

Joint Center for Housing Studies

Harvard University

Housing for Very Low-Income Households:
The Record of President Clinton, 1993-2000

Rachel G. Bratt

W02-8
October 2002

**Housing for Very Low-Income Households:
The Record of President Clinton, 1993-2000**

Rachel G. Bratt
Department of Urban and Environmental Policy and Planning
Tufts University and Fellow, Joint Center for Housing Studies
Harvard University

© by Rachel G. Bratt. All rights reserved. Short sections of text, not to exceed two paragraphs, may be quoted without explicit permission provided that full credit, including © notice, is given to the source.

Acknowledgments: Special thanks go to Cushing Dolbeare for her willingness to share her spreadsheets concerning HUD budgets and tax expenditures with me, as well as for her comments on an earlier draft. I am also grateful to William Apgar, Zhu Xiao Di, Alexander von Hoffman, Langley Keyes, Nicolas Retsinas and Jim Stockard for providing thoughtful and helpful feedback. Finally, thanks go to the group of housing experts who were interviewed for this study.

Any opinions expressed are those of the authors and not those of the Joint Center for Housing Studies of Harvard University or of any of the persons or organizations providing support to the Joint Center for Housing Studies.

In October 1996, at nearly the mid-point of President Bill Clinton's term in office, a lead article in *The New York Times Magazine* heralded: "The Year That Housing Died" (DeParle, 1996). Referring to the Congressional appropriations bill that recently had been signed by the president, journalist Jason DeParle noted that, as a result of this legislation, no new additional families would receive rent subsidies from the government. Symbolically, he observed, this represented the demise of "a hope that has transfixed reformers for a century: that all Americans can find safe, decent and affordable housing" (DeParle, 1996, p. 52). And, beyond the hopes of reformers, it seemingly halted progress of the national housing goal, first articulated by Congress in 1949, and reconfirmed in numerous other legislative initiatives: "A decent home and suitable living environment for every American family."¹ Yet, less than three and a half years later, in early 2000, the U.S. Department of Housing and Urban Development (HUD), the cabinet level department concerned with housing², issued a report titled: "HUD: Back in Business" and, explicitly correcting DeParle's view, announced "The Rebirth of Housing" (HUD, 2000a). [See the time line of key events in "Major Milestones During the Clinton Administration Concerning Housing."]

Both before and after the ominous assessment of the housing situation in 1996, HUD confronted a variety of challenges. Even prior to the 1994 election of the 104th Congress and the ensuing changes from Democratic to Republican majorities in both the House of Representatives

1 A recent piece of housing legislation, the Quality Housing and Work Responsibility Act of 1998, amended this statement. It is arguable whether the new language constitutes a major or a modest retreat from the original national housing goal, which was to be realized "as soon as feasible." The 1998 act states: "that our Nation should *promote the goal* of providing decent and affordable housing for all citizens through the efforts and encouragement of Federal, State, and local governments, and by the independent and collective actions of private citizens, organizations, and the private sector." (emphasis added). In addition, while the original declaration of policy acknowledged the need for participation by the private sector and local public bodies, the new legislation went further in explicitly stating that the federal government, alone, could not solve the nation's housing problems (Section 505).

2 Although some housing assistance programs, such as for rural housing, are administered through other federal agencies, HUD is the major conduit of funds for housing, receiving about 95% of appropriations (Dolbear, 2002).

and the Senate, HUD officials had talked about the need to “reinvent” the agency. Just after President Clinton took office, the agency detailed its major administrative and managerial problems. Within the overall context of domestic priorities, however, Clinton’s agenda during his first term did not include housing. His focus was on providing stimuli to the faltering economy, creating a balanced budget, and instituting health care and welfare reform. And, following the enormous changes in Congress in 1994, HUD was on the defensive, as discretionary spending for housing and other initiatives fell victim to budgetary constraints and spending caps. Also, the early allegations concerning improper business dealings prior to Clinton’s election (known as “Whitewater”), as well as the scandals involving the White House intern, Monica Lewinsky, and the ensuing impeachment hearings toward the end of his term in office, certainly impacted the president’s ability to move a social agenda forward.

The key question of this article is: What was the Clinton record concerning housing for very low-income households?³ Following a brief overview of the housing policy context of the Clinton administration, the record of federal funding for HUD is presented. The article then assesses how three major indicators changed between 1993 and 2000: the number of people who were homeless or who faced other serious housing problems including those with, what HUD calls, “worst case housing needs;” the net new number of Affordable⁴ housing units added, including the net new number of households served by HUD housing programs; and changes in the rate of homeownership. Following this, the article presents a brief overview of how two major rental housing programs fared under Clinton. In the concluding section, in an attempt to look beyond the numbers, comments by a number of key observers, including several former HUD officials from the Clinton administration, are presented, along with an overall summation of Clinton’s achievements in providing housing for very low-income households.

4 “Affordable” is in quotation marks to signify that the term, although commonly used, is problematic. Indeed, all housing is affordable to someone and therefore the term is misleading. When discussing low-income housing, however, “affordable” generally refers to units for which households earning 50 percent of median income (or less) pay no more than 30 percent of income.

This article omits discussion of a number of other important measures that would be useful in developing a full understanding of the Clinton housing record, such as: creation and implementation of fair housing initiatives; programs aimed at promoting “self-sufficiency”⁵ among residents of HUD-subsidized housing; community development initiatives such as empowerment zones, community development financial institutions and enforcement of the Community Reinvestment Act; rural housing initiatives; and housing problems facing various “special needs” groups, such as the elderly, those with disabilities and people with AIDS. In addition, assessments of the Clinton record could be made by examining the extent to which community development corporations and other actors were provided with sufficient resources, thereby enabling them to increase their capacity to produce or provide housing. In a companion article by Heather McDonald, the financial regulatory changes during the Clinton administration are discussed.

This article also does not examine other key programs and trends that have enormous impacts on housing affordability, such as the Earned Income Tax Credit (EITC), which provides income tax relief for millions of low and moderate-income households.⁶ Also, a tax measure directly related to housing, the Low Income Housing Tax Credit, which enables investors in rental housing for low-income households to realize significant tax savings, operates more or less independently from HUD and presidential intervention. Further, the article does not focus on the president’s contributions to the sustained economic growth and low interest rates which prevailed through most of the 1990s, and that were also critical factors in the ability of households to pay for housing. Clearly, too, what any president can accomplish is limited, or enhanced, by existing tax policies and by general economic trends, as well as by international

5 Although “self-sufficiency” is frequently used, there are a number of drawbacks to this term. According to Bratt and Keyes (1997), a major problem is that the term implies that people “will, at some point, no longer need any outside supports and, instead, will be totally able to care for themselves. In contrast, it can be argued that no one in our society is truly self-sufficient. Virtually all citizens receive some form of ‘special assistance...’” (p. 9).

6 As of 2002 the EITC provides a maximum of \$4,008 for a working family with two or more children with incomes up to \$32,121 and is lifting some 4.8 million people above the poverty level, more than any other government program (Johnson, 2001).

events. These disclaimers aside, this article is aimed at better understanding the Clinton administration's record concerning housing for very low-income households.

Housing Policy Context of the Clinton Administration

During the 1980s, the decade that preceded the Clinton presidency, the Reagan and Bush administrations were not supportive of very low-income households and their quest for decent, affordable housing. Reflecting on this period, a 1991 report presented this dismal picture:

The steep decline in new federal housing commitments in the 1980s occurred amid substantial growth in the number of poor households and substantial contraction in the privately owned stock of low rent housing. As a result, the number of poor households lacking housing assistance increased (Lazere et al., 1991, p. xvii).

Just prior to the start of the Clinton administration, housing advocates were scathing in their criticism of Republican President George Bush's policies. In February 1992, nine months before the presidential election, the Low Income Housing Information Service (LIHIS), which is closely affiliated with the nation's leading low-income housing advocacy organization, the National Low Income Housing Coalition (NLIHC), summarized Bush's FY 1993 budget proposal by noting that it: "recommends record-low levels of new funding to expand affordable housing opportunities for low and very low-income people" (LIHS, 1992).

To be sure, the housing challenges facing the country in late 1992 were daunting. A report published by the U.S. General Accounting Office (GAO) stated:

...federal housing efforts have not met the needs of many Americans. Today, the supply of affordable rental housing for low-income people continues to decline while the need for such housing continues to grow. Rising costs, declining real wages, and a decreasing number of affordable homes have put a decent place to live beyond the reach of millions of families...(GAO, 1992, p. 4).

