

NLWJC - Kagan

DPC - Box 057 - Folder-021

Urban Policy - General

**President Clinton and Vice President Gore's
Community Empowerment Agenda
September 8, 1998**

The President and Vice President's community empowerment strategy of stimulating private investment, promoting sustainable development, and encouraging bottom-up solutions has helped to spur new opportunity and job creation in our country's economically distressed communities. It is time to continue to build on this successful strategy. The Congress should heed the President's call for new and increased investment in the following programs:

- **Flexible Funding for Second-round Empowerment Zones.** The President and Vice President are requesting \$170 million for ten years (a total of \$1.7 billion) in mandatory funding for second-round urban and rural Empowerment Zones. To date, neither the House Ways and Means Committee nor the Senate Finance Committee has acted to provide grant funding for the second-round zones.
- **50,000 Welfare to Work Housing Vouchers.** The President's FY 1999 Budget includes \$283 million for 50,000 new vouchers exclusively for people who need housing assistance to make the transition from welfare to employment. The House VA-HUD bill includes \$100 million for Welfare to Work Housing Vouchers, which would provide 17,700 vouchers. The Senate Appropriations Committee provides only \$40 million.
- **Expansion of the Low Income Housing Tax Credit.** The Administration's budget calls for increasing the per capita cap on the credit by 40 percent, helping to develop an additional 150,000-180,000 affordable housing units over the next five years. The legislation to increase the LIHTC cap has attracted a bipartisan coalition 64 cosponsors in the Senate and more than 250 in the House. Neither the House Ways and Means nor the Senate Finance Committee has announced plans to take action on the legislation.
- **Community Development Financial Institution (CDFI) Expansion.** The Administration is requesting a \$45 million increase in CDFI funding (from \$80 million in FY 1998 to \$125 million in FY 1999) to continue the expansion of the national network of CDFIs. The House VA-HUD bill provides \$80 million for the CDFI Fund, the Senate only \$55 million.
- **Expansion in Economic Development Initiative (EDI)/Community Empowerment Fund.** The President's FY 1999 Budget requested \$400 million for the Economic Development Initiative (EDI), for a Community Empowerment Fund to leverage private sector funding for job-creating projects. The Senate VA-HUD bill includes \$85 million for EDI, including \$65 million in earmarks for specified projects. The House VA-HUD bill provides only \$50 million for EDI.
- **Increased Funding for the Homeless.** The President has proposed \$1.150 billion for homeless-related assistance, an increase of \$327 million over the FY 1998 level, for 125,000 new transitional beds, 60,000 permanent beds, and 34,000 new housing vouchers to help formerly homeless individuals and families afford permanent housing. The House VA-HUD bill provides \$975 million; the Senate bill \$1 billion for homeless assistance grants. Neither the House nor Senate provides funding for housing vouchers needed to move the homeless to permanent housing.
- **"Play-by-the-Rules" Homeownership Proposal.** The President's FY 1999 budget for the Neighborhood Reinvestment Corporation includes \$25 million for a new initiative that would make homeownership more accessible to families who have a good rental history. The Senate VA-HUD bill does not fund this new initiative; the House bill fully funds the proposal.

- **\$20 Million for Regional Opportunity Counseling.** The Administration has requested \$20 million to help counsel Section 8 certificate and voucher holders on their full range of housing options. The Senate VA-HUD bill does not include any funding; the House bill provides \$10 million.
- **Rural Development Initiative.** The President's budget requests funding for a number of rural development programs: \$2.85 billion for the Rural Community Advancement Program (RCAP) which provides flexible funding that can be tailored to meet unique rural community needs; over \$4.6 billion in rural housing assistance; \$150 million in loans and \$15 million in grants for distance learning and medical links; \$60 million for the Fund for Rural America, a supplemental source of funding for innovative rural development and agricultural research projects. The House and Senate Agriculture Appropriation bills eliminate funding for the Fund for Rural America; for RCAP, the House provides \$3 billion, and the Senate \$2.7 billion. Both bills essentially fund the President's request on rural housing assistance, although the House reduces single-family direct loans by \$70 million from the President's \$1 billion requested level. Both bills fund the President's request for distance learning and medical link loans, but the House provides only \$10 million and the Senate only \$12 million of the requested \$15 million in grants.
- **HUD Fair Housing.** The President has proposed \$52 million for HUD Fair Housing programs, an increase of \$22 million over the FY 1998 level, including \$10 million for a new audit-based enforcement initiative that will use paired-testers in 20 communities to raise awareness of the existence of discrimination and support expanded enforcement efforts. The Senate provided \$35 million and the House provided \$40 million, including \$7.5 million for the audit-based enforcement initiative.
- **Homeownership Zones.** The Administration's FY 1999 budget includes \$25 million for Homeownership Zones, which would help communities reclaim distressed neighborhoods through the creation of large-scale developments of owner-occupied single-family homes. Neither the House nor the Senate VA-HUD bills provides the requested funding for homeownership zones.
- **HOME Loan Guarantee Program.** This \$11 million Presidential initiative would allow States and localities to use HOME funds as collateral to leverage private loans for large-scale affordable housing developments in distressed communities. The Administration plans to submit authorizing language for this new program.
- **Expansion of Youthbuild.** The Administration has proposed \$45 million -- a 29-percent increase -- in funding for Youthbuild as a separate program, not as a set-aside within CDBG. The House bill provides \$35 million for Youthbuild as a CDBG set-aside, the Senate bill \$40 million, also as a set-aside.
- **Brownfields.** The Administration requests \$91 million for EPA's brownfield activities, such as grants for site assessment and community planning. The House VA-HUD bill fully funds the President's request; the Senate VA-HUD bill provides \$90 million, but includes language prohibiting the use of money for revolving loan funds unless specifically authorized by subsequent legislation. The President is proposing \$50 million in HUD funds to make competitive grants to communities for redevelopment of brownfields. The House VA-HUD bill includes \$20 million, as a set-aside within CDBG. The Senate VA-HUD bill funds this initiative at \$25 million, as a separate program.



Cynthia A. Rice

01/30/98 08:55:08 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Looks like Cuomo made news at mayors (no stories re: Herman)

01/29/1998 15:33 EST

Cuomo Has Housing Plan for the Poor

By LAWRENCE L. KNUTSON
Associated Press Writer

WASHINGTON (AP) -- Hailing what he called the best federal budget for cities in years, Housing Secretary Andrew Cuomo said Thursday that evaporating federal deficits open the door to new and needed spending for housing and inner-city jobs.

Filling in details of President Clinton's State of the Union address, Cuomo said the administration will offer Congress a \$1.4 billion package of increased spending to provide housing, jobs and inner-city enterprise for the poor.

``We have to get back in the housing business in this country; we have to invest in housing again,'' Cuomo said in a speech before the U.S. Conference of Mayors. Clinton's plan does that, he said, calling it ``the best HUD budget in a generation.''

