



Testimony of

Mayor Donald L. Plusquellic
City of Akron, Ohio

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Good morning. My name is Don Plusquellic and I have had the honor to serve as the mayor of Akron, Ohio for the past fourteen years. Before that, I was a city councilman for 13 years. During my first term as a councilman — I was 24 years old at the time — my ward received a community development grant from HUD that helped to save its small business district. In the 27 years that have passed since then, I have worked closely with HUD during both Democratic and Republican administrations, and through times that have been both good and bad for Akron. We have heard today the perspective of some Washington—based officials about organizational and administrative issues within HUD. I would like to provide a different perspective — that of a mayor, a HUD customer and partner who has worked with HUD to revitalize an old city transitioning to a new economy while providing crucial services and housing to its neediest residents. I can say without reservation that since Andrew Cuomo was elevated to the position of Secretary of the Department, HUD has improved its delivery of both funding and services to Akron.

HUD has changed for the better under the stewardship of Secretary Cuomo and Deputy Secretary Saul Ramirez. I am accordingly here today to express my support — support that is seconded by Mayors that I meet and speak with across the country — for the reinvented HUD and its current leadership.

Before I tell you about what HUD has done for Akron, let me tell you a little bit about Akron itself. Not too long ago, cities like Akron were given up for dead. The tire capital went through difficult times when many of the rubber factories that contributed to the growth of the city shut down. In 1987, the year I became mayor, our B. F. Goodrich tire plant closed down for good. As these jobs left town, Akron began to shrink; 295,000 people lived in the city in 1960; now, only 220,000 do. A lot of the citizens who remained had to struggle to get by. Even today, 47% of our public school students qualify for the Free Lunch program. Our city's housing authority serves approximately 20,000 people - approximately 60% through public housing, and 40% through our section 8 voucher program.

But Akron has bounced back. Our downtown is home to a new convention center, the National Inventors Hall of Fame and a new baseball stadium for the AA minor-league affiliate of the Cleveland Indians. Eight restaurants have opened there recently, which means that I can choose between a variety of cuisines minutes from my office, before I go to a pro baseball game that is also minutes away. I can imagine that many Washingtonians wish they could get to a ball game as easily!

Although we don't manufacture any tires any more, the city retained some of the nation's best minds in the development of plastics and related materials. Now, due in large part to researchers at the University of Akron, the city has become a hub in research and development in the polymer and plastics industry, and indeed has been branded the country's polymer capital. We have the same number of jobs we had before the tire companies left town, but those jobs are now spread through different industries. Moreover, the jobs have an increasingly global, rather than national, focus. Exports from Akron have risen nearly 60 percent between 1993 and 1998 to \$2.3 billion. Our transition to a new economy is exemplified by the fate of the Goodrich buildings. With the help of HUD, the city assisted with the cleanup of the property and improved its parking facilities. There are now dozens of small companies there employing 2,500 workers. As our Goodrich experience attests, Akron has become a city with a diversified economy—and HUD's seed money has helped us to do it.

Throughout the time that I have been the mayor of Akron and Andrew Cuomo has been the Secretary of HUD, Akron has displayed increasing signs of prosperity. According to the statistics issued by the Census Bureau, homeownership rates are up in Akron - 2.3% in the first part of 1997 alone, for example. And sales of homes in the city continue to rise. HUD's Fair Housing Administration has played an important role in improving Akron's home ownership picture: FHA issued 2,515 loans worth \$207 million in the city for FY 1999, and has nearly doubled its percentage of loans taken out by Akron homeowners from 47% in 1992 to 81% in 2000. These kind of results may be the best and easiest way for you to assess whether the Department's management reforms are paying off.

All of our work in Akron with HUD has been eased by the Department's 1998 management reforms. The creation of the Community Builders Program has opened new lines of communication with the Department. My planning director estimates that he speaks with a particular HUD community builder once per week. Our community builder has assisted us with navigating the ins and outs of a still large federal department.

He has also facilitated a county-wide planning approach to meet our housing needs, which has made it easier for my staff and the city's housing authority to coordinate our plans with one another and with nearby localities.