With the election of a new Democratic president, Bill Clinton, there were high hopes that housing would surface as a key issue. This was based, in part, on the view that Democratic administrations are traditionally more sensitive and responsive to social issues, and are more willing to provide direct public support than Republican administrations. The NLIHC provided

this enthusiastic appraisal, although they conceded that the likelihood of significant new funds for housing was unlikely:

For the first time in more than a decade, housing advocates have reason to hope this coming year will be better for housing than the previous one. The new Clinton Administration has chosen an energetic friend of the poor to head the beleaguered Department of Housing and Urban Development [Secretary Henry Cisneros]. The Administration talks of an increased commitment to serving the needs of low-income Americans, to increasing Section 8 funding,⁷ to fully funding the HOME program,⁸ to fully funding McKinney.⁹ In the face of the crushing housing needs of the poor, these are modest goals. But they represent a new direction, a broadening of scope for an agency cut to the bone and mismanaged during the last 12 years (NLIHC, 1993, p. 1).

Similarly, the National Association of Housing and Redevelopment Officials (NAHRO), which represents public housing and community development agencies, called Secretary Cisneros “a breath of fresh air,” and observed that its first meeting with him was “the most positive and upbeat” ever held with a HUD secretary (NAHRO, 1993). In President Clinton’s second term, Cisneros was replaced by an energetic and tireless champion of HUD, Secretary Andrew Cuomo. Nearly a decade after President Clinton took office, in early 2002, some thirteen months after the inauguration of the new Republican president, George W. Bush, the president of the NLIHC stated that “the Bush housing policy does not intend to invest in solving serious housing problems” (Crowley, 2002, pp. 1-2). Thus, sandwiched between two Republican administrations that either were, or do not appear to be housing-friendly, was the Clinton

7 The Section 8 program provides housing subsidies through a variety of mechanisms. It was created in 1974 and is discussed in greater detail later in the article.

8 The HOME program, more formally known as the HOME Investment Partnership, was created as part of the Cranston-Gonzalez National Affordable Housing Act of 1990. HOME funds are distributed by HUD according to a formula. In order to receive funding, an eligible jurisdiction must have a HUD-approved Consolidated Plan and must provide matching funds equal to 25% of its HOME funding. The Consolidated Plan is a planning document that enables a local jurisdiction to define housing and community development needs and create measurable goals for meeting those needs. The HOME program, along with the Low Income Housing Tax Credit, which provides tax incentives to private investors to provide equity to developers of housing aimed at low-income households, are the two major vehicles for producing low-income housing.

9 The McKinney Act, enacted in 1987, provides a variety of types of funding to support emergency supports and temporary shelter for the homeless. Funds provided through this program do not include long-term housing assistance.

administration. The positive and optimistic view of advocates notwithstanding, how did funding for housing fare?

Figure 1: Federal Tax Expenditures for Selected Housing Deductions: Mortgage Interest and Property Tax Deductions for Owner-Occupied Residences, FY 1993-2001 (in millions of dollars)

Year	Mortgage Interest Deduction (Numbers in parenthesis indicate constant 2002 dollars)		Property Tax Deduction (Number in parentheses indicates constant 2002 dollars)		Total
1993	48,705	(58,530)	13,055	(15,689)	61.8
1994	48,430	(57,017)	14,020	(16,506)	62.5
1995	48,080	(55,290)	15,275	(17,565)	63.4
1996	47,525	(53,394)	15,900	(17,864)	63.4
1997	49,060	(54,001)	16,915	(18,619)	66.0
1998	51,700	(56,197)	17,770	(19,316)	69.5
1999	56,920	(60,889)	21,215	(22,698)	78.1
2000	60,270	(62,826)	22,140	(23,079)	82.4
2001	64,510	(65,828)	22,410	(22,868)	86.9

Sources: Data provided by Cushing Dolbeare, calculated from Budget of the United State Government Fiscal Years 1991 and 1992, Table C-1; Fiscal Year 1993, Table 24-1, and special Analysis G, 1993 and prior budgets, 1993-2001 figures from Budget of the United States Government, Analytical Perspectives, Fiscal Years 1995-2003, Table 6-1. Constant dollar figures from Dolbeare, 2002 Table 2.

Federal Funding for HUD and Selected Housing Programs

Federal funding for housing in the U.S. comes through both indirect and direct expenditures. Indirect expenditures are those that come through the tax system as income tax deductions or tax credits. Direct expenditures are those that come through explicit appropriations by the U.S. Congress and are approved by the president.¹⁰ In this regard, the most dramatic finding is that the amount of money the government loses through various income tax deductions far surpasses what it spends through direct appropriations. Just taking into account two of the most significant tax expenditures, 1) the ability of homeowners to deduct from their income the interest portion of their mortgage payments, and 2) the total amount in property taxes paid to their local municipality, in 2001 the cost to the U.S. government was nearly \$87 billion in lost

¹⁰ The information presented is for fiscal years, which run from October 1-September 30, rather than calendar years. Therefore, data for FY 1993 includes the last three months of the prior administration (George Bush) and the

revenues. During the eight years of the Clinton administration, this amount grew by \$25 billion (see Figure 1). Totaling all tax deductions for housing, including both homeowner and additional deductions targeted to investors in rental housing, over \$120 billion was lost to the U.S. treasury in 2001.¹¹

Figure 2: Clinton Administration Requests, Budget Authority and Outlays for the US Department of Housing and Urban Development (HUD) as a percentage of Total Federal Budget Authority Outlays, FY 1993-2000 (in millions of dollars)

Year	Clinton Admin Request	HUD Budget Authority (BA)	BA More (+) or less (-) Clinton Request	% Total federal budget authority	HUD budget authority in Constant 2002 dollars	HUD outlays	% total federal outlays	HUD outlays in constant 2002 dollars
1993	\$24,323 (Bush)	26,468 (+1,502)*	+ 2,145	1.8	31,808	25,181	1.8	30,261
1994	\$26,086	26,347 (-121)	+ 261	1.7	31,109	25,845	1.7	30,427
1995	\$27,465	19,800 (-6,547)	-7,665	1.3	22,769	29,044	1.9	33,399
1996	\$26,298	21,004 (+1,204)	-5,924	1.3	23,598	25,236	1.6	28,353
1997	\$21,910	16,091 (-4,913)	-5,819	1.0	17,712	27,527	1.7	30,299
1998	\$23,003	21,022 (+4,931)	-1,981	1.2	22,850	30,227	1.8	32,856
1999	\$21,391	26,344 (+5,322)	+4,953	1.5	28,185	32,734	1.9	35,022
2000	\$29,256	24,324 (-2,020)	-4,932	1.3	25,355	30,828	1.7	32,135
2001	\$34,249	32,425 (+8,101)	-1,824	1.7	33,088	33,994	1.8	34,689

Sources: Data provided by Cushing Dolbeare. Based on HUD Budget Summaries, FY 1993-2001. Constant dollar figures from Dolbeare, 2002

* Numbers in parentheses indicate the amount of money that the budget authority changed (+) or (-) from the previous years.

In contrast, direct housing assistance for low-income households is far less. There are two ways in which to examine this issue: budget authority and outlays. Budget authority includes the amount of money authorized by Congress for a given year and may not necessarily be spent in

first nine months of the Clinton administration. Similarly, data for FY 2001 includes the last nine months of the Clinton administration and the first three months of the next administration (George W. Bush).

¹¹Based on data provided by Cushing Dolbeare. Calculated from Budget of the United States Government, Analytical Perspectives, Fiscal Years 1995-2003, and Table 6-1. Dolbeare (2002) also points out that the great majority of tax deductions for housing are enjoyed by high-income households. Households in the top fifth of the income distribution receive about 79% of this tax benefit and those in the next fifth receive 17%. Households in the bottom three quintiles only receive about 4% of this subsidy.

that fiscal year. The “outlays” figure captures the actual spending for a given year.¹² As shown in Figure 2, outlays in every year of the Clinton administration, except 1993 and 1994 were higher than budget authority, reflecting carry-overs of authorizations from prior years. In constant dollars, the budget authority for HUD was only \$1.3 billion more in 2001, than in 1993, with an annual average of \$26.3 billion, considerably less than the two endpoints of the Clinton years (see Figure 2). Another indication of the weak direct investment in housing is the relative position of the HUD budget in the context of federal spending. Figure 2 reveals that, during the Clinton years, budget authority for HUD averaged only about 1.4% of federal budget authority.

Also, as indicated in Figure 2, in all but two years (1994 and 1999), the Clinton administration requested more budget authority for HUD than was appropriated by Congress, suggesting the desire on the part of the president to provide more resources for housing.

Figure 3 presents an overview of the fluctuations in a number of key housing programs during the Clinton years. While this figure does not include all of HUD’s programs, together they constitute the bulk of federal assistance for housing. One of the patterns that is apparent is the complete lack of new Section 8 certificates and vouchers during the middle years of the Clinton administration, reflecting the considerable cutbacks in the aftermath of the election in 1994. However, it is also noteworthy that, particularly in the last several years, significant funding was going into renewing existing Section 8 commitments, thereby averting what could have been a major crisis, with thousands of very low-income households losing their subsidies.

