

Implementing a National Housing Strategy



2004-2005 NACo Presidential Housing Initiative

Angelo D. Kyle, Lake County, IL
President



NACo Presidential Initiative Overview County Leadership in Designing and Implementing a National Housing Strategy

*The Honorable Angelo D. Kyle
Commissioner, Lake County, Illinois
NACo President*

As county leaders, our fundamental responsibility is to create an environment in which our citizens can achieve a high quality of life—to create healthy, strong communities where people want to live, work, and raise their families. There are few factors that greater influence an individual's chances for success in life than where and how they live. Homes are a vital component of American life, providing wealth, stability, community enhancement, individual self esteem, and a place for instilling values and imparting lessons to the next generation.

The ability or inability acquire a safe, quality affordable home has profound ramifications for all Americans. Despite some seemingly positive indicators in recent years, it is more difficult than ever for most working Americans to afford quality homes in the communities in which they work. Although interest rates have been hovering around all time lows and a high percentage of Americans home owners, an alarming number of working Americans are struggling to afford quality housing, and the home ownership gap between key segments of American society has remained persistently intractable. In short, for millions of working Americans, the American Dream is more and more often becoming just that—a dream. A dream from which the reality they wake up to is one where securing quality housing remains just outside their grasp.

As the level of government closest to the people, counties bear a significant responsibility for creating an environment in which our citizens can have a realistic chance to achieve their dreams. Securing quality affordable housing in or near the communities in which they work is a fundamental component of building the strong families and safe, vital communities that assure the progress and continued greatness of our nation. As officials of the public trust and in the public service, it is crucial that counties do all we can to assure that citizens have access to a full range of safe, quality affordable housing.

Therefore, during my term as President of the National Association of Counties, I have chosen to devote our energy and resources to assure that county leaders are at the forefront of meeting that responsibility. Beginning this July through a NACo Presidential Initiative county leaders will come together with the faith based community, builders, developers, first responders, and working Americans with the objective of Designing and Implementing a National Housing strategy. If we do so, and exert our leadership to address the growing national challenge, all our citizens will benefit. And for those in elective office, statistics indicate that those citizens will reward you for your diligence.

According to a 2003 survey by our friends at the National Association of REALTORS®:

- 67% percent of Americans would be more likely to vote for a candidate who work to make housing more affordable
- 71% of Americans would like to see government place a higher priority on making housing for both renters and homeowners-more affordable in their area.
- 47% say affordable housing is a problem; this figure is slightly less than anxiety over layoffs and unemployment (52%), even with concerns over affordable health care (48%); higher than concerns over pollution (31%) and crime (24%).

2004 is an election year, and despite the importance of housing to our citizens, it is not an issue that is driving the election season. To borrow a phrase from President Bush, as NACo President, I am going to lead a 'coalition of the willing', and by 2006, we are going to change that. We have a national and a moral responsibility to meet the needs of all of our citizens, and as elected leaders, that responsibility is all the more acute.

Designing and implementing a national housing strategy to live up to that responsibility is what my initiative as NACo President will be all about. As county decision makers we have a strong role to play, exerting our leadership in bringing together our constituents, faith based community, and development leaders. At the national level, I will utilize my position as the elected leader of America's counties to assure that counties are supported with the tools and resources we need to meet the challenge. Simultaneously, we will be working in counties across the country to develop new approaches, reach out to unengaged constituents, and form new coalitions. Fortunately, we will not be working alone, as we have begun assembling an impressive array of partners to join us in our efforts. I am grateful to them for their leadership and support.

I also want to express my sincere thanks to 2003-2004 NACo President, Karen Miller. When she ran for office, she promised that one of the things that she would do if elected is work to insure that there is coordination between officers to assure that Presidential Initiatives have continuity, and lasting impact. She did so, allowing me extraordinary latitude to lay the groundwork for my Presidency. She gave me opportunities that she *could* have taken, letting me build upon existing partnerships and establish new ones, conduct planning sessions, and carry on discussions that allowed me to be perhaps more prepared than any NACo President to hit the ground running.

In return for that support, I will assure continuity on her initiative efforts, strengthening rural America, and increasing collaboration and partnership between urban and rural America. Rural America has a massive, largely un-addressed stake in the national housing challenge, and I promise that they will be full partners in our strategy. The effort that I will lead to provide housing for working families is a national one where urban and rural America will stand side by side as equal partners in addressing a challenge that they equally share.

There are many housing challenges facing working Americans, and it is impossible for NACo to meet them all. However, there are several sub issues that we know that we are committed to address, and several avenues that are being put in place to do so.

What follows are some of those issues and objectives, and the blueprint that we are developing with our partners to do so.

On the *supply* side, despite the great years enjoyed by the home building industry, there is STILL an inadequate supply modern, quality housing

More than ten million units constructed prior to 1920 are still standing. Between 1999 and 2001, over 1.5 million housing units disappeared permanently. Fires and natural disasters account for some of these losses but many were simply voluntarily demolished. What does this mean? It means that we have an already existing need for quality homes, and that need is going to accelerate greatly in the coming years, commensurate with our rapid population growth. America is going to need new housing, and going to need to upgrade improve, or rebuild millions and millions of existing properties.

There are several reasons for **lack of affordable housing on the supply side** that we need to address. Some of them we want to begin to look at from the start include.

- Rising housing costs. It is obvious that housing costs are rising and doing so rapidly. We have to be careful of this, because it is often too easy to automatically say rising housing costs are bad. Intrinsicly, they are not, because the rising cost of a house is what allows an owner to build wealth. However, the real concern is the dramatic rate at which they have risen and continue to rise, especially in comparison with incomes.
- Expiration of long-term contracts for section 8 housing units
- **Tax treatment of abandoned properties.** Abandoned properties, if to be recaptured and attractively and modernly renovated, could provide a good supply of new housing that can capitalize on existing infrastructure. However, the tax structure currently in existence often does not allow this type of redevelopment.
- **Lack of federal production dollars and dwindling federal subsidies.** The role of housing at the federal level has gradually shifted from being a provider of housing to being a facilitator **into** housing. Therefore, the supply of housing provided by the government has decreased dramatically.

