THE BROOKINGS INSTITUTION

FROM DESPAIR TO HOPE: TWO HUD SECRETARIES ON URBAN REVITALIZATION AND OPPORTUNITY

Washington, D.C.

Tuesday, July 14, 2009

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Introduction:

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Opening Remarks:

HONORABLE HENRY G. CISNEROS
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Executive Chairman, CityView companies

Keynote:

HONORABLE SHAUN DONOVAN
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P R O C E E D I N G S

MR. KATZ: Good afternoon, folks. And thanks everyone for coming today. I'm Bruce Katz; I'm the Vice President of the Brookings Institution. And we're here to celebrate the publication of a remarkable book, *From Despair to Hope*, co-edited by Henry Cisneros and Lora Engdahl. And given the economy, it's a Brookings book so buy early and buy often.

The book provides a full, and a fair, and grounded 360 degree assessment of the HOPE VI Program. It's generally considered, and I know by many people in this room, to be one of the most successful urban regeneration initiatives in the past half century.

In a little more than 15 years, this program tore down, more importantly, redeveloped hundreds of the most distressed public housing projects in the country; projects at the time that were essentially -- houses for the very poor and in the process, increased opportunity in dozens of distressed urban neighborhoods that prior to this effort were characterized by lawlessness and decline.

Like most transformative investments, it has not been without controversy. And the book airs a wide range of views about the highs and the lows of this effort; yet this event is not only about what happened under HOPE VI. The policy ideas examined in this book are

timely, and relevant, and literally in play this month, maybe this week, since Congress is now considering the fiscal 2010 budget request for the Choice Neighborhoods Initiative, which builds on the HOPE VI effort, taking it beyond public housing and linking it closely to school reform and early childhood interventions.

To illuminate both the retrospective and the prospective, we are joined by two HUD Secretaries; Henry Cisneros, who oversaw the initial implementation of HOPE VI, during his 10 year from 1993 to 1996, and Shaun Donovan, who has proposed and is pushing forward the Choice Neighborhoods Initiative. Secretary Cisneros will speak first about the lessons unveiled by HOPE VI, followed by Secretary Donovan, who will lay out his vision going forward.

I'll say at the outset that both of these men, as you know, are visionaries, they're innovators; they're expert practitioners of the art of getting big things done. Since I'm from Brookings, I'll also say that they are true intellectuals who believe in evidence, and evaluation, and rigorous thought. They're also friends and they're mentors. And they've contributed substantially to the evolution of my program at Brookings. It's a privilege to introduce Henry Cisneros. And his background and his biography is well known to people in this room. I think for today's conversation, I think what I should focus on is the fact that he took office in

January 1993, which was only two months after the enactment, after the elder President Bush signed HOPE VI in the 1992 Housing Act.

At the time of January 1993, the path of this program was still to be defined. Was HOPE VI merely a souped-up reconstruction effort? Was it mainly about providing residents with a comprehensive package of services, which was in vogue at the time? In four years at HUD, I think the Secretary made HOPE VI his own. He took a program initially intended to transform public housing and he used it to transform urban neighborhoods.

He positioned this initiative squarely around the big issues; the negative implications of concentrated poverty, for work, and opportunity, and safety, the broader implications of economic integration and family mobility, the economic role and function of inner cities within metro economies. And also, I think in the grand tradition of Franklin Roosevelt, he smartly and constantly tinkered with the program design; learning as he went, as we went, emphasizing new innovations like new urbanist design, mixed income tendency, the nexus between housing reconstruction, and school reform, or welfare to work, or community safety.

Henry, in short, pushed integrative thinking in action before it was cool. And all of this was done, and I think everyone in this room

knows this, with the level of care and sensitivity for the people and places affected, that is a model for any public servant elected or appointed; ladies and gentlemen, Henry Cisneros.

SECRETARY CISNEROS: Thank you. Bruce, thank you very much; thank you for your warm words. More importantly, thank you for years of public service. Bruce was Chief of Staff for the Department; he had come from the Senate Committee that included oversight of housing to that position. So he had a history in the legislative drafting of what became HOPE VI, and then had a lot to do with the drafting of the regulations and the manner of execution. So he did a fabulous job and a lot of this story is about the ideas that came from Bruce Katz.

Then when he went to head the Metropolitan Program, he's continued to be involved in housing and the support of Brookings for this book project is an example of that continuing involvement. We wouldn't have been able to publish it with the imprimatur of Brookings, but for Bruce's leadership. So thank you, Bruce for understanding the importance of HOPE VI from the beginning and working with it all the way through. Please join me in thanking Bruce Katz for years, and years, and years of work.

I also want to thank Lora Engdahl, who is co-editor of this book. It would not have been possible without her determination and

professionalism, hard work seven days a week, traveling around the country to see HOPE VI sites, and try to sift through what is real on the ground versus what was hype. Great job and I'd like her to stand and be recognized; a wonderful co-editor, Lora Engdahl.

I also want to thank our funders; Roger Williams is here from the Annie Casey Foundation, Angie Lathrop Garcia from Bank of America, representatives of Fannie Mae and Freddie Mac, and George McCarthy of Ford who funds the Brookings Metropolitan Center and indirectly supported this project as well. Thank you all to those who have supported this with their resources.

From the beginning there were two motivations for this project. One was to chronicle the evolution of an important program. A program that by now has redeveloped 245 public housing sites across the country, some of them truly unlivable; the most deteriorated public housing imaginable. In 120 cities across the country, with an impact of about 16.3 billion dollars of public and private investment; so a sizeable program making a substantial difference across the country.

The idea was to describe the history, the conditions that existed before HOPE VI, the legislative origins, some of the formative principles inside the department and the experts who were brought to weigh in early on, working assumptions in drafting, operating regulations.

Some of the dilemmas that were faced, how to fund, how to set up the selection processes, et cetera; dilemmas faced at the local level, what should be the physical configuration of sites, how should they be redesigned, what should be the mix of public and private funding and so forth, and then very importantly, to chronicle some of the results.

Places like Baltimore where all four of the big high rises no longer exist, four complexes of high rises, each with about 10 buildings; Lexington, Lafayette, Murphy, and Flag. Places, like Atlanta, which is chronicled in the book extensively, a full chapter on perhaps the most extensive city-wide adaptation of the concepts of HOPE VI to redo public housing in Atlanta; places like Seattle, and Denver, and Louisville, and Pittsburgh, Boston, all of which have stellar, noteworthy award winning projects.

So job one was just to tell the story in a balanced way, not as hype with critique and balanced views, but a sense of what this program was; not well-known in the country because people, generally speaking, don't pay attention to public housing and yet one of the more dramatic innovations in the Clinton -- that emanated from the Clinton years and has been carried forward, because of the physical impact that it's had in cities because of the impact on people's lives.