Public housing fared reasonably well under President Clinton, with operating subsidies and funding for HOPE VI growing during the period, although there was an overall decline in the capital fund for public housing. Assistance for the homeless also increased. Overall, it is important to point out that none of the budgets for assisted housing either during the Clinton era or before, have been adequate to make a significant dent in the housing problems facing very low-income households.

¹² Housing advocates argue that budget authority provides a more accurate view of current federal priorities than outlays, since additional commitments provide the best indicator at the rate at which new households will be assisted (see, for example, Lazere et al. 1991).

**Figure 3: Direct Federal Appropriations for Selected HUD-Assisted Housing Programs,
FY 1993-2001 (in Millions of Dollars)**

FY Year	New Section 8 certificates	Section 8 certificates and voucher renewals	Public housing operating subsidies	Public housing capitol fund ¹	HOPE VI	Native American housing	Elderly Housing	Preservation	HOME Program	Homeless Assistance	TOTAL selected housing programs
1993	1,271	7,232	2,532	3,500	300	258	1,131	600	1,233	572	\$18,629
1994	1,434	5,271	2,620	3,827	170	262	1,158	541	1,380	823	\$17,486
1995 ²	431	2,197	2,900	1,516	514	248	1,279	175	1,400	1,120	\$11,780
1996	-- 0	4,008	2,800	2,500	480	160	830	624	1,400	823	\$13,625
1997	-- 0	3,550	2,900	2,500	550	200	645	350	1,400	823	\$12,918
1998	-- 0	9,030	2,900	2,500	550	600	645	0	1,500	823	\$18,548
1999	283 ³	9,600	2,818	3,000	625	620	660	0	1,600	975	\$20,181
2000	347	10,640	3,138	2,900	575	626	710	0	1,600	1,020	\$21,556
2001	452	12,943	3,235	3,000	574	625	779	0	1,796	1,023	\$24,427

Source: Data provided by Cushing Dolbeare. Based on National Low Income Housing Coalition tabulations of annual HUD Budget Summary data. Numbers presented in columns 4 (public housing capital fund), 7 (elderly housing) and 8 (preservation) are compiled from National Association of Housing and Redevelopment Officials, 1994; National Housing Project, 1995b; National Low Income Housing Service, 2000, 2001.

¹ Prior to FY 96 the public housing capital fund consisted of several different line items: public housing modernization, new development, severely distressed public housing, and major reconstructions of obsolete projects. For comparability with the following years, all but severely distressed public housing are merged into capital fund for the year prior to FY 96. This line item is listed under HOPE IV, although this was not a specified line item until FY96. By far the major expenditures within the capital fund is for public housing modernization.

² During FY 95 Congress rescinded much of the earlier appropriated HUD budget. The figures given are, to the best of my knowledge, post rescission.

³ These new vouchers were specifically to be used for households moving from welfare to work (NLIHC/LIHIS 1999).

Changes in Key Housing Indicators During the Clinton Administration

Three key measures are used to present an overview of President Clinton's record as it pertains to housing very low-income households: extent of serious housing problems; net new number of "affordable" housing units added/net new households assisted; and changes in the rate of homeownership.

Extent of serious housing problems

At the request of the U.S. Congress, HUD submits regular reports to Congress on the extent of what is known as "worst case needs" for housing. This is defined as households that: rent their dwellings; do not receive federal housing assistance; have incomes below 50 percent of median family income for their area; and pay more than 50 percent of their income for rent and utilities or live in severely substandard housing (HUD, 1996, p. 1).

The number of families facing "worst case needs" grew during most of the Clinton administration. Between 1991, shortly before Clinton took office, and 1997, this figure increased from 4.8 million households to 5.4 million households (HUD, 2000c, p. 16). By the end of his term, however, there was a marked decline. The most recent HUD report on worst case housing needs, published at the end of the Clinton presidency, revealed that in 1999 nearly 4.9 million households fell into this category, a reversal of ten years of increases (HUD, 2001a), but still a full 100,000 more households than in 1991.

In addition, the decline between 1997 and 1999 appears to have been due to incomes rising more than rents. Also, because the rate of loss in the number of rental units affordable to very low-income households and extremely low-income households accelerated between 1997 and 1999, the report observed, "the overall picture is mixed." There were some 1.1 million fewer units affordable to households with incomes below 50 percent of area median income in 1999, compared with just two years earlier (HUD 2001a, pp.1 and 8). The report sounded a cautionary note:

These continuing and worsening shortages of units affordable without rental assistance to the income groups most likely to have worst case problems imply that the welcome reduction in worst case needs observed between 1997 and 1999 could prove

temporary...any slowing of income growth among very low-income renters, as in an economic downturn, could easily cause worst case needs to rise again (HUD 2001a, p. 9).

Housing analysts frequently underscore that only looking at “worst case needs” tells only part of the story. Indeed, millions of other households have serious housing problems, even if they are not “worst case.” Based on data provided by the Joint Center for Housing Studies (JCHS), it can be inferred that an additional 6.6 million extremely low-income and very low-income homeowner households also paid more than half their incomes for housing in 1999 (2001, p. 22).

Looking at the overall population, regardless of income level, and including both households who live in their own homes, as well as renters, the JCHS offers this assessment:

At the close of the 1990s, over 14 million American households--about one in eight--were severely cost-burdened, spending more than 50 percent of their incomes on housing. The share with at least moderate cost burdens was much higher, with three in ten households paying 30 percent or more of their incomes for housing. In addition, two million households lived in homes with serious structural problems. Nearly one-fourth of these households also had high cost burdens (2001, p. 22).

The most extreme housing problem is the lack of any housing at all--homelessness. Because of the way in which data on worst case housing needs is collected, through the American Housing Survey, the homeless population is not included in estimates of “worst case housing needs.” Volumes have been written about the difficulties involved in getting an accurate count of this population (see, for example, *Housing Policy Debate*, 1991). Thus, it is not possible to state, with certainty, the number of homeless individuals at either the beginning or end of the Clinton administration. That disclaimer notwithstanding, at about the time that Clinton assumed the presidency the federal estimate of the number of homeless on any given night stood at about 600,000, with the range going from 250,000 to 750,000 (Dolbeare, 1992, p. 1). When Clinton left office, this same estimate ranged from 600,000 to 800,000 individuals (HUD, 2000b; Burt, 2001). Moreover, it has been suggested that some 3.5 million people spend some time homeless each year (Burt, 2001).

During 2000, a survey of 25 cities revealed that demand for emergency shelter had gone up 15 percent from the prior year, the largest single year increase during the 1990s. Further, in about half these cities, people were staying homeless longer, an average of five months (Joint Center for Housing Studies, 2001, p. 26).

To conclude, the homeless problem, if anything, worsened during the 1990s. And, concerning other households facing serious housing problems, there was a slight increase in the number facing “worst case” needs, with millions more still facing major obstacles.

Net new “affordable” housing units produced/net new households assisted

A key housing measure is the number of new households assisted through federal programs. Even though federal outlays for housing may increase from one year to the next, this does not necessarily mean that new units are becoming subsidized and that new households are being assisted. A large amount of housing expenditures go to prior contractual obligations, such as continuing support for existing public housing and renewals of Section 8 commitments.

Over the last quarter of the 20th century, funding for new housing assistance went through a number of dramatic swings. During the four years of the Carter administration, 1977-1980, over 1.2 million subsidized rental units were made available through HUD, for an average of over 309,000 units per year. Even during the eight years of the Reagan presidency, a Republican, the average number of new rental households assisted was nearly 92,000 per year, with total production almost three quarters of a million units.¹³ But, overall, the downward trend continued during the four-year term of Republican President George Bush, with a total of slightly over 300,000 new rental assisted housing units, for an average of about 76,000 per year. During the eight years of the Clinton administration, total new rental subsidy commitments were just under 400,000 units, with an annual average rate of less 50,000 units (See Figure 4, based on data from Dolbeare 2002, Table 6). Thus, with reference to the three prior administrations, two of which were Republican, Clinton posted the worst record in terms of average annual additions

¹³ Cushing Dolbeare clarifies the Reagan record by noting that “This was largely the build-out of Section 8 units committed in the Carter years, plus whatever vouchers were provided.” Private memo to author, June 16, 2002.

to the inventory of assisted rental housing. Under Clinton, net new annual additions of units were, on average, a mere 16 percent of what they had been under the last Democratic president, Jimmy Carter.

