

NLWJC - Kagan

DPC - Box 062 - Folder-005

Welfare-Housing Issues

▶ Paul J. Weinstein Jr.
09/15/98 06:59:50 PM
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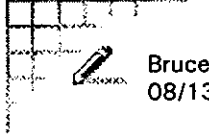
Record Type: Record

To: Elena Kagan/OPD/EOP, Laura Emmett/WHO/EOP
cc: Bruce N. Reed/OPD/EOP
Subject: Update for Senior Staff Meeting

Individual Development Accounts

Today, the House Passed the IDA bill drafted by Harkin and Coates. The bill would provide for the first time direct funding for IDAs, something the President has supported since 1992. The Senate has provided funding of \$10 million to go along with the authorization. This legislation now goes to conference. Their are still some issues to resolve on Head Start, but it looks like they may well be worked out.

wp - housing issues



Bruce N. Reed
08/13/98 10:57:50 AM

Record Type: Record

To: Andrea Kane/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: HUD Moving to Work Demo

yes, I agree

----- Forwarded by Bruce N. Reed/OPD/EOP on 08/13/98 10:57 AM -----

Andrea Kane

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: WEINSTEIN_P @ A1@CD@VAXGTWY @ VAXGTWY, Cynthia A. Rice/OPD/EOP, Jonathan Orszag/OPD/EOP

Subject: HUD Moving to Work Demo

This demonstration program is intended to allow housing authorities to "design and test ways to give incentives to families to become economically self-sufficient, achieve programmatic efficiencies and reduce costs, and increase housing choice for low-income households". Participating housing authorities (about 24) are supposed to gain flexibility and be exempt from many of the housing rules so they can test innovative ideas like time limits, flat rent, linking their policies to welfare reform strategies etc. On a recent visit to California, Michael Deich heard an earful about how the HUD field offices were being extremely rigid and bureaucratic in negotiating conditions with the demonstration sites. This defeats the whole purpose of the demo, to encourage much-needed innovation and experimentation in housing policy. Assuming you agree, Deich wants to call Cuomo and encourage him to get the word out to his field staff to get with the program.

Housing - vouchers
and
WR - housing issues



Cynthia A. Rice

12/01/97 04:12:40 PM

Record Type: Record

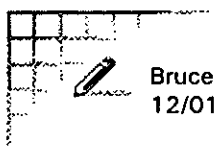
To: See the distribution list at the bottom of this message

cc:

Subject: Re: Pls examine re: housing vouchers and welfare to work

fyi -- Bruce agrees that we should not limit the vouchers to those now in public housing that want to move out.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 12/01/97 04:09 PM -----



Bruce N. Reed

12/01/97 04:04:40 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc:

Subject: Re: Pls examine re: housing vouchers and welfare to work

Your point is well taken. Yes, I think you should host the mtg.

My memo had said:

From
Cynthia

I agree that we should not set national criteria about which welfare recipients should get the vouchers, but instead should let the local project applicants propose a plan that meets local needs. I think that flexibility should extend to letting applicants decide whether or not to restrict vouchers to those currently living in public housing.

While we want to encourage mobility from public housing to better neighborhoods, we don't want to preclude a voucher from being used, say, to help a welfare mother doubled up with relatives in a private apartment move into her own apartment -- perhaps in a new neighborhood -- if that move would help her make the transition from welfare to work.

Thus, I think the wording in the State of the Union Ideas memo to the President was more restrictive than it should have been. Rather than say the purpose of the 50,000 new vouchers would be "to help welfare recipients in public housing who need to move in order to find employment" I would say the purpose is "to help welfare recipients who need to move in order to find employment."

Andrea is now re-writing NEC's draft memo to the President, which we hope to share with Paul/Jose/Julie by tomorrow morning and Bruce/Elena soon thereafter. Paul hopes to get the memo

into the President by the end of the week and will coordinate with NEC.

Also, Andrea and I are tentatively planning to host a DPC-NEC-OMB-HUD-HHS meeting on Monday to hammer out the additional details we would need for the budget process. Do you folks think that makes sense? I don't see any reason why OMB should continue to be the convener.

Bruce had said:

Thanks. I still think it's a mistake to worry too much about targeting. It's hard for anybody to move from welfare to work and from public housing to a decent neighborhood.