The second motivation was to identify, upon reflection, taking a step back, the principle lessons. Some of them anticipated, like we knew what the effect of demolishing the deteriorated public housing would be in a physical sense. But could not have anticipated others, such as the positive effect of mixed income -- mixing incomes -- different income strata of people in the renovated sites or things like the implications for the housing authorities themselves when they discovered that they were really could be effective property managers and real estate entities in their respective cities and such.

Well, that drafting of lessons creates a day like today when it's possible to share those lessons and watch, in the Brookings tradition, their influence on the public dialogue. And what makes this such a significant day is not the publication of a book, but it is the presence of the current Secretary of Housing and Urban Development, Shaun Donovan, who will talk about the next iteration of public housing reform, including lessons learned from HOPE VI as they manifest themselves in choice neighborhoods. That adds a major dimension to today's activities.

My job today is to tell you just a little bit about the book itself and the way it's organized because the way it's organized sort of transitions to Secretary Donovan's remarks. So let me just describe to you the four sections of the book. The first was a section that describes

origins and I want to introduce the authors of the chapters who we're fortunate to have present with us.

I wrote the first chapter and I focused on what I inherited, which was the report of a commission on distressed public housing that focused on the need for the investment in the transformation of the worst of the public housing in the country. Hundreds of thousands of units that essentially were unlivable and in some places they literally were not lived in; they were vacant, they were burned out. In other places they were partially burned out and vacant in cities.

We went to sites where literally you could not go into the building because they were in control of criminal elements. In some of them we asked mothers and children to live in those places. There was glass strewn in the yards, there was drug transactions occurring in the hallways, people coming out rushing with jackets stuffed with money as we moved in -- walked into the buildings; these were all things that I've personally witnessed in these sites.

Mothers and daughters being patted down by drug lords who controlled the buildings as they tried to enter with their daily groceries and returning from work; really sad things to see. I wanted to set the stage in the first chapter and describe what we saw and some of the principles that guided the early work.

Bruce Katz writes the second chapter of the book because of his background from the Senate staff and the drafting of the legislation, and as I said, the work that he did in drafting the regulations, which is how legislation is transformed into a working program. He drew on his knowledge of the work of Senator Mikulski in the Senate. Senator Bond in the Senate who not only were champions then of the need for reform, but championed it in the intervening years, including the years of drought, when there was little funding for it, but kept it alive as a program.

Bruce brought in Richard Baron who is one of the co-authors. He's the writer of the third chapter. And Richard had had experience in public private funding of urban projects and brought his very sound ideas to this program; built them into the program and subsequently has done some award winning HOPE VI's around the country. Let me ask these authors to stand as I mention their name; Richard Baron is right over here. Please recognize him.

The next chapter was written by Peter Calthorpe who was a leader -- one of the leaders of this new movement in architecture, urban architecture, called the new urbanism. I had been to their conference in Charleston and signed the charter of the new urbanism and it speaks to walkable communities within reach of commercial activities; reintegrating

urban neighborhoods into the vitality of the streetscape of a city and trying to create human scale developments.

Present today are Ray Gindroz and Tom Gallas who are charter members of the new urbanism. Peter Calthorpe was the author but I'd like to ask Ray and Tom if they would stand please and let us recognize them as contributors to this process. We had work sessions early on in which the new urbanist architects joined us to discuss what the shape, the physical design and shape of the project should be.

The next chapter was written by Alex Polikoff who heads an organization in Chicago called Business People -- Professionals in Support of Urban Progress. And Alex is not here today but you will recognize his name from the famous Gautreaux case in Chicago where the court mandated the break up of the Chicago big mega-projects and the movement of people into the suburbs. So that -- those were the people who sort of set up the book by describing kind of what was and some of the early principles.

The next section of the book is written by Lora Engdahl and it focuses on specific projects. It really tries to get into what was the physical design before, what was intended, what emerged, photographs of before and after. This is a different Brookings book in that it's got a lot of pictures, and a lot of graphics, and a lot of maps. But she went to

NewHolly in Seattle and wrote a chapter on that and Park Duvalle in Louisville. There are any number of choices, in fact we hoped once upon a time to have about six chapters that focused on individual cases because there's so much to see from different places but space required that we limit it to these two and she did a great job.

The next chapter of the book focuses on the broader impacts. We asked Renée Glover, who is present -- where are you? From the Atlanta Housing Authority -- one of the great public servants of our time -- one of the great public servants of our time; won all kinds of awards for her work in literally taking the concept, not just HOPE VI per say, but the concept, the funding mechanisms and so forth, and redoing every single family housing site in Atlanta. It's the only city where every site has been redeveloped based on HOPE VI principles. She wrote the chapter that describes that.

Marjorie Turner wrote a chapter on surrounding neighborhood effects and impact on the urban area. Marjorie Turner of the Urban Institute is right over here; let's recognize her. Susan Popkin and Mary Cunningham of the Urban Institute wrote a chapter on the impact on residence. A very important chapter because the principle critic of HOPE VI has been that people were moved from sites and not everyone got to come back to those sites.

And that some people went to other housing sites around the area, but more often than not, others went to section eight -- used section eight and ended up in a -- well, depending on what research you read, either in better circumstances, near jobs, and so forth, or in section eight concentrations because of the way the Section Eight Program worked. And Mary and Susan Popkin -- a chronicle -- that analysis in that chapter; would you please stand? Mary Cunningham is here.

And then Richard Gentry wrote a chapter -- Richard Gentry who is the Public Housing Authority Director in San Diego today, has been in numerous public housing authorities and one of the recognized thought leaders in the public housing reform movement. He's been really irrepressible in his desire to try new things and work -- and he wrote the chapter on the implications of lessons learned from HOPE VI for public housing authorities, generally, the way they operate, the way they think of themselves in cities. Richard Gentry is right over here. Richard, thank you very much.

And then the fourth and final chapter of the book tries to -- is the chapter that tries to distill lessons, pull out, interpret, look back, reflect. And to do that we asked people to look at it from different perspectives, different sort of ends of the political spectrum; we asked Sheila Crowley of the National Alliance -- National Low Income Housing Coalition to look at it

from the residence perspective, the critic of things that were not done well, promises not kept, how it could have been done better. She, as an advocate for low income persons, did her job well and I want to thank her for that role and the role she plays everyday in our country.

And Ron Utt of the Heritage Institute or Heritage Foundation looked at it from the conservative critic; what have conservatives said about this program. That the money was not well spent, that too much money was spent on specific sites, that the money -- the pipeline was not smooth and money was held up for a long time that was appropriated and never spent as execution was slow in places. All valid points and they had dramatic impact on the way the program was administered over the last number of years. Ron Utt is right over here from Heritage.

And then the final chapter in this book is written by Tom Kingsley of the Urban Institute who's a wise man in urban affairs who stood back and said what have we learned in the net; what can we say about this program. That's the last chapter of the book and Tom Kingsley over here wrote that.

