

**Prepared Remarks of Secretary Shaun Donovan at the Fifth National Conference On Housing Mobility, at the Urban Institute, Tuesday, June 12, 2012 (from hud.gov)**

Thank you, Phil -- for that introduction and for your outstanding leadership of the Poverty & Race Research Action Council. Many thanks as well to Margery Austin Turner for hosting us.

I'd be remiss were I not to thank my good friend, Xav Briggs -- whose career has intersected with my own for the last quarter century. Many thanks, too, to Ingrid Ellen, who continues to be an inspiration to me.

And of course, all the HUD staff participating here -- past and present.

Today, I want to talk about what the Obama Administration is doing to ensure every family has real housing choices.

In particular, I want to put our work in the context of housing policy history -- and discuss the role mobility has played--and too often *hasn't* played--in federal programs.

I want to describe what this Administration has done to promote mobility for families these last three years--during one of the worst economic crises in our history--the steps we have taken to combine the best features of our project- and tenant-based programs -- and the work we are doing to promote fair housing.

And ultimately, I want to describe why I believe this moment presents a unique opportunity to make the case that housing mobility is essential to creating an economy built to last.

***Housing Mobility in the 20th Century***

To understand what housing mobility means in this century, we need to understand the restrictions that were put on housing mobility in the last.

Indeed, as this audience knows well, from exclusionary homeownership policies promoting segregated communities and redlining by lenders...to highway systems that isolated minority neighborhoods...to officially-sanctioned segregation of schools, restaurants and other public facilities...to zoning codes that shut low- and moderate-income families out of certain markets...we know the segregated, neighborhoods of concentrated poverty across the country resulted not in spite of government policy, but in many cases because of it.

Perhaps nowhere was this clearer than public housing. While public housing provided a critical resource to families for the better part of the last century, it's come at a price for the residents -- nearly a third of whom live in the country's poorest neighborhoods, with few jobs, the poorest performing schools, and little hope for the next generation.

These projects were sited in the most marginal, disconnected locations. Making matters worse, as policies developed over time, they had the effect of locking in a concentration of poverty that has persisted for generations -- constraining mobility in the most profound of ways.

For folks in public and other project-based housing, taking a new job in another town isn't just about having to pick up and move your family -- it's also about giving up thousands of dollars in rent benefits and the prospect of what is probably a ten-year waiting list in another town.

That's the fundamental choice this system requires millions of families to make every time a new opportunity arises.

And let's be honest: that's no choice at all.

That's why, as much as the emergence of Section 8 in the 1970's was a response to the failures of project-based programs, it was also a response to something more fundamental:

A belief that when you don't have mobility, you don't have access to opportunity.

That's because when you choose a home, you choose so much more than a home. You also choose access to jobs, to schools for your children, to public safety.

You choose a community -- and the choices available *in* that community.

That's why Housing Choice Vouchers represented an enormously important step forward -- not simply for housing mobility but for opportunity.

But of course, the reality has been more complex.

Voucher holders are, in fact, less concentrated than public and other project-based housing in our traditional programs. But research by Ingrid Ellen and others has shown that voucher holders aren't as dispersed as one would hope.

Indeed, HUD's Moving to Opportunity Fair Housing Demonstration Program demonstrated very clearly this complex picture of housing mobility. On one hand, the study released last year found very-low income women who have the opportunity to move from high-poverty neighborhoods into lower poverty areas were significantly less likely to face serious health problems like obesity and diabetes.

It also found gains for kids in cities leaving high-violence neighborhoods -- even if they themselves were not victims of violence.

But with many of the families in MTO moving to neighborhoods that still had very high poverty rates, it also reinforced that slight improvements in neighborhood poverty are unlikely to lead to better jobs, better schools and better economic circumstances.

But these aren't the only challenges facing families using vouchers. Another is the threat to America's affordable housing stock.

You all know that providing voucher holders real choices depends on an adequate supply of rental housing that they can afford with that voucher.

But in the decade before President Obama took office, we'd lost one-and-a-half million affordable homes -- with 7 million households paying more than half their income for housing, living in substandard housing, or both. Public housing alone had lost 150,000 units over 15 years because of a capital needs backlog with a price tag of an estimated \$25 billion.

This perfect storm of Worst Case Housing Needs brought on by a threatened affordable housing stock and a fiscal environment in which every dollar is precious is why I believe we can't have a bright line between people- and place-based housing policies.

To ensure every family can be part of the economy built to last President Obama has spoken of, we need both.

### **Pathways to Opportunity**

I'm proud to work for an administration that has affirmed the important role that the Housing Choice Voucher program plays promoting housing mobility.

Indeed, every year since President Obama has been in office, we have made the voucher program our top budget priority.

When we came into office, just over 2 million people were using vouchers -- today, even in one the most difficult funding environments imaginable, it's almost 2.2 million.