I had said:

Bruce -- I, of course, like our proposal better than Barry's, but I should note that under our proposal, public housing authorities could propose to give vouchers to any type of welfare recipient. These recipients would not necessarily already be living in public housing, nor would they necessarily be a targeted, hard-to-serve population.

Here's why (housing folks -- please correct me if I'm wrong):

Historically, federal law required that families with "urgent housing needs" -- defined as those that pay more than half their income in rent, live in substandard housing, were homeless, or have been involuntarily displaced from their housing -- be given preference for a substantial share of housing subsidies. Thus, historically, they were a pretty need group.

However, the HUD appropriations bills for FY 1996, 1997, and 1998 suspended these preference requirements, so now public housing authorities can target as they see fit, so long as a family's income is less than 50 percent of the area median and the 30 percent of their income they pay in rent under the voucher does not exceed the area fair market rent. The new House and Senate bills, per the Center on Budget, permanently abolish the old preference system and substitute a much less targeted definition.

Thus, compared to other welfare recipients, the welfare recipients who would get housing assistance under our proposal would be "a pretty targeted crowd" only to the extent that a) the public housing authorities rationally chose them and/or b) we selected such proposals during the competitive process. However, the welfare recipients getting vouchers would be a targeted group compared to other families receiving vouchers.

Message Sent To:

Elena Kagan/OPD/EOP
Paul J. Weinstein Jr./OPD/EOP
Andrea Kane/OPD/EOP
Jose Cerda III/OPD/EOP
Julie A. Fernandes/OPD/EOP

From
Bruce

Family
Synthesis


WR - housing
and
housing - vouchers



Cynthia A. Rice

11/24/97 07:01:46 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP
cc: See the distribution list at the bottom of this message
bcc:
Subject: Re: Pls examine re: housing vouchers and welfare to work 

Bruce -- I, of course, like our proposal better than Barry's, but I should note that under our proposal, public housing authorities could propose to give vouchers to any type of welfare recipient. These recipients would not necessarily already be living in public housing, nor would they necessarily be a targetted, hard-to-serve population.

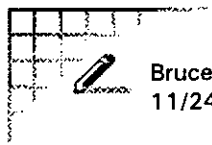
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Bruce N. Reed



Bruce N. Reed
11/24/97 06:11:36 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc: Elena Kagan/OPD/EOP
Subject: Re: Pls examine re: housing vouchers and welfare to work 

I just don't think Barry's approach makes any sense here. The vouchers should be flexible -- recipients who get housing assistance are by definition a pretty targeted crowd. Your alternative looks pretty good. (Note: I still don't understand housing policy.)

Message Copied To:

Elena Kagan/OPD/EOP
Andrea Kane/OPD/EOP
Paul J. Weinstein Jr./OPD/EOP
Jose Cerda III/OPD/EOP
Julie A. Fernandes/OPD/EOP
Diana Fortuna/OPD/EOP

*WR - housing issues
and
Housing - vouchers*

Exhibit 9

Issue Paper 1
Department of Housing and Urban Development
(In millions of dollars)

ISSUE: HUD Subsidized Housing: Continue the status quo or seek major reforms to reach more households in need?

1999			FY		
	FY 1997 Change from <u>Actual</u> <u>'98 Enacted</u>	FY 1998 <u>Enacted</u>	Agency <u>Request</u>	Guidance <u>Level</u>	Recommended <u>Level</u>
BA/OB.....	4,640	9,373	13,147	14,087	8,709
-4,438	-664				
BA (Renewals)	[3,600]	[8,180]	[11,610]	[12,937]	[7,489]
[-4,121]	[-691]				
OL.....	16,347	17,115	18,433	17,194	17,027
-1,406	-88				

Option 1. Guidance Level. Continuing the status quo would extend existing and propose new minor reforms to meet guidance; add few, if any, vouchers in 1999.

Option 2. Agency Request. Adds 50,000 new vouchers annually; proposes no reforms (but senior policy officials have informally accepted the minor reforms in Option 1). Five-year cost of \$4.5 billion in BA and \$2.5 billion in outlays.

Option 3. Major Reform. Adopt Option 1 reforms and add 50,000 or more new vouchers annually; stay within guidance by offsetting reforms to shift more of voucher costs to either tenants and/or State governments.

Option 4. Presidential Pot. Add 50,000 vouchers from the President's hold-back reserve in 1999 only.