The same is true for lack of affordable housing from the *demand* side

- **Skyrocketing housing costs for working families in "middle-class" careers.** As the first product of the housing initiative, NACo and Freddie Mac will release a report showing the extent of the challenge faced by Americans holding good middle class jobs such as teachers, police and construction workers in acquiring quality affordable housing.
- **Financial literacy issues.** Many Americans do not understand the home buying process, or what it takes to prepare for it. This lack of understanding is one key reason we see for the consistent home ownership gap. Education and training designed to fit the diversity of our society is key to addressing this. Significant resources are being dedicated to addressing this challenge by groups like the Fannie Mae Foundation.

- **Predatory Lending.** While the government, citizens groups and a host of other watchdogs are actively seeking to combat predatory lending practices, they continue to exist and in some places, thrive. These practices rob potential wealth and exploit some of the most vulnerable members of our society. A key component of the NACo housing program is to work with these groups to exterminate this practice.

Housing is still far too often unaffordable for our First Responders and millions of other working Americans

In all 60 of America's major metropolitan housing markets, American families spend more than the recommended 33% of their income on housing. Therefore, in most of those markets the asking price even of a two bedroom apartment would not be considered 'affordable' for the average earning American family. And if the objective is *owning* a home, the typical working family is priced out of almost HALF of those 60 markets. They simply can not find quality housing in those regions that they economically qualify to purchase.

By 'working' Americans, we mean just that—Americans that hold occupations of honor such as teachers, police and firemen, nurses, and construction workers. These are the people that have inspired me to select housing as a Presidential Initiative. I consider this to be a growing national crisis, and will devote my Presidency to addressing it.

To support this effort, a strong and diverse coalition is assembling including the Fannie Mae Foundation, National Association of Home Builders, National Association of REALTORS®, Freddie Mac, Harvard's Joint Center for Housing Studies, The Center for Housing Policy, Bank of America, and others. We're also reaching out to representative organizations of our police, firemen, teachers, and others affected by the housing challenge to work with us.

It is vitally important that we partner with like minded stakeholders in accomplishing our objectives. My counterpart at the National Association of Home Builders, Bobby Rayburn has set that organization on a course that in many ways parallels the objectives set for NACo on housing over the next year and a half. Because demand is so great, the home building industry has done well in recent years, despite the poor economy. Despite enjoying prosperity under the status quo, he has committed NAHB to addressing the affordability issue. Having the group that represents those that build the houses focusing on assuring their affordability for working families is a significant factor. Their focus mirrors other efforts began in recent years by the groups like the National Association of REALTORS® through their Housing Opportunities Program, and other individual developers, contractors, lending agents and financiers.

Clearly there is a groundswell about this issue among the private sector and citizen groups that needs to be focused to achieve lasting results. Because we have responsibilities to our citizens, capabilities through the various powers of our office, and credibility in the halls of government, boardrooms of businesses and meeting halls of community groups, county officials are in the best position to take the lead in turning that groundswell into an effective strategy for action.

Additionally, 2004 is a major national election year, and we will do everything that we can to elevate housing on the national political agenda in the remaining months we have before the election. With concerted effort in collaboration with our partners, real progress can be made.

However, to meet the growing challenge we face, we need more than progress. We need a movement—a mobilization of citizens, advocates, clergy, first responders, teachers, construction workers, cashiers—Americans from all walks of lives who want to be able to secure quality affordable housing in the community of their choice.

That takes coordination, leadership, and time. Therefore, while we will push with our collective might during the 2004 election, we will view November 5, 2004 as a starting line, not a finish line. The election results and the progress we are able to make in raising housing on the national agenda in 2004 will serve as a benchmark by which we will measure our progress in 2006.

We will work to put a ‘face’ on America’s housing crisis

Historically, much of the stigma attached to the term ‘affordable housing’ comes from two major sources: First is a narrow misperception of just who needs it, and the second is that often the housing that has been built to be affordable is designed poorly, isolated, and unattractive.

On the first issue, determining whether or not to support steps to assure that housing is available and accessible to based upon what that person looks like, or what their economic or social status raises serious moral issues into question. However, there is a real need to understand just who it is that we are really working for to assure quality housing. Therefore, a key objective of my Presidential Initiative is to ‘put a face’ on the housing challenge. As a nation, we need to understand that we are not pushing quality housing affordability for ‘them’. There is no ‘them’. ‘Them’ is *us*, and we need to highlight that typical Americans are struggling greatly.

Many of our partners and housing activist groups have realized this and are launching efforts to address it. However, while their goals are laudable, and in general, NACo supports them, they are not likely to have the level of lasting impact that is needed. The reason for that is simple. It is our belief that a major reason why the breadth of who we are working for to assure affordable housing is not understood is that those who are most affected by the housing challenge are not those who are making the case.

While housing advocacy groups have been effective in assuring the progress we have so far, their voices on this issue have been heard before. In this area, the underlying objective of the national strategy we will lead is nothing less than to take the onus of stating the case OFF traditional housing advocates and place it ON those who actually need the housing. That is why it will not be the faces of housing and community development leaders you will see, or their voices you should hear. It will be Police. Firemen. Nurses. Teachers.

Focus on improving the design, attractiveness, modernity, location and quality of new housing—and assure that that housing is accessible and affordable for more Americans

The second issue concerns location and attractiveness. As local decision makers who can help set the playing field, there are many things that county officials can do to see that there is ample quality affordable housing and home ownership opportunities for working families. Regulatory tools such as inclusionary zoning can require the inclusion of attractive affordable units in more accessible and higher cost areas. Resources are available to show how affordable units can be designed so they are one hundred percent indistinguishable from market rate housing which will be publicized through the NACo housing effort.

Attractiveness is a vital component of the equation. There are many reasons why even the term ‘affordable housing’ faces the kinds of problems it does. A very important one is that for a long time, affordable housing was synonymous with unattractive or substandard housing. Quality and attractiveness must go hand in hand. This is not limited to new developments either, but is equally or more important within existing developments. Studies have shown that when done correctly, denser, mixed-use development with a variety of housing types creates attractive, dynamic neighborhoods where people want to live.

Launch of national elected official led public awareness campaign on the housing challenge

NACo will devote National County Government week to the issue of housing affordability in 2005. In collaboration with National Community Development week, NACo utilize this two week period to launch a series of public service announcements, and conduct a coordinated series of regional awareness building events around the nation consisting of tours, press conferences, recognition ceremonies honoring exemplary local housing practices.