``For years the federal budget deficit was a barrier to new spending, as it should have been,'' Cuomo said. ``But once you do bring the deficits down you can talk about progressive government again,'' he said, noting that Clinton has vowed to reduce deficits to zero in his new budget plan.

The plan Cuomo announced includes:

--\$585 million in new spending for 100,000 in new rental subsidies, the first new money for that purpose since 1994. Half of the subsidies, made available to families in the form of vouchers, are earmarked to provide stable housing for families trying to move from welfare to work. Of the total, \$194 million in subsidies would be used to help homeless people move from

shelters to permanent homes. The program would also help other poor people and the elderly.

--Community development block grants: Local governments would receive an additional \$250 million to help meet locally selected priorities.

--\$100 million in new loan guarantees for a new HOME Bank program to give towns and cities leveraged financing to build large-scale rental and homeownership developments.

--\$327 million in new homeless assistance money, to a total of \$1.15 billion, to help more homeless people get housing and become self-sufficient.

Other proposed spending programs would bolster existing homeownership zones, provide counseling programs to aspiring low-income homeowners, help families living in subsidized housing, control lead hazards in housing developments, help redevelop contaminated industrial sites known as "brownfields," and fight housing discrimination.

Cuomo said the Clinton budget would also enable the Federal Housing Administration raise existing limits on home mortgage loans, at no additional cost to taxpayers.

The housing secretary said that while a record 66 million Americans now own their own homes, others struggle for housing and 600,000 people "sleep on the streets on any given night."

"Yes we have created 14 million new jobs, but only 13 percent of them are being created in cities where people need them most," he said.

"A country with the most millionaires -- and the most homeless -- that can't make it," Cuomo said.

**PRESIDENT CLINTON:
STRENGTHENING AMERICA'S CITIES FOR THE 21st CENTURY**

January 30, 1998

"The story of America can be found in every one of the neighborhoods, streets, stores, libraries, theaters, schools and homes of our great cities. Let us all work together to ensure that the American Dream thrives in our cities well into the 21st century."

President Bill Clinton
January 16, 1997

Today, President Clinton speaks before the U.S. Conference of Mayors and outlines his vision for strengthening America's cities for the 21st century. During his remarks, the President announces new measures to help communities keep up the fight against crime and drugs, and a new Community Empowerment Fund (CEF) to help bring private enterprise to America's distressed urban and rural communities.

INVESTING IN THE FUTURE OF AMERICA'S COMMUNITIES. The President's balanced budget proposes one of the strongest, most innovative urban agendas ever. It focuses on three keys to improving our cities: education, economic development and crime.

MAKING THE INFORMATION AGE AN EDUCATION AGE. Many of today's most exciting school reforms are taking place in America's cities. The President's agenda builds on their success by:

- working to end social promotion -- calling for schools to stop passing children who haven't mastered their work and start summer school and extra tutoring to make sure children learn what they need to succeed;
- proposing new Education Opportunity Zones to help poor school districts close down failing schools, promote public school choice, and remove unqualified teachers;
- hiring 100,000 more qualified teachers to reduce class size in grades 1-3 to an average of 18 per class;
- helping communities modernize or build schools with a new school construction tax cut.

ECONOMIC PROSPERITY FOR ALL CITIES. Over the past five years, the President has worked to create an urban renaissance by: creating 125 empowerment zones and enterprise communities, offering tax cuts to clean up and redevelop brownfields, building a network of community development banks, and strengthening the Community Reinvestment Act. The President's balanced budget proposal builds on these efforts by:

- proposing new housing vouchers to help people stay off welfare and move closer to jobs;
- expanding the Low-Income Housing Tax Credit;
- creating new opportunities for home-ownership;
- instituting tougher efforts to fight housing discrimination;
- creating a \$400 million Community Empowerment Fund (CEF) to help local communities invest in businesses -- the CEF is expected to leverage an estimated \$2 billion in private sector loans and will support an estimated 280,000 jobs when projects are completed.

SAFE STREETS FOR AMERICA'S CHILDREN. The President's agenda includes new measures to help communities fight against crime and drugs. Specifically, the President's balanced budget provides:

- \$50 million for a new community prosecutors initiative -- helping communities use local prosecutors to play a more active role in the crime fighting effort, by spending time in their neighborhoods, helping solve local crime problems, and preventing crimes from happening in the first place;
- \$28 million to crack down on illegal gun traffickers who supply firearms to juveniles and criminals;
- over \$17 billion to fund the most comprehensive National Drug Strategy ever, with key elements to: stop drugs at the border; get anti-drug messages to our youth; enhance anti-heroin and anti-methamphetamine efforts; and increase resources for more treatment and prevention programs.

THE WHITE HOUSE BULLETIN

BULLETIN NEWS NETWORK, 8260 GREENSBORO DRIVE, SUITE 320, MCLEAN, VA 22102 FAX 703-749-0060 TEL 703-749-0040

Urban Policy -
general

MEMORANDUM FOR BRUCE REED
THE WHITE HOUSE
WASHINGTON, DC

SUBJECT: TODAY'S BRIEFING

DATE: FRIDAY, JANUARY 30, 1998

OFF THE WIRES:

o **Economic News:**

- **GDP Growth.** The US gross domestic product rose at a 4.3 percent annual rate in the fourth quarter, bringing growth for the year to 3.8 percent, the Commerce Department reported today. The rate of GDP increase was the greatest since 1988.

IN THE WHITE HOUSE AND AROUND TOWN:

- o **Clinton Outlines Plan For Cities.** President Clinton today told the US Conference of Mayors at the White House this morning, "On Monday, as a part of my balanced budget, I will be proposing one of the broadest, strongest and most innovative urban agendas in a generation that will focus on three keys to closing the opportunity gaps in America and building one America for the 21st century – education, economic development and crime."

\$400 Million Community Empowerment Fund. Clinton said his budget will propose "new housing vouchers to help people stay off welfare and move closer to jobs, an expanded low income tax credit, new opportunities for home ownership, tougher efforts to fight housing discrimination." Clinton announced a \$400 million "community empowerment fund, to be run by HUD." Said Clinton: "The fund will encourage the standardization of economic development lending – a first step in creating a secondary market for such loans. It will provide capital to businesses who recognize the potential and the possibilities of the inner cities. This is the right way to help our cities. It is not a handout. It will bring new credit, new jobs and new hope to the people. I thank Secretary Cuomo for developing it and it's going to bring a lot of economic opportunity to many of you." A White House fact sheet released today said the money could be leverage for an estimated \$2 billion in private sector loans and support an estimated 280,000 jobs when projects are completed.