Carter	Existing Housing¹	New Construction²	Total
1977	251,623	140,480	392,103
1978	210,527	98,300	308,827
1979	257,225	90,375	347,600
1980	58,402	129,490	187,892
Total	777,777	458,645	1,236,422
Reagan	Existing Housing	New Construction	Total
1981	83,520	75,365	158,885
1982	37,818	18,018	55,836
1983	54,071	339	54,410
1984	78,648	9,619	88,267
1985	85,741	13,109	102,721
1986	85,476	13,109	98,585
1987	72,788	20,192	92,980
1988	64,270	19,991	84,261
Total	562,332	173,613	735,945
Bush	Existing Housing	New Construction	Total
1989	67,653	14,053	81,706
1990	61,309	7,428	68,737
1991	55,900	13,082	68,982
1992	62,008	23,537	85,545
Total	246,870	58,100	304,970
Clinton	Existing Housing	New Construction	Total
1993	50,162	18,715	68,877
1994	47,807	17,652	65,459
1995	16,904	16,587	33,491
1996	7,055	1,438	8,493
1997	9,229	12,449	21,678
1998	18,376	17,675	36,051
1999	16,225	11,060	27,285
2000	126,000	9,556	135,556
Total	291,758	105,132	396,890

Source: Calculated from Dolbeare, 2002, Table 6. Information based on National Low Income Housing Coalition tabulations of annual HUD Budget Summary Data; 1980-2000: 2000 Green Book, Table 15-29. Dolbeare notes that because limitations on data availability, there are some inconsistencies in the data.

¹ Existing housing included units assisted through Section 8 certificates and vouchers, as well as several smaller programs.

² New Construction includes units assisted through the Section 8 New Construction and Substantial Rehabilitation program, housing for the elderly and disabled, a terminated low-moderate income program (Section 236), and public and Indian housing.

In addition to new subsidized rental units being made available, another relevant measure is the number of units lost from the subsidized housing stock. These units can be lost through a variety of mechanisms, which are discussed in some detail in the next section of the article. For the present, suffice to say that during the 1990s tens of thousands of subsidized units became unavailable to low-income tenants. Looking at just a portion of the losses, it has been estimated that some 120,000 publicly funded, but privately owned assisted housing units were converted to market-rate housing, thereby being lost for low-income occupancy (Joint Center for Housing Studies, 2001, p. 24). Subtracting this number from the approximately 400,000 new units added during the Clinton years, results in a paltry 280,000 net new additions to the assisted housing inventory. And even this is an overestimate, as elaborated below.

There was also a dramatic decline in the number of unsubsidized units affordable to extremely and very low-income households during the 1990s. According to a HUD report, between 1991 and 1999, there were 940,000 fewer units with rents affordable to households with incomes below 30 percent of area median income (HUD 2001a). In the two-year period between 1997 and 1999 alone, about 1.1 million fewer units were affordable to households with incomes below 50 percent of area median income (HUD 2001a). And, finally, the same report provides this grim assessment:

the number of units both affordable to extremely low-income renters and *available to them* (i.e. either vacant for rent or already occupied by extremely low-income renters) continued to fall. By 1999, for every 100-renter households with incomes below 30 percent of AMI (area median income), there were only 40 units affordable to and available for rent by them, well below the 47 units per 100 households observed in 1991 (HUD, 2001a, pp. 8-9).

Although at least some of these changes in the private housing market may be beyond the reach of federal policy, aggressive measures to safeguard the fast-disappearing stock of privately owned unassisted “affordable” housing were not taken. Taking into account changes in the subsidized and unsubsidized stock of “affordable” housing, it is clear that during the Clinton years there was a significant net reduction in the overall supply of housing available to very low-income households.

Not surprisingly, then, both at the start and at the conclusion of the Clinton administration, most very low-income renter households were receiving no housing assistance. In 1993, only about one third of this group received such aid from the federal, state, or a local government (Lazere, 1995, p. 19). Sadly, this figure did not change appreciably during the Clinton years (HUD, 2001a).

Homeownership rate

While over two-thirds of U.S. households own their homes, 48 percent of those earning less than 50 percent of area median income are homeowners (NLIHC 2002, Figure 1). Therefore, while it is instructive to look at the changes in the homeownership rate as one indicator of the Clinton housing record, homeownership for very low-income households is less common than renting.

By the end of the Clinton administration a record 67.7 percent of American households owned their own homes (HUD, 2000b, p. 52). This was an increase from 64.1 percent in 1992 (Joint Center for Housing Studies, 1993, p. 27) and accounted for some nine million new owners (HUD, 2000b, p.52). In 1999, toward the end of the Clinton presidency, out of all the new home loans made in large metropolitan areas, nearly one-third went to households earning less than 80 percent of median income (Joint Center for Housing Studies, 2001, p. 38); only a fraction of these home loans went to very low income households. William Apgar, HUD Assistant Secretary/FHA Commissioner during Clinton's second term, notes that "lending to lower-income households grew faster than other groups during the 1990s, and was responsible for much of the rise of homeownership...By the late 1990s, the FHA [Federal Housing Administration] was routinely insuring over 1 million loans a year, mostly to folks with income less than 80 percent of area median."¹⁴ FHA, created in 1934, insures mortgage loans made by private lenders as a means to promote homeownership opportunities and was re-tooled during the Clinton era to gear its services to first-time homebuyers. In 1999, over 37 percent of all loans insured by FHA went

to minority households, compared to only 15 percent of loans made without FHA insurance (HUD 2001b). But as much as very low-income and extremely low-income people may aspire to owning a home of their own, subsidized rental programs still offer their best opportunities at acquiring decent housing.

Changes in Key Rental Housing Programs

In addition to the disappointing record in funding for housing and additions of assisted units, as well as the corresponding inadequacy of new households who received housing assistance between 1993 and 2000, other actions of the Clinton administration in relation to two key types of rental programs are explored in greater detail: the public housing program and other federally assisted housing developments.

Public housing

The public housing program was created in 1937 and operates through local housing authorities, public bodies that own and manage the housing with deep subsidies from the federal government. Through most of its history it has provided housing to very low- and extremely low-income households. Housing legislation enacted in 1998, however, gave local housing authorities the option of renting to somewhat higher income groups. There are about 1.3 million public housing units in the United States. Some public housing is specifically targeted to Native Americans and is known as “Indian housing.”

The public housing program has been widely criticized. Poor design and management of many buildings, as well as the concentration of very poor households who have not had access to needed services have, in general, created a low public image of this program. During the Clinton administration there were several initiatives aimed at the public housing stock and its residents. First, the HOPE VI program, created by the U.S. Congress just a few weeks before President Clinton was elected, provides federal subsidies to local housing authorities to substantially

14 Private memo to author, June 24, 2002. Apgar also offers that passage of the Manufactured Housing Reform Act of 2000, which had been stalled in Congress for much of the decade,” boosts the use of manufactured housing

redesign the existing public housing, reduce concentrations of poverty by both encouraging income mixing in public housing as well as the construction of new market rate housing in abutting areas, and creating support services for public housing residents to enable them to move toward “self-sufficiency.”

As shown in Figure 3, funding for the HOPE VI program started at \$300 million in FY 1993 with appropriations for this program generally falling in the \$500-575 million range. HUD has estimated that about 100,000 severely distressed public housing units will be demolished and rebuilt with lower density developments (HUD, 2001b, p. 76), which should attract a group of moderately higher income residents. Although some of the demolished public housing units had been vacant, the net result will be an almost certain reduction in housing available to very low-income households. So, on the one hand, while there have been enthusiastic reports about the HOPE VI program (see, for example, Naparstek et al., 2000), the National Low Income Housing Coalition has estimated that there will be a loss of some 45,000 public housing units (NLIHC/LIHS, 2001).¹⁵

Two additional initiatives further one of the goals of the HOPE VI program B increasing the income mixing of public housing units. First, the federal preferences rule, which had given priority access to public housing to homeless families, families with extremely high housing costs or those living in dilapidated housing, was suspended in 1996 and repealed in 1998. This opened the way for a broader spectrum of households to gain entry into public housing. And, second, the Quality Housing and Work Responsibility Act of 1998 gave local housing authorities greater discretion in creating guidelines for occupancy of their public housing by establishing their own system of selecting tenants for available units. While this has been touted as a positive move, aimed at deconcentrating poor residents, the argument can be made that it will also have the net effect of further reducing housing opportunities for those households most in need.

Second, during the Clinton administration, the goal of deconcentrating the poor in public housing developments was also carried out through the Moving to Opportunity (MTO) program.

for affordable homeownership.