DESCRIPTION OF THE ISSUE: Over the past five years, the Clinton Administration successfully sought and achieved significant changes in the subsidized housing programs, which assist 4.5 million households: 1.2 million households in public housing and 3.3 million households in Section 8 privately owned housing (1.8 million project-based; 1.5 million portable vouchers and certificates). Most of these reforms were achieved, at least initially, through one-year

appropriations acts. Subsequently, some became permanent law either in appropriation or reconciliation acts. Twenty significant housing assistance reforms enacted so far during the Clinton Administration are listed in **Attachment A**.

While these generally bipartisan reforms have restrained costs, the Administration has failed each year after 1994 to gain enactment of appropriations for roughly 50,000 incremental vouchers. Congress voiced concern over future outlays growth in denying this request. The Administration solved this growth in outlays by (a) limiting request for incremental vouchers to only the budget year and sometimes the following year and (b) proposing offsetting savings reforms..

Meanwhile, because few, if any additional subsidies have been provided in the past four years, the needs for assistance has probably increased. As conventionally measured, 1 over 5 million very low-income renters are in need of assistance. Based on repeated HUD/Census surveys, this number is nearly unchanged from 1982 to 1995, despite an increase of 1.2 million HUD subsidies.

This year, we again are searching for an effective budget and legislative strategy to meet two competing goals: (1) HUD's primary strategic objectives seeks to "increase the availability of affordable housing ... (to) ... the poor" and (b) HUD's budget guidance calls for zero outlay growth over five years. Specifically:

If 50,000 incremental vouchers are added annually, than the five-year cost totals \$4.5 billion in BA and \$2.5 billion in outlays. With flat five-year outlay targets for HUD, these additional costs must be offset, either from the Presidential initiative pot or from new reforms.

At the same time, we are searching for ways to use housing assistance as one means of achieving two other HUD objectives: to move homeless families to permanent housing and self-sufficiency; and to help make welfare reform work.

A strategy to make progress toward these goals must have two elements: (1) increasing the number of subsidies; and (2) reforms that reprioritize use of subsidies and increase their value to those who hold them, especially to families struggling toward economic self-sufficiency.

Contract Renewal BA increase. HUD requests \$11.6 billion to fully fund all expiring rental contracts in 1999. This amount is reduced from the last year's estimate of \$13.2 billion due to lower per unit costs. The BBA estimate for 1999 was also \$13.2 billion, which includes a base level of \$3.6 million and adjusted anomalies in the funding stream of \$9.652 billion.

The recommendation reduces HUD's request by \$4.1 billion, from \$11.6 billion to \$7.5 billion, by applying \$4.1 billion in surplus funds toward funding BA needs in 1999. The \$4.1 billion surplus was recovered in FY 1997 during a sweep of excess renewal funds from housing authorities. If not used as an offset, the BA will sit unspent.

More subsidized Section 8 rental contracts expire in 1999 than in the preceding year. Unless rental contracts are renewed, low-income families could lose their rental subsidy. The year-to-year

increase in BA to renew expiring contracts is not a real expansion of HUD programs -- these same rental contracts were subsidized last year. The only difference is due to the source year of the BA -- this year more contracts will be funded from new BA instead of prior year BA.

Option 1. Guidance Level.-- Status Quo. This would continue previous budget policies that proposed enough savings from minor reforms that shave subsidy costs to meet guidance. If enough savings could be produced, some incremental voucher subsidies could be proposed in the budget year.

what #.

Guidance level would extend the existing one-year appropriation act proposals, which would otherwise lapse. One exception would be elimination of annual outlay savings from a three-month delay in re-issuing tenant-based assistance. The Administration has consistently opposed this provision, which reduces the number of families aided at any one time.

New reforms, which HUD informally accepts, are shown in **Attachment B**. The largest single share of 1999 saving is from higher tenant rent collections that can be produced by matching tenant reported incomes with IRS records. This assumes that Treasury/HUD and OMB can work out a legislative proposal to amend the existing matching authority to permit sharing of the resulting data mismatches directly with HUD's agents -- the local housing authorities and project-based owners. If not, HUD must devise and implement an effective method to notify the tenants of mismatches in a way that they "voluntarily" turn them over to HUD's agents. To achieve these savings, HUD will also need to revise internal regulations to assure that the time lag on the IRS data can be used in a way to settle up on rents that were underpaid in the past.