Safe Streets. Clinton said, "We have to finish what we started in '94 and finish the work of putting all 100,000 police on the street. Second – we have to recognize that we still have some issues out there that we have to face – particularly, as all of you know, the juvenile crime rate has not dropped as much as the overall crime rate has." Clinton added, "I have proposed a Federal effort to help to hire as many as 1,000 neighborhood prosecutors across our country to work closely with police and residents to prevent crime as well as prosecute criminals. They'll try to prevent crime with a lot of tools like injunctions to clear playgrounds of drug dealers and other legal strategies to rid neighbors of trouble spots." Clinton added, "We are also going to strengthen our efforts against illegal gun trafficking, helping local police departments and the ATF to trace all guns discovered at crime scenes. I want to hire over 160 new ATF agents to investigate and arrest gun traffickers who sell guns illegally to gangs and to juveniles. That's our responsibility. We need to do more to help you with that." Clinton called for a "loud and clear non-partisan message to Congress and to the country that most juvenile crime is not committed by people who don't have anybody in their family who cares about them. Most juvenile crime is committed

by young people who get in trouble when the school is out and momma or daddy aren't home from work. Between 3:00 and 8:00 at night is when most juvenile crime is committed. So, we've got to do more to have after school programs, either in the schools or in community centers. That would do more than anything else. We have some money coming through the Justice Department for this. We have some money coming through the Education Department for this, for community-based learning centers." Clinton also said the country needs to "do a better job of keeping drugs from coming into this country. ... What we want to try to do is to dramatically increase our capacity to deal with border imports, and we propose to hire another 1,000 border patrol agents to continue our anti-drug media campaign, which is important; to cut down on heroin and methamphetamine trade; to boost drug abuse treatment and prevention, also very important." The President added, "We need to spend some serious money on the border to have the best available technology to do everything we can to find drugs."

Education Proposals. In an effort to make the country's elementary and secondary schools as successful as it's system of higher education, Clinton said, "I am proposing new education opportunity zones to help poor school districts close down failing schools, promote public school choice, remove bad teachers, follow the model of the Chicago system to try to help to stop social promotion but start learning and opportunity for our kids. I also proposed the first ever Federal help to help our local schools hire 100,000 more school teachers so that we can have smaller classes in the early grades. We can reduce class sizes in the first, second and third grade to an average of 18 nationwide if my proposal is adopted. And because that will create enormous problems -- if we have both more teachers and more students -- we have to have more classrooms, I have proposed a school construction tax cut to help communities modernize or build 5,000 schools. And that will help a lot of you in this room."

- o **Albright Says Russian Mission To Iraq Fails.** Secretary of State Madeleine Albright said today Russia's attempt to secure Iraq's cooperation with UN weapons inspections has failed. After a meeting of almost three hours with Russian Foreign Minister Yevgeny Primakov near Madrid, Albright said, "Unfortunately, there is no concrete evidence Iraq is negotiating for any other purpose than diversion and delay. Despite all their best efforts, I remain skeptical diplomacy will solve this problem." Following a joint news conference with Albright, however, Primakov smiled and told reporters, "We're a little bit more patient. This is only the beginning of the process and we continue to remain at it." A senior Albright aide told reporters later the US and Russia agree on demands that Iraq allow UN weapons inspectors to continue their work, but the official said Russia is still firmly opposed to a military attack. Albright was heading to London today, where she is scheduled to meet tonight with Jordan's King Hussein.

Iraq Says It Allowed Diplomats To Inspect Palace. Iraq today allowed foreign diplomats into one of Saddam Hussein's palaces so they could see for themselves there are no banned weapons hidden there, the Iraqi News Agency reported today. IRNA did not say when the tour, conducted by Deputy Prime Minister Tariq Aziz, took place. Neither did it say how many diplomats visited or what countries they represented. The agency quoted a statement from Information Minister Humam Abdel-Khaliq saying, "Iraq will not use weapons of mass destruction for the simple reason that Iraq has none of these weapons left, and the US President knows this himself."

UN Staff Moved. UN staff in Baghdad are being moved to hotels after authorities asked them to leave their private housing for "security reasons," UN spokesman Eric Falt said today. Falt said a few dozen UN employees will move into eight designated hotels before a Saturday deadline set by Iraq. Most UN staff already live in hotels. The UN said the move applied to only 12 of the approximately 400 workers in the UN's oil-for-food program.

Butler Says He Was Misinterpreted. UN weapons inspection chief Richard Butler said today he was misinterpreted in his remarks about a possible Iraqi attack on Israel. The *New York Times* this week quoted Butler as saying an attack using biological weapons could wipe out Tel Aviv. Said Butler, "I regret that such a fuss has been made of this." Holding up a faxed copy of a corrected story from the *Times*, Butler said, "I was not saying that I knew all the secrets of Iraq's logistical capabilities." Added Butler, "It is theoretically possible that they could pose a threat to all kinds of places around Iraq."

THE BALANCED BUDGET IS A WIN FOR CITIES

"Our historic balanced budget is an empowerment budget, preparing Americans for the 21st century."
-- President to the National Urban League, 8/4/97

Today, President Clinton addresses the National Urban League in Washington, D.C. Noting that the recently passed balanced budget is the strongest budget for America's cities in a generation, the President will detail how this historic agreement will empower America's cities. The balanced budget builds on the Administration's four and a half year record of accomplishment and helps to address the challenges still facing urban communities.

THE BALANCED BUDGET IS AN EMPOWERMENT BUDGET

- **ECONOMIC DEVELOPMENT: Triples the Number of Empowerment Zones (EZs)** -- The President won inclusion of 20 new EZs in the balanced budget -- 15 urban and 5 rural. These new EZs will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds. Two additional new EZs have the same tax credits as the 1994 versions. With the 22 new Empowerment Zones, the total number of EZs created by President Clinton climbs to 31.
- **ENVIRONMENTAL CLEAN-UP: Cleaning Up 14,000 Contaminated, Abandoned Sites** -- The President fought for and won the inclusion of the Brownfields tax incentive in the balanced budget; this tax incentive reduces costs by permitting clean-up costs to be deducted immediately for tax purposes and encourages redevelopment of these areas. Treasury estimates that the program will leverage more than \$6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.
- **FIGHTING CRIME: The balanced budget protects funding for the Community Oriented Policing Services (COPS) initiative**, which is putting 100,000 more police officers on the street by the year 2000.
- **INVESTMENTS IN CHILDREN: Unprecedented Investments in Our Children's Health and Education** -- The balanced budget includes the largest investment in higher education since the G.I. Bill in 1945, including: \$1,500 hope scholarship to help make two years of college universally available, and a 20% tuition tax credit for college juniors, seniors, graduate students and working Americans pursuing lifelong learning to upgrade their skills. It also includes the single largest investment in health care for children since 1965 (\$24 billion) and \$500 per child tax credit for approximately 27 million families.
- **WELFARE TO WORK: Helping Cities and Employers Move People from Welfare to Work** -- Helping cities move welfare recipients to jobs, the balanced budget includes \$3 billion in Welfare-to-Work Job Challenge funds. In addition, the balanced budget includes a welfare-to-work tax credit that gives employers an added incentive to hire and keep long-term welfare recipients.