We will partner with other state and federal elected and appointed officials to assure their participation, and encourage our members to reach out to their faith based community and enlist their support in promoting the issue during this time as well. We will continue these activities through national Housing Awareness month in June, utilizing this two month period to reach out into communities nation wide, and promote housing in Washington.

We will take our case for quality housing for working families out into communities across America

While we are working to build a national movement that will have resonance in the halls of Washington, the real work must be done in communities across the country. It is important that county leaders, the private sector, and the faith based community are provided with replicable examples from communities who have successfully taken steps to come together and collectively address their housing challenges. Through this initiative we will visit some of these places, and

learn from their efforts. But our objectives are broader than that, as we will view each region visited as an incubator to feed into the broader national housing strategy.

Therefore our trips around the country will be a combination of best practice educational forums, *and* facilitation sessions through which county leaders, first responders, private sector leaders, and the faith based community will be brought together for the purpose of designing and implementing a regional strategy. Those participants and the strategies they develop will be fully incorporated into the overall national approach.

We will work closely with our partners and other locally based leaders to determine where we will go, and what can be accomplished both for the communities, and the overall initiative.

We will make sure the federal government does its part to assist in meeting the challenge

The federal government is not solely or even mostly responsible for solving the national housing crisis plaguing America's working families. However, the federal government does have a key role to play, and an incredibly strong obligation to assist by assuring that the tools, support systems, financial, and enforcement mechanisms are in place that allow for flexibility and innovation. By working together in partnership and each fully playing our role to assist citizens, we can assure that progress is made.

One of the major objectives of the national housing strategy we are implementing is to compellingly demonstrate the magnitude of the housing crisis at the national level, encouraging the federal government to be more aggressive and assertive in providing resources to address it. American history teaches that often a full fledged movement of the people is required to secure significant movement, and we will be working to create that. However, there are a series of short term and interim steps that the federal government should take to support working Americans as they look to secure their housing needs.

We will take action on the following issues in the coming year, exerting our leverage as local leaders to call for increased activity from the federal government, and increased flexibility at the local level.

- 1) Lobby for additional resources for federal community and economic development programs.

This year, the FY 05 budget level funds the formula for the popular and successful Community Development Block Grant Program at \$4.33 billion. The CDBG program will be celebrating 30 years of leveraging billions of dollars in America's neighborhoods and communities this year. The program is the premier community development program in the country, and helps to improve the quality of life for millions of Americans across the country.

This particular year, the Bush Administration has rated CDBG as "ineffective" and has indicated that the program has unclear goals and loose targeting requirements. However, the objectives of

CDBG stand unchanged as when they were enacted in 1974, and that is to develop viable urban communities, provide decent housing and suitable living environments, and expand economic opportunities for low and moderate income persons. CDBG has been a valuable resource in helping local communities achieve these goals, which sometimes are outside the scope of easily quantifiable results. How do you quantify the impact of a meal delivered to a home of an invalid? How do you assess the market value of an upgraded streetscape with an improved appearance to the eyes of a child who now feels surrounded by a safer neighborhood? The benefits of things like this are difficult to quantify quite frankly because they are *immeasurable*, and these are things that get done through CDBG on a daily basis. CDBG remains a valuable tool and resource for local governments and we must protect its funding and intent and mission. I hope you will join me in this effort.

2) Promote affordable housing and homeownership efforts through the HOME Investment Partnerships Program

The Administration has made promoting homeownership for low-income families a priority, and to that end has added modest funding increases to the HOME program to provide down payment assistance to first-time, low-income families. NACo applauds the Administration's focus on homeownership, as it provides families with a stake in their communities and can lead to financial independence and stability. Moreover, the HOME program is designed to provide local governments with flexibility to design housing assistance programs that are tailored for their communities. Many HOME dollars are used by county governments for the rehabilitation of housing units. However, the new money provided through HOME is allowing HOME dollar recipients to boost down payment assistance efforts on the local level.

NACo has always been a strong supporter of the HOME program since its inception in the early 1990s. We urge Congress and the Administration to continue to recognize the effectiveness of the program, and support efforts to increase funding for housing assistance through HOME. We need all hands on deck to assure this.

3) Enact a homeownership tax credit that will reduce the cost of housing and spur development in distressed neighborhoods

NACo supports efforts to enact a homeownership tax credit designed to provide homeownership opportunities for low and moderate income families. Such a credit would bridge the gap between the cost of development and the selling price of a single-family home, and help to alleviate a portion of the financial burden of building or renovating affordable housing. This type of legislation would encourage the development of single-family affordable housing, and NACo is supportive of these efforts. Join with me in bringing this issue before Congress and other stakeholders.

A Work in Progress...Next Steps in Shaping the Initiative

Because of our proximity to the people, and role as community decision makers, county officials are in the best position to take the lead in bringing together the variety of public, private,

community, and governmental stakeholders to address America's national housing crisis. It is important to remember that while several goals and objectives have been set, the National Presidential Housing Initiative is still a work in progress. In the coming months, NACo will continue to reach out to potential partners and participants across the country to expand that 'coalition of the willing'.

Very few factors exert as much influence on the success of most Americans than their ability to attain safe, attractive, and affordable quality housing. As a nation, it is important that we realize that our ability to assist citizens in achieving this objective is a realistic barometer of our ability to be all that we can and should be. NACo has committed itself to meeting this important objective. However, ultimate success depends not just on what happens in any county courthouse, city hall, or congressional chamber, but also what happens in religious institutions, board rooms, firehouses, police stations, and community centers.

By each stakeholder in the housing challenge committing themselves to fulfill their responsibilities and working in concert with the other, millions of Americans who go to sleep with the American Dream will wake up and take hold of a brighter American reality.

*For more information about the National Presidential Housing Initiative of NACo President Angelo D. Kyle, please contact: **Martin L. Harris**, Director, NACo Center for Sustainable Communities, (202) 661-8805, mharris@naco.org; **Cassandra Matthews**, Associate Legislative Director, (202) 942-4204, cmatthew@naco.org ; or, **Darrin Dorsett**, NACo Senior Community Services Associate, (202) 942-426, ddorsett@naco.org .*



*Selected Speeches of NACo President Angelo D. Kyle on the
National Housing Challenge*

Over the past year, in preparation for the Presidency of the National Association of Counties, Lake County, Illinois Commissioner Angelo Kyle has embarked on a speaking series promoting his agenda on housing issues and vision for exerting county leadership in the future.

