homeownership partnerships were formed and received official designation from the National Partners in Homeownership, and these state and local partnerships were absolutely essential for implementing the National Homeownership Strategy. Today these partnerships represent an important mobilization of grassroots constituencies and a well-developed communications network and organizational infrastructure for implementing a progressive housing policy agenda.

Three days earlier President Clinton had proclaimed June 5, 1995 as National Homeownership Day, providing the first major national policy and political recognition of this potent issue since the Great Society era in the 1960s. The text of the Proclamation read as follows:

Throughout the more than 200 years since our nation was founded, Americans have embraced the dream of homeownership. Strengthening families, establishing communities, and fostering prosperity, homeownership is the cornerstone between government and industry, the doors of homeownership have been opened to millions of Americans. And the United States is the one of the first countries in the world to make homeownership a reality for a majority of its people.

For the better part of this century, America has made homeownership a priority of national policy. The National Housing Act of 1934 created the Federal Housing Administration’s home mortgage insurance program, empowering more

than 23 million Americans to buy their own homes. In 1944, the GI Bill of Rights set up the Veterans Administration's home loan guaranty program, enabling millions of veterans to start a new life for themselves and their families. The Housing Act of 1949 declared that every American family should enjoy a 'decent home and a suitable living environment' – an ideal that has been reaffirmed in myriad ways since then.

Our country's longstanding commitment to this goal is a testament to the tremendous rewards of homeownership. Homeownership spurs the production and sales of goods and services, generating new jobs and brightening America's economic horizon. It encourages savings and investment, promotes economic and civic responsibility, and enhances the financial security of the American people. Perhaps most importantly, homeownership gives Americans pride in their neighborhoods and hope for a brighter tomorrow.

Now, therefore, I, William J. Clinton, President of the United States of America, by virtue of the authority vested in me by the Constitution and laws of the United States, do hereby proclaim June 5, 1995 as "National Homeownership Day." I urge all of our citizens to observe this day with appropriate programs, ceremonies, and activities that celebrate the great American Dream.

Starting with one event at the White House on one day involving less than 100 guests, within two years the week of June 5th had become "National Homeownership Week" by Presidential Proclamation. Since then, every year during National Homeownership Week in America there are literally thousands of events nationwide involving hundreds of thousands of people, all gathering to raise awareness about homeownership opportunities, and to celebrate this important issue for families, communities, economic prosperity, and quality of life.

Simply put, President Clinton's National Homeownership Strategy was an enormous, unqualified success. It exceeded all conceivable expectations as a public policy initiative. While there was considerable trepidation in 1994 and 1995 among senior White House staff that the goal of breaking the 1980 record and achieving a new all-time high national homeownership rate by the year 2000 would not be reached, in fact, the record was broken in 1997, again, in 1998, again in 1999, again in 2000, and again in 2001. The national homeownership rate jumped from 64.1 percent in 1992 to 68.1 percent in 2002. This four percentage point increase in 10 years equaled the four percentage point increase in 20 years from 1960 to 1980, when the population base was much smaller, enabling percentage changes to occur more rapidly. In all, the National

Homeownership Strategy helped generate more than eight million new homeowners in American, and most importantly, the percentage increases among African-American households, Hispanic households, women-headed households, low- and moderate-income households, young households, and urban households, all were greater than the increase in the overall national rate. For example, according to the report of the Millennial Housing Commission, “Between 1994 and 2000, the number of lower-income homeowners increased by about 2.5 million, African-American owners by about 1.2 million, and Hispanic owners by about 1.2 million.”

There are several reasons why the National Homeownership Strategy proved to be such a successful national policy initiative. One key reason is that we did not rely on trying to pass major new legislation or massive budget increases. The wisdom of this approach was confirmed when the Republicans gained control of the Congress in 1995. If our initiative had depended primarily on vigorous Congressional action, we would have been deeply disappointed. Instead, we relied on a massive, nationwide public-private partnership that involved 100 major actions being carried out by thousands of entities. Such an approach made possible a decentralized but huge mobilization of resources in support of all aspects of this multi-faceted and comprehensive strategy. We also benefited from the overall effectiveness of President Clinton’s economic policies, with eight consecutive years of economic growth, rising incomes and wealth, historically low interest rates including home mortgage interest rates, 23 million new jobs created, and significant increases in employment, incomes, and a sense of optimism among the targeted groups – minorities, women, young adults, people with lower incomes, and people living in cities and inner ring suburbs.

However, the most important reason for the success of the National Homeownership Strategy has to do with the underlying political philosophy and public policy perspective, which is based on a true “win-win” approach. In other words, homeownership in America is what I call an “Additive Value.” This means that people believe they are better off not only if they own their own home, but they believe they are better off if other people own their homes as well. An Additive Value says, essentially,

“if you win, I win; and if I win, you win.” It is the complete opposite of most of what passes for public policy in American, which is much more along the lines of a “zero sum” approach: “if you win, then I lose, and vice versa.” At a time when Americans were and still are openly hostile to spending the necessary funds to ensure that everyone has decent quality affordable rental housing, they are willing to actively support and promote homeownership. That is because they believe that people can only become homeowners if they have a job, work hard, earn and save their money, which unfortunately, they do not believe is the case for subsidized renters. Even if they are mistaken about renters, the perception is still there guiding their political and policy preferences. Since they also believe that homeowners are better and more active citizens, better community residents and neighbors, stronger contributors to their own economic well-being through ownership of a major financial asset that can and normally does rise in financial value, and stronger contributors to overall economic well-being by promoting investment, savings, production, and employment, U.S. voters want to share their American Dream of opportunity through homeownership with their fellow citizens.