August 4, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Paul Weinstein

SUBJECT: **Update on Community Empowerment Agenda**

The following memorandum discusses the latest developments concerning your Community Empowerment Agenda:

1. Economic Development That Works

- **Unemployment Has Started to Decline in Cities:** Unemployment, from 1993 to 1996, dropped more in central cities than in their surrounding suburbs --and each of the ten largest American cities has a lower unemployment rate today than in 1993.
- **After Years on the Rise, the Poverty Rate Has Decreased Slightly:**
--Nationwide the poverty rate in cities rose 50 percent from 14.2 percent in 1970 to 21.5 percent in 1993. From 1993 to 1995, there was a slight decline to 20.6 percent.

2. Community Development Financial Institutions (CDFI) Fund

- **Second Round Awards:** The CDFI Fund is in the process of reviewing its second round of applications. The Fund is expected to make over \$30 million in awards before October 1.
- **CDFI Fund Budget Increase:** The House has voted to fully fund the CDFI program at \$125 million for FY98. However, the Senate has not provided any money for the CDFI Fund. The House-Senate Conference is tentatively scheduled for September.
- **CDFI Fund's First Round:** The CDFI Fund's first round of awards totaled \$37.2 million in investments in 32 CDFIs, including community development banks, loan funds, credit unions, venture capital funds, and microenterprise loan funds. In the next two to three years the CDFI Fund's investments are expected to leverage three to four times the investments in total capital raised for these institutions. Over the long term, the Fund's investments are expected to leverage 10 to 20 times more activity by the CDFIs.

3. Empowerment Zones

- **New Empowerment Zones and Enterprise Communities:** The reconciliation bill includes a second round of Empowerment Zones -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from the first-round EZs. They will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds. The legislation also includes funding for two new EZs with the existing Empowerment Zone tax incentives. The cost of the tax incentives is \$717 million. We will be working closely with the NEC, HUD, USDA, Treasury, and others on setting up the selection process.

4. Brownfields Initiative

- **Brownfields Tax Incentive:** The reconciliation bill includes your proposed tax incentive for Brownfields. This incentive reduces costs by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. The tax incentive will be available for three years. The Treasury Department estimates that this \$500 million tax incentive would allow \$1.5 billion in expensing, leverage more than \$6 billion for private sector cleanups nationwide, and allow redevelopment of 14,000 brownfields.

Possible Questions & Answers

Question: What has your Administration done for urban communities generally?

Answer: Many of our cities are experiencing the biggest economic resurgence since World War II. In the 50 largest cities, the unemployment rate is down by a third, and more downtowns and neighborhoods are making a comeback. And because of the disciplined and creative leadership of mayors, cities are in strong fiscal health and booming with ideas for reform.

Instead of trying to impose ready-made solutions from Washington or ignore cities' problems altogether, my Administration has tried to give local leaders the tools and support they need to meet their challenges. That's why we've supported initiatives like Empowerment Zones and Enterprise Communities, the Earned Income Tax Credit, the Low-Income Housing Tax Credit, Community Development Financial Institutions, and the flexible crime control and prevention initiatives in the Crime Bill. That's why we've called for an expansion of the Brownfields initiative to help put abandoned and contaminated city properties back into productive use. And that's why we've fought for a \$3 billion welfare-to-work initiative that will help our cities put former welfare recipients to work.

All of these initiatives and more are tools that we've developed in tandem with

cities, and I think the record shows that they're making a difference.

Question: What have you done for Community Development Financial Institutions?

Answer: This Administration successfully fought for the creation of the CDFI Fund. The Fund already has made grants of 37.2 million and will announce another round of grants this Fall. We are also continuing to press for a major increase in the CDFI program for next year, \$125 million.

5-25-97 Cusumo Meeting

Ben graph - striking slots

6.5 - 91-94 means 8.

Best of mos - long term trends / we've made some headway / but still sucks
Need hard line

Cusumo - 91-94 only available

On 22nd - go to BLS rather than Census

Penn - jobs ↑; pop ↑ - not very surprising

↳ Ben to say: immigrants plus welfare reform - creates real need for jobs

Future challenges - vgs more atten to this

Cusumo -

Gene line plus Penn line works

Look at #s on immigration

Em zones

w-to-wh

CD Books

50% to cities and counties?

bus Budget ↑ (30%)

what does this mean?

EITC

Brownfields

AC - They're saying veracity

Panetta said... / Cisneros said...

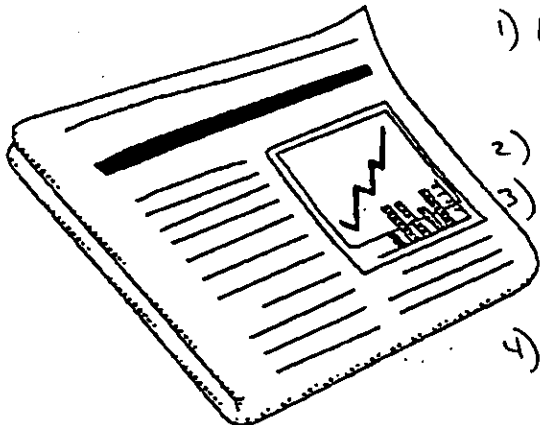
AC can argue policy - but he can't argue that.

Have to get this cleaned up before we get there.

File: Urban policy - generally

Form -

HUD gave us these materials, and Cuomo came over to talk with Gene and us about them. We agreed that the basic line should be:



- 1) Long-term trends are operating to the disadvantage of cities
- 2) We are making some progress
- 3) But we haven't turned things around - and now we have the new challenge of welfare reform
- 4) So - there is an enormous need to continue on with what we've been doing.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**Assistant Secretary for Policy
Development and Research**

TELECOPIER COVER SHEET

EZs
Welfare-to-Work
ETC
Townfields
CD Banks
HUD budget increase,
etc.

5/27/97
DATE

NUMBER OF PAGES (INCLUDING THIS PAGE) 8 Elena

TO: MATT Lawe FROM: Mike Stegman

~~Mark Penn~~
~~Elaine Kase~~

HUD

PHONE: _____ PHONE: 708-1600

456-2878
FAX NUMBER: 289-0916

Sec. Cuomo
~~we~~ will be discussing this tomorrow at 10:15 meeting

This

SUBJECT: Overview of jobs / firm growth / decline in cities using latest (unpublished) census data. Conditions in big cities very serious. Not participating much in overall recovery.
THE PHONE NUMBER FOR FAX MACHINE IS (202) 619-8000

STEGMAN

Jobs vs. Employment

The Bureau of Labor Statistics reports monthly on unemployment and employment for metropolitan areas, central cities, and suburbs. Employment refers to whether a person has a job regardless of where the job may be located. A resident of a central city will be counted as employed even if he or she works in the suburbs. But a job in the central city held by a suburbanite will be counted as employment among suburbanites not as employment in the central city.