So let me transition to the Secretary's remarks by just briefly saying things that I think we do know at the -- after 15 years of execution and watching this program. We know that the physical changes in cities matter. When the big high rises are taken out and they're replaced by

lower density homes with kind of private entrances and defensible space concepts so that people have some sense that they actually own the real estate and are treated with dignity that it matters.

That places that were once kind of off limits to any kind of private investment, they were sink holes for anything positive in the city, are replaced with communities that are frequently indistinguishable from the attractive private investment that's now occurring in the surrounding neighborhoods. That it's important to try to create a sense of mixed income and bring people back to the site, as Atlanta has done, as Renée has done, to places where you cannot tell who is the public housing resident and who is not because all of the units look beautiful, adjacent to schools like the Centennial School there, which is one of the most attractive magnet schools in the city; located right in the center of that project.

The strategy is not just a physical strategy, but a strategy of income, integration; not just people on the site, but integrating people throughout the Metropolitan area using other means to do it. An effort to reattach these sites to the street grid, break up the big blocks, the isolation, and reintegrate them to the street grid where eyes can be on the street and where commercial activity applies to draw in, as I say, private investment to the area.

To create models of public private finance as Richard Baron taught us; to reform the tenant rules to feel more like the management of apartments -- would be -- private apartments would be with kind of rational rules for the residents that encouraged upward mobility. The changes in management of housing authorities and their capital plans in particular.

And many of these lessons are applied not just to another round of public housing renovations, but to other forms of housing; subsidized housing and to cities at large. Principles of urban planning now accepted more broadly for general urban planning initiatives in cities.

So what we hope is that the second part of our motive, which was to draw these lessons forward and have the next generation of policy makers use them, is what's happening. And today's event is the idea.

Today we have with us the current Secretary of Housing and Urban Development, Shaun Donovan, who will talk about choice neighborhoods. The Obama Administration's reiteration, if you will, of public housing directions. He has been Commissioner of the New York City Department of Housing Preservation and Development.

I think there's no better preparation to be Secretary of Housing for the United States than to have been Secretary of -- Administer of Housing -- Commissioner of Housing for New York City. It's the largest responsibility in terms of units. It is a high pressure environment. If you

can do it in New York you can probably do it for America, and Shaun Donovan is the proof.

Prior to returning to New York to do that job, he was Deputy Assistant Secretary for Multi Family Housing at HUD, during Andrew Cuomo's 10 years. There he was responsible for the privately owned Multi Family stock, the subsidized stock, the FHA driven stock that is another important part of HUD's responsibilities for 1.7 million families. And for a time was acting Commissioner of the Federal Housing Administrator.

I was saying to a group over lunch, as I look back on my personal knowledge of the HUD Secretaries back to Secretary Weaver, the HUD Secretary, I don't think there's been another person who held a position at HUD as a Deputy Assistant Secretary or Assistant Secretary, FHA Commissioner, who came back as a Secretary.

So the better part of the last 15 years or so, Shaun Donovan has been preparing to be the Secretary of Housing and Urban Development. And it's my pleasure to introduce him to talk about choice neighborhoods.

SECRETARY DONOVAN: Thank you so much, Henry. Let me start by thanking the Brookings Institution and particularly the Metropolitan Policy Program and my very good friend Bruce Katz for

hosting this event and for his commitment to creating a new platform for metropolitan policy in this country. And I say this on a very important day. Yesterday I was with President Obama announcing a full federal review across every agency in the Administration of the work that we do at the Federal level and how it affects place, particularly how it affects urban areas. And I think the important moment that we stand at is that we finally have an opportunity to recognize that the work that we do at the Federal level, the policies that we pursue, frankly, have not kept up with the reality of what's happening in this country.

We have become a metropolitan nation and yet we do not have a metropolitan policy at the Federal level that reflects what America has become. And that conversation has now begun. And I say quite literally that we would not be at the point of having that conversation if it wasn't for the work that Bruce Katz and Brookings have done. So thank you, Bruce, for your leadership today, but also more broadly.

I also want to say a special thank you to the -- all of the staff that is here from HUD. When we stand back and reflect on the lessons of a critically important policy like HOPE VI, we must at the same time recognize that none of this is possible without the incredible work of our public servants day in, day out to make this transformative work in our communities and our neighborhoods possible. And so I'd like to ask

everyone from HUD that's here today to stand and be recognized and thank -- let everyone thank you for your incredible work that you've done.

I also see so many others beyond Henry and Bruce; Eleanor Bacon, Mike Stegman, and so many others who are not currently in the public sector but who have given their blood, sweat, and tears to make HOPE VI and so many other great programs a reality. And I want to thank you all as well for your dedication to public service.

Finally and most importantly, let me thank you, Henry for your friendship, for your leadership, and above all, for your commitment to advancing the idea that every American ought to have a safe affordable place to call home. In his three and a half decades, three and a half decades, in public life, Henry has opened the doors of -- and -- looks so young. Henry has opened the doors of opportunity to millions, literally millions of Americans.

It was in San Antonio that he began his crusade against racial and economic segregation and isolation; a battle that he would wage in communities across America when he became our nation's tenth Secretary of Housing and Urban Development. And as I embark on my own path as HUD Secretary, Henry I want to say to you that I'm in the midst of reading Robert Weaver's biography. A great biography that was recently published and I say quite seriously that only in Weaver's example

can I find any other HUD Secretary that has brought together the intellectual leadership, the practice, the passion, the commitment that you have brought to the work that you did not only as HUD Secretary, but to literally a lifetime of work in transforming neighborhoods and communities.

HUD began with Weaver's leadership and when I look to examples that I think all of us can follow in great, great leadership for this nation in housing and so many other ways, your example is a shining light, a beacon, to all of us. So thank you for your leadership, Henry.

It was in his role as HUD Secretary that Henry helped craft and refine one of our most powerful weapons to fight concentrated poverty our country has ever known, the HOPE VI Program; the history and promise of which we celebrate and seek to build upon today.

This afternoon I'd like to share the Obama Administration's vision for neighborhood transformation in the 21st Century, and in so doing, I'd like to discuss how HOPE VI changed the face of public housing and above all, I want to explain the moment we're in and how I believe HUD's comprehensive new initiative, Choice Neighborhoods, will help us seize that moment; working in concert with our broader initiatives on the sustainability of communities more broadly.

By building on the lessons we've all learned from HOPE VI, I believe we can create the geography of opportunity America needs to

succeed in the decades to come. But before I do, I wanted to take a few moments to put what Henry just said in a bit of context.

To understand HOPE VI, why it was created, what it has accomplished, and where it must go from here, I believe we need to understand the relationship between poverty and housing policy in the United States, and the neighborhoods of concentrated poverty that resulted not in spite of government policy, but in many cases because of it.

