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SYMPOSIUM

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Twenty-seven years ago, we made a commitment as a people to end discrimination in housing in this nation. With the passage of the Fair Housing Act of 1968, we entered into a compact with each other and future generations to guarantee that no one in this country—no one—would ever again be denied access to housing because of his or her race, religion, or national origin.

Inherent in this commitment—and in later, overwhelmingly bipartisan enlargements of the law to protect people from discrimination because of their gender, their familial status, or their mental or physical disabilities—was an understanding that housing is fundamental to economic and social opportunity. It was understood by Congress and the nation that, in order for people to lift them-

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selves and their children to a better life, they must first be able to obtain housing in decent, safe communities.

Where we live, to a large extent, defines who we are. Where we live determines our access to jobs. Where we live determines the quality of the public services we receive. Where we live determines our access to commercial services and to recreation. Where we live determines what schools our children will attend and what kinds of communities they will live in as they grow. Where we choose to live shapes our children's destiny. Where people choose to live, and their ability to choose freely where they live, shape America's destiny.

This larger concern for our national destiny is also inherent in our fair-housing laws. The extent to which housing markets are open to all shapes the kind of society in which we will live. To the extent housing markets are closed and exclusive, we become a closed and exclusionary society, defined more by our divisions than by our attachments. We will, inevitably, come to see each other—rich and poor, black and white, Hispanic and Asian, people with disabilities and people without—as separate, alien, and alienated nations who happen to share the same general geography. Spatial separation by income, race, and a host of other attributes will almost guarantee it.

A Balkanized nation is not the kind of society we seek. It is not the kind of society envisioned by the Fair Housing Act. That act of Congress embodies America's special sense of itself as a place where those who are willing to work hard and take responsibility for themselves can get ahead. It embodies our sense of ourselves as a people—mindful and respectful of our differences and strong and secure enough to embrace those differences.

And in the closing years of this century, when American society is becoming more heterogeneous than ever before, it is more important than ever before to hold fast to the special sense of openness and acceptance which has made America—in the eyes of the world, no less than in our own—one of the most special places on earth.

And so, I am delighted to be here and welcome you to a symposium on the shape of America's communities in a diverse society. Today's program will examine the patterns that define our communities and the barriers which keep these patterns in place. The Department of Housing and Urban Development (HUD), throughout its history, has played a large role in establishing those patterns. HUD, if its potential is realized, could today and could in

the future be a force to break down the barriers that allow those patterns to remain.

That the federal government, including HUD, has a long history of having precipitated and perpetuated housing discrimination, there can be no question. At their inception, federal housing programs incorporated many of the prevailing practices of the private housing market and were explicitly discriminatory as a result. And as new housing programs have evolved, successive administrations, Democratic and Republican, have repeatedly missed opportunities to combat discrimination.

Federal programs to assist low-income renters have helped concentrate poor, minority families in poor, minority neighborhoods, limiting housing choice and fostering social division. Originally, public-housing regulations and handbooks encouraged the assignment of families to projects on the basis of their race and the racial composition of the surrounding neighborhoods. And since the passage of civil rights legislation in the 1960s, efforts to desegregate existing projects, ensure equal access to new HUD programs, and open up subsidized housing opportunities in a wider variety of settings have been largely ineffective.

The federal government's home-ownership programs also reinforced discrimination and separation by income and race in our housing markets. The earliest Federal Housing Administration (FHA) mortgage insurance programs enabled and encouraged middle-class white families to obtain financing for new housing in the burgeoning suburbs, while lending institutions denied loans to older, inner-city neighborhoods and appraisal practices discouraged racial mixing.

Later FHA programs—which were intended to expand credit to older neighborhoods and less affluent borrowers—sometimes played a role in the abandonment of urban neighborhoods by white homeowners. Black families, whose other options were severely constrained by discrimination in the private market, often bought homes in neighborhoods with depressed or declining property values and were sometimes encouraged by unscrupulous lenders and real-estate agents to borrow more than they could afford. Thus, in some communities, FHA programs contributed to residential resegregation, high foreclosure rates, and neighborhood disinvestment.

HUD also allowed its urban revitalization programs, intended to strengthen inner-city communities, to be redirected toward redevelopment and renewal projects that often accelerated the

decline of minority neighborhoods and the displacement of poor and minority families. In many instances, these projects resulted in the destruction of established minority communities while utterly failing to expand affordable housing opportunities outside traditional areas of minority concentration.