Option 2. Agency Request. The agency request would fund 50,000 incremental vouchers annually. No offset is proposed for these over-guidance amounts. Over five years, the addition of 250,000 new vouchers would cost \$4.5 billion in BA and 42.5 billion in outlays. Cost in 2003 total BA of \$1.5 billion and outlays of \$1.1 billion. (The agency is also requesting 32,000 incremental vouchers for the homeless in 1999 and 2000. These vouchers are discussed in issue paper # 5.)

The 50,000 new vouchers would be used in conjunction with the Department's Welfare-to-Work initiative. The new vouchers would be allocated jointly with the local welfare office to those families most in need and making the transition to work.

While the agency did not include any existing reforms in its request, policy officials have informally accepted the reforms in Option 1.

Option 3. Major Reform. If 50,000 new incremental vouchers are funded each year, or 250,000 over five years, then major reforms are necessary to offset the \$4.5 billion in BA costs over five years.. Although further minor reforms such as those proposed in Option 1 could reduce costs, they are unlikely to produce savings sufficient to both reach guidance and support a major expansion. Someone besides the Federal Government must help to pay more of the cost -- either recipients must pay more rent, or another level of government must pay a share of the subsidy cost, which has been 100% federally funded until now. Four possibilities are shown below:

1. Five years of subsidy and then begin higher tenant rents. Raise tenant rent contribution by one percentage point per year after five years in subsidized housing, from 30 percent of "eligible" income to 31 percent in year 6 of the subsidy up to a maximum of 35 percent in year 10 of the subsidy. Five-year savings of \$1.4 billion; funds 86,000 vouchers over five years.
2. New entrants pay more. Require initial tenant rent contribution on new entrants equal to 35 percent of income (rather than the 30 percent required at full subsidy level) without a phase in period. Five-year saving of \$1.5 billion; funds 80,000 vouchers over five years.
3. Share administrative costs with the States. Require States to pay the \$420 administrative costs for new entrants into the tenant-based voucher program or lose the voucher to another, more generous State. (Currently, the Federal Government pays all costs of the voucher program and other subsidized housing programs including administrative.) Five-year outlay savings of \$0.7 billion; funds 37,000 vouchers over five years.
4. Shift 20 percent of the cost of tenant-based vouchers to the States as subsidies turn over. Requires States to pay 20 percent, or \$1,100, for new entrants into the tenant-based voucher program or lose the voucher to another, more generous State. Five-year savings of \$1.9 billion; funds 100,000 vouchers over five years.

These proposals could be vetted with HUD as possible ways to fund vouchers. They may give HUD staff incentives to find more imaginative ways to reduce the backlog of need.

The other element of a successful strategy to meet HUD's low-income housing goals is major reform. The purposes of these policy changes would be to make housing aid to families a complement to welfare reform. Currently, housing subsidies are open-ended and not conditioned on work effort. Subsidies are awarded by rationing procedures that ignore State and local welfare reforms or family work plans/efforts. Many able-bodied non-elderly adults who have no young children receive generous subsidies, while many others who could use the subsidies as a platform to achieve self-sufficiency remain on waiting lists. And finally, two-thirds of the subsidies are project-based (in private subsidized projects or public housing), often isolating families from economic opportunity.

Possible reforms to redirect subsidies to families making economic transitions and increase their value to these families include:

1. Match subsidy level terms to needs. Current rules define one subsidy size to fit all circumstance (full rent minus tenant contribution equaling 30 percent of adjusted income). This reform would create a distinction between *permanent* assistance awarded under today's rules to the elderly and disabled, and *transitional* assistance offered to families who are working and/or meeting State TANF requirements. *Transitional* assistance would be sized initially to meet each family's needs, level and conditions of subsidy would vary with circumstances and behavior, and subsidies would be awarded and administered

in conjunctions with TANF-administering agencies; subsidies would phase out or down within five years, making them available to others attempting similar transitions and thereby aiding many more families over time with the same dollars.

2. Let families move from projects to jobs. Current rules force families in subsidized projects to restrict the range of their job searches or move and lose subsidy. This reform would allow someone who finds a job requiring a long commute to jump to the top of the local waiting list for the first available portable voucher. ✓
3. Promote housing mobility. The value of a housing voucher as transitional assistance can be enhanced by expanding housing searches to include areas where jobs are growing. Experience shows that a combination of search counseling and assistance and metropolitan or broader administration of assistance can greatly expand the use of vouchers to support long-distance moves. Stronger fair housing enforcement (discussed in the Civil Rights crosscut) would complement this reform. ✓
4. Shift block grant priorities to favor tenant-based assistance. Currently, only a small portion of HOME and CDBG dollars support locally designed tenant-based rent subsidy programs. Various means could be used to encourage communities to greatly increase the use of the block grants, which total \$6 billion annually, to support family economic transitions with short-term rental housing assistance.
5. Convert more project-based subsidies to portable assistance. Options outlined in the following three issue papers would, over time, replace poorly designed, poorly located, poorly run, and/or high-cost projects with portable housing vouchers.]