For both better and worse, the notion of public housing in the United States was in many ways sparked in my home city of New York at the turn of the century. In response to Jacob Riis' "How the Other Half Lives," awakening America to what he described as the hotbed of epidemics and deadly moral contagion of the city's cramped tenements, Governor Teddy Roosevelt and Lawrence Veiller created a State Tenement House Commission to address the deplorable conditions depicted in Riis' photographs. Riis, Jane Adams, Lillian Wald, and others in the emerging Settlement House Movement recognize that substandard physical structures, as terrible as they were, were only part of the problem.

They believed then what Henry would nearly a century later -- would know nearly a century later that transformation required to focus on something far more ambitious; on physical health, on education, on

access to economic opportunity. On meaningful outcomes that often resulted from the overall condition of the neighborhood on which the built environment was a major influence to be sure.

It took the Great Depression for the Federal Government to enter the housing market on a broad scale. The primary motivation of which was not to help the poorest of the poor, but to stimulate an economy in which anyone could lose their home and become poor overnight.

As part of the New Deal, while the Federal Housing Administration provide home mortgage financing, the Wagner Steagall Act provided construction jobs in the devastated housing sector, and working -- and housing for working families at a time of massive widespread unemployment, effectively launching public housing in America.

This housing wasn't envisioned as a permanent -- as permanent in the sense that generation after generation of the same families would live in it. But to help families move up the ladder toward economic opportunity and the middle class. But that all began to change with the Urban Renewal Movement, which swept through American cities beginning in the 1930's and flourished in immediate postwar America.

Urban Renewal was part of a broader intellectual and legal movement that believed that experts could reengineer society, eliminating poverty and other social ills. Across the national landscape, new legal

entities emerged, not coincidentally named authorities, intended to free these technocrats from the small minded prejudices and politic whims that might keep them from realizing their ambitions.

From the Tennessee Valley to the East and West Coasts, authorities were created to distribute resources on an epic scale and with a sensibly scientific precision. Of course, heads of housing, transportation, water, and other planting authorities brought their own prejudices to bear on the distribution of the enormous pools of the resources that they control.

In essence, they were empowered to remake the American urban landscape and accountable to virtually no one; least of all, vulnerable members of society, whom their decisions most acutely affected. The face of this movement, both its undeniable achievements and unpardonable arrogance, was of course Robert Moses, a portion of whose legacy I inherited for the last five years in New York City as its Commissioner of Housing Preservation and Development.

Over the course of four decades, at one point the head of no fewer than a dozen different authorities, Moses undeniably transformed the face of New York building tens of thousands of public housing units, major bridges, and infrastructure from the Verrazano to the Brooklyn-Battery Tunnel, and adding some 20,000 acres to the City's parkway.

In this obsessive pursuit to transform the physical environment of Metropolitan America, to build high rise housing and highway infrastructure that met the needs of the emerging exit ramp economy, neighborhoods from Chicago, to Detroit, to Los Angeles, were literally wiped from the map, some distressed, others well functioning. And in their place, they left the ingredients for neighborhoods that would prove to be more segregated and more concentrated in poverty than those that had come before.

Filled with high rise housing of last resort, super blocks, as new urbanist architect Peter Calthorpe called them in Henry's book. The irony was it wasn't that the housing units were substandard, not at first anyway. Not in comparison to what they had replaced.

It was the communities themselves that were substandard. With no semblance of walkability or human scale, the built environment and location conspired to disconnect residence from schools, jobs, transportation, and above all, opportunity.

The result as Jim Carr and -- put it in the indispensable collection segregation, was that "living conditions were not only physically undesirable, they were damaging to the human spirit." Indeed, no one was more deeply wounded than African Americans living in our cities who were left with no choice but to move into public housing developments that

were more crowded and more segregated than the neighborhoods they had come from.

The nation witnessed a whole sale creation of what historian Arthur Hurst called a federally sponsored second ghetto in which "Government took an active hand not merely in reinforcing prevailing patterns of segregation, but in lending them a permanence never seen before."

So what had began as a holistic effort on the part of Riis, Adams, and others to reject the life of despair -- tenements had in just a matter of decades, actually deepened it, creating whole neighborhoods of concentrated poverty and segregation.

This wasn't simply the work of public housing alone, but rather a broader set of discriminatory practices encouraged by a web of federal policies, redlining by lenders, FHA policies which actively promoted segregated communities, highway systems that isolated minority neighborhoods, and of course, officially sanctioned segregation of schools, restaurants, and other public facilities.

Nor was this the work of Robert Moses alone, whose legacy was in fact quite complex. Indeed I've seen the premium Moses and his successors put on the mixed income profile of the city's public housing stock, in large part preventing the declines we saw elsewhere in the

country, and having run through the magnificent colonnade of the Orchard Beach Public Bath House in the Bronx, with my young boys.

I've also seen how many of the remarkable public works that Moses left, still today, served the low income and minority communities he's been accused of destroying, but rather than the first step up the ladder to opportunity public housing was intended to be when created during the Great Depression.

In too many cities and in too many developments, it had become a barrier to opportunity; warehouses for the very poor, as Bruce so powerfully put it. This was the context within which HOPE VI was formed; by Henry, and by Congressional champions like Senator Kit Bond and Barbara Mikulski, and by forward thinkers across the country who informed their ideas.

Their goal was not only to demolish those warehouses, but build something better in their place; something far greater than any physical structure could represent. By the 1980s, the transformation was complete. In too many communities we had taken the community out of public housing policy. The National Commission on Severely Distressed Public Housing had found that only 6%, 86,000, of the nation's 1.3 million public housing units were severely distressed. Yet in the public's mind, the name Cabrini Green and the terrible images it conjured, had become

synonymous with public housing generally; a symbol of the shattered lives William Julius Wilson immortalized in the truly disadvantaged.

Decades of neglect and silo driven social interventions had left our most distressed developments in physical shambles and the people living in them, for all intense and purposes, trapped, surrounded by disinvestment with little to no access to jobs, and beset by gang and drug related violence.

By then high rises weren't the only vertically integrated structures that didn't connect to one another on the ground. Social policies had become so defuse that residents in public housing could have a dozen case managers from a dozen different agencies, from social welfare to criminal justice, and still no chance for a better life.

The time worn debate about the American welfare state and the rifle shot interventions that defined it had obscured the real tragedy. For those living in public housing, the whole of these interventions, food stamps, income supports like AFDC and later TANF, and others, were far less than the sum of their parts. Indeed the fundamental mistake was not to see things as a whole; not to see distressed families in the context of distressed public housing, not to see distressed public housing in the context of distressed neighborhoods, not to see integrated problems as requiring integrated solutions.