Federal fair-housing law enforcement has been weak and inadequate. Although the 1968 Fair Housing Act outlawed discrimination on the basis of race in housing-market transactions, it placed most of the burden for recognizing and combating illegal discrimination on the victims themselves. Moreover, the Fair Housing Act restricted HUD's enforcement authority, allowing it only to investigate complaints and attempt conciliation. In the face of evidence that the incidence of housing discrimination remained high, Congress passed the Fair Housing Amendments Act of 1988, adding families with children and persons with disabilities as protected classes and strengthening enforcement mechanisms both at HUD and at the Department of Justice.

The 1988 amendments provided HUD with a powerful enforcement tool to realize the objectives of the 1968 Act. But the previous Administration was not quick to seize the opportunity, and housing discrimination remained commonplace and largely unaddressed.

Twenty-seven years after the passage of the Fair Housing Act, a young Hispanic mother is still not shown apartments she can afford in predominantly white neighborhoods where her children would be safe from random gunfire.

Twenty-seven years after the passage of the Fair Housing Act, an African-American family is still not given a loan to rehabilitate their brownstone in a predominantly minority neighborhood, even though they can easily afford the monthly payments.

Twenty-seven years after the passage of the Fair Housing Act, a Hispanic architect is still not sold an insurance policy for the townhouse he wants to remodel in the heart of downtown.

Twenty-seven years after the passage of the Fair Housing Act, a young African-American couple cannot buy a house they can afford or secure a loan in the middle-class, predominantly white neighborhood where they would like to raise a family and educate their children.

Twenty-seven years after the passage of the Fair Housing Act, discrimination in housing is still a reality.

* * *

Under the leadership of President Clinton and HUD Secretary Henry Cisneros, we are moving to correct HUD's own past mistakes and overcome its deficiencies. In cases where HUD's rental projects have been used to foster racial segregation, we are taking action. Faced with legitimate, provable lawsuits for violating the civil rights of residents of public housing, the Department is working with mayors and city councils, with governors, with housing agencies, and with plaintiffs and their counsel to remedy patterns of discrimination and the legacy of segregation.

In September 1993, we began the long and arduous process of reversing thirty years of segregation in East Texas. We took over public housing in the town of Vidor because the local public housing authority had failed to end racial discrimination there. Four months later, four African-American families moved into Vidor, and, today, seventeen families are living there—peacefully with their white neighbors.

Vidor was just a first step. We are working with the state of Texas and local agencies to attempt to end racial discrimination in seventy public housing authorities in thirty-six East Texas counties, resolving a lawsuit that was first filed against HUD fourteen years ago.

We have moved elsewhere to resolve longstanding litigation against the Department for systemic racial discrimination within its housing programs. We recently settled a major case, for example, in Allegheny County, Pennsylvania. There it was alleged that HUD, the county housing authority, and the county's redevelopment authority had fostered segregation in public housing and other federally assisted housing, resulting in racially identifiable residential patterns in the area surrounding Pittsburgh. Under the agreement we reached there, the county's public housing will be integrated, mobility strategies will be employed and, we believe, housing patterns will change. Regional cooperation will be tapped, new resources will reduce spatial separation, and stepped up enforcement will protect the gains we have made.

In the vital field of home ownership, access to credit—access to opportunity—is being expanded. Under our administration, the mortgage insurance program sponsored by the FHA is becoming the single most important market actor for minority families seeking to become homeowners. Last year, thirty-five percent of all home purchase loans made to African-Americans and thirty-six percent of all home purchase loans made to Hispanics were FHA loans. In

fact, FHA last year insured two-and-a-half times as many loans to blacks as all the private mortgage insurance companies put together.

Over the past year, HUD has conducted a review of FHA practices to strengthen its fair-lending role. FHA mortgagees have been notified of HUD's fair-lending-related requirements, including compliance with Home Mortgage Disclosure Act reporting, second reviews of rejected loans, overages policy, prohibition on certain forms of tiered pricing, and prohibition of minimum loan amounts.

Underwriting and credit standards were overhauled this month (February 1995) to eliminate unnecessary barriers for creditworthy applicants. Some of these barriers have tended to disproportionately affect minorities. For instance, a rule that undervalued part-time work or employment of short duration made it more difficult for certain hard working, responsible families to obtain mortgage credit. A standard which treated unfavorably funds from community-based "savings clubs"—common among immigrants—also denied valuable opportunity to families which had the resources to afford home ownership but happened to rely on this nontraditional method for accumulating cash for down payments and closing costs.

The weaknesses of HUD programs that provide funding to localities to develop housing, urban infrastructure, and other public works are also being overcome. In the past, HUD has either micromanaged the way localities spend their funds, causing unneeded delay and expense, or it has tolerated abuse.