In the Clinton Administration and particularly at HUD, we built on the concept of homeownership as an Additive Value to develop our one great success in national housing policy. Even at a time when “affordable housing” and “urban development” were dirty words in Washington, when the Republicans wanted to abolish HUD and Secretary Cisneros wanted to change our name to the Department of Homes and Communities, when one journalist called the HUD Secretary “the Secretary of Urban Poverty” and when all of our efforts at fair housing were highly controversial, we were able to get broad-base support for the National Homeownership Strategy. We said we wanted to achieve all-time high homeownership for *everyone*: rich and poor, white and black and brown and yellow, young and old, urban and suburban and rural, singles and couples and families with children, detached houses and townhomes and condominiums. Then we said that in order to generate eight million new homeowners, it would be necessary to concentrate on raising the rate of the groups that are farthest behind, because they have the most ground to make up and that is where the big numbers are. For example, according to the Millennial Housing Commission, “As of 1999, the gap

between black and white homeownership rates stood at 27.2 percentage points, the gap between Hispanic and white homeownership rates at 28.6, and the gap between lower-income and high-income rates at 32.3 percentage points. A slim majority of lower-income households owns homes.”

What is remarkable about the National Homeownership Strategy and the National Partners in Homeownership is that we were able to obtain strong bipartisan and mass public support for doing what normally we could not do politically, which is to target resources, programs, and policies toward disadvantaged groups. We openly talked about and publicized our efforts to increase homeownership among racial and ethnic minorities, women, lower income people, young adults, and urban residents, and were applauded for our commitment, rather than being reviled for such a bias as HUD normally has been during has been in recent times. Indeed, at one of our first meetings of the National Partners in Homeownership, no less a conservative Republican stalwart than Federal Reserve Chairman Alan Greenspan proudly proclaimed the success of anti-discriminatory fair lending laws and even spoke favorably of affirmative policies such as the Community Reinvestment Act, all in the name of opening up home mortgage financing opportunities to minorities in order to increase their rates of homeownership. Similarly, even though the Republicans, led by Senator (and 1996 GOP Presidential candidate) Robert Dole, worked tirelessly to abolish HUD in 1995-6, aggressively attacking nearly every HUD program, they remained steadfastly silent about the National Homeownership Strategy, never once criticizing it and risking incurring the wrath of their supporters among the National Association of Realtors, National Association of Home Builders, Mortgage Bankers Association of America, America’s Community Bankers, and similar groups, all of whom were enthusiastic supporters of President Clinton’s National Homeownership Strategy and founding members of the National Partners in Homeownership.

CONCLUSION: HOUSING POLICY FOR THE 21st CENTURY

It should now be clear to Democratic Party policymakers and political strategists, and to progressive activists in general, that the most effective means of promoting affordable housing during the next few years is to focus on expanding and maintaining affordable homeownership, both to increase opportunities for renters to become new homeowners, and to assist existing troubled homeowners during this current economic downturn, especially people of lower incomes, to sustain their homeownership over the long term. Such a strategy presents the only real opportunities for bipartisanship, since the Bush Administration and the Congressional Republicans are openly supportive of programs that promote homeownership opportunities among minorities and lower income families. Currently the nation's homeownership rate has begun to drop in 2003 after 10 years of steady advances, causing some concern within the Bush Administration about a potential return to the declining homeownership days of Reagan and Bush from 1981 through 1992. This could open the door for a strong and popular issue to be vigorously raised by the Democrats in Congress and among the 2004 Presidential candidates.

Indeed, several of the most concrete recommendations of the Millennial Housing Commission directly related to both expanding resources and improving policies for affordable homeownership. Without delving into all of the detailed minutiae of their report and other recommendations, let me emphasize that affordable homeownership policies and programs can unite all of the disparate housing constituencies, and even the National Low Income Housing Coalition has developed a proposal for creating a national housing trust fund using Federal Housing Administration (FHA) insurance surpluses, some of which would be used for increasing affordable homeownership opportunities for lower income households. I particularly recommend that Homeownership Zones, which was an effective 10-city demonstration program funded by HUD during the Clinton Administration, become a large-scale nationwide program with fully authorized by Congress with substantial budget appropriations. Homeownership Zones is the best way to strengthen urban neighborhoods, drawing in new investment and population, attracting stores and services, and improving schools and safety.

A renewed focus on increasing homeownership affordability for lower income will by no means solve the enormous crisis of insufficient public and private resources devoted to building, preserving, and subsidizing decent quality affordable housing for low-income renters, or related problems of lack of support for public housing construction, homeless assistance, and numerous other special housing needs, any more than it did so during the Clinton Administration. However, for now, it is certainly the best and in fact the only real hope of building a consensus for more energetic and widespread action to improve housing conditions and opportunities for Americans during first decade of the 21st century.