Following is a selection of speeches and edited talking points presented by President Kyle at major national housing conferences.

*Remarks by NACo President-Elect Angelo Kyle
To The Fannie Mae Foundation Leadership
Programs Alumni Seminar
Thursday October 16, 2003
Capitol View Conference Center
Washington, DC*

Good afternoon to all of you. I want to offer a warm thank you to President Stacy Davis Stewart and Sheila Maith of the Fannie Mae Foundation for inviting me to be with you all here today. The Foundation is an important partner in so many of America's counties in meeting their housing challenges, and it is my privilege to contribute what I can to this important event.

By way of introduction, I am Angelo Kyle, a Commissioner from Lake County, Illinois, and President-Elect of the National Association of Counties—also known simply as NACo.

It is also an honor to be among such distinguished guests in the housing industry, and I'd like to commend the Foundation on both this event and its excellent Leadership Programs. Many NACo members have participated in these programs and found them to be extremely beneficial and informative, as all of the work of the Foundation tends to be.

As President-Elect, I will become NACo's President next July, and I have selected housing as one of my two presidential initiatives. I have chosen to do so because as elected officials, our fundamental responsibility is to provide our citizens with the best chance to achieve success in life. I believe that there are few factors more important in influencing that success than WHERE and HOW we live, and it is a crucial part of what we collectively refer to as "community." As guardians of the public good, I believe elected officials have a responsibility to take strong leadership in assuring access to safe, affordable, quality housing.

So I am here with you today not so much to espouse various housing policy approaches, but as a representative of the public sector to discuss the role that government can play in facilitating more affordable housing.

For many years, the government role with respect to housing was seen as one of provider. The government provided the capital, bricks, and mortar to construct affordable housing for families and at other times provided the financial underpinnings that created the most advanced housing finance system in the world.

However, today there is—without question—a diminished emphasis on the **creation** of housing—particularly at the federal level. The role of government in housing is shifting towards one of becoming more of a **facilitator**.

This brings me to a series of questions that I would like to begin to address today.

- What can elected officials do to help facilitate access to safe, decent affordable housing for citizens in our communities?
- How do we incorporate and accommodate the myriad housing needs represented in communities with increasing economic, ethnic, and age diversity?
- What approaches should we consider in the decision making process in order to ensure that communities grow and thrive across the country?
- And how do we—as elected officials—work with advocacy groups and others to more effectively and realistically portray the need for more affordable housing?

There are several approaches that provide a framework for addressing these challenges.

FIRST, elected officials and housing advocates can continue to press Congress & the Administration for increased appropriations for key programs in the U.S. Department of Housing & Urban Development and other agencies. I believe we must continue to challenge our federal partners to invest public dollars into programs that provide housing at the local level. This funding is critically important to almost all local governments. In Lake County's case, in the last three years, we've been able to allocate more than **\$6 million dollars** in affordable housing projects via **HOME** funds, and over \$1.1 million dollars in **CDBG** funds. The majority has been allocated towards first-time homebuyer and rental housing assistance.

However, this federal government responsibility to provide assistance is mirrored by a local government responsibility to be responsive and innovative in addressing housing challenges. In my own county, the Lake County Affordable Housing Program allocated **\$900,000** in FY2001 - FY2002 funds to nine organizations and the Community Development Division for the purpose of creating innovative affordable housing opportunities for Lake County residents. The recipients have produced over 100 affordable units for low-income households between October 2001 and January 2002, and county funds have leveraged over \$7.4 million in assistance towards affordable housing projects.

And more recently, through acquisition and rehabilitation of old properties, increased first time homebuyer assistance, and new construction of rental and homeowner units. Just in the last five months we helped produce over 300 units.

So each level of government must live up to their individual responsibilities to serve their constituents.

SECOND, elected officials and housing advocates can work together to raise awareness of just who it is that we are working for to assure that quality housing is affordable and accessible. This is an issue of particular concern to me, and I am sure it will be to most others as well—especially once they learn that providing affordable housing for our most essential community personnel is one of our biggest challenges.

The tragedy of September 11 really brought home to me the heroism and fortitude of our nation's first response professionals—our firefighters, nurses, police officers and emergency teams. In an

act that I think was long overdue, we expressed newfound support and appreciation to these heroes. However, as I sat down and began to more closely examine our housing challenges, it became clear that many of these incredibly courageous and talented people cannot afford homes in the very same communities in which they serve.

To me, there is something deeply disturbing about the fact that while that doctor, nurse, policeman, or fireman will willingly pay the **ULTIMATE** price to protect that community, they can't pay the **ASKING** price to live in it.

I have a feeling that I may not be alone in this belief.

So during my tenure, I plan to highlight the need to promote affordable housing options for essential personnel—our teachers, firefighters, nurses, police officers and others who are key to the well-being of our counties.

I think that it is important that we put an actual 'face' on who we are talking about when we advocate for "affordable housing". Traditionally, the term "affordable housing" conjured up negative imagery, only associated with unattractive public housing, low-incomes, and marginalized individuals. This inaccurate perception has limited sensitivity to and awareness of housing affordability issues.

I would argue that it is less an **AFFORDABILITY** issue as much as it is an **ACCESSIBILITY** issue—accessibility to housing options in communities that have a diverse constituency. The **entire** constituency needs for its children to be well educated and for its streets to be safe, and—in this age of terrorism and peril—for emergency responders to be nearby. This will require both homeownership opportunities as well as the need for available, affordable rental housing. I would like to do what I can to highlight different approaches that elected officials and practitioners can take in this arena.

However, I want to say one other thing. While I think it is extremely important to put a more accurate and reflective 'face' on affordable housing, this does not mean it is, or ever was acceptable or excusable to herd those with lower incomes into substandard housing, to marginalize or stigmatize them. Just because a person has less **money** does not mean they have less **value**. We should **never** have allowed the notion that 'it's okay to not worry about housing affordability because it just hurts poor people' to become accepted in the first place.

Finally, I believe that elected officials and housing practitioners can work together to examine the impacts of growth. Census 2000 data continues to show changing population growth and demographic patterns in America's counties.