And so HOPE VI wasn't just about tearing down buildings; it was about tearing down ossified social policies as well. The genius of the program and of Henry's leadership of it is that we went back to the future in so many ways; to champion integration and the holistic thinking of those who first called attention to the scourge of concentrated poverty.

Combined with the innovations of Senator Mikulski and the Cleveland Commission on Poverty in the area of complimentary supportive services, we began to put less emphasis on output, on the shear number of units built and cases closed, and more emphasis on outcomes. Broad meaningful outcomes like health, education, and access to jobs. Don't get me wrong, we need more affordable housing opportunities, not less, especially for the lowest income families. Indeed a legitimate criticism of HOPE VI is that in some type housing markets we lost desperately needed hard units that were affordable to the poorest families. And it is on this point that Chairwoman Maxine Waters has been particularly eloquent.

As we build on HOPE VI, the next generation of housing policy must not penalize an extremely low income family for the housing market that they live in. We must also acknowledge that some HOPE VI households struggle to use vouchers, while others were perhaps unfairly

screened out of new developments, sometimes by procedures that treated families as no more than the sum of their fico scores.

As important as those concerns are and just so we're clear, I am fully committed to addressing them. They should not distract us from the larger truths and undeniable successes of HOPE VI as well. The substantial declines in neighborhood poverty, in crime and in unemployment, and real tangible increases in income, property values, and market investment.

The fact is the majority of families reached by HOPE VI live in safer, healthier neighborhoods today. For some, opportunity came in the form of greater mobility, of moving to another neighborhood with better jobs, schools, and counseling to help them succeed. For others it was a revitalized community of porches on the street, a regular street grid, and shared public space of the smaller structures on a human scale.

But for virtually all of them, opportunity came in the form of a neighborhood with less poverty than the one before. Before HOPE VI, the Federal Government faced the daunting task of building, maintaining, and demolishing public housing virtually alone. It was HOPE VI, people like Henry Cisneros, and many people in this room that brought new stakeholders to the table.

As a direct result of HOPE VI development, thousands of low income housing, tax credit, and market rate units have also been built, as well as, community centers, parks and trails, grocery stores, boys and girls clubs, and Head Start facilities.

In all, the six billion dollars HUD invested in HOPE VI has leveraged almost three times that amount in additional development capital; 17.5 billion dollars providing a very good return for the taxpayer, indeed. Ultimately, an effort to transform public housing developments in cities across America, ended up transforming something far greater, our very notion of public housing itself.

It's not a coincidence that the most successful mixed income, mixed use projects, look beyond the front gates of the new development. In the case of Murphy Park in St. Louis, the redevelopment of which began with the leadership of Senators Bond and Mikulski before HOPE VI was even authorized, that meant the neighborhood school, Jefferson Elementary, which was avoided by almost every neighborhood family who had the means to opt out of sending their children there.

The project's private developer was Richard Baron of McCormack, Baron, and Salazar, who is with us today and was introduced earlier, and had served on the National Commission on Severely Distressed Public Housing out of which HOPE VI was ultimately created.

Working closely with residents, he not only raised an additional 5 million dollars from private and philanthropic interests to modernize the school.

He worked closely with residence and the school board to hire a new principal with a new curriculum and a new focus on technology, the arts, and after school programs. In the years following Murphy Parks completion, unemployment surrounding the development fell by 35% according to a Brookings study. The median household income rose more than four times as fast as the city as a whole and Jefferson Elementary came to serve 75% of the neighborhood's children and children from surrounding communities.

Since HOPE VI's creation in 1993, we've seen these kinds of successes across the country; in New Haven's Elm Haven Development, which made a 24 million dollar investment in an elementary school. Charlotte's first ward place development not only includes a highly rated early childhood education center, it is also within walking distance of jobs, services, and transportation.

In Boston's Mission Main, with it's close ties not only to schools but some of the best hospitals and universities in the nation. Example after example in communities across the country have shown us that the correlation between successful housing and good schools is not just a theory, it's practice.

The same is true of investments in Green Building Technology. Seattle's High Point Development show that by adding green features we could increase the number of asthma free days and eliminate mold, which often causes dangerous respiratory infections. This means that instead of having to go to unplanned doctor's visits, High Point children can play in the local park with their parents. It means with the right investments and instead of managing the kinds of chronic illnesses that drive up healthcare costs for everyone, we can often prevent them entirely.

The fiscal year 2009 HOPE VI notice of funding availability we announced today, builds on these very innovations encouraging HOPE VI applicants to also invest in early childhood education. It builds on pioneering HOPE VI projects like High Point and the investments of the Recovery Act to encourage state and local governments to increase Green Building and energy efficiency.

But as much as we want to nurture and expand innovation at the local level, there's a limit to what we can do under current law. Within a few miles of us today, there's an Anacostia neighborhood called Washington Heights -- I'm sorry, Washington Highlands. But it could be virtually anywhere in urban America.

15 years ago the media spotlight briefly focused on the nightmarish conditions in the neighborhoods large distressed housing developments; Frederick Douglas, Stanton Dwellings, Parkside Terrace, and Wheeler Terrace. Some of you may remember the report on McNeil Lehrer; to quote a report commissioned by Henry, Washington Highlands presented a quote “worst case situation for HUD.” Boy did it ever. As the report stated, two separate and distinct HUD Program areas were alleged to be contributing to the deterioration of the neighborhood. Public housing and project based Section 8; subsidizing private developers and owners.

Thanks to HOPE VI, local and national nonprofits, the D.C. Government and private developers, had ready access to a program to develop two of the four properties. The plan for them included a new community center, elementary school, public library, and a parks and recreation facility.

But the challenge didn’t end there. Because the two other housing developments in Washington Highlands didn’t qualify for HOPE VI funding, not because they weren’t distressed, not because they weren’t -- didn’t have the same social problems in those buildings as the ones across the street, not even because they had less federal subsidy than the other two; but simply because they were subsidized by different programs at HUD.

Programs that Henry's team noted had virtually never coordinated their development and asset management efforts. The media didn't make the distinction, the residents certainly didn't make the distinction, gangs and drug dealers didn't make the distinction, and thankfully, the community leaders who were fighting to turn the neighborhood around, didn't make the distinction either.

Once again, they moved ahead to work with public and private partners, like Community Preservation and Development Corporation and Enterprise Community Partners, to secure the necessary funding to redevelop these projects. So if no one else made the distinction, why did HUD?

Henry's team noted back in 1994 that the Department had "no ready mechanism" to deal with the problem of high concentrations in public and subsidized housing in a single neighborhood. And 15 years later, we still don't. That's why we've introduced our Choice Neighborhoods Initiative; to help public, private, and nonprofit partners extend neighborhood revitalization and transformation efforts beyond public housing as they are already doing on their own, in spite of the fact that the Federal Government is no help and is often a barrier.