And as you have already heard--and will hear later this afternoon--we are making important improvements that make it easier for families to take their Housing Choice Voucher to a community that offers greater opportunities.

For instance, for too long, families have been penalized for the time it takes for their voucher to be transferred to another PHA. With the portability rule we have proposed, we will stop the clock on their voucher for a month while that process is ongoing.

Likewise, by prioritizing a Small Area Fair Market Rent Demonstration that allows for multiple payment standards within a single metro area, we're making sure that residents can afford to live in neighborhoods of opportunity with jobs, transportation, and good schools.

And we're committed to mobility efforts like Thompson as well. While our work there is not yet done, I believe it represents not only justice for families who were wronged -- but also a testing ground for mobility policies and lessons that can be applied more broadly in communities across the country.

Together, these steps and others will allow HUD to continue to increase the number of families served each year as we have since 2009 -- while allowing more families to use our programs to access integrated neighborhoods of opportunity.

This commitment to mobility isn't just a priority for those of us inside the ten floors of basement of the Weaver Building at HUD.

We're also tying services to housing to allow more mobility. By partnering with the Department of Health and Human Services and the VA, we're ensuring families or veterans aren't required to live in a particular development or neighborhood to get the services they need to be healthy and to succeed.

At the same time, we're helping families make more informed choices when they move. Indeed, our partnership with GreatSchools and the Department of Education ensures parents who receive assistance through the Housing Choice Voucher Program have the information they need to put their kids on the path to success in high-quality schools.

Of course, the flipside of ensuring more access for voucher holders in neighborhoods of opportunity is making sure we don't lose existing affordable housing in those very same neighborhoods.

That's why in our project-based programs we've prioritized preservation in neighborhoods with good housing and good schools -- and we've increased our use market rents as the standard for what we pay because we believe they are a proxy for neighborhoods of opportunity.

### **Combining the Best Features of People- and Place-Based Policies**

But I didn't come here today to simply re-litigate the people- versus place-based debates -- but rather to discuss what is possible for families when we *combine* the best features of both, so that the mobility you have been trying to achieve can be used in a market with the affordable stock we need to create neighborhoods that are truly integrated.

Indeed, Choice Neighborhoods represents one example of our efforts to preserve affordability in neighborhoods where we know families can succeed while ensuring families have the mobility they need.

This audience is well-aware what the HOPE VI program did for families in public housing -- creating over 90,000 public housing units in healthy, mixed-income

communities and raising the average income of residents by 75 percent or more, while leveraging twice the federal investment in additional private capital.

The best of HOPE VI also taught us that successful communities require more than successful housing -- they also need good schools, affordable transportation and good jobs.

That's why Choice Neighborhoods not only brings the HOPE VI toolkit to all kinds of federally supported housing -- but aligns those investments with the Department of Education's Promise Neighborhoods initiative, which is modeled on the Harlem Children's Zone. And it builds on research that shows that neighborhoods near hospitals, universities and other anchor institutions tend to be more diverse.

Critically, residents have a mobility option within Choice Neighborhoods. Applicants must show they have been effective in providing mobility counseling in the past and to show us their strategy for regional mobility counseling within their Choice Neighborhoods award.

But the initiative that is perhaps most emblematic of Obama Administration's approach to combining the best features of people- and place-based programs is our rental assistance demonstration.

The demonstration builds on work begun when I was first at HUD in the 1990s and worked closely with Barbara Sard to develop the first project-based voucher rules that actually built mobility into their structure.

With this demonstration, we are taking that work to the next level by helping owners of public housing tap their equity to make physical improvements provided that also they offer residents a choice mobility option.

And I want to thank everyone here for their comments throughout this process -- not just over the past few months, but the last several years as we have shaped this effort.

Even you, Phil.

But seriously, while the demonstration is smaller in scope than we had originally planned, its implications for our broader work at HUD can't be overstated.

This represents an opportunity to move away from old project-based versus tenant-based tensions once and for all.

Indeed, while we are expecting to release the final implementation notice by the end of the month, we aren't waiting to apply this approach to other programs. In fact, with our new Choice Neighborhoods Notice of Funding Availability guidelines, we've already made that connection explicit.

Now, listen, this work won't be finished overnight. It will absolutely require a second Obama term to realize the full potential of these developments.

But for the first time, HUD is opening project-based programs to choice.

To the kind of mobility you've fought so hard to infuse into our housing policies for decades.

### ***Affirmatively Furthering Fair Housing***

Of course, creating integrated neighborhoods of opportunity and choice isn't just about people-, place-based or hybrid policies.

It's also about enforcing the law -- and fighting discrimination, which continues to this day.

And if we need any evidence of that, just look at St. Bernard Parish southeast of New Orleans, where over a period of many years, measures were taken that effectively excluded minority families from renting homes in that Parish.