Option 4. Presidential Pot. Include 50,000 vouchers in the competition for Presidential initiative, either as a way to assist more needy households without major reforms or as a further complement of vouchers with major reforms. ✓

Discussion Paper
Welfare Reform and Housing Assistance: Working Together?
August 5, 1997

The historic 1996 legislative reform of the American welfare system reflects a new bipartisan consensus that cash assistance should be designed to reward work, invest in people, and demand responsibility. HUD's low-income housing assistance programs were ignored in designing that new approach, although they touch many of the same families. However, there are at least three reasons why HUD's housing assistance should be reexamined in light of welfare reform:

- even if no changes are made in HUD's programs, the States' implementation of welfare reform will affect HUD's costs;
- experience with family self-sufficiency and other limited evidence suggests that low-income housing assistance can help -- in conjunction with cash assistance and other aid, it can help dependent families make successful transitions to work, and thus help make welfare reform a success; and
- if low-income housing assistance is not reformed, inconsistencies between its rules and incentives and those created by TANF could actually undercut efforts to make the President's welfare reforms work.

There are significant inconsistencies between the new TANF and the current structure and administration of HUD's low-income housing assistance programs:

TANF

1. Eligibility is limited to families with children with little or no earnings (initially) and one or more young children.
2. Assistance is likely to be time-limited.
3. Receipt is conditional on work.
4. States have flexibility in setting terms and conditions of assistance.

Housing Assistance

1. Eligibility is open to higher incomes, and not limited to those with children.
2. Assistance is open-ended.
3. No work is required.
4. States and communities have little flexibility to alter terms of assistance.

Background

Five million families receive HUD housing supplements that average \$400 per month. Of these, about one-half are families with children. About 1.5 million families receive both HUD housing supplements and HHS welfare assistance. In 1989, 62 percent of households with children living in public housing received AFDC (S. Newman, *Fordham Law Journal*, 1995).

HUD's 1998 budget proposals and its public housing legislative bill recognized the potential role that housing assistance can play in support of welfare reform. These proposals included: targeting 100,000 new housing vouchers toward welfare recipients who are relocating closer to work or communities with more work opportunities; grants to create jobs and job linkages, including Empowerment Zones, Brownfields Redevelopment, and Bridges to Work; and rules changes such as an earned income disregard, to incentivize work. However, these proposals do not, for the most part, address the inconsistencies noted above.

HUD also is conducting demonstrations that will test various models for combining housing assistance with other forms of aid to promote economic independence. However, to date, there has been little systematic research on the separate effects of housing assistance on economic mobility.

Changes in Federal and State welfare policies coincide with less dramatic changes in HUD's program rules. For example, the elimination of Federal preferences for Section 8 and public housing, combined with other policies that encourage selection of higher-income and working families and that promote more aggressive screening and eviction, are likely to alter the mix of families served by HUD, absent other policy changes. How these recent changes will interact with the new regime established by welfare reform is uncertain.

Other recent policy changes increase the financial returns to those who work. Expansion of the earned income tax credit, the new child credit, and extension of child health care protection to non-Medicaid families substantially increase living standards for the working poor and thereby increase the financial incentives for work, reinforcing welfare reform. These benefits may be of such magnitude as to render the proposed earned income disregard for housing assistance insignificant. These benefits are not considered in the definition of income currently used by HUD to calculate eligibility or payments.

Options

For families moving toward self-sufficiency, housing assistance can be a mobility tool and a reward for work. Conforming housing assistance to welfare reform implies revised eligibility and conditioning continued assistance to match requirements in States' welfare plans. It implies some degree of local and State coordination between the currently separate rules and administrative systems for housing and cash assistance. Issues include what proportion of new and turnover subsidies should go to those already working and in compliance with State plans, how much flexibility States should have in conditioning housing assistance, how to encourage mobility and job links most effectively, and whether payments should be reduced or ended to

those who break the rules.