Choice Neighborhoods will make the Federal Government a part of the team, just as HOPE VI did. I want to be clear; even as we

expand this mission, public housing transformation is still a priority at HUD. That's why our fiscal year 2010 budget request for Choice Neighborhoods would be 250 million dollars; more than double the funding that we have for HOPE VI this year.

But a HOPE VI development that is surrounded by disinvestment, by failing schools, or by other distressed housing, has virtually no chance of truly succeeding. That's what Choice Neighborhoods is all about. It would expand on the legacy of HOPE VI by expanding the range of activities eligible for funding and capitalize on the full range of stakeholders we know are needed and want to be involved, from local governments and nonprofits to private firms and public housing agencies. And like the successful jobs plus demonstration, residents in public and assisted housing would be eligible to receive work incentives and work supports.

Choice Neighborhoods would also link housing interventions more closely with intensive school reform and early childhood innovations. Critically, the Department of Education is standing shoulder to shoulder with us in this effort with its new Promise Neighborhoods Initiative. Together, we want to replicate the enormous success of the Harlem Children's Zone on a national scale. Combined with HUD's sustainable Communities Initiative to bring transportation and housing planning

together at the local level, to reduce costs and increase opportunities for families, we believe Choice Neighborhoods has the potential to revitalize and transform communities across the country.

I believe Choice Neighborhoods will do for our communities what HOPE VI did for public housing. As far as I'm concerned, it must. Indeed, it must do better. The technology of combining housing and supportive services, has progressed enormously, particularly for our most vulnerable populations.

Back in 1992, it was virtually inconceivable that we could house the longest standing, most chronically homeless; whether on L.A.'s Skid Row, the streets in Seattle, or the parks of New York City. And find that a year later, nearly 90% of those "hard to house individuals" remain stably housed.

Yet that is happening now in this country every single day. There is no excuse any longer, if there ever was, to fail to house and support every family now living in a distressed public or assisted housing project. The simple fact is today we can house anyone. Our challenge now is to house everyone. For me and for our President, it all comes down to a very simple belief; whether we live in a city or the great American heartland, every American has a stake in urban revitalization and neighborhood transformation.

Today, America's cities and surrounding communities are increasingly becoming the engine of our nation's economic growth. 90 cents of every dollar in our economy is generated by our metropolitan areas. These same communities today house more than two thirds of our population. That's why I was proud to join President Obama yesterday at the White House as he laid out the new vision he's articulated for our cities and our urban communities, who have never depended on our ability to work together more than they do at this very moment.

Like him, I know the change is never easy. That revitalizing our nation's urban communities won't happen overnight, nor will it happen because of any one policy or the work of any one agency. But every one of those communities depends on the same thing; home. It is the foundation upon which we all build our lives, raise our children, and plan for our futures. It's the building block with which we forge neighborhoods and put down roots.

If the crisis we find ourselves in today has taught us anything, it's that home is an essential source of stability for our families, our communities, and our nation. If a century of housing policy has taught us anything, it's that if there isn't equal access to safe, affordable housing, there isn't equal opportunity; period.

And if 16 years of HOPE VI has taught us anything, it's that building communities in a more integrated and inclusive way isn't separate from advancing social and economic justice and the promise of America, it's absolutely essential to it. It's inseparable from the idea that in America, our hopes and our dreams should never be limited by where we live.

An ideal that as we speak, Judge Sotomayor, a product of America's public housing, is on Capital Hill, proving to the world. Our goal today is to ensure that every child in America has that very same opportunity. Let us rise to meet the challenge; thank you.

MR. KATZ: This is your time for questions, comments, and do we have mics in the room? Fantastic; so we have some mics around here. I've got a question over here.

SPEAKER: (Off mic)

MR. KATZ: Here we go.

SPEAKER: My name is (inaudible) -- early this week, the *Washington Post* published an article that focused on foreclosed homes in the country. It showed pictures of homes in Virginia. What was striking about those two pictures was that one showed very tall grass, showing the deteriorated conditions of the home, and the second home seemed like it came out from a village in France. It looked very picturesque.

What's suggested -- just a little bit of Federal investment would create jobs, would enhance the landscaping, the homes, preserve the homes. So my question first to Secretary Donovan is, what is the status of the Administration's efforts to help distressed -- who are facing foreclosure?

And the second question is the status of the Administration's efforts to enhance, preserve, rehabilitate homes that are ready to be foreclosed? And then the questions to Secretary Cisneros is what are the lessons -- what are the best practices from HOPE VI that could help the Administration revitalize our nation's housing again?

SECRETARY DONOVAN: All right. So a couple things I would say about the efforts around foreclosure. First of all, we are at this point, I think a few months into what is quite frankly the largest and most important effort to try to modify mortgages to prevent foreclosures in the first place. And I will say quite frankly that we got a late start given that this crisis had started years before without a significant Federal effort to try to head off the foreclosure problem.

The single largest effort prior to the Making Home Affordable Plan was Hope for Homeowners, which at this point has refinanced just over 50 loans. And so we are at this point -- we have modified about

250,000 loans and we're on a pace to do about 30,000 a week, given the current capacity. So I think we've made significant progress.

On the other hand, given the build up of families in foreclosure that had happened in the prior years, we're talking about a scale of literally millions of families that are at risk. So while I think we've made substantial progress and in fact at this point we're ahead of where we thought we would be in those efforts, we also know that there are incredibly frustrating stories about families around the country not being able to get help from their servicers, waiting for months to hear back, and we have begun a concerted effort to make sure that now that the program is up and running, it's set, it's created I think what we had intended to create, which is a single standard of truly affordable modifications in the country, we now need to get it to an even larger scale to reach the millions of homeowners that we're committed to reaching.

So Secretary Geithner and I are meeting later this month with all of the -- more than 25 servicers that are part of the program; they make up about 86% of all the loans that are serviced today. And we recognize that we have to step up those efforts to reach -- to go from the hundreds of thousands to the millions of homeowners that are at risk. That's the prevention side.

On the -- once there are actually foreclosures, we now have about four billion dollars that's at work in communities around the country to buy up and renovate foreclosed homes. Given the process of distributing that money that was passed last summer, it is only now really beginning to get to work in communities. I was in Minneapolis last week to see a very innovative effort to try to put that to work.

Our new Assistant Secretary for Community Planning and Development, Mercedes Marquez, lead one of the most innovative early efforts on neighborhood stabilization in Los Angeles. So I think we have the funding that's there. In addition, we have two billion dollars from the Recovery Act that is competitive funding. In fact, I believe applications, final applications are due next week for that.

That two billion dollars, I think will help us to go even farther in those efforts. But to date, I think we've -- what we've seen in New York, and Los Angeles, and Minneapolis, and a number of places, Chicago, the beginning of those efforts but not a real scale.

