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U.S. House of Representatives, 106th Congress

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March 28, 2000
New York Times

Robust Economy Is Contributing to a Loss of Affordable Housing

By IRVIN MOLOTSKY

WASHINGTON, March 27 -- While the nation enjoys continuing prosperity, affordable housing for many of the working poor has become harder to find, a federal report said today.

The report, issued by Andrew Cuomo, the secretary of housing and urban development, found that 5.4 million low-income families were paying more than half their income for housing or living in dilapidated units, a rise of 12 percent since the economic expansion began in 1991.

The government regards housing for low-income people affordable if it consumes less than a third of a family's income.

"This is the highest need for affordable housing since we have been taking numbers," Mr. Cuomo said.

Low-income housing, he said, "is getting old, it is coming out of service, it is being knocked down."

He cited several factors for the squeeze on the working poor, including the rising economy.

In the past, building owners accepted low-income tenants whose rent was paid from their own earnings and from subsidies from a government voucher program known as Section 8. But because of the continuing prosperity, Mr. Cuomo said, many property owners have found that higher-income tenants have bid up the prices of apartments beyond the poorer tenants' ability to pay, even with the Section 8 subsidies.

Mr. Cuomo also criticized Congress's refusal to approve more Section 8 housing from 1995 through 1998, "when we went out of the housing business."

He blamed the Republicans in Congress for the lack of new Section 8 units, saying, "We had proposals in the tens of thousands for every year and Congress said zero."

Representative Rick Lazio, the New York Republican who is chairman of a housing subcommittee, said a Republican objection during that time had been a "take one, take all" provision that required landlords accepting any families with vouchers to accept all families with them.

Republican complaints were satisfied, Mr. Lazio said, and 50,000 new housing vouchers were approved for 1999 and 60,000 more for this year.

As to President Clinton's request for 120,000 more for next year -- which would cost \$6 billion -- Mr. Lazio said he had introduced a measure for 100,000 units, "so we are very close." But he said that the administration had to show where the money would come from.

Told of Mr. Lazio's comments, Mr. Cuomo said his call for 100,000 new vouchers was "a tad disingenuous and misleading." While Mr. Lazio may push a bill seeking the new vouchers, Mr. Cuomo said, the Republican leadership has said it will not approve the money for them.

Mr. Cuomo said the added 120,000 vouchers would help ease the "cruel irony" of the strong economy hurting the poor by driving up rents.

Asked if his agency should not share in the responsibility for the shortage, he said, "If there was any failure, it was our failure to persuade Congress to provide funds."

The Wall Street Journal
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Tuesday, March 28, 2000

Economy

Record 5.4 Million Households Need Aid On Rent, Cuomo Says in Plea to Congress

By Shailagh Murray
Staff Reporter of The Wall Street Journal

A record number of low-income families need rental assistance but fail to get it, Housing Secretary Andrew Cuomo said in a bid to pressure Congress to spend more on affordable-housing programs.

According to a study by the Department of Housing and Urban Development, at least 5.4 million very-low-income households spent more than half their earnings on rent without assistance or lived in substandard conditions as of 1997, the most recent full year for which data have been tallied. The figure, which represents one-sixth of total renters, jumped 12% from 1991, when the economic recovery began. The number also represents 5.4% of total households, up from 5.1% in 1991.

Seventy percent of households that receive federal housing assistance have incomes below 30% of area median income.

One force behind the increasing need for housing assistance among the poor was the loss of 370,000 affordable-housing units from 1991 to 1997 as old public-housing projects were retired and landlords opted out of HUD programs and upgraded properties to appeal to higher-income tenants.

Another factor was that federal spending on housing plummeted in the mid-1990s. From fiscal years 1995 to 1998, Congress created no Section 8 vouchers -- rental subsidies that recipients use to offset the cost of market rents -- compared with 39,700 vouchers in 1994. "There was a four-year hiatus when we went out of the housing business," Mr. Cuomo said. "We're now paying for that hiatus."

President Clinton, in his 2001 budget request, proposed creating 120,000 additional vouchers, which would double the number approved by Congress for fiscal 2000. Mr. Cuomo called the additional vouchers, at a cost of \$690 million, "a step back in the right direction."