Several sets of options could be discussed for realigning HUD's housing assistance programs to make them consistent with welfare reform:

Priority for assistance. Apart from elderly and disabled, should priority be given to families who would benefit from housing assistance as part of their personal plan to achieve self-sufficiency? Should housing assistance be directed mainly to already working families? Should a preference be created for "trapped" working tenants in public/project-based housing who face long onerous commutes to existing or new jobs? Should non-elderly, able-bodied adults without children be ineligible for housing subsidies?

Rules for assistance. Should full housing subsidies be limited to families who are in compliance with welfare reform rules? Should termination or reduction in cash assistance result in automatic increases in housing subsidy? Should families commit to work or work preparation as a condition for receipt of housing assistance? Should non-cash benefits or tax credits be considered in setting payments?

Administrative coordination. Should States be given a role in identifying and/or selecting families for housing assistance and in reviewing their continued eligibility? What administrative arrangements are best to ensure adequate coordination between HUD's local agencies and State/local welfare agencies? Is coordination enough, or should States be given a direct say in how housing assistance is structured and administered? In that case, should the rules for selection and subsidy levels be relaxed to allow maximum ability of States to use housing assistance in fashioning their welfare reform strategies?

Finally, we should consider possible responses to welfare reform in relation to the overall 1999 budget and legislative strategic options for HUD housing assistance. The Administration's recent efforts to increase the numbers of subsidies have been unsuccessful, even as "worst case needs" have grown. Welfare reform provides an occasion to consider whether a redefinition of the purposes of HUD's housing assistance to families might create a stronger rationale for funding. Redefinition of the target might also promise a degree of success relative to a narrower objective -- for example, to provide housing assistance, at some level or other, to most families making the transition to self-sufficiency and complying with the rules of welfare reform.

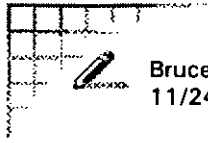
Next Steps

These could include:

- expanding the discussion to include HHS, DPC, NEC;
- reviewing evaluation research and evidence from Family Self-Sufficiency and other recent experience that may inform judgments about the potential use of housing assistance to support economic transitions;

- collecting State welfare reform plans and legislation and describing major variations;
- estimating the effects of a sample of (or selected) States' TANF reforms on HUD's housing assistance costs and tenant mix under current rules;
- developing a range of policy options for family assisted housing to realign it with welfare reform; and
- estimating the effects on costs and tenant mix of those policy options as they interact with welfare reform.

WR - housing vouchers



Bruce N. Reed
11/24/97 06:11:36 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: Elena Kagan/OPD/EOP

Subject: Re: Pls examine re: housing vouchers and welfare to work

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Cynthia A. Rice

11/24/97 05:37:04 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: See the distribution list at the bottom of this message
Subject: Pls examine re: housing vouchers and welfare to work



hou1124b.wp Andrea put together the attached one and a half page chart to show you two alternatives ways to link a proposal for 50,000 more housing vouchers to welfare reform. Please take a quick look and let me know if you have a preference.

Barry White seems to think that in order to have a strong tie between the new vouchers and welfare to work, the vouchers must be tied specifically to the \$3 billion welfare to work program. As much as I love Barry, I just don't agree. There is no reason why the public housing authority could not link with a welfare to work program operated by the local TANF agency instead.

One reason why Barry may prefer the link to \$3 billion program is that those dollars are targetted to hard-to-employ, long-term recipients. If we want to target vouchers to long-term recipients, we could do so without requiring that they be long-term recipients in the \$3 billion program. Or, as illustrated in our alternative, we could let the local housing authorities propose the program linkage and the individuals to be targetted in their application for vouchers.

Message Copied To:

Andrea Kane/OPD/EOP
Diana Fortuna/OPD/EOP
Paul J. Weinstein Jr./OPD/EOP
Jose Cerda III/OPD/EOP
Julie A. Fernandes/OPD/EOP