Created just before Clinton took office in 1992, MTO is aimed at “assist(ing) very low-income families with children who reside in public housing to move out of areas of high concentrations of persons living in poverty areas to areas with low concentrations of such persons.”¹⁶ Early reports from the MTO program indicate that participants feel safer in their new neighborhoods (Goering et al. 1999, pp. 44-45) and that children moving from high- to low-poverty neighborhoods demonstrate improvements in academic achievement (Ludwig, Ladd and Duncan, 2000, p. 27). Where low-income housing is located, and where poor people live, would also seem to have a great deal to do with the ease or difficulty that potential workers have in locating employment. Although the findings on this question are not definitive, by relocating households to low-poverty areas, they will likely have better physical access to jobs as well as reduce social isolation from employment networks (see Rosenbaum, 1995, p. 239).

Summing up the Clinton record in relation to public housing, on the positive side, attention was paid to severely distressed developments and efforts were made to provide better living environments and services to residents. In addition, some public housing tenants were able to move to new, lower poverty locations. Although most analysts would readily praise the income mixing approach that gained momentum during the Clinton years, it is not completely clear that this should be counted as a plus. There is still a great deal more that needs to be understood about the relative costs and benefits of income mixing at the building level,¹⁷ as opposed to other key variables such as housing design, amenities, tenant services, management, and location (Schwartz and Tajbakhsh, 1997). On the negative side, new units were not added to the public housing stock and some existing units were lost for very low-income occupancy, due to efforts to promote income mixing and because of net reductions resulting from demolitions.

Project-Based Assisted Housing

In addition to public housing, the federal government has, since 1961 subsidized privately owned developments whose occupancy was restricted to low-moderate income households.

There are at least two critical issues that the Clinton administration encountered in relation to this stock of housing: the “expiring use” problem and Section 8 contract renewals. Similar to the record with public housing, there is both good and bad news concerning the Clinton administration’s approach to privately owned, publicly assisted housing.

“Expiring use” properties During the 1960s and 1970s thousands of federally subsidized, privately owned developments were built. In exchange for the subsidy, owners committed to renting units to low-income households for an extended period, usually 20 years. As these contractual commitments expired, tens of thousands of tenants faced the possibility of losing their homes as owners could choose to leave the program, relinquish the federal subsidy, and be released from their agreement with HUD to rent the units to low-income households. This “expiring use” problem has prompted various federal responses (notably legislation enacted in 1987 and 1990) aimed at providing assistance to encourage owners of subsidized developments to continue renting to low-income tenants or to sell the buildings to new owners willing to continue the low-income nature of the housing.

By 1994, however, the consensus on the importance and commitment to preserve this housing weakened and the U.S. General Accounting Office called the high costs to maintain this housing “an emerging scandal,” with estimated costs reaching more than \$74 billion over the following 40 years (cited in Achtenberg, forthcoming, pp. 3-4). Although the program was an easy target for the newly elected Republican Congress, for the next two years significant federal funding enabled about 25,000 prepayment-eligible units to convert to “virtually debt-free social ownership with permanent affordability guarantees’ a transfer unprecedented in the history of U.S. housing” (Achtenberg, forthcoming, pp. 5-6). In total, about 100,000 units were preserved as affordable housing under the preservation program. However, by the end of 1997, the program was terminated (see Figure 3, column 8), leaving some 50,000 units approved for federal assistance, but un-funded. Also of considerable concern is the fact that the owners of about

17 A large literature has developed underscoring the general importance of neighborhood and the likelihood that social isolation has a number of drawbacks for low-income residents. See, for example, Wilson 1987. For a good

110,000 units have prepaid their mortgages. While the existing low-income tenants are provided additional subsidies so that they can cover the higher market rents and remain in their homes, upon their departure the units are permanently lost for other low-income households (Achtenberg, forthcoming). Losses of subsidized housing due to the “expiring use” problem reduced the net additions of this stock of housing during the Clinton years.

Section 8 contract renewals B The Section 8 program was created in 1974 and had two distinct parts. When the “Section 8” program is mentioned, the reference is usually to the “tenant-based” program that provides housing vouchers to very low-income households, enabling them to secure housing on the private market. The other part of Section 8 provides assistance directly to specific housing units, known as the “project-based inventory.” A number of older programs were folded into this component of the Section 8 program and hundreds of thousands of new units were also built during the late 1970s and early 1980s.

In all types of the Section 8 program, the federal government entered into time-limited contracts to provide housing subsidies thereby enabling the units to stay affordable to very low-income tenants. Until the mid-1990s, units subsidized under these various programs typically were covered by relatively long-term contracts, ranging from 5 to 20 years, depending on the specific requirements of the program. Congress covered these costs by permitting HUD to obligate funds for multiple years (National Housing Law Project, 1998).¹⁸

As the contracts began to expire, questions arose about how much contract renewals would cost under the various Section 8 programs and whether Congress would, in fact, appropriate sufficient funds. To complicate matters, each of the various programs receiving Section 8 funding had its own peculiar set of attributes and challenges, making it even more difficult to devise a single remedy. Further, even the task of estimating the exact dollar figure needed was open to question (National Housing Law Project, 1998).

overview of the literature, see Ellen and Turner, 1997.

About midway into President Clinton's term in office, the multi-billion dollar projections of what it would cost to renew Section 8 contracts that were expiring or due to expire within the following few years created significant alarm among housing advocates. Without funding for contract renewals, thousands of subsidized households could be threatened with displacement.

In 1997 Congress enacted a new law aimed at a portion of the Section 8 project-based stock. This program authorized funding to restructure the debt for developments whose rent levels had escalated above the market rate. Known as the Multifamily Assisted Housing Reform and Affordability Act, owners of subsidized developments utilizing this program must commit to maintain the housing for low-income occupancy for 30 years.

The 1997 act also permitted HUD, at the discretion of building owners, to renew project-based contracts in properties with below-market rentals. However, a HUD report noted that between October 1996 and April 1999, more than 30,000 subsidized units in over 500 project-based Section 8 properties had "opted out" of their commitment to rent their units to low-income households and left the program. Overall, about 10 percent of the owners participating in this program have chosen to "opt out" and convert to unsubsidized housing (HUD, 1999, pp. 12-13); a total of about 87,000 units have been lost due to "opt outs" (Achtenberg, forthcoming).

In 1999 Congress passed another law aimed at the publicly subsidized, privately owned stock of multifamily housing. The Preserving Affordable Housing for Senior Citizens and Families Into the 21st Century Act of 1999 enables HUD to renew Section 8 contracts on developments whose rents are below market levels and allows owners to increase rents to market levels for 5-year terms (see Achtenberg, forthcoming).

As with the public housing program, as well as the case of "expiring use restrictions" discussed above, the overall record is mixed. On the one hand, the Clinton administration is to be praised for its attention to this problem, which arguably gets about as detailed and complex as any housing issue. Legislation was enacted in response to the articulated problems and HUD

18 According to Cushing Dolbeare, "Technically, the annual HUD appropriations during these years covered both budget authority (the long-term cost of the contract) and outlays (the annual payments due)." (private memo to

received sufficient funding from Congress to fully fund the various Section 8 program contract renewals. While the Section 8 contract renewal problem had all the markings of a full-blown disaster waiting to happen, this never materialized. On the other hand, tens of thousands of subsidized units of housing were still lost for low-income occupancy.

Overall Assessments of the Clinton Administration's Housing Achievements

Housing was never forefront on President Clinton's agenda. At the start of his administration he had a number of other domestic priorities and, toward the end of his term in office, his attention was heavily focused on defending himself concerning his improper personal relationships, culminating in his impeachment. In between, the election of the Republican-dominated Congress in late 1994 further stalled the housing cause. But even before the 104th Congress was sworn in, housing was taking a hit. In early 1994, the President of the nation's leading organization representing professionals working in the fields of housing and community development, expressed strong opposition to the proposed FY 95 HUD budget, calling it "utterly irresponsible" (National Association of Housing and Redevelopment Officials, 1994). More specifically, advocates argued that it would "destroy the ability of local agencies to administer the public housing and Section 8 programs in the best interests of those low-income residents we serve" (NAHRO, 1994).

Clearly, what President Clinton could achieve was heavily influenced by the Republican Congressional majority during six of his eight years in office. While housing was not a high priority of the Clinton administration, his early economic stimulus package did include proposals for expanding various housing programs (see HUD, 1993), specifically initiatives aimed at the homeless and increasing homeownership.¹⁹ However, two years into his administration the

author, June 16, 2002).

19 For example, in August 1974 HUD Secretary Henry Cisneros outlined a new national partnership for homeownership that would launch a six-year effort titled, "American Home: Target 2000" (HUD, 1994). Although some of the homeownership goals of this initiative were reached, the partnership did not materialize, victim to the retrenchment that occurred after the election of the 104th Congress.