The Census Bureau collect data on jobs and establishments by where the jobs and establishments are located. Normally these data are reported by county but, for this report, HUD requested the Census Bureau to recode their data so that jobs and establishments could be distinguished by city. Note that a job in a central city can be filled by either a city resident or a suburban resident.

- o Between 1970 and 1996, the US employment increased from 78.6 million to 126.7 million. Eighty-three percent of that growth took place in metropolitan areas. Small metropolitan areas were the fastest growing over this period.

Percent change in employment, 1970 to 1996	
All metropolitan areas	63%
Metro areas with less than 250,000 people	71%
Metro areas between 250,000 and 1,000,000	69%
Metro areas with more than 1,000,000	59%

- o Between 1970 and 1994, central cities grew at one-third the rate of their metropolitan areas.

Percent change in population, 1970 to 1994	Central cities	Suburbs
All metropolitan areas	11%	46%
Metro areas with less than 250,000 people	24%	42%
Metro areas between 250,000 and 1,000,000	20%	45%
Metro areas with more than 1,000,000	4%	46%

- o The middle class is declining. (For purposes of this analysis, this report defines the middle class as the middle 60 percent of the national income distributon; the upper 20 percent is considered the high income group and the lower 20 percent is considered the low income group.) Cities began the 1970s with roughly the expected percentage of the three income groups, that is, almost exactly one-fifth lower class, three-fifths middle class, and one-fifth upper class. But over the ensuing 20 years, the lower-class share grew to 24.5 percent while the middle-class share declined to 57.6%. Central cities also lost some upper-class as well.

Distribution of Families in All Central Cities	1970	1980	1990
Lower Class	20.2%	23.6%	24.5%
Middle Class	59.9%	58.0%	57.6%
Upper Class	19.9%	18.4%	17.8%

- o From 1991 through 1994, a period in which the number of jobs nationally grew by 6 million, the number of jobs in central cities declined by 34,000. Large central cities lost jobs while middle-sized and small central cities gained jobs. Suburbs recorded strong jobs gains during this period.

Population	Change in Central City Jobs	Change in Suburban Jobs
Less than 250,000	4.9%	7.4%
250,000 to 500,000	1.0%	13.0%
500,000 to 900,000	2.3%	11.6%
More than 900,000	-2.9%	9.3%
All 74 MSAs	-0.1%	11.2%

- o Only in the South did central cities experience positive job growth.

Region	Change in Central City Jobs	Change in Suburban Jobs
Northeast	-2.8%	18.2%
Midwest	-0.6%	17.7%
South	3.0%	7.5%
West	-1.4%	4.2%
All 74 MSAs	-0.1%	11.2%

- o Central cities experienced only 1.1 percent growth in the number of establishments from 1991 to 1994. Large central cities basically held their own with respect to the number of establishments while small and middle size central cities had modest gains. The number of establishments in the 10 largest cities increased by only 0.1 percent during the expansion. Suburbs experienced strong growth in the number of establishments.

Population	Change in Central City Establishments	Change in Suburban Establishments
Less than 250,000	3.4%	10.6%
250,000 to 500,000	1.6%	12.4%
500,000 to 900,000	1.8%	18.4%
More than 900,000	0.1%	10.9%
All 74 MSAs	1.1%	13.1%

- o Central cities in the Northeast lost establishments while central cities in the other regions gained establishments.

Region	Change in Central City Establishments	Change in Suburban Establishments
Northeast	-0.9%	20.3%
Midwest	1.3%	17.8%
South	2.4%	10.1%
West	1.0%	7.0%
All 74 MSAs	1.1%	13.1%

- o In the 77 central cities studied, on average only service sector jobs are growing. Manufacturing jobs continue to decline.

Change in number of jobs from 1991 to 1994	All 77 cities	Ten Largest Cities
Construction	-11.6%	-14.4%
Manufacturing	-5.6%	-12.4%
Transportation, Communication, and Public Utilities	-2.2%	-6.1%
Wholesale Trade	-5.0%	-6.2%
Retail Trade	-1.1%	-4.0%
Finance, Insurance, and Real Estate	-2.2%	-3.5%
Services	6.7%	3.8%

- o Average compensation is higher in central cities and has been growing faster.

Average Annual Compensation (in 19xx dollars)	1991	1994
All 74 Metro Areas		
Central cities	\$29,014	\$29,766
Suburbs	\$26,502	\$26,869
Ten largest cities		
Central cities	\$29,691	\$30,514
Suburbs	\$27,764	\$28,458

- o Between 1990 and 1996, the unemployment rate for the 77 cities surveyed here fell from an average of 8.2 percent to 6.4 percent.

Unemployment Rate	1990	1996
National average	5.6%	5.4%
TEN LARGEST CITIES		
New York City, NY	9.0%	8.8%
Los Angeles, CA	8.3%	9.3%
Chicago, IL	11.3%	6.7%
Houston, TX	8.2%	6.45
Philadelphia, PA	9.6%	6.9%
San Deigo, CA	5.7%	5.4%
Phoenix, AZ	6.6%	4.0%
Dallas, TX	7.4%	5.2%
San Antonio, TX	8.9%	4.9%
Detroit, MI	19.7%	9.1%

- o The number of employed city residents for the 77 cities surveyed increased by 4.7 percent during the 1990s. Many of the largest cities did not share in these gains.

TEN LARGEST CITIES	Percent Change in Number of Employed Residents from 1990 to 1996
New York City, NY	-8.0%
Los Angeles, CA	-3.8%
Chicago, IL	-0.4%
Houston, TX	16.0%
Philadelphia, PA	-7.7%
San Deigo, CA	-6.3%
Phoenix, AZ	33.8%
Dallas, TX	17.1%
San Antonio, TX	19.4%
Detroit, MI	2.7%

- o The 77 cities studied had an average increase in population of 3.3 percent between 1990 and 1994, a growth rate considerably smaller than their suburbs.

TEN LARGEST CITIES	Percent Change in Population Residents from 1990 to 1994
New York City, NY	0.1%
Los Angeles, CA	-1.1%
Chicago, IL	-1.9%
Houston, TX	4.4%
Philadelphia, PA	-3.9%
San Deigo, CA	3.7%
Phoenix, AZ	6.7%
Dallas, TX	1.6%
San Antonio, TX	6.7%
Detroit, MI	-3.5%

CONCLUSIONS

There are some positive signs.