HOUSING VOUCHERS LINKED TO WELFARE REFORM
DECISION POINTS and OPTIONS

DECISION POINTS	B. WHITE PROPOSAL	ALTERNATIVE
# of Vouchers	50,000	50,000
Funding Amount and Type	\$300 M, Mandatory	\$300 M, Mandatory
Budgetary Duration of Vouchers	As long as we can get.	As long as we can get.
Eligible Families	WtW Participants: 70% of funds for long term recipients who also have other barriers (low basic skills, substance abuse, poor work history); 30% for recipients who have characteristics of long-term dependency.	TANF eligible families for whom housing voucher will assist transition to self-sufficiency. For further targeting: (a) applicant agency could propose targeting, and/or (b) application process could indicate or give preference to certain criteria, i.e. mobility, lack of access to affordable housing, length of time on welfare.
Applicant Agency	Public Housing Authority (PHA), with agreement with WtW grantee and welfare agency. Governor consulted as part of WtW Plan process.	Options: (a) PHA with WtW+TANF (same as B. White) (b) PHA with local TANF agency (include WtW at local option) (c) PHA with local TANF agency or WtW grantee. [(d) allow alternative to PHA as lead applicant??]
Method of Distribution	Competitive, with 75% for WtW formula grantees and 25% for WtW competitive grantees. Selection criteria would need to be identified.	Competitive. Selection criteria would need to be identified.

DECISION POINTS--Cont.	B. WHITE PROPOSAL	ALTERNATIVE
Timing of Distribution of Vouchers	FY 1999, tied to 2nd round of WtW grants.	FY 1999. (Once vouchers awarded, locals manage ongoing allocation and reallocation to families as result of turnover or time limits if they so choose).
Submission Process	Part of FY 1999 WtW Plan	a) amendment/addendum to TANF Plan or b) stand-alone application
Use of/Restrictions on Vouchers	HUD would seek waiver authority to grant flexibility to local recipient agencies on how to structure assistance.	Same as B. White (examples include % of income paid toward rent, time limits, earned income disregard?).
Federal Approval Process	HUD, DOL, HHS	HUD, HHS, DOL--with mandatory review time frames (DOL might be optional depending on role of WtW grantees).

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- **EDSS Grants:** On April 17, Secretary Cuomo announced that HUD will invest \$31 million in 45 public housing developments across the country as part of an intensified effort to move public housing residents from welfare to work. Eighty percent of the grants in HUD's newest welfare-to-work initiative will fund supportive services and economic development efforts. The remaining 20 percent will pay for meals, personal assistance, housekeeping aid, transportation, and adult day care for elderly and disabled residents. Funds for the new welfare-to-work initiative come from Economic Development and Supportive Services (EDSS) grants. HUD expects to issue the 1997 notice of funding availability for the next round of Welfare-to-Work/EDSS grants in early May.
- **Secretary's Schedule:** On April 23, Secretary Cuomo will rollout HUD's Portfolio Reengineering legislation, with Secretary Rubin.

OFFICE OF NATIONAL DRUG CONTROL POLICY

- **Boys and Girls Club of America:** On April 24, Director McCaffrey will deliver the keynote address at the 91st Boys and Girls Club of America Annual National Conference in Atlanta, GA. 1,250 Boys and Girls Club representatives and community leaders from across the nation will attend. Topics include drug and alcohol abuse, violence, education, and importance of reaching out to serve more youth, especially teens.
- **Caribbean Trip:** Director McCaffrey is tentatively scheduled to travel with Mack McLarty to Mexico on April 20-22 and Barbados on April 25-26. McLarty will lead the delegation and try to achieve agreement on Summit agendas and the final wording of Heads-of-State declarations. The Director will address the importance of counterdrug issues and seek agreement on final wording for drug issues in the declarations.


DEPARTMENT OF INTERIOR

- **Endangered Species Act:** DOI and DOC have reached final agreement with Native American tribal negotiators on the text of a joint Secretarial Order regarding the ESA and tribal treaty rights and trust responsibilities. This order represents a landmark achievement in addressing a decades-old controversy over the ESA's affect on the exercise of tribal treaty rights. While not conceding DOI's legal position that the ESA can affect the exercise of treaty rights, the new Secretarial Order would rely heavily on government-to-government consultation and coordination to avoid or minimize disputes under the ESA with tribes. DOI and DOC are presently anticipating a major roll-out/signing ceremony in Washington, D.C. within the next three to five weeks.