An even bigger boost could come from a \$5 billion surplus in the Federal Housing Administration insurance fund. Mr. Clinton this month said he aims to use the money to boost federal-housing programs and has asked HUD and other organizations to produce spending plans.

The 5.4 million households counted by HUD include 12.3 million individuals considered so poor as to be one paycheck away from homelessness. But the households are more likely than ever to include at least one full-time worker. The rent burden grew three times faster for working families than for any other category, HUD found. Minorities were another hard-hit group. Increases were especially steep for Hispanic households and for minority families with children.

The West Coast now rivals the Northeast as the worst place to be a low-income renter because of very high rents -- especially in the high-tech corridors -- and lower rates of housing assistance.

(Publication page references are not available for this document.)

March 28, 2000

Report: Poor Paying Much for Housing

Filed at 6:08 a.m. EST

By The Associated Press

CHICAGO (AP) -- The economy may be booming, but a new federal report indicates not everyone is benefiting -- particularly the working poor who are having an increasingly hard time finding affordable housing.

The report, issued by the U.S. Department of Housing and Urban Development, shows that a record number of working-poor families -- at least 5.4 million of them -- were paying more than half their income for housing or living in substandard conditions in 1997, the freshest figures available. That's an increase of 12 percent since 1991.

Federal officials released the report to Congress, which is currently considering a bill that includes \$690 million for 120,000 new rental assistance vouchers to be distributed in cities nationwide.

"Everything is going so well (economically), it's hard to imagine that we have such a terrible housing shortage," HUD Secretary Andrew Cuomo told reporters Monday. "But actually the strong economy is one of the reasons we have a lack of affordable housing."

HUD officials said incomes for average Americans are growing at a rate roughly 30 percent greater than incomes for the poorest Americans. That, in turn, is driving up rents and home prices from San Francisco and Seattle to Chicago and Tampa.

"They want the city back," Magdalena Mendez said of suburbanites and others who are moving into pricey condominiums and rehabbed homes just blocks from the three-unit Chicago building she must vacate today.

The bank is foreclosing on her landlord. So Mendez -- a 34-year-old salon assistant -- has been trying to find a three-bedroom apartment for herself and her five children for more than three months. She is having trouble finding anything for less than \$800 per month in the same neighborhood as her children's schools.

"It's upsetting to those of us who've always worked and lived here in the city -- who have an education, who work hard and who still can't get what we want," said Mendez, who paid \$350 a month for her top-floor apartment that she figures could now rent for \$1,000 a month if it's rehabbed. That's more than she makes in a month.

It's not that gentrification is a new concept. But statistics show that it is an accelerating one.

Consider San Francisco's Mission District, a working-class, predominately Hispanic neighborhood that is quickly turning upscale. In New York, old tenement buildings on Manhattan's Lower East Side are being converted into luxury units.

HUD researchers have found that the nation is losing low-income housing units at an increasingly alarming rate -- 400,000 units between 1993 and 1997, compared with 425,000 between 1985 and 1993. Officials at

Harvard University's Joint Center for Housing Studies also have noted the trend -- one that residents in some neighborhoods are trying to buck.

“Our community is kind of the example of the mix of all of America, and we'd like to keep it that way,” said Fran Tobin, a community activist who's fighting to save affordable housing on Chicago's North Side.

But, he added, that is more easily said than done.

“The Daley administration has made it clear that their focus is middle and upper-class people,” Tobin said, referring to Chicago Mayor Richard Daley. “I think that's a pretty common attitude.”

Andrea Smith, a spokeswoman for Chicago's Department of Housing, disputed that claim, pointing to a \$4 million trust fund used to subsidize low-income renters and their landlords.

But she noted that, like many cities nationwide, Chicago's goal is to create mixed-income neighborhoods, rather than having large pockets of poverty.

“That's what a healthy city needs,” she said.

In the meantime, Mendez's ex-husband has taken custody of their children until she finds a suitable place for them to live. She plans to live with her two sisters while she seeks apartments and is almost to the point where she'd take government help if it becomes available.

“I always thought I wouldn't need it. I don't want to fall into the system or get trapped,” said Mendez, who gets some rent help from her ex-husband.

“But I'm not sure I have a choice anymore.”