I would point to two real challenges that we have. One is much of the foreclosure problem that we've seen, frankly, is in communities that are the -- what I would describe as the least sustainable and have the least infrastructure of nonprofit groups, of for profits, that are available to attack this problem. Much of it -- I've been to Fresno, and Las

Vegas, and to other communities where, you know, every block has five, ten, a dozen houses that are in foreclosure and yet doesn't have the infrastructure that's needed. So we have technical assistance funding that's available but we're going to need help from the public and private sector to really attack the problem in those communities.

The other is that we don't have the resources right now just through HOPE VI to be able to help housing authorities. I've heard from many housing authority directors that while they're working to make HOPE VI transformation a success, in the surrounding communities you see homes that are -- those efforts because they're sitting vacant and it's a real issue.

One of the things that Choice Neighborhoods would do would be to make foreclosed homes eligible and an eligible activity to purchase those homes and renovate them along with the traditional public housing and even assisted housing funding that I talked about in my remarks. So I think a very important piece of what we're trying to do with Choice Neighborhoods is make foreclosures a constructive part of the solution, rather than just part of the problem.

SECRETARY CISNEROS: Alejandro, I guess I would say, first generally, that clearly the job one for the President and the Administration and Secretary Donovan is dealing with the problem of

foreclosures and the related aspects for housing of the downturn because to the degree that we hope to have a recovery, it will in a large measure depend upon the slope, if you will, of the recovery, the strength of the recovery on the progress it's made in the housing sector.

This has become an employment crisis, a consumption crisis, a liquidity crisis, a credit crisis, a lot of things, but at its root, it was a housing crisis. And so it -- there's no question but that is an essential piece of what needs to be done.

If we have another couple of million people go into foreclosure, it will affect not only the balance sheets of the banks, but consumer confidence, the general pace of the recovery. So much of what the President wants to accomplish in the economic recovery involves the Secretary, FHA, the banks, mortgage banks, and processes for building out of the foreclosure situation. It cannot be overstated in terms of its importance.

At the same time, it is important to keep our eye on long term housing policy and not be defensive in terms of putting in place the measures that we must for the long haul, related to homeownership, more rental stock, et cetera. There may be a tendency on the part of the country to say because this was about housing and housing "caused this,"

therefore we ought to somehow slow down or rethink or recalibrate housing policy.

My argument would be that it is an erroneous construction of the problem to say that the press for homeownership is what caused this. Yes, we had a very aggressive push for homeownership past the previous all time high in about 1997 of 66% and got up to about 69%, but it was not governmental HUD driven homeownership policy that brought unscrupulous mortgage lenders into the process, who abused the process, who came up with ridiculous retail products, no down payment, no document payment that really violated common sense.

It wasn't the Government that put in place the Wall Street derivatives, the CDOs, and the SIVs where they aggregated mortgages and sold them in the international markets. It wasn't the Government that prompted the rating agencies to miss rate the project -- the securities as they were sold into international markets. It wasn't the Government that brought people from other professions, used cars and others, to suddenly become experts in mortgage and come into the business. The Government didn't do that and raising the homeownership aspirations of Americans to become homeowners was not the problem.

So we -- those of us who are housers cannot be defensive either about the push for homeownership or about making the case for

more rental apartments, or the other things that need to be done in housing policy. And so the lessons from this downturn are press on because we need to house the American people for the long haul.

MR. NEWMAN: Thank you; I'm Stanley Newman and I used to be at HUD, as Bruce knows. I was at the -- and thank you very much for your presentations and also for your efforts, Secretary, and for this Administration for sure.

I was in HUD at the beginning and was part of the Model Cities Program and Model Cities and Model Neighborhoods. And my question is Choice Neighborhoods differs in which ways from Model Cities or Model Neighborhoods? And also, the lessons learned, both good and bad, from Model Neighborhoods, does that help you in the Choice Cities Program; will it help you?

SECRETARY DONOVAN: Interesting set of questions. I guess what I would say is that Model Cities was intended in many ways, as I know it and I might differ to you on some of the lessons from it, that it was intended at providing a broader set of resources and in many ways a more flexible set of resources to attack a range of problems.

And I think, if anything, we are attempting, through Choice Neighborhoods to broaden the potential to take the lessons that we've learned from HOPE VI and to broaden the potential avenues, the potential

types of housing stock, the connections across agencies and departments that Model Cities was, in some ways, intended to create.

I will say I do think we've learned many lessons about cross program collaboration and ways that it works and doesn't work since then. And I think what we're trying to do particularly around the linkage with Promise Neighborhoods, which if those of you who haven't visited the Harlem Children's Zone on 125th Street, I would absolutely recommend it as a wonderful example of the kind of -- sort of really comprehensive thinking, you know, getting away from programs and process and really thinking about people and places and how we deliver the resources that are needed.

I think what we're trying to do is take some of the lessons that we've learned about that interaction, whether it's from what Renee has done in Atlanta with the connections with schools, what's been done -- McCormack, Baron, and range of the others to put those linkages more specifically in place than my impress is anyway with Model Cities, which had -- didn't have as targeted a set of relationships that it encouraged with the various service funding screens that were out there.

MR. KATZ: Right over here.

SPEAKER: I'm John -- formally of HUD.

MR. KATZ: Okay; we need to have one question from someone who is not --

SPEAKER: This relates to the question you just had. I'm really interested in what you're talking about, including education, transportation, and so on and so forth. Way back when I was in City Management, we had Urban Coalition, we had Local Initiative Support Corporation, we had Model Cities, we had the -- Program, we had the planned variations.

We also had the negotiated investment strategies, public private partnerships, and so on, and so on, and so on. And I assume you're pulling together all of this knowledge of how you integrate as a whole, not only housing, but economic development, education, and I hope that sometimes in the future, immediate future, that this works.

I -- you've got a great idea going but you're going to need more than 250 million dollars. And you're also going to need -- a lot of the private sector even though as sorry as they are, the state now, there are many of the private sectors that's interested in helping you; thank you.

MR. KATZ: Question over here.

MR. APGAR: Hi, I'm Sandy Apgar. Secretary Donovan, as I'm sure you know, during the past decade the Department of Defense has embarked on its own housing and neighborhood revitalization program

with some of the same characteristics as HOPE VI and now very substantial in size. In your vision, what's going to be the relationship, the strategic alliance, or any other form of partnership between HUD, and Choice, and the many programs that you oversee, and DOD's own initiatives?

SECRETARY DONOVAN: I will be honest, that is not a set of relationships that we've deeply explored. Yet at this point, except in two specific ways that I think are particularly important. One is that there has been an option, historically, to provide decommissioned bases as a sort of first chance to organizations that would provide homeless housing. And I think we've learned an enormous amount through the last decade or so about the ways that we can more successfully integrate supportive housing with other types of housing.