Republican assault on HUD was intense, with new ceilings placed on spending for discretionary programs. The disdain for HUD was concretely expressed in some five bills that were introduced in Congress aimed at eliminating the agency. For example, repeal of the act that created the public housing program was called for with these depressing words: the federal government “cannot...provide for the housing of every American citizen, or even a majority of its citizens...” (National Housing Law Project, 1995).²⁰

Thus, the first major achievement of the Clinton presidency concerning housing was the very survival of the agency responsible for administering the nation’s low-income housing and community development programs.²¹ With specific reference to the changes in Congressional leadership in 1994, Michael Stegman, Assistant Secretary of HUD’s office of Policy Development and Research from 1993-1997, noted: “This was a brutal time. Henry [Cisneros] did an extraordinary job of protecting HUD, an agency targeted for elimination. He spent an enormous amount of time justifying the need for a cabinet-level department aimed at urban areas and the poor.”²² Viewing the challenges of this period more optimistically, however, Bruce Katz, former chief of staff at HUD under Secretary Cisneros noted that there were some positive aspects to the onslaught against HUD. “In fighting off the efforts to kill the agency, we were

20 This sentiment found its way into federal legislation three years later. As noted earlier, (see footnote 1), the Quality Housing and Work Responsibility Act of 1998, Section 505, stated: “the Federal Government cannot through its direct action alone provide for the housing of every American citizen, or even a majority of its citizens...”

21 However, one person interviewed for this article, a long-time housing advocate, who prefers to remain anonymous noted that it would have been better for HUD to go out of business, and that saving the agency was not a positive step. Its lack of respect in Washington, its political isolation, its tendency to over-regulate programs, its poor administration of the public housing program, and a weak staff, all point to a bureaucracy that does not work. Instead, the interviewee suggests that the various HUD programs be distributed to other agencies and quasi-public bodies and that a decade or so from now, Awe can advocate for a new cabinet level department which has a broad mandate to support our urban areas and all that goes into them transportation, social programs, support for small businesses, parks and open spaces, etc. as well as housing and neighborhood revitalization.” This last point, the extent to which HUD was never given full authority to run all the programs that relate to urban areas is discussed in Bratt and Keating, 1993.

22 Author’s interview. May 1, 2002. This, as well as most of the interviews conducted were with people who had worked at HUD during the Clinton administration. In view of the many disappointing numerical outputs, I wanted to see how some of those closest to the housing programs and the agency would assess the Clinton record.

forced to think about what we really wanted to achieve. Crisis begets innovation.”²³ Also, according to William Apgar, the ability of the agency to resist elimination and initiate meaningful reform “set the stage for what now is a serious discussion of new funding for production programs.”²⁴

A second key achievement was the agency’s role in revamping the public housing program. According to Stegman: “Cisneros found his voice where he could confidently criticize public housing without it undermining his argument about why HUD was needed. He could discuss the shortcomings of public housing, but, at the same time, get it on a new path. And that new path involved a significant commitment to HOPE VI, which de facto became HUD’s production program.”²⁵ Also on public housing, Nic Retsinas, Assistant Secretary for Housing/Federal Housing commissioner during Clinton’s first term, commented that: “Nobody else could have gotten away with demolishing public housing. Cisneros was immune from criticism.”²⁶

Third, a major contribution during Clinton’s first term was Cisneros’s focus on housing mobility and his acknowledgment of the importance of deconcentrating housing in high poverty areas. According to Barbara Sard, a long-time legal services attorney and currently director of housing at the Center on Budget and Policy Priorities, vouchers had been little used for metropolitan dispersal until Cisneros and it was “the first time a HUD secretary openly declared that he wanted more poor black people to move into white neighborhoods.”²⁷

23 Author’s interview, May 23, 2002.

24 Private note to author, June 24, 2002.

25 Author’s interview. May 1, 2002.

26 Author’s interview. May 6, 2002. An additional achievement noted by Retsinas was the greater oversight of the government-sponsored secondary mortgage market organizations, Fannie Mae and Freddie Mac.

27 Author’s interview. May 23, 2002.

A fourth contribution of Clinton was his success in bringing about legislative changes in the Low Income Housing Tax Credit. Created in 1986, the program was modified in 2000 to stimulate the development of some 40,000 additional housing units (NLIHC/LIHS, 2001).

Fifth, President Clinton's HUD invested a considerable amount of energy in addressing the multiple problems facing the privately owned, publicly assisted stock of low-income housing. As detailed in this article, several legislative initiatives were aimed at preserving assisted housing by restructuring the financing arrangements and, in some cases, the ownership of the buildings. While critics would argue that these efforts were "too little, too late," and that many assisted units were lost in the process it is also true that the damage could have been even worse. Similarly, while there were an inadequate number of new Section 8 certificates issued during the period, all the existing commitments were renewed, thereby averting an enormous crisis.

Another significant achievement of the Clinton administration was HUD's changes in its own administration. According to an astute observer of HUD, Eric Belsky, former Research Director of the Millennial Housing Commission, "In the 1980s HUD was drifting and losing talented people. Under Cisneros, HUD was the embodiment of 'good government.' There was an emphasis on re-energizing the agency and making it work more effectively."²⁸ More specifically, HUD made vigorous and successful efforts to control its own budget. William Apgar also noted: "In the early years of the Clinton administration, HUD was not in a good position to oppose the budget cuts because it did not have good enough accounting procedures in place. One of Secretary Cuomo's early initiatives involved major changes in the agency's internal management systems."²⁹ In addition, FHA was significantly improved and more aggressively targeted first-time and minority homebuyers. However, according to Katz, all was not well at HUD, in terms of its personnel: AHUD is not an entrepreneurial agency, typically it does not attract young people, and we had to spend a lot time dealing with the reality of HUD's internal weaknesses.

28 Author's interview. May 6, 2002.

29 Author's interview. March 11, 2002.

Reinventing government meant shrinking government as opposed to replacing old personnel with new, vigorous people.”³⁰

Also on the negative side, according to Cushing Dolbeare, the founder of the National Low Income Housing Coalition and one of the most vigorous advocates for low-income housing in the country, in addition to there being far too little funding to support new units of assisted housing, there was a real loss when the Consolidated Plan (ConPlan; see footnote #7) replaced the Comprehensive Housing Affordability Strategy (CHAS). By merging the planning processes, documentation and public hearing requirements needed for community development programs, as well as an array of housing initiatives, the focus on housing under the ConPlan was far less than in the more targeted CHAS process. According to Dolbeare, residents had gotten to understand CHAS and its focus on low-income housing. But under the ConPlan, since citizen feedback is required on a much wider array of programs, the housing emphasis has gotten somewhat lost.³¹

Also, overall, according to Xavier de Souza Briggs, Acting Assistant Secretary for Policy Development and Research from 1998-99, HUD did not make “enough progress helping poor renters. We lost ground against worst case housing needs. We were also not that successful around fair housing issues, although it is certainly important to note that during the Clinton administration the most comprehensive study on housing discrimination in many years was launched by the Urban Institute.”³² Also related to the social agenda, both Katz and Sard agree that HUD, in particular, and the administration, in general, did not go far enough in articulating

30 Author’s interview. May 23, 2002.

31 Author’s interview. March 18, 2002.

32 Briggs also observed that, prior to the Clinton presidency, HUD had been out of touch with its traditional constituency. HUD Secretaries Cisneros and Cuomo understood the importance of reconnecting with the home building industry and they made important strides in that area. Briggs further offered that Amoving the ball on elderly housing will turn out to be enormously important. HUD was able to articulate a policy frameworkBa continuum of care approach- and there were significant efforts to connect with the Department of Health and Human Services.@ Author’s interview. May 8, 2002.

and embracing policies explicitly aimed at housing being viewed as part of a larger set of concerns about poverty, income, and social welfare.³³

Overall, I conclude that the record of assisting very low-income households is mixed at best, but on balance, inroads on the housing problems facing this group were not nearly as substantial as had been hoped and the needs continue to be acute. Federal funding fluctuated, with budget authority only slightly higher in 2001 than in 1993, but with all the intervening years posting lower budget authority than at the start of the Clinton presidency. Tax deductions were far greater than direct appropriations for HUD during the entire period, with the former over two and a half times greater than the latter as of 2001, the end of Clinton's term. In addition, the number of households facing worst case housing needs grew, as did the number of homeless; the number of new households assisted per year was the lowest since 1977; there were several years in which no new funding for Section 8 certificates was provided; the decline in both the unassisted as well as the affordable housing stock continued; and there were no major inroads on the fair housing agenda including a general retreat on enforcement of Community Development Block Grant fair housing requirements.³⁴

Although Blank and Ellwood note that: "this was not a period of revolutionary change" (2001, p. 27), there were also a significant number of achievements. On the plus side, HUD, the agency empowered to address the nation's housing and community development programs survived a near-death experience. Many of its internal management problems were addressed and the expertise and commitment of senior HUD officials throughout all eight years was impressive. The administration of the Federal Housing Administration was also significantly improved and contributed to expanding homeownership opportunities for low-income and

33 Author's interviews. Both held on May 23, 2002.

34 Although fair housing is not discussed in this article, this statement is based on the comments of Xavier de Souza Briggs cited earlier in the article, as well as a second interviewee, Jim Stockard, housing consultant and member of the Cambridge Housing Authority, May 30, 2002. However, Stockard notes that HUD's failure to make significant inroads on the fair housing issue includes the entire history of the agency, not just the period spanning the Clinton administration.

minority households. But despite the talents of the two secretaries and their top advisors, HUD hardly emerged as a powerhouse in the federal bureaucracy.