In general, the community builder program has inaugurated a welcome change in the tenor of Akron's relationship with HUD. I had gone to HUD in the past with a particular program or innovation in mind, and I remember how those meetings used to go. HUD would bring in a guy with a six-inch thick book of regulations. This guy would find a reason why we couldn't do what we wanted to do, and I found the experience to be a frustrating one. In the past few years, however, when I've gone to HUD with an innovative proposal, the Department has responded positively and flexibly to my suggestions. They've searched the regulations not for ways to prevent us from proceeding, but rather for ways to permit us to go ahead. We haven't always gotten our way with HUD, or received every dollar we've sought from the Department, but I can only praise the newfound willingness of the Department to work with its clients to obtain flexible solutions to the difficult problems of housing and poverty, rather than approach problems with an approach designed to stifle creativity.

In a similar vein, HUD has drastically simplified the application process for federal funds to make it much more customer-friendly. The numerous Notices of Funding Availability, each with their own set of complicated rules, that were issued in years past have been consolidated into three so-called SuperNOFAs that announce broad categories of grants that are open to competition. These SuperNOFAs make it much easier for communities to understand and apply for the funding opportunities that are available to them.

One of the best examples of the beneficial relationship Akron has had with HUD over the course of this administration is Akron's designation as an Enterprise Community. Akron was designated by President Clinton in 1994— one of 72 Empowerment Zones and Enterprise Communities created around the nation. The designation won Akron \$3 million in federal grants to act as a catalyst to spark an economic rebirth of the area. A year and a half ago, Secretary Cuomo came to Akron to provide us with the final \$1.48 million installment of funding for our city's Enterprise Community.

We have used our Enterprise Community funds in part to;

- ◆ Create a revolving loan fund program to provide loans of up to \$75,000 to small businesses;
- ◆ Help expand the Akron Industrial Incubator and the Safe Harbor Minority Incubator to provide technical assistance to businesses to help them expand;
- ◆ Renovate a primary care health care facility that is expected to serve 3,000 people a year;
- ◆ Create an Entrepreneurial Training Program for residents and businesses; and
- ◆ Create educational initiatives such as the Akron Polymer Training Center and the Public Schools Technical Education Program.

These targeted initiatives have been distributed across the city's Enterprise Community, which includes high poverty areas in downtown Akron and around the University of

Akron, and which is home to about 50,000 people. Our Enterprise Community has been recognized as one of the most successful in the nation, and I am delighted that HUD's current leadership recognized the needs that could be met through this creative program.

HUD's Enterprise Community initiative is not the only way that we have been able to work with the Department to strengthen the fabric of particular struggling, but still vibrant neighborhoods. We have also, for example, been able to use HUD funds to push something of a grocery store initiative in Akron. Last year Henry Johnson, an African-American businessman who began his career packing bags and stocking shelves at an Acme supermarket 26 years ago, signed a deal to own and operate his own Acme grocery store franchise on a neighborhood on the west side of town that had done without a grocery for years. HUD was a crucial player, providing a \$500,000 low-interest federal loan that helped to attract private investors to Mr. Johnson's business proposal. I am happy to report that the store, and the jobs that were created with it, is going strong. Similarly, in 1998, Akron was notified that it would receive a \$1 million EDI grant and \$2 million in Section 108 loan guarantees to support the development of another grocery store on the city's east side. Akron intends to assist the project developer, the East Akron Neighborhood Development Corporation, in covering a portion of the construction costs with EDI being used to fund land acquisition costs. Here as well, without HUD's support, this important economic development would be impossible. HUD's funds will also leverage over \$6.5 million of other financial resources for the east side grocery store initiative, which will result in 130 new jobs and 62,000 square feet of new retail space. Like the west side neighborhood, now home to Mr. Johnson's Acme, the east side neighborhood does not have a grocery store. These new grocery stores will serve as a focal point that can strengthen neighborhoods working to get out of difficult times.

HUD's HOPE VI program is the most dramatic transformation of public housing since the public housing program was created in 1937. The program has resulted in the demolition of