One ordinance said that residents could only rent their homes to blood relatives -- this, in a community where homeowners were 93 percent white.

And this was after Katrina, mind you, when parish leaders were requesting federal funding to help with the repair of those homes.

Enforcing the Fair Housing Act is always important -- but as we battle an economic crisis in which housing was a breeding ground for discrimination, fraud and predatory lending, it's absolutely essential. I'm proud that in 2011, HUD brought more charges based on complaints of housing discrimination than it had in 9 years. We sent a very clear message:

That if you discriminate against an individual or a family that wants to move whether they are federally assisted or not, you're breaking the law -- and you will be held accountable.

But advancing the goals of the Fair Housing Act, and ensuring a level playing field for all Americans, is about more than just fighting discrimination where it rears its head.

It's also about dismantling barriers to opportunity in all our communities once and for all.

That is why we've been developing a new rule to modernize how we "affirmatively further fair housing."

While the rule is close to being finished, there are four areas where we can make substantial improvements that lead to more housing and economic mobility.

The first is by adding to traditional race-based objectives others that are more opportunity-based -- incorporating education, employment and other factors influenced by housing choice that we know are indicators of long-term success and desegregation.

The second is by providing 21<sup>st</sup> century data communities can use to make better, more informed decisions to live up to their commitments to provide housing choice.

Four-and-a-half-decades have passed since the Fair Housing Act was signed into law. Today, we have the technology that can provide the kind of transparent, localized baseline data that actually drives the process -- that allows communities to truly understand where families are cut off and ensures their needs can't be ignored. That's the kind of data we need to be putting into the hands of grantees.

A third way we can improve the process is by more tightly linking the activities associated with affirmatively furthering to planning done by housing authorities, cities, regions, and states.

This audience knows that in too many places, the Analysis of Impediments to Fair Housing has been a paper exercise -- and that civil rights and fair housing concerns have been marginalized in the planning process. Bringing these efforts together will ensure that these issues aren't on the sidelines during planning efforts but central to the process.

Lastly, we need to make this work as regional in scope as we can so that there is true opportunity -- not just within a neighborhood, but across the cities and suburbs that make up our metros.

Whether it's the way we deploy housing-specific resources like vouchers, targeting new financing tools for transit-oriented development, or incentives that encourage the repurposing of polluted land for affordable housing development, we need to be encouraging participants within a region to work together to develop their priorities and make their investments.

Just as importantly, we have to recognize that some communities can do everything right on the fair housing front -- and still fail to provide true opportunity if surrounding communities shirk their responsibilities.

Ultimately, the measures of our success won't be the number of lawsuits we bring, or even win -- but whether we are increasing the number of low-poverty, racially-diverse communities in America.

They'll be whether those touched by our work have true access to opportunity -- the good schools, safe streets, and decent jobs that every family needs.

They'll be whether the children who grow up in tomorrow's America live in opportunity-rich neighborhoods that don't stifle their chances with violence and isolation.

### **Living Where We Choose**

Living where we choose is one of our most treasured freedoms as Americans.

In America we don't move for the sake of moving -- but because we believe it's better for our future and for our *children's* future.

That's why our ability to move in America is inextricably linked to our ability to succeed as *Americans* -- to the Middle Class promise that if you work hard, you can get a good job, to send your kids to college, and to put a little way for retirement.

Mobility has long been one of the hallmarks of the American economy. It's what has made us competitive.

But with millions of homeowners underwater, owing more on their homes than they're worth and unable to sell, for the first time people across the economic spectrum understand what it's like when they can't move.

When they can't take that job.

When they're stuck.

That's why the President has proposed to give every homeowner current on their mortgage the chance to refinance and rebuild equity the equity they've lost during this crisis.

People get this. They don't want to be locked down.

Well, this Administration gets it too. We believe it's wrong for anyone not to have mobility -- wrong for them, but also wrong for our economy.

It used to be that folks who moved the most for work were the least educated -- people who were looking for whatever opportunity they could to get a leg up.

Today, it's just the opposite. Now, people with a college degree are far more likely to move for work, while mobility among less-educated workers has markedly decreased. At a time when huge variations in job opportunities exist across regions, that mobility is all the more important.

Right now, 20 percent of kids in America live in poverty -- costing \$500 billion, 4 percent of GDP, each year.



That tells us that if mobility isn't equally shared across the economic spectrum and races and backgrounds, then we as a country lose.

That's why our work won't be done until every child grows up prepared for the 21<sup>st</sup> century workforce -- understanding that if they hold up their end of the bargain, their opportunities will never be limited by the zip code they grew up in.

That's why mobility is so important.

That's what the fair shot the President has talked about is all about.

And that is what it is going to take to create an economy built to last. Thank you for everything you do.