Programmatically, many of the problems with public housing were addressed, with a number of key observers placing a great deal of faith in the HOPE VI program and in HUD's overall efforts to provide opportunities for households to move to non-poverty areas. In addition, a crisis involving the renewal of Section 8 vouchers never materialized, as sufficient funds were appropriated to enable all households receiving assistance to keep their subsidies. And, finally, although thousands of subsidized units were lost during the 1990s, many of the problems with the project-based stock of housing were addressed, thereby enabling thousands of other households to continue occupancy in those developments.

Another way of looking at the Clinton record is to consider how much worse low-income households may have fared under a less supportive administration. Of course, such a question invites only speculation. However, based on the prior 12 years of the Reagan and Bush administrations, it is likely that HUD would have continued to deteriorate and that after the Republican takeover of Congress in 1994 and the ensuing efforts to dismantle the agency, elimination could certainly have occurred. Further, it is likely that, under a different president, even more units of assisted housing could have been lost for low-income occupancy and the number of new households assisted ever fewer.

But why wasn't the Clinton housing record more positive? Here we had a Democratic president, residing over a strong economy, who appeared to have concerns for the poor, and whose appointments to HUD created an unparalleled leadership team. One compelling explanation is offered by Professors Dennis Keating and Peter Marcuse. In reviewing conservative (essentially used synonymously with the Republican party) and liberal (essentially used synonymously with the Democratic party) approaches to housing during the 20th century, they argue that the distinction between the two has been fairly minimal, and that it has further eroded since 1968. With an "essentially conservative approach dominating the federal government's housing agenda, the liberal posture has become more and more defensive and

confined, not challenging the key principles of the conservative position, but rather simply trying to squeeze a slightly less penurious level of funding of out the recalcitrant leadership of both major political parties” (Keating and Marcuse, forthcoming). According to the authors, this is largely due to the fact that both liberals and conservatives share a number of basic, flawed assumptions, including a belief in the private housing market as the primary vehicle for providing housing. I am in agreement with their basic position: Awhile liberal remains preferable to conservative, a much broader range of possibilities exists and still remains to be explored” (Keating and Marcuse, forthcoming). Most importantly, there needs to be an acknowledgment and commitment to provide decent housing for all through the production of more publicly and socially owned housing.

At what point might housing become a more central part of a social reform agenda in the U.S.? Given the current attention to international affairs and the war on terrorism, housing issues are not likely to receive much attention. Even without these external threats, it is still unlikely that housing would now be taking center stage, as demonstrated by the Clinton record. Nevertheless, there are some positive signs.

The National Low Income Housing Coalition’s initiative to create a National Housing Trust Fund, that would build and preserve 1.5 million units of rental housing targeted to very low- income families over the next 10 years, is receiving a positive response in Congress. In addition, community development corporations continue to provide enormous support to the low-income housing agenda. They are credited with having produced over 550,000 units (National Congress for Community Economic Development, 1999) and their accomplishments in revitalizing poor urban communities have been chronicled by numerous authors (see, for example, Grogan and Proscio, 2000). Finally, as advocates continue to make connections between the overall welfare needs of the population and housing, perhaps a more peaceful world will give policy makers the opportunity to refocus their energy on making the social needs of all our citizens a top priority.

Major Milestones During the Clinton Administration Concerning Housing

January 1993B inauguration of President Bill Clinton and appointment of Secretary Henry Cisneros; high hopes among housing advocates for new administration

February 1993B economic stimulus package includes proposals for expanding homeless and housing programs.

March 1993B HUD begins implementing the HOPE VI program, which had been enacted in fall 1992 just weeks prior to the election of President Clinton.

October 1993--HUD publishes, "Creating Communities of Opportunity: Priorities of U.S. Department of Housing and Urban Development." Outlines ambitious housing agenda under President Clinton, which involves six major categories of focus, including 44 distinct priority areas; action plans are specified that are to be achieved within the following year.

February 1994--Housing advocates are critical of Clinton's FY 95 budget.

November 1994--election of Republican majorities in both the U.S. House of Representatives and Senate. House majority leader Newt Gingrich suggests HUD is a prime candidate for cuts; suggestions that agency may be eliminated.

December 1994--HUD publishes "Blueprint for Reinventing HUD." Its three major components include proposals to consolidate 60 HUD programs into three block grants; transforming public housing from project-based capital and operating subsidies into tenant-based certificates, thereby allowing tenants to remain in public housing or move to private housing; and creating a restructured Federal Housing Administration (FHA) that would use federal credit enhancement tools to finance expanded homeownership and rental housing opportunities.

February-September 1995--Five bills are introduced in the House of Representatives and the Senate to dismantle HUD. An additional bill proposes the repeal of the United States Housing Act of 1937.

June 1995--HUD issues a brief defending its mission and articulating, "Why America's Communities Need a Department of Housing and Urban Development."

July 1995--President Clinton approves a \$16.3 billion measure rescinding appropriations in the FY 95 budget, including a \$5.13 billion cut (25%) for assisted housing. This starts a four-year cessation in new "incremental" units of Section 8 tenant-based rental assistance being made available to low-income tenants.

January 1996--President Clinton, in his State of the Union address, declares that "the era of big government is over."

July 1996--The FY 96 Omnibus Appropriations Bill repeals the federal preference rule for public housing, which had given priority to homeless families; families with extremely high housing costs or those living in dilapidated housing. Bill also included the goal to eliminate 100,000 units of deteriorated public housing and repealed the rule that had guaranteed a replacement unit for each demolished public housing unit. No funding for new public housing development.

August 1996--Personal Responsibility and Work Opportunity Reconciliation Act is passed, eliminating the more than 60-year entitlement to welfare benefits for poor children and their parents. Housing advocates and HUD officials questioned the impact of welfare reform on households living in HUD-assisted housing.

October 1996--Journalist Jason DeParle calls 1996 “The Year That Housing Died.”

January 1997--In the aftermath of HUD Secretary Cisneros resigning due to a scandal concerning his personal life, Andrew Cuomo, former assistant secretary of HUD, is appointed as Clinton’s second HUD secretary.

June 1997--Secretary Cuomo outlines an ambitious agenda for the agency, known as the AHUD 2020 Management Reform Plan,” which is aimed at promoting a more customer-focused, performance-oriented organization. Key housing programs, notably Section 8 renewals and Low Income Housing Tax Credit survive Congressional assault.

October 1997--Congress enacts the Multifamily Assisted Housing Reform and Affordability Act (MAHRAA) of 1997, which is aimed at the thousands of privately owned Section 8 developments, whose rents exceed market value. Under the “Mark to Market” program, rents are reduced to market levels and the owner continues to rent to low-income households, with Section 8 subsidies, for 30 years.

1997-- Balanced Budget Act creates caps on domestic discretionary spending, thereby placing restrictions on non-entitlement programs, such as housing.

October 1998--Enactment of the Quality Housing and Work Responsibility Act, which devolves authority from the federal government to state and local public housing, permitting greater discretion in income targeting and deconcentration of poor residents. Act also requires all adult residents of public housing to contribute eight hours of community service per month or participate in an economic self-sufficiency program. Increased income from employment is disregarded for at least 12 months and the Section 8 certificate and voucher programs are merged.

1999--Congress passes a second law (in addition to MAHRAA of 1997) aimed at the publicly subsidized, privately owned stock of multifamily housing. The Preserving Affordable Housing for Senior Citizens and Families Into the 21st Century Act of 1999 enables HUD to renew Section 8 contracts on developments whose rents are below market levels and allows owners to increase rents to market levels for 5-year terms.

November-December 2000--Weeks after the general election, Republican George W. Bush is declared the winner of the presidential election, ending eight years of Democratic leadership.

December 2000 B The Low-Income Housing Tax Credit program, through which states are allocated tax credits that they then assign to private for-profit and nonprofit developers who are building housing for low-income households, is enhanced. As part of the Community Renewal Tax Relief Act of 2000, which is aimed at revitalizing distressed communities, LIHTC allocations to states are increased from \$1.25 to \$1.75 per capita over a two-year period. Prediction that the new provisions will result in the production of some 40,000 additional housing units.