We most recently, before I left New York City, we were developing a market rate condominium and supportive housing project in the South Bronx, so the famed, infamous in many ways, South Bronx. And that may be an extreme example, but we have been able to very successfully integrate supportive housing with other forms of housing more broadly.

And I think we have a lot of work to do in taking what has been a terrific -- to supportive housing efforts in many parts of the country

through the base -- the -- Process I guess it's called; to broaden what we could do with that to provide, in some ways similar to what HOPE VI has done, a broader set of housing options and broader thinking about what those bases might become.

The other is a focus on veterans and the work that we need to do. I've started working extensively with Secretary Shinseki already. I'm the new Chair of the Inner Agency Council on Homelessness around efforts to integrate housing and services for veterans.

The program that we've had recently with targeted vouchers that go to -- in HUD -- they're called VASH, but targeted vouchers that match up specific veterans hospitals with the services they provide with now 20,000 vouchers target at those veterans I think is a very important model of the way we can collaborate across the agencies. So I think those are two examples that we've started to work on. I'd be very curious to hear about more that we might be able to pursue.

MR. KATZ: One more question over here.

MS. BEVERLY: Thank you; good afternoon. My name is Elena Beverly. I'm with the White House Office of Urban Affairs and I want to thank both you, former Secretary Cisneros and Secretary Donovan for your great work and for the partnerships that you've already offered us.

The White House Office of Urban Affairs is very excited about this bold new initiative; the Choice Neighborhoods. And I'm wondering as we pursue an agenda that brings together different departments and brings together different agencies and all of the issues that can affect cities, making them more competitive, more sustainable, and increasing opportunity, where do you see technology helping us? You mentioned that we are now in a place where no one should -- that where we can serve so many because technology is helping us get there. Where do you see a platform available?

SECRETARY DONOVAN: First of all, Elena, thank you for being here. And I do think so many of these issues, you know, there's sort of a theme developing here about the way that both -- with the history of HOPE VI but also many of the initiatives we're talking about. You can't see programs and departments in isolation. That's exactly why the past President created an Office of Urban Affairs.

I know from my own work in New York on the ground that we weren't able to accomplish any of the big vision around remaking New York's neighborhoods without leadership from City Hall in coordinating the efforts of all those different agencies. It's exactly the same here that the White House needs to play and -- will play a very critical role in bringing together the agencies in doing that.

On technology, I think there are lots of examples of where we need systems to better monitor and track what we're doing; to be able to follow people. A great example in the advances we've made around homelessness, that by creating integrated systems to track people and really understand not just the systems that they're interacting with, where they're getting benefits, but also the savings that we can generate from many of these initiatives. By thinking holistically we often spend less as a society, even if one agency may spend more, there are other effects that we have on other programs that are very important to take into account.

But I think the single most important thing as we think about sustainability broadly in our communities, we need to help unlock the market response to many of these things. Many of the reasons why, whether it's energy efficient mortgages, you think about the way that we've developed in sort of patterns of sprawl; much of it is because we don't have the mechanisms to understand the costs of that pattern of development and to integrate those into the decisions that private -- the private sector make.

So a very simple example; when you go to buy a car, you have a number on the window, on that sticker, that tells you what's the energy efficiency of that car. We are working with Secretary Chu at the Department of Energy to develop a similar thing for a house so that when

you go to buy a house if you want to put in $5,000 to make it more energy efficient, and to lower that number, a lender ought to be able to track that very specifically and offer you a mortgage that would be -- that would pay for that paid for by the savings that you develop over time.

Similarly, we're working with the Department of Transportation to develop an index that would reflect transportation costs in a similar way. So that -- this is not -- ultimately we need the private sector. We're really going to have a scale impact to be able to use this information in a way that supports people's decisions.

One of the differences I think we have today from say the year of Model Cities, to go back to the earlier question, is that there is a real movement. People are voting with their feet and want to, whether it's have a light rail next to them, to not spend two hours in their cars getting back and forth to work, to be home more with their kids; there are lots of ways that I think we've reached the limits of the patterns of metropolitan development that we've had.

Bruce has written extensively on this. We need to have market mechanisms through technology and information that recognize those changes and allow the market to start to price in those kind of changes, which I think in many ways could have a bigger impact than anything we can do alone in the Government.

SECRETARY CISNEROS: Elena, with respect to the technology point, the Secretary has spoken to the use of technology to understand what's happening in the world and I would just add you may want to think about the use of technology internal to the Government for the coordination process. I was privileged to participate in the session at the White House yesterday with the multiple Cabinet Secretaries and -- who's the new head of the Office of White House Urban Policy.

And it struck me that while it is a very important thing to do, a very valuable thing to do, necessary to do to address the kinds of issues -- that you spoke of in terms of how things come together on the ground, it will also be a very hard thing to do because everything organizationally in Washington argues against it. From the -- of the Congressional Committees to the responsibilities and heavy schedules of the Secretaries to, most importantly, the hardening of kind of turf at the sub Secretary level within the departments, at the program level. So it's just hard to get people to be able to work together.

Now, if your office had the capacity to see where money is, where it's being spent, and how it's arriving, you know, piece -- in communities, technology ought to be available to see that since it's all sort of governmental funding. That's a first step toward being able to create a kind of a coordination that's never existed before.

I'm very hopeful, first of all, because the President is an urban President. I looked it up the other day and you have to go back to Harry Truman to find someone who had anything resembling the level of urban expertise that President Obama does. Harry Truman was a County Commissioner in Kansas City. But that's the last president that had any kind of urban role, the way President Obama did as a state Senator from a very urban district in Chicago and a community organizer in Chicago. So there's that.

There's the fact that he has expressed a mandate to the Secretaries to work together. That's very important and we have people like Shaun Donovan who bring a natural inclination toward understanding how people need to work together. And then there is the opportunity that technology affords. It is -- it may be possible with the technology that you described to understand the way the Government spends and allocates in ways that we've never understood before and actually force it to make sense at the local level. So I'm hopeful -- I'm hopeful.

MR. KATZ: So the buck stops here. And we've only leased this room up to a point so we do have to leave. I just want to conclude with these thoughts. I think what we've heard today, I think is an example of what it means to have policy makers who make decisions based on evidence, and based on research, and based on rigorous thought.

I think Henry, this book is a major contribution because so many federal programs really go without evaluation, particularly those programs that can contribute substantially to policy innovation going forward and particularly those programs that affect the lives, the most vulnerable in our society in the most distressed communities.

And Secretary Donovan, I think your talk, which is a major talk places Choice Neighborhoods in really a rich historic tradition of academic research, of policy innovation for sure, of market practice of nonprofit activity. And Americans, you know, we're still a young country. We don't look back that much. But I think it's critical and the -- you presented from Jacob Riis through the 20th century really to what Henry did, and now into a radically different century with new possibilities and opportunities was essential. So I think everyone should thank --

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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