Today, HUD is giving local governments the authority, the resources, and the responsibility to use housing- and community-development funds to promote fair-housing values. Through a Consolidated Plan, localities receiving community-developing block grants and HOME low-income housing-assistance funds will evaluate their housing and community-development needs and will formulate plans to use their federal dollars to address their needs. The plan will enable the local governments to analyze the impediments to fair-housing choice within their jurisdictions and to formulate a plan of action to overcome the barriers.

Federal housing-, community-, and economic-development funds will foster fair housing, not impede its progress. For the first time, data will be available to government planners and to interested citizens which will help them shape their plans. The effects of community decisions on racial residential patterns will be transparent. And while HUD will not dictate how or where communities invest their funds, it will monitor the outcomes of local decisions.

While making HUD programs work to foster fair housing is essential to our mission at HUD, providing strong, effective enforcement of the Fair Housing Act is my special priority. For despite the legislative strengthening of the Act in 1988, insufficient resources, insufficient training, and inconsistent enforcement procedures developed by our predecessors have taken the first eighteen months of our stewardship to reverse.

In fact, it will take another eighteen months to complete the reorganization of our enforcement centers, to re-engineer our case-processing function, and to complete development of a compliance manual which sets forth standards for Fair Housing Act enforcement that are uniform throughout the nation. Once those things are in place, we will finally have brought into being the Title VIII enforcement apparatus that Congress contemplated in the 1988 Fair Housing Amendments Act.

The investigation of fair-housing complaints is not an easy job. It requires an understanding of the law and an ability to work with people who are not accustomed to being challenged on issues as sensitive as racism and housing discrimination. Vested by Congress with the responsibility to investigate and seek to conciliate every genuine claim of housing discrimination, I must ensure that HUD staff have the capacity to conduct their investigations effectively, efficiently, and without unduly disturbing the personal lives and businesses of the subjects of the investigations.

We have made tremendous strides to overcome deficiencies in staff training and management structure during our short tenure at HUD, and the changes should soon become evident in practice. Of course, our task of improving our operations is far from completed.

Further, we are providing guidance and clarity to our staff so that they can not only enforce the law more efficiently but also aid the public in avoiding fair-housing violations altogether. For instance, I have provided new guidance to HUD staff to clarify the Fair Housing Act's coverage of real-estate advertisements published in newspapers. With the guidance, newspapers will better understand how to comply with the law, and staff resources that may have been squandered on unnecessary investigations will be retargeted to advancing our core mission.

What this administration seeks, in upholding the law, is rational enforcement that is not overly intrusive and is based on some level of certainty. Standards must be clear so reasonable people know what to expect. We are pledged to uphold the law, but we are also committed to clarifying, streamlining, and expediting our own

procedures, and doing whatever is necessary to ensure that people can lawfully do business without spending hundreds of hours and thousands of dollars on matters which do little to further the core fair-housing mission of our nation.

For HUD, and for HUD's office of Fair Housing and Equal Opportunity, the mission before us is clear. We have put into place the many reforms that are necessary to overcome the deficiencies of the past. And beyond curing past mistakes, we have a plan for the future—a future where patterns of discrimination are reversed.

Government efforts to help people should free them to make choices about their own lives. Housing assistance, for example, should not tie people to buildings. It should free them to choose housing the way most Americans make that choice—on the basis of schools, the availability of services, access to recreation, proximity to work, shopping, and medical care, and personal safety.

Government should assist the private market to function effectively to serve all people on a nondiscriminatory basis. The federal role should be to supplement the private market where it cannot economically function. At the same time, it should encourage and assist private actors to reach out to all worthy customers on a nondiscriminatory basis. Rational commercial decisions lead to increased business for the private sector and a reduced role for the federal government.

Government efforts to help people should free them from the lethal grip of economic and social isolation. Local leaders who have responsibility for siting affordable housing and community-development projects need the tools and the resources to make decisions consistent with these principles.

We have proposed to consolidate sixty major, separately funded programs into three broad, flexible funds that make the federal government a partner and an investor in our communities, not a prescriber and an intruder. We will help communities build the kinds of local institutions that make room for people to lift themselves economically, morally, and spiritually.

We will no longer tell communities: You can build elderly housing over here or single room occupancy housing for the homeless on this site over there, with no one to consider how these investments will affect the communities and the people who live there. We'll say: Here are the resources, based on your need. *You design* the plan; *you decide* how to deploy the assistance. But we'll also say there are certain broad standards to which you must

adhere: targeting help to low- and moderate-income families and individuals; adherence to fair-housing laws.