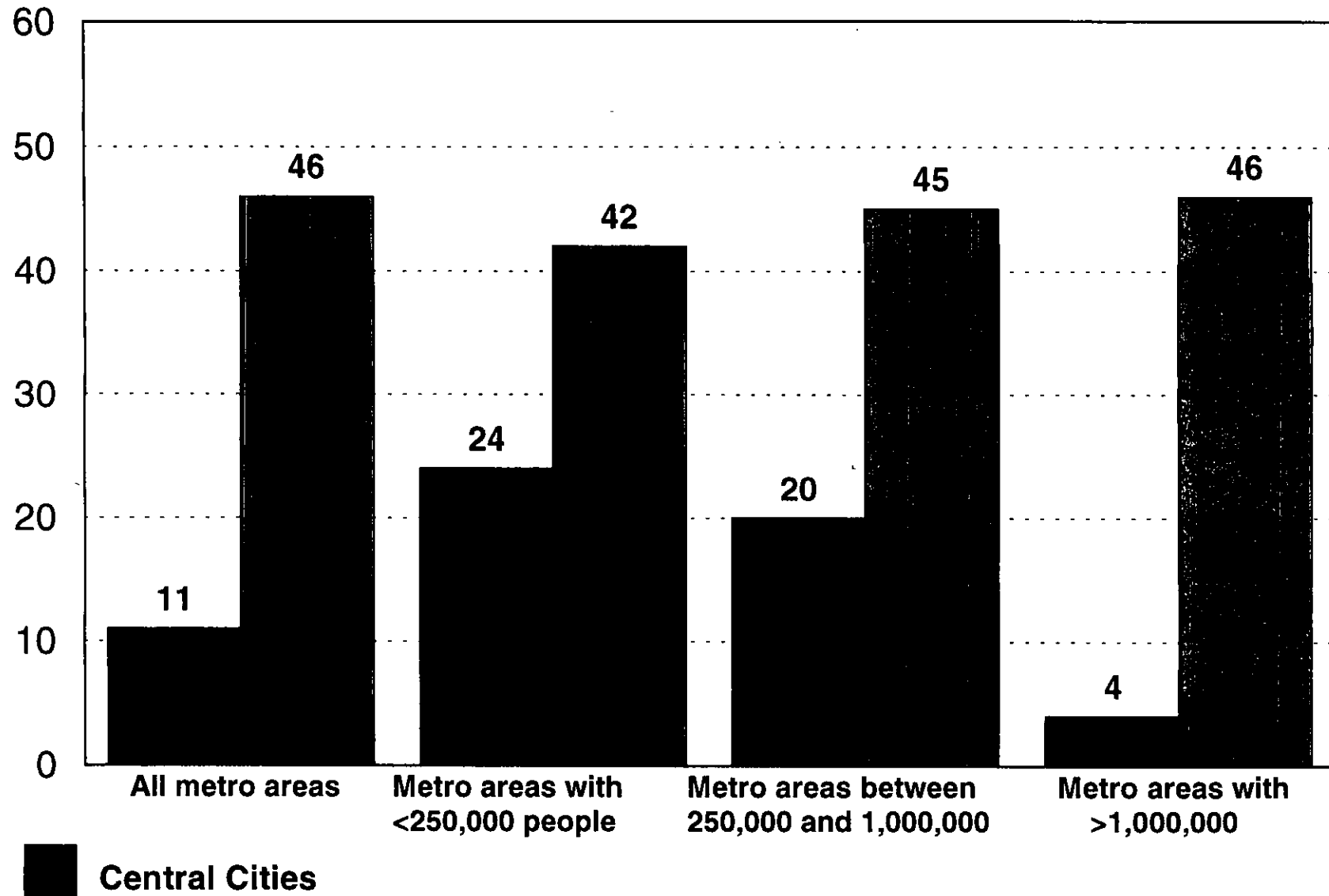
- The residents of large cities have benefitted from the drop in unemployment over the current recovery. Among the 10 largest cities, only Los Angeles has a higher unemployment rate today than in 1990. Several large cities, notably Detroit, have experienced a substantial drop in their employment rates.
- Large cities have participated unevenly in the rapid growth of employment since 1992. Only half of the 10 largest cities have more employed residents today than in 1990. Strong regional trends remain at work as Southern and some Western cities had sizable gains in employment.
- Job growth in cities, including large cities, has been concentrated in the service sector. While these jobs are frequently low-paying, they do provide opportunities for entry level workers.

However, the most important trends are still negative.

- Large cities actually lost jobs during the rapid growth of jobs nationally after the 1990-1991 recession.
- Large cities have barely held their own with respect to the number of business establishments.
- Large cities are barely holding their own with respect to population growth.
- Large cities are losing middle-income and high-income families while gaining low-income families.

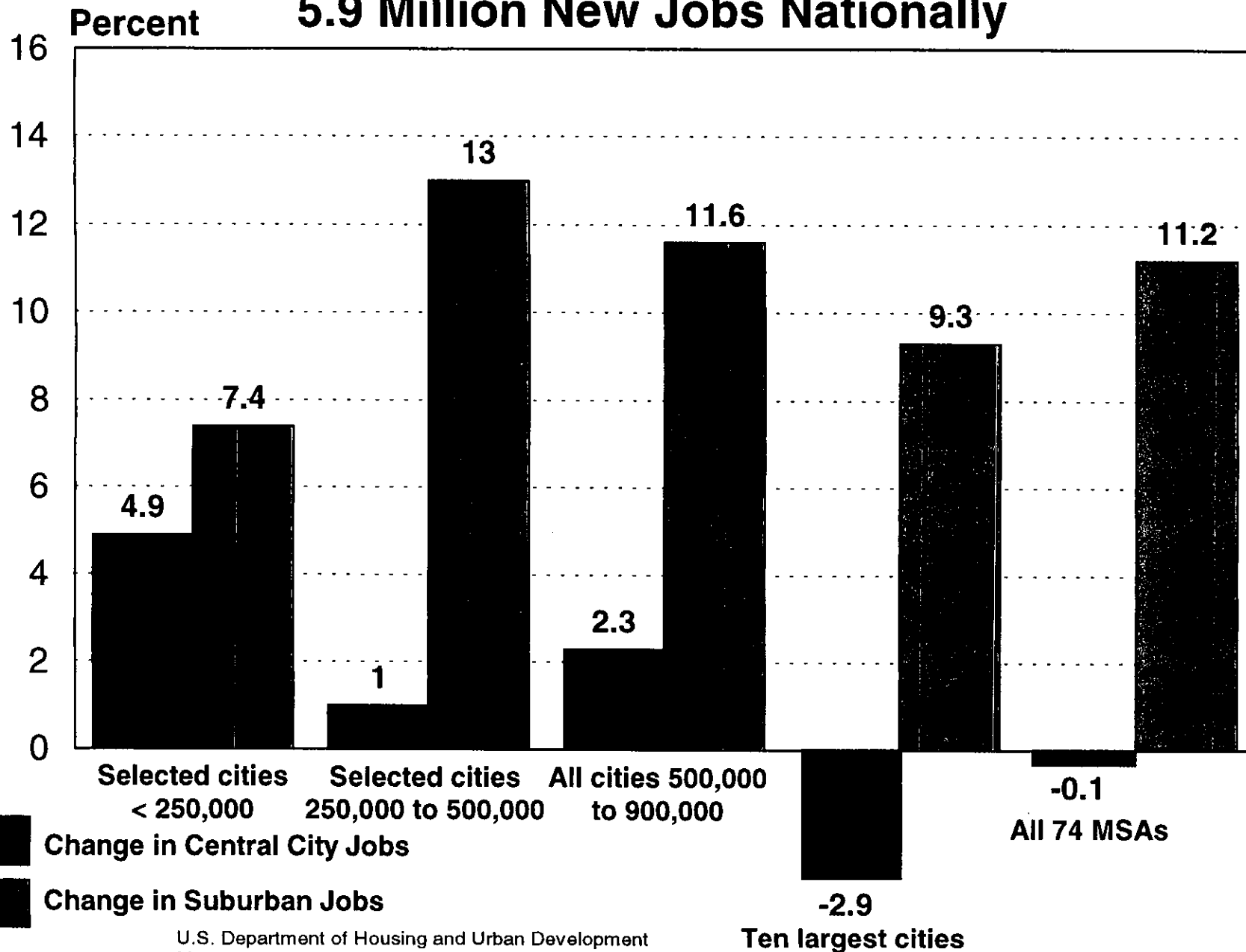
All of these negative trends have been tracked into the mid-1990s.