Many metropolitan areas such as Minneapolis-St. Paul in Minnesota and Atlanta, Georgia are experiencing faster growth in outlying counties expanding out of counties adjacent to the central city. On the flip side, many counties in the Great Plains states in the central Midwest are experiencing out-migration, where folks are moving from these areas to other parts of the country. This is changing the nature of these counties, and creating a need to identify ways to diversify local economies and rejuvenate the economic base.

Housing remains a significant factor in these communities—once again because how well people are doing is directly impacted by where and how people are living. NACo has embarked upon a series of partnerships with private sector groups such as the National Association of Home Builders, the National Association of REALTORS, the Foundation, and others to look at how we are changing as a nation, and what the ramifications are in terms of housing supply, affordability, and financing. We are engaging in a national conversation looking at how we all can work together towards the goal of creating and maintaining healthy, vibrant communities for our citizens to live, work, and raise their families.

It is my hope that many of you in this room will be actively engaged in this effort. Some of the best and brightest thinkers and leaders are assembled here today, and we've got much more to do than eat Fannie Mae's delicious lunch and reminisce about strolling along the Charles River.

I look forward to working with you to make real progress on housing issues in communities all across America. I thank you again for inviting me, and I look forward to answering your questions.

*Responses to Issue Questions by
NACo President-Elect Angelo Kyle
National Housing Opportunities Roundtable
Hosted by the National Association of REALTORS®
Thursday, September 25, 2003
Washington, DC*

SUMMIT ROUNDTABLE: ISSUES ROADMAP

1. How well are we, as a nation, providing adequate, affordable housing opportunity for all Americans?

Background

Since the Great Depression, the United States has built the most advanced housing finance system in the world, which works well for the vast majority of Americans. In addition, we are perhaps the best-housed nation in the world. That said, providing adequate, affordable housing remains an issue with a significant number of families.

This theme probes the scope and nature of housing opportunity in America, and assesses what is and isn't working. Specific issues to explore include:

- What features of the American housing and housing finance system work well, and for whom? Conversely, what challenges remain, and who experiences them?
- How do we define affordability, and when is it a problem?
- Is housing affordability a geographically discrete problem that depends on where you live, or does the extent of the issue make it rise to a national concern?
- What causes affordability problems? Is it an income issue? A lack of supply? Building and zoning codes? Community resistance? Other reasons?
- How big of a concern is affordable housing to the American public?
- How well are we meeting the arguably unique housing and mortgage needs of more specialized market segments such as the elderly? Rural communities? Native Americans? Americans with disabilities? Others?

POINTS FOR DISCUSSION

- (1) The current system works well for those who either make a lot of money, or have a family history of financial management and stability. But challenges remain for those who are not as financially literate, many immigrants, or those whose incomes are not commensurate with housing costs in their region.**
- (2) 'Affordability' varies from place to place. Perhaps the best way to view it is the simplest way: the ability to acquire and maintain safe, attractive, quality housing for approximately one-third of your household's gross income. It's not so much 'affordability', as it is 'accessibility'. The traditional perception of 'affordable' = low income. We have an 'accessibility' challenge.**
- (3) We need to do more to tailor our approach to financing housing to meet the needs of our diverse American cultures and ethnicities. We need to invert the system. Currently, we tailor the potential homeowners to fit a pretty rigid system. We need to tailor the system to fit the potential homeowner. We have made some progress on this by providing increased financing flexibility that can often reduce down payments. We need to go a step further by spending more time understanding the cultures of communities we want to serve.**
- (4) Housing affordability is a NATIONAL concern. From everything we've heard, our rural counties are struggling with this just as much as many of our most urban counties. The specifics may vary from place to place, but the overall issue remains: how can we provide a variety of accessible, safe, quality housing choices.**
- (5) Our population makeup is becoming increasingly diverse, which requires us to become equally increasingly diverse in the housing options we provide, and the mechanisms we provide to link our citizens to the housing that best fits their particular needs in the particular phase of life they find themselves in.**

2. How does housing opportunity fit into the broader context of promoting livable communities?

Background

Housing—including location, quality, location, and mix—is at the core of our definition of community, and how well communities work. Dissatisfaction with many aspects of modern land use patterns and communities has reinvigorated public attention on livable communities. This concern has been expressed in many ways, including the smart growth movement, long-standing concerns over gentrification, and the recently emerging focus on the need for workforce housing, all issues with housing at the core. However, cost and long-standing community resistance makes the affordable housing component of livable communities a challenge.

This theme explores the dimensions of the housing opportunity challenge in the broader context of community, examining such issues as:

- How does and should affordable housing fit into the smart growth movement?
- How widespread is the lack of available and affordable workforce housing, and what, if anything, should be done?
- How do we balance the need for development and revitalization with the concerns of gentrification and the accompanying upward spiral in housing costs?
- How do we distinguish between legitimate local policy issues and concerns that might conflict with housing affordability, and more straightforward community resistance based on unfounded or racial and social class concerns? And what has been successful in building community acceptance and support for housing opportunity?

- (1) By definition, affordable housing should fit into the smart growth movement. No matter what you may think, if your planning decisions make housing unaffordable for most residents, it's not smart growth. However I prefer to look at it in terms of SUSTAINABLE development, which equally balances a communities' need for economic enhancement, environmental stewardship, and social equity.**
- (2) Viewed in this context providing affordable housing for all members of the community is a matter of community character. Part of the problem remains the perception of what affordable housing is, and who needs it. It's still viewed like and "US vs. THEM" issue, when in reality, most often, the "THEM" is "US". It is policeman, fireman, teachers, etc.**
- (3) What should be done about it? Fortunately, there are several innovative programs going on around the country that show how to make housing more affordable to the American workforce. Providing down payment assistance, incentives for living within the community you work in, and employer assisted home ownership programs are all strategies being successfully employed to let people live where they work.**

- (4) **How do you distinguish between legitimate local policy issues and racism or class-ism? Look at the end user. There is no legitimate policy issue that should result in the isolation of any race, ethnicity, or social class—period. And this should be getting harder and harder to do even if someone wanted to because as we said, affordability is now just as much a working class/middle class White American issue as it ever was a lower income-lesser income-minority issue. We're all in it together...**

3. How do we balance the desire to promote homeownership with the need for affordable rental opportunity?

Background

Homeownership exemplifies a key facet of the American psyche, representing control over one's destiny and upward mobility. Long-held beliefs about the positive impact of homeownership—now being supported by an emerging body of research—have achieved widespread political currency and support. Since the Great Depression, this support has translated into an investment untold trillions of dollars building, subsidizing, and supporting a vibrant and robust market for homeownership. In recent years, overall homeownership rates have achieved record levels. Public investment in affordable rental housing, while significant, has paled in comparison. Whether a lifestyle or lifecycle choice or the only affordable avenue, rental housing has never achieved the level of government and public support of homeownership.