- **FOIA Request:** The *New York Times* has requested all correspondence and other records containing information about contacts between employees or officials of HHS and the following individuals, between January 20, 1993 and the present: Harold Ickes (previously requested), Doug Sosnik, Don Fowler, Marvin Rosen, Richard Sullivan, John Huang, Terence McAuliffe, any employees of the Democratic National Committee, any employees of the Clinton/Gore '96 campaign.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- **Jobs-Plus Partnership:** On April 18, Secretary Cuomo announced a welfare-to-work initiative called Jobs-Plus for residents of public housing in seven cities: Baltimore, MD, Chattanooga, TN, Cleveland, OH, Dayton, OH, Los Angeles, St. Paul, MN, and Seattle, WA. Each project includes three program elements: 1) tangible work incentives to encourage residents to go to work and increase their incomes; 2) state-of-the-art strategies for the most effective employment training, placement and retention programs; 3) the creation of a community culture that supports work among working-age residents. Jobs-Plus is funded by \$5 million in federal funds under HUD's Moving to Work initiative, by a \$1.5 million grant from the Rockefeller Foundation and \$400,000 from the Surdna Foundation.
- **Cleveland Project:** HUD continued implementation of the "Get Tough" initiative against bad landlords by taking over Belvoir Cliffs Apartments in Cleveland, OH. The 160-unit development is occupied by low-income families and elderly tenants and was in desperate need of repairs. Emergency repairs will be made, while authorities conduct a inspection to determine the work required in the building. Over a period of years, the landlord, Melvin Ross, received more than \$12.5 million in rental assistance from HUD. Ross, who is cooperating with HUD, was cited for failure to maintain the property and has been suspended from future participation in HUD programs.
- **First-Time Homebuyers:** The FHA began to offer special incentives for first-time homebuyers to purchase from its inventory of single-family homes. HUD will sell any property in its inventory for a 2-percent down payment, and will also pay 3 percent of closing costs. For buyers who can go to settlement quickly, there's an added \$1,000 bonus.

 Bruce N. Reed
03/28/97 04:22:35 PM

AWS

Agree on list

*on 2nd - not usually -
What's the \$ here?*

Record Type: Record

To: Lyn A. Hogan/OPD/EOP, Cynthia A. Rice/OPD/EOP, Elena Kagan/OPD/EOP


cc:

Subject: Housing/Welfare Reform Meeting

It's ridiculous to screw people who go directly to work without going through training.

The second point raises another question -- do states get to count housing in calculating hours and wages under FLSA, or is that excluded?

----- Forwarded by Bruce N. Reed/OPD/EOP on 03/28/97 04:18 PM -----

 Lyn A. Hogan
03/28/97 03:05:38 PM

Record Type: Record


To: Bruce N. Reed/OPD/EOP

cc:

Subject: Housing/Welfare Reform Meeting

FYI, I'm forwarding you this e-mail. Sorry I didn't include you on the original distribution.

----- Forwarded by Lyn A. Hogan/OPD/EOP on 03/28/97 03:06 PM -----

 Lyn A. Hogan
03/28/97 03:00:32 PM

Record Type: Record

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

cc: Cynthia A. Rice/OPD/EOP

Subject: Housing/Welfare Reform Meeting

Through recent discussions with HUD and OMB, two housing issues related to welfare reform have surfaced that we need to discuss and resolve. Right now, we have scheduled a meeting on Wednesday, April 2 from 3:00 -4:30 in room 211 to begin discussing the following issues.

First is the question of who should qualify for an income exclusion when determining rent amounts. Previously, the small population enrolled in the JOBS program who moved into work qualified for such exclusions. However, now essentially all of those on TANF who go through training and into work will qualify. Further, those who go from TANF directly into work without moving through

training DO NOT qualify. Should all welfare recipients who receive housing subsidies and move from welfare to work receive an income exclusion? If not, how do we choose which populations are eligible? What are the ramifications on HUD's budget?

Second, the Feds pay 100% of admin and capitol costs for public housing and serve over 1.4 million households, about 60% of whom are on AFDC. Several states in their TANF plans are creating a two-tiered welfare system--those who receive housing subsidies will receive less in TANF benefits, those who do not receive housing subsidies will receive a larger TANF check. This has tremendous budgetary implications for HUD and particularly concerns OMB.

Joining us for this meeting will be Olivia Golden and other staff from HHS and Michael Stegman and Paul Leonard from HUD. Please let me know via e-mail whether or not you'll be attending. Thanks.

Message Sent To:

Elena Kagan/OPD/EOP
Diana Fortuna/OPD/EOP
Alan B. Rhinesmith/OMB/EOP
Francis S. Redburn/OMB/EOP
Hai M. Tran/OMB/EOP
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