Percent Change in Population, 1970 to 1994



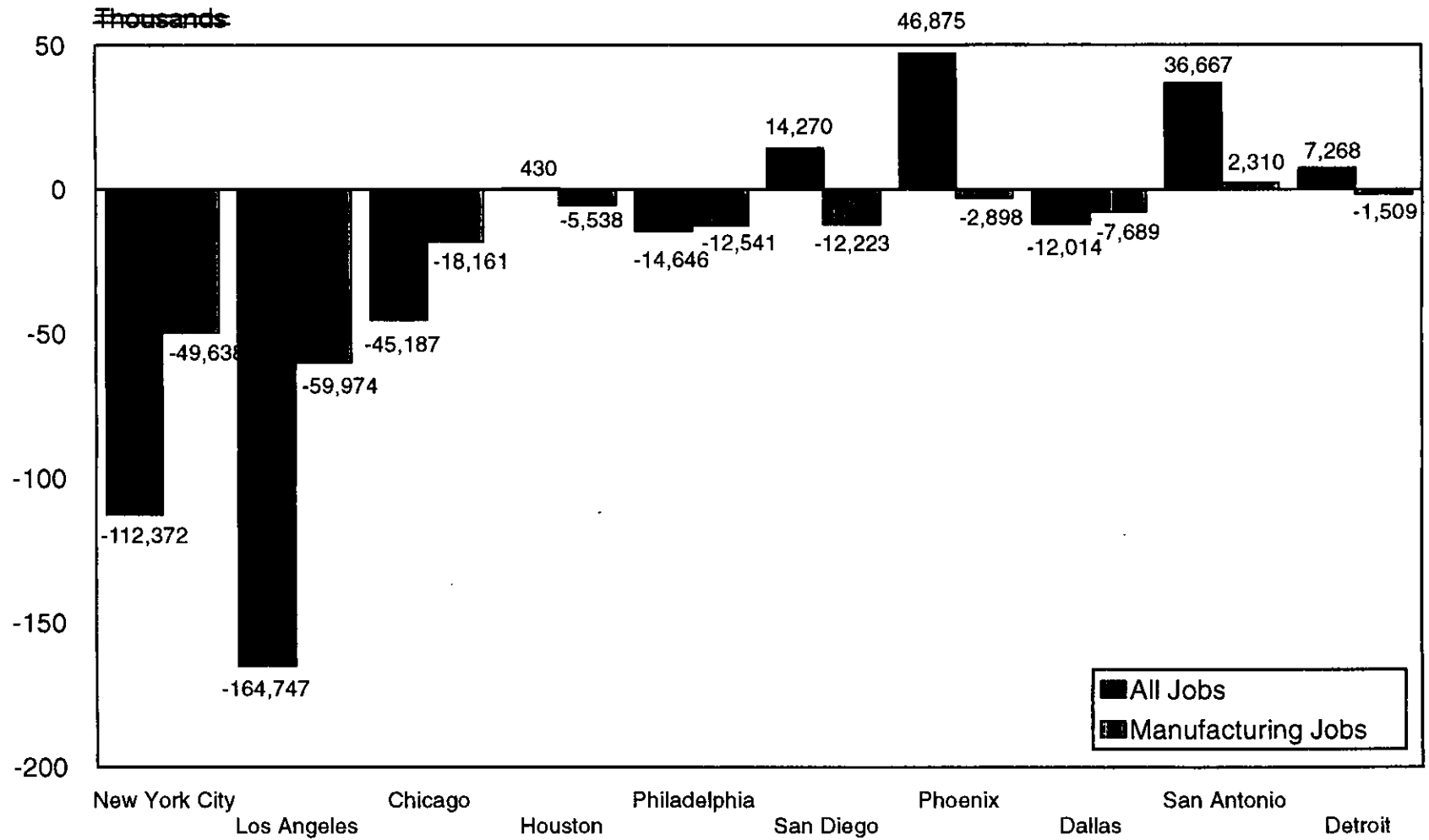
Job Growth: 1991 - 1994

5.9 Million New Jobs Nationally



U.S. Department of Housing and Urban Development
May 27, 1997

Job Growth: 1991-1994-- 5.9 Million New Jobs Nationally



Growth of New Businesses: 1991 - 1994