This theme considers how we address rental housing versus homeownership, including:

- Have we struck the right balance between supporting and promoting affordable homeownership versus rental housing opportunities?
- How do we decide where homeownership is appropriate?
- Considering demand and need, do our national policies appropriately promote an adequate supply of affordable rental housing?

- (1) **I think overall we do want to continue to encourage and promote home ownership as a goal because of some of the reasons mentioned (more individual investment in neighborhoods, wealth accumulation, etc.). However, we have a responsibility to provide quality affordable housing that is appropriate to all phases of American life. We must insure abundant choice for citizens across the full spectrum of housing types.**
- (2) **We DON'T decide where home ownership is appropriate. That is something that needs to be decided at the most basic local and individual level.**
- (3) **There is always going to be a segment of the population that will not be homeowners, and in fact may have no interest whatsoever in becoming one. The point is that affordability is as big of a challenge for rental housing as well.**

4. How well are the private housing and mortgage market serving the needs of all Americans?

Background

The 1990's saw major strides made in extending the reach of private sector institutions into previously underserved housing and mortgage markets. Although significant gaps remain between minority and white homeownership rates, progress was made. As measured by HUD, housing discrimination has been reduced, although disturbing disparities persist in treatment of minorities in both the rental and homeownership markets.

Many factors contributed to this progress: the rising tide of a good economy, the prod of government oversight and regulation, the rise of risk-based mortgage pricing, advances in technology and financial engineering, increased marketing and outreach, and business innovation. This theme considers whether how well the private housing and mortgage markets are serving the needs of American consumers, including:

- Has technology increased or decreased access to affordable mortgage credit on fair terms?
- Does the current regulatory regime for lenders promote or detract from innovation and market development?
- Does the private market produce and maintain sufficient rental housing overall, with limited exceptions based on local conditions, or does is there a structural shortfall of affordable rental housing?

- (1) **Technology has definitely helped citizens, in transparency—the ability to know where they REALLY stand, and how the REALLY look to a potential lender—in the ability to plan based on that knowledge, and in the ability to access more and better rate and financing options.**
- (2) **However, while technology has helped it hasn't been able to filter out racism or class-ism, and it hasn't been able to assure fair housing. Minorities who are far better qualified quantitatively STILL persistently get worse rates and lending terms than the majority. These types of inequities must be stamped out, and the increased transparency that technology and accessibility provides helps to capture these inequities.**
- (3) **There is a shortage of affordable rental housing for a variety of reasons. On the federal side of things, many owners who may have participated in the Section 8 program are opting out of that program to turn over units to market-based rentals. The Low-Income Housing Tax Credit program is not able to produce enough units to meet demand. On the local side of things, the state fiscal crisis is creating budget crunches felt at all levels of local government. The demand for services for homeless families is on the rise, while moneys to keep facilities that assist the homeless operational are being cut back in local budgets. Moreover, land and regulatory costs may prevent developers from building affordable units**

in denser areas. And in most areas of the country, incomes are not keeping pace with the cost of housing in the same region. Each year, the National Low Income Housing Coalition documents how many people spend more than 30% of their income on housing, and that figure keeps growing. This sobering fact alone conveys the fact that we have not met the demand for housing that is affordable.

5. What role, and at what level, should government play in assuring a broad range of affordable rental and homeownership housing opportunity?

Background

As noted above, the federal government has played a major role promoting affordable housing and mortgage finance—predominantly in the homeownership sector—since the Great Depression. State and local governments, with federal resources sometimes supplemented by their own, also play a key role in affordable housing. Some argue that government intervention results in over investment in housing, preventing investment from flowing to other sectors. Others argue that government policy is unfairly skewed towards promoting homeownership, or simply that government simply has not made affordable housing the priority it should be. Another perspective argues that housing is far more a local responsibility, often charging that some localities actively seek to block affordable housing opportunity in their community. This theme probes the appropriate level of and locus for government action, including:

- Are we investing enough public resources to create affordable housing opportunity for all Americans?
- How well are all levels of government ensuring nondiscriminatory treatment and consumer protection in housing and mortgage markets?
- How well are states, which have emerged as a major delivery system for federal housing resources, promoting housing opportunity?
- Is what has been termed local “regulatory barriers” to housing opportunity more a reflection of competing local priorities, or does it reflect local resistance to accepting affordable housing?
- What are successful techniques for building community support for affordable housing?

(1) The government’s role has moved towards that of being a facilitator—increasing homeownership and affordable rental housing opportunities. The Millennial Housing Commission recommended a number of policy changes supported by the National Association of Counties. These recommendations include increasing appropriations to the HOME Investment Partnerships Program, improving the Mortgage Revenue Bond Program. On the local level, county programs that assist in revitalizing certain census tracts provide homebuyer education and assistance as well as planning for the development of a mix of housing types are all approaches being implemented.

(2) Another role for the government should be to serve as an active watchdog, insuring no segment of the population is slighted or exploited in the housing process. The government is committed to the concept of fair housing and

eliminating practices like discrimination and predatory lending, however, the trick is that we have to remain vigilant. We are much more effective in this area working with an educated constituency and good partners.