January 2001--Days before the departure of President Clinton, HUD releases report, "Exposing Injustice: A Chronicle of HUD's Mission in the Forgotten America, 1997-2001," which, despite acknowledging progress, details the numerous challenges still facing the country, notably racial and ethnic injustice, as well as economic and social injustice (HUD 2001b).

References

- Achtenberg, Emily P. (forthcoming) "Federally-Assisted Housing: Privatization vs. Preservation." In *Housing: The Foundation of a New Social Agenda*, Rachel G. Bratt, Chester Hartman and Michael E. Stone, eds. Philadelphia, PA: Temple University Press.
- Blank, Rebecca M. and David T. Ellwood. 2001. "The Clinton Legacy for America's Poor." Cambridge, MA: Center for Business and Government, John F. Kennedy School of Government, Harvard University (unpublished manuscript).
- Bratt, Rachel G. and W. Dennis Keating. 1993. "Federal Housing Policy and HUD: Past Problems and Future Prospects of a Beleaguered Bureaucracy." *Urban Affairs Review* (currently called *Urban Affairs Review*) 29 (1):3-27.
- Bratt, Rachel G. and Langley C. Keyes. 1997. *New perspectives on self-sufficiency: Strategies of nonprofit housing organizations* (prepared under contract to the Ford Foundation). Medford, MA: Tufts. University.
- Burt, Martha R. 2001. "What Will It Take to End Homelessness?" Washington, DC: Urban Institute.
- Crowley, Sheila. 2002. "Point of View." *Weekly Housing Update: Memo to Members*. Vol. 7, No. 7. February 15. Washington, D.C.: Low Income Housing Coalition/LIHIS.
- Daskal, Jennifer. 1998. *In Search of Shelter: The Growing Shortage of Affordable Rental Housing*. Center on Budget and Policy Priorities. Washington, DC.
- DeParle, Jason. 1996. "Slamming the Door." *The New York Times Magazine*. October 20.
- Dolbeare, Cushing N. 1992. *The Widening Gap: Housing Needs of Low Income Families*. Low Income Housing Information Service. Washington, DC.
- Dolbeare, Cushing N. 2002. "Changing Priorities: The Federal Budget and Housing Assistance, 1976-2007." National Low Income Housing Coalition. Washington, DC.
- Ellen, Ingrid Gould and Margery Austin Turner. 1997. "Does Neighborhood Matter? Assessing Recent Evidence." *Housing Policy Debate* 8 (4):833-66.
- Goering, John, Joan Kraft, Judith Feins, Debra McInnis, Mary Joel Olin and Hud Elhassan. 1999. "Moving to Opportunity for Fair Housing Demonstration." Washington, DC: U.S. Department of Housing and Urban Development.
- Grogan, Paul S. and Tony Proscio. 2000. *Comeback Cities: A Blueprint for Urban Neighborhood Revival*. Boulder, Colorado: Westview Press.

Hartman, Chester. 2002. "Squeezing the Poor Out of Housing." Letter to the Editor. *Washington Post*. May 21.

Housing Policy Debate. 1991. Special issue on: "Counting the Homeless: The Methodologies, Policies, and Social Significance Behind the Numbers." Vol. 2, no. 3.

Johnson, Nicholas. 2001. "A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2001." Washington, DC: Center on Budget and Policy Priorities.

Joint Center for Housing Studies. 1993. *The State of the Nation's Housing*. Cambridge, MA: Harvard University.

Joint Center for Housing Studies. 2001. *The State of the Nation's Housing*. Cambridge, MA: Harvard University.

Keating, Dennis and Peter Marcuse. Forthcoming. "The Permanent Housing Crisis: The Failures of Conservatism and the Limits of Liberalism." In Rachel G. Bratt, Chester Hartman, and Michael E. Stone, *Housing: Foundation of a New Social Agenda*. Philadelphia, PA: Temple University Press.

Lazere, Edward B. 1995. *In Short Supply: The Growing Affordable Housing Gap*. Center on Budget and Policy Priorities. Washington, DC.

Lazere, Edward B., Paul A. Leonard, Cushing N. Dolbeare and Barry Zigas. 1991. *A Place to Call Home: The Low Income Housing Crisis Continues*. Center on Budget and Policy Priorities and Low Income Housing Information Service. Washington, DC.

Low Income Housing Information Service. 1992. "HUD's FY 93 Budget: Big Ideas, Little Funding." Special Memorandum. February. Washington, D.C.

Ludwig, Jens, Helen F. Ladd and Greg J. Duncan. 2000. "The Effects of Urban Poverty on Educational Outcomes: Evidence from a Randomized Experiment." Unpublished paper presented at the Annual APPAM Conference.

Naparstek, Arthur J., Susan R. Freis, and G. Thomas Kingsley. 2000. *HOPE VI: Community Building Makes a Difference*. Washington, DC: U.S. Department of Housing and Urban Development.

National Association of Housing and Redevelopment Officials. 1993. *NAHRO Monitor*. January 31. Vol. XV, No.2.

National Association of Housing and Redevelopment Officials 1994. *NAHRO Monitor*. February 28. Vol. XVI, No.4.

National Congress for Community Economic Development. 1999. *Coming of Age: Trends and Achievements of Community-Based Development Organizations*. Washington, DC.

- National Housing Law Project, 1995a. "President Signs FY 1995 Rescission Compromise Package--Bad News for Housing." *Housing Law Bulletin*. Vol. 25. August.
- National Housing Law Project. 1995b. "H.R. 2406 Calls for Repeal of the 1937 Housing Act." *Housing Law Bulletin*. Vol. 25. October.
- National Housing Law Project, 1998. "Why Does the Section 8 Budget Estimate Keep Changing?" *Housing Law Bulletin*. Vol. 28. May.
- National Low Income Housing Coalition. 1993. "Housing Issues--1993." *Memo to: Members*. February.
- National Low Income Housing Coalition. 1996. *Roundup*. No. 181. Winter.
- National Low Income Housing Coalition. 1997. *Memo to Members*. Vol. 2, No. 4. February 7.
- National Low Income Housing Coalition, 2000. *Memo To Members*. Vol. 5, No. 6. February 11. Washington, DC.
- National Low Income Housing Coalition, 2002. *Low Income Housing Profile*. Washington, DC.
- National Low Income Housing Coalition/Low Income Housing Information Service. 1999. HUD FY 2000 Budget Chart (selected programs). Washington, DC.
- National Low Income Housing Coalition/Low Income Housing Information Service. 2000. *Advocate's Guide*. Washington, DC.
- National Low Income Housing Coalition/Low Income Housing Information Service. 2001. *Advocate's Guide*. Washington, DC.
- Office of Management and Budget, 2001. Budget of the United States Government, Fiscal Year 2003. Historical Tables. Washington, DC.
- Rosenbaum, James E. 1995. "Changing the Geography of Opportunity by Expanding Residential Choice: Lessons from the Gautreaux Program." *Housing Policy Debate* 6 (1):231-69.
- Schwartz, Alex and Kian Tajbakhsh. 1997. "Mixed -Income Housing: Unanswered Questions." *Cityscape* 3(2): 71-92.
- U. S. Department of Housing and Urban Development. 1993. "Creating Communities of Opportunity: Priorities of U.S. Department of Housing and Urban Development." Washington, DC.

U. S. Department of Housing and Urban Development. 1994. "Homeownership Strategy." Memorandum to Robert E. Rubin, Assistant to the President for Economic Policy from Henry G. Cisneros. August 17. Washington, DC.

U. S. Department of Housing and Urban Development. 1996. "Rental Housing Assistance at a Crossroads: A Report to Congress on Worst Case Housing Needs." Washington, DC.

U. S. Department of Housing and Urban Development. 1999. "Opting In: Renewing America's Commitment to Affordable Housing." Washington, DC.

U. S. Department of Housing and Urban Development. 2000a. "HUD: Back in Business. Fiscal Year 2001 Budget Summary." Washington, D.C.

U. S. Department of Housing and Urban Development. 2000b. "A Vision for Change: The Story of HUD's Transformation." Washington, D.C.

U. S. Department of Housing and Urban Development. 2000c. "Rental Housing Assistance--The Worsening Crisis: A Report to Congress on Worst Case Housing Needs." Washington, D.C.

U. S. Department of Housing and Urban Development. 2001a. "A Report on Worst Case Housing Needs in 1999: New Opportunity Amid Continuing Challenges." Washington, D.C.

U. S. Department of Housing and Urban Development. 2001b. "Exposing Injustice: A Chronicle of HUD's Mission in the Forgotten America, 1997-2001." Washington, D.C.

U.S. General Accounting Office. 1992. "Housing and Community Development Issues." Transition Series. GAO/OCG-93-22TR. Washington, DC.

Wilson, William Julius. 1987. *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. Chicago: University of Chicago Press.