

## THE HOUSING BILL: WAITING FOR A BUSH VETO

The White House has the chance to demonstrate its support for the Department of Housing and Urban Development's bold proposals for improving the housing of low-income Americans. It can do this by blocking legislation that guts the best of HUD's new ideas. George Bush has failed to issue a clear threat to veto the housing appropriations bill now on his desk. This signals Capitol Hill that he perhaps is more interested in spending billions of dollars on a space station than on backing his own HUD Secretary, Jack Kemp, who is fighting to retain the central provisions of landmark housing reforms enacted last year.

Top White House aides have indicated to the press that Bush does not intend to veto H.R. 2519, the appropriations bill which House and Senate conferees approved this September 26. This bill appropriates \$80.9 billion in fiscal 1992 budget authority for HUD, the Department of Veterans Affairs, the National Aeronautics and Space Administration, the National Science Foundation, and the Environmental Protection Agency. Some \$23.8 billion would go for HUD, \$1.7 billion less than the \$25.5 billion Administration request.

In a September 25, 1991, letter to Senator Barbara Mikulski, the Maryland Democrat, Kemp complained bitterly that the allocation of funds in the bill is "a betrayal of low-income families who hope one day to become homeowners." The bill guts Kemp's promising initiatives to help the poor obtain decent housing and a chance to own their own homes. Instead it directs huge sums to the construction industry. At the same time, the bill lavishly funds a space station project that eventually could cost more than \$30 billion; some estimates even put the space station cost at more than \$100 billion.

The bill runs contrary to Kemp's initiatives in a number of ways:

**Example:** The bill appropriates only \$361 million for the new HOPE (Homeownership and Opportunity for People Everywhere) program, enacted in last year's housing bill. The program would provide federal matching grants designed to help low-income families become first-time homeowners. The \$361 million is about 60 percent less than the Administration's request. Of this, \$161 million would go for HOPE 1, which is to enable tenant organizations in public housing to buy their apartments; \$95 million each would go for homeownership grants in HOPE 2 (financially distressed government-foreclosed or -insured multifamily housing) and HOPE 3 (financially distressed government-foreclosed or -insured single-family housing); and \$10 million would go for Elderly Independence, which would supply housing vouchers and supplemental services to frail, low-income elderly Americans, so that they can live at home, rather than in nursing homes or other institutions. These programs were intended by HUD to replace expensive existing activities such as new public housing.

**Example:** The conferees completely eliminate rental assistance funding within the Shelter Plus Care program. Intended to enable the mentally ill homeless to live normal lives, rather than wandering the streets and sleeping on grates, the program, had Congress funded it, would have linked housing funding to services to combat substance abuse, and provide treatment to the mentally ill.

**Example:** The bill grants only \$777.5 million of the Administration request of \$1.1 billion for housing vouchers. Such vouchers are subsidies of a fixed dollar amount which give low-income households far more choice over where they live. For each family housed, vouchers cost taxpayers about half as much as other housing programs, such as public housing or federally-subsidized private construction.

**Example:** The bill appropriates \$1.5 billion to fund the HOME Investment Partnership program created in last year's federal housing package. HOME provides block grants to state and local governments, as well as nonprofit groups, to subsidize the construction, rehabilitation, and acquisition of low-income housing. The problem with HOME is that the focus is on expensive new construction, and it is not targeted enough to low-income areas. Conferees, moreover, waived for fiscal 1992 HOME's requirements for state, local, and private recipients to match federal dollars with funds of their own. State and local officials therefore have no financial incentive to make sure that the "free" federal money is used wisely. Further, the bill eliminates incentives for grant recipients to use funds for tenant-based assistance and rehabilitation instead of expensive new construction. The money thus will produce fewer homes for the poor than if used for vouchers. As such, Congress has transformed HOME into a new version of the scandal-ridden construction programs that were ended only when Kemp took over the reins at HUD. In these programs, developers lobbied powerful lawmakers and HUD officials to steer grants in their direction. The irony is that Congress applauded Kemp when he announced he would shut down such programs.

Conferees have decided to support public housing instead of HOPE. This expansion of public housing funding was supported by lobbyists for the powerful public housing authorities (PHAs). These are mandated to provide "decent and safe" housing for those in need, but many of the largest PHAs fail in this task. Many are little more than patronage mills, with their badly-maintained projects suffering from crime, drug trade, and rampant teen pregnancy.

Kemp is urging a veto of the bill. Since taking office in February 1989, he has tried to transform HUD from an open cash register for the housing industry into an agency to help poor Americans obtain decent homes. The HOPE program, now essentially gutted by Congress, is the heart of Kemp's strategy. Rather than add more units to the nation's 1.4-million-unit public housing stock, where over 100,000 units are vacant, HOPE would tear boards off windows and doors, and improve existing units. It also would promote tenant management and ownership, which has a demonstrated record of reducing project operating costs and stabilizing neighborhoods. If fully funded, HOPE would sell off as many as 20,000 units of public housing by the end of 1992, and give grants to more than 300 resident management groups to develop future home ownership programs.

**Chance for Low-Income Americans.** Kemp anticipated opposition from lawmakers with close links to the construction industry and those who resist his empowerment agenda. What is puzzling is George Bush's failure to give HUD the support needed to push through this program. Shortly after passage of H.R. 2519, Kemp sent a letter to Bush, White House Chief of Staff John Sununu, and Director of the Office of Management and Budget Richard Darman, requesting that the bill be vetoed unless funding is in line with the Administration's request. According to press reports, Kemp has been told his reform package is not worth a veto. And according to Mikulski, Bush has said that he feels the bill's \$2 billion for the space station outweighs any flaws in the allocation of funds for HUD. If Bush fails to stand by HUD on this crucial bill, his Administration will lose its chance to demonstrate its ability to fulfill the housing dreams of low-income Americans.

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