- (3) Resources are not just money. Resources can include providing education and training, as well as streamlining the process of acquiring housing. Government action can also include developing partnerships with stakeholders in the community such as faith-based groups, nonprofits, and private sector organizations in the housing arena.**
- (4) States are not and should not be the sole delivery vehicle. At NACo, we tend to believe that the closer you are to the problem, the closer you are to the solution. Counties receive direct appropriations for housing and community development, and have been effective and efficient in using them. The point is all levels, federal, state, and local play a key role in housing challenges, and we'll play it more effectively if we play it together.**
- (5) On whether Regulatory Barriers are legitimate vs. way to avoid affordable housing: It can be both. There are scores of examples where what are described as 'regulatory barriers' are legitimately in place to address a valid concern produce a certain community enhancement. Unfortunately, there are also many where they are being either maintained or implemented simply as a way to limit affordable housing—to keep 'those people' out. Part of this can be changed through community education, and letting people see that the design of affordable housing can be attractive—in fact either completely indistinguishable from the current housing in a region, or often a vast improvement. Also the more we put a 'face' on affordable housing the less resistance there will be to it. There is no real alternative but to show people the truth of what it is, and who it's for.**

6. Has housing opportunity received its due on the national political agenda?

Background

National concerns for affordable housing have ebbed and flowed, driven in the past by such influences as a concern about jobs and the economy, horror stories stemming from poor quality housing, and civil unrest. However, housing has not been part of the national political dialogue for some years. Political survey experts often say housing doesn't poll well. From a purely tactical budgetary perspective, housing has few notable successes, compared to other domestic policy concerns. Debate over national housing policy often occurs "within the family", reflecting the balkanization and insularity of the various interests involved in housing. This has led many who count themselves advocates for affordable housing to engage in extensive discussion about tactics, strategy, justifications, and moral imperatives.

This theme pulls together the results of previous discussion, and focuses on the following issues:

- Why do concerns about affordable housing not rise to more prominence in the nation's political dialogue?
- Why does housing fair poorly in political polls?
- How does the American public feel about affordable housing, and do these sentiments show up in voting behavior?
- What alliances are housing opportunity advocates missing, and how can broader partnerships be formed?

- (1) **Why doesn't affordable housing rise to prominence on the national level? Two reasons—one perception and one reality. First, the perception of who needs it. The real folks who need affordable housing haven't realized that the REAL face of affordable housing is theirs. They haven't equated their inability to buy a home where they work to a systematic problem with housing affordability. A lot of the people we have to fight the perception war *with* are the same people we're fighting it *for*. TWO—to a larger degree, if you're in the majority population of America, if you want a house, you have one. The ethnic and economic classes who are least able to afford a home are the same populations with lesser direct influence on the national political dialogue.**
- (2) **What alliances do housing advocates need to form? Businesses. Builders. Developers. First responders such as police, fire, and nurses. They need to engage in a two part strategy. First, housing advocates need to work to form alliances with business and developers. The goal here is to make building quality, attractive affordable housing easy and profitable. The second is with the groups whose members often are the ones most in need of accessible housing. Let the policeman's union or nurses' union take the lead in pushing for affordable housing. Their voices are the most resonant—even more so than traditional advocates.**

*Remarks for
The Honorable Angelo D. Kyle
Commissioner, Lake County, IL
NACo 1st Vice President
June 11, 2003
National Housing Summit
Hosted by NAHB*

Good morning ladies and gentlemen, and my thanks to the National Association of Home Builders for having me here today. By way of introduction, I am Angelo Kyle, Commissioner from Lake County, Illinois, and First Vice President of the National Association of Counties.

The National Association of Counties, or NACo, is the only national representative of America's counties. Over 2,000 of America's 3,066 county governments are NACo members, representing well over 80% of the population. NACo addresses the full range of local government challenges, including economic development, transportation, taxation and finance, health care, the environment, and the issue which brings us together today, housing. America's counties are supported by a full staff of expert lobbyist, program managers, administrators, and trainers, plus a network of over 20 professional affiliate organizations. They are there to support folks like myself as we serve our constituents.

Like most county officials, I spend most of my time on the front lines grappling with the challenges that face our communities. In many ways local officials are First Responders to many of the questions and challenges that our citizens face on a daily basis, from health care to transportation, from job creation to drinking water. Because of our proximity to our citizens, we are available and in direct contact with them as they go about the business of living, working, and raising their families. Unlike most other levels of government, we do not pick up and head off to some distant state capital to perform our service, or even here to our nation's great capital. We perform our service right there in our community, where our citizens live and where we live, and when there is a problem to be solved, or a question to be answered, our citizens expect us to be there to respond.

As elected leaders, we realize that while the issues and challenges we face take on many different forms, when it comes right down to it, our most basic responsibility is to provide citizens with their best chance at achieving a fulfilling high quality of life.

However, while county officials are in certain ways a TYPE of first responder, we are not the MAIN First Responders, and it is those that I wish to focus on for the rest of my brief presentation this morning.

While September 11th was clearly one of the darkest days in the history of America, to me, in many ways, it was also one of our finest hours. It was one of our finest hours not because of

what happened to us, which was an unqualified tragedy, but rather because of how we RESPONDED to that tragedy as a nation.

After the tragedy, we saw an outpouring of patriotism, spirit, and genuine appreciation for what we are blessed with here in America in communities across this nation. For the first time perhaps in some time, we remembered that FREEDOM is not FREE, and that it is our fathers and sons, mothers and daughters that defend that freedom both abroad and at home, and protect us in the communities in which we live.

We learned that day who our REAL first responders were. We learned who our real heroes were, and we gained a new appreciation for the service that they provide to our communities.

A couple of months later, when Halloween rolled around, children didn't want to be Batman, Wonder Woman, or Spider-man. They wanted to be policemen, firemen, doctors, and nurses. They no longer wanted to be the heroes they see on the TV. They wanted to be the heroes they see on the streets.

They wanted to be the heroes they saw walking the beat patrolling the streets, riding in ambulances, and walking the corridors of hospitals. Some kids even WANTED to go to the doctor for more than just the lollipop they got after the checkup.

This is truly fantastic, and I believe has helped to restore some of the values of community that I think we were losing as a nation prior to the September 11th tragedy. But there is one major problem. In far too many communities across the country, the only time a child can see his favorite policeman on the street is when that policeman is working. He'll never see that fireman at the grocery store, or that nurse at the community park. Why is that?

It's because while that doctor, nurse, policeman, or fireman will willingly pay the ULTIMATE price to protect that community, they can't pay the ASKING price to live in it.

THESE are the people who we are fighting for when we try to open up neighborhoods and make housing more affordable. They are the 'face' of affordable housing. As you all know, unfortunately 'affordable housing' is a term that has acquired a stigma in many, many communities across the country. In fact in many ways, it is a poisoned term. That is largely because it is viewed as something, usually ugly, that is created for 'them' as opposed to 'us'. "Them" is usually ascribed to the poor, the immigrant, and the unemployed. It is believed that they are the only ones that need more affordable housing, and so the term has been poisoned.