309,000 New Establishments Nationally

Percent

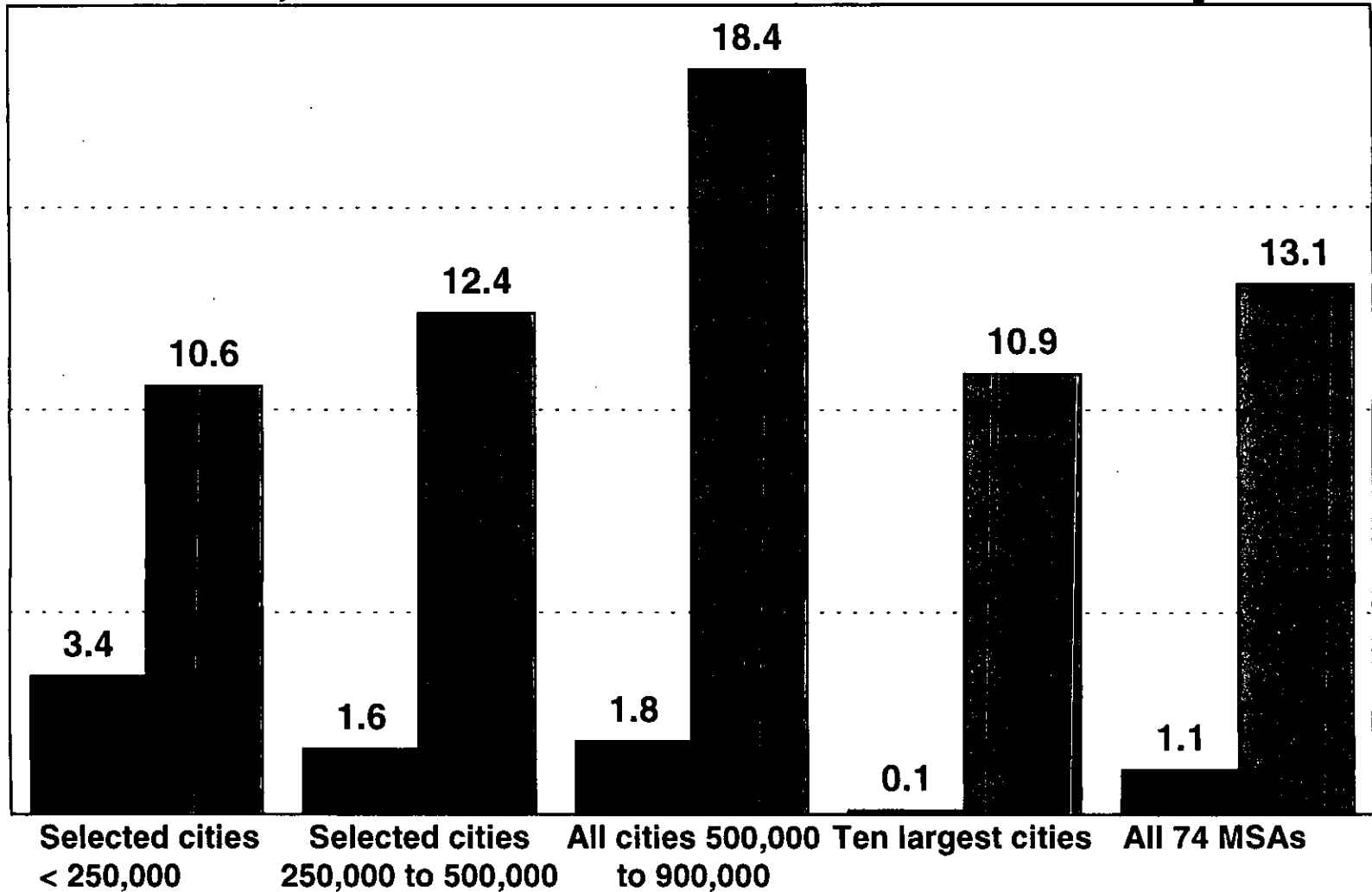
20

15

10

5

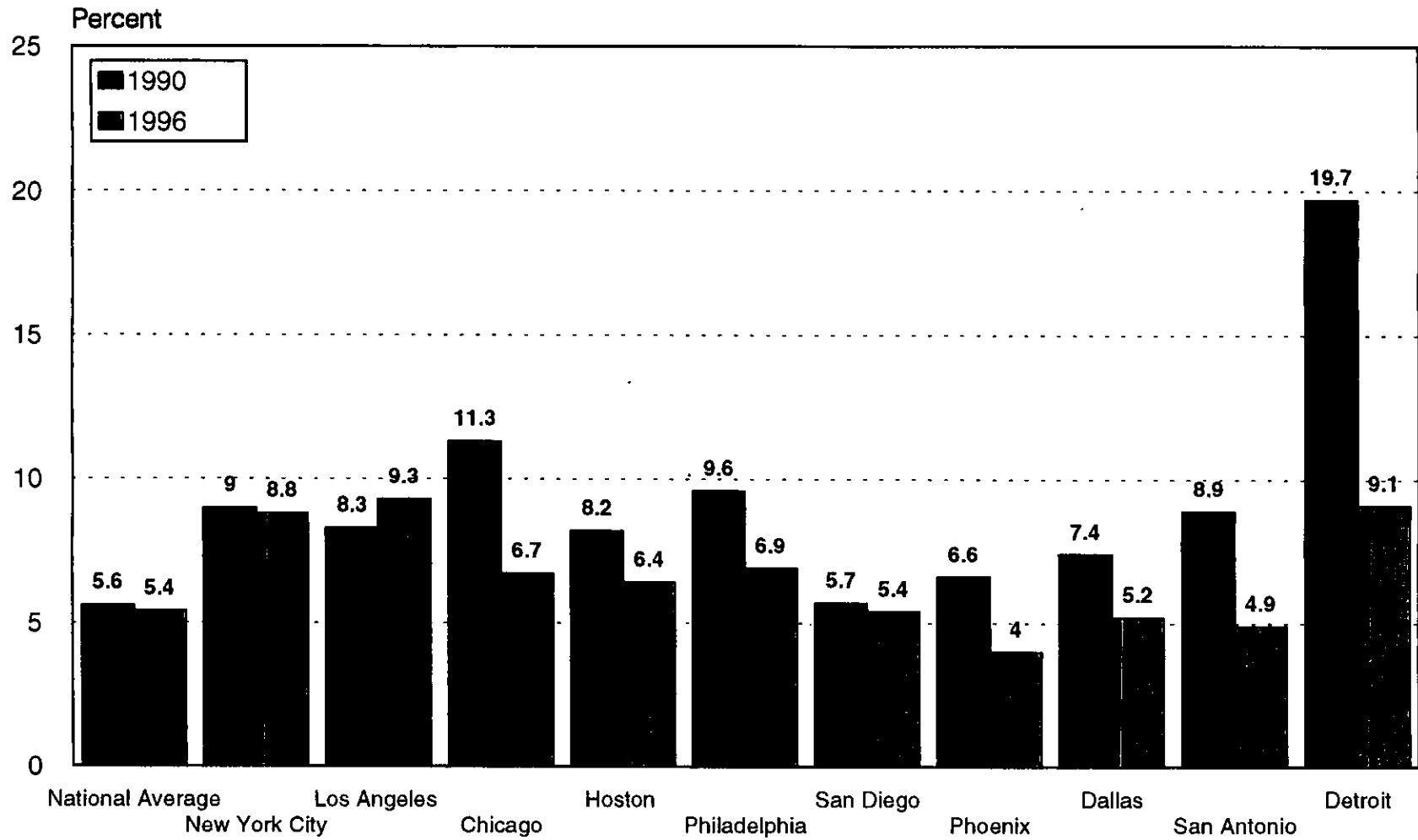
0



Change in Central City Establishments

Change in Suburban Establishments

Unemployment Rate Ten Largest Cities



U.S. Department of Housing and Urban Development
May 27, 1997