We've proposed to transform the FHA from a slow-moving bureaucracy with substantial structural weaknesses into an innovative, entrepreneurial government-owned corporation. As a government-owned corporation answering to the American people, FHA will continue to serve its vital public purpose—expanding home ownership to lower- and moderate-income families who are not consistently well served by private mortgage insurers. But it will do so as a modern, fiscally sound insurance provider. It will be streamlined, downsized, entrepreneurial, and accountable—using public/private partnerships and market mechanisms to achieve its public purposes.

Finally, we have proposed to radically transform public housing in this country. It is a simple fact that most Americans equate the worst of public housing with all public housing and, ultimately, with all of HUD. That equation is unfortunately true in many large cities where the legacy of federal involvement is literally acres of deteriorated buildings, economic and social isolation, and wasted lives. High-rise apartment buildings that may have made sense in an earlier, more innocent age are out of synch in an era of crack, gangs, family dissolution, and guns.

The roots of our current problems are deep and structural; change must be equally comprehensive and far-reaching. Where the current system funds bureaucracies, we would directly fund people. Where the current system gives public-housing agencies capital and operating subsidies to maintain projects, we would empower families—through demand-side certificates with proper housing-search assistance and counselling—to “purchase” well-maintained rental housing of their choosing. The housing could be public or private, in the jurisdiction where the family lives, or anywhere within the metropolitan housing market.

For the first time in sixty years, public-housing residents will enjoy the same privilege that all of us have—the freedom to choose where they live. If they don't like the housing offered by housing authorities, they will be able to move. Housing agencies will have to compete for their business, just like private landlords. Well-managed authorities will survive; poorly run authorities will have to shape up or go under.

But at the very moment that we have begun to turn HUD around—at the moment we are poised to make meaningful change—the most basic and fundamental assumptions about our

mission are being challenged. In the wake of last November's mid-term elections, we hear calls to abolish HUD and to relinquish a federal role in housing. And in the guise of regulatory reform or efficiency, some are seriously proposing to dismantle our fair-housing enforcement program and eliminate the federal role in civil rights program compliance altogether.

I submit to you, twenty-seven years after the passage of the Fair Housing Act, this is not the time to abandon our federal commitment to housing. This is not the time to leave individuals to bargain for their civil rights on their own. Twenty-seven years after the passage of the Fair Housing Act, it is time to make good on our compact to guarantee that no one in this country—no one—will ever again be denied access to housing because of her race, religion, or national origin.

In closing, I would like to leave you with the stories of two young boys. Their stories show the real possibilities that exist when housing policy works to break down barriers and the all-too-frequent consequences when it does not.

About a year ago, there was a wonderful piece about the Chicago Gautreaux program on *60 Minutes*. Morley Safer interviewed a young African-American boy whose family, with counseling, had moved out of the inner city, out of public housing, to a suburban community. And he asked this boy, who was on the threshold of high school, what he wanted to be when he grew up.

"An anesthesiologist," the boy replied—an anesthesiologist. This young boy could envision a future full of possibility and hope, and he was on his way to seizing it.

About the same time, my boss, Secretary Cisneros, spoke with a fourteen-year-old African-American boy at Chicago's Robert Taylor Homes—a grim, inner-city public-housing project. This young boy, who was very bright, told Secretary Cisneros he was faced with a difficult decision: which gang to join, and when?

This boy didn't want to join a gang, but his choice was stark: he could either join a gang or fall prey to one. His life had been literally threatened by gang members in that public-housing development, who told him: "If you're not one of us, you're against us." This boy faced a life-or-death decision at age fourteen—and had no good answers.

What does it mean for America when we stand by our commitment to safe, decent, affordable housing and free and fair housing choice? It means that a child is saved. It means that a young boy who might have fallen prey to gangs, and drugs, and violence—who

might have become a victim and ultimately a victimizer—becomes a skilled worker, or a teacher, or a police officer, or even an anesthesiologist. It means that this young boy becomes a responsible adult, a responsible parent, and a contributor to any community in which he may choose to live.

What does it mean for America when we hold fast to our values of openness and acceptance? It means we are all saved—saved from having our humanity diminished.

There is no rigid doctrine in this. There is no particular standard of political correctness. There is only common sense and basic human decency. And it is my fervent hope, as a public official and a citizen of this great nation, that it will be both common sense and basic human decency that will infuse HUD's work in the years to come. This great nation deserves nothing less.