Nothing however, can be farther from the truth. In the vast majority of communities, the face of the affordable housing is the same face that pulls people out of a burning building, stops a robbery, puts an I-V tube into your dad's arm after a heart attack, or runs into a burning tower after a terrorist attack. The face of affordable housing is often the face of our heroes.

So while it is wonderful that so many Americans young and old gained new appreciation for the service provided by our first responders, unfortunately, appreciation has not been adequately turned into ACTION.

There still seems to be a disconnect between appreciation for what these American Heroes do FOR our communities and what these American Heroes need FROM our communities. And that disconnect is a real tragedy because it robs our communities of the wealth of talent, experience, and leadership that our first responder heroes can bring if only they could live where they work.

So why can't many first responders live where they work? Are we really so callous as a people that we believe our heroes are good enough to lay down their lives for us, but not good enough to live with us? I don't think so at all. Rather I think that there is a real misunderstanding of just WHO we are talking about when we talk about making housing affordable.

At NACo we realize that these heroes need support from a broad range of governmental, public, and private partners. We have begun an active program to change the debate about housing affordability by putting a face onto just who we are really trying to assist. NAHB has been a strong partner with us, along with a couple of other prominent groups, and working together, we will change the perception of the home ownership challenge.

Providing safe, strong communities in which to live, work and raise a family is the fundamental requirement for determining what that quality of life will be, and perhaps no greater variable in that equation is housing. So it was high time that we dedicated ourselves to sitting down with the leaders of those who BUILD the homes, businesses, and institutions that are the backbones of our communities.

I will be devoting a large portion of my term as NACo's President to the housing issue, particularly this challenge of providing home ownership to our heroes and a broader cross section of Americans, and I am extremely happy that NAHB will be joining me, along with other partners in our cities, state, and federal government.

The timing for this could not be more appropriate. As Americans in 2003, we live in a perilous age, facing unprecedented challenges from abroad and tight times at home. However, we have always responded to tough times best by working together to overcome challenges. That principle has guided the partnership efforts of the National Association of Counties. And today, through sessions like this, I hope to be able to share some insights **with** you, and learn others **from** you that will help local strengthen the bonds of our communities by helping those who work in service to our communities live in the communities in which they serve.

On the national level, NACo supports efforts to promote homeownership opportunities as well as affordable housing options for a range of populations. In addition, under the leadership of NACo President Ken Mayfield and the balance of the Executive Committee, we have pursued the development of partnerships with private sector organizations such as the National Association of Home Builders, the National Association of REALTORS, and the Fannie Mae Foundation to promote affordable housing efforts at the local level.

*NACo's and NAHB's Executive Committee held a leadership summit last fall where the leadership of both organizations discussed such issues as how to pay for infrastructure in communities, TEA-21 Reauthorization, and growth and development issues. Outcomes

included public awareness outreach such as today's session, collaborating on community based assistance projects, and working together on legislative issues such as homeownership tax credit and down payment assistance bills.

*NACo and the National Association of REALTORS also held a leadership summit a couple of weeks ago, where we developed an action plan around the White House Minority Homeownership Initiative as well as the tax credit and down payment assistance issues. The REALTORS launched an affordable housing initiative called the Housing Opportunities Program, which we are supporting whole heartedly. It includes a video titled, "The New Face of Affordable Housing," which features NACo President-Elect Karen Miller, and really does literally put the faces of our heroes into the housing struggle.

*We're also working with Freddie Mac and Habitat for Humanity during our Annual Conference in Milwaukee to spotlight affordable housing.

At the local level, several counties have already gotten a jump on this issue, and have implemented initiatives that are helping more and more of our heroes in service become homeowners in the communities in which they live.

In Arlington County, VA

The "Live Near Your Work" Program:

*Provides a \$3200 forgivable loan for eligible County and School Board employees to purchase in Arlington. You must be a first time homebuyer or a current homeowner outside of Arlington who is relocating to Arlington.

*At least one member of your family must be employed by Arlington County or the Arlington School Board for a minimum of 30 hours a week.

*There are no income requirements or limitations.

*property must be located in Arlington County

The law enabling this program was just enacted last summer by Gov. Mark Warner. Arlington is the only county in VA with such a program. Prince William County is currently working with the state to develop their own bill so they too can get a program up off the ground.

In Orange County, FL & City of Orlando

The "Safety 1st Mortgage Initiative"

To recruit and retain dedicated firefighters and police officers, the City of Orlando and the Orange County Housing Finance Agency are helping to meet homeownership challenges. Police officers and firefighters who are first-time homebuyers at or below 120% area median income can receive down-payment assistance up to \$7,500 in a five-year forgivable loan from the City of Orlando. They can also receive up to 4% off the home sales price. The program offers a Safety

1st Mortgage product, which has flexible underwriting standards, and homebuyer education is also available under the initiative.

The Mississippi Home Corporation
Employer-Assisted Housing Assistance for Teachers (HAT) Program

This program provides qualifying teachers with a loan of up to \$6,000 that can be used for down-payment and closing costs. It is designed to relieve shortage of teachers in 25 rural counties. Borrowers are required to contribute only 1 percent of the 3 % down-payment from their own funds, along with two months reserves.

The Teton County WY
Housing Authority Affordable Housing Program

The county's affordable housing program includes the acquisition, planning and improvement of properties to alleviate the severe housing shortage resulting from extremely high rates of growth and skyrocketing homeownership and rental costs. Land acquisition was noted as a key objective of the program, which actually acquires and develops properties to be made available for workers in essential services such as firefighters, nurses, teachers, etc.

Programs like these help to show that the sentiment expressed in the aftermath of 9-11 was genuine, and backed by action. At the national and local level, through partnerships and dedicated leadership, we will continue to see efforts like this expand. By doing so, we will once again connect our heroes in service to the communities in which they serve. I believe that this is not only the right thing to do, but it is also our RESPONSIBILITY, as it fulfills the highest of American ideals.

NACo and I are dedicating ourselves to accomplishing this goal, and I look forward to working with NAHB and each and every one of you in making this a reality.

Thanks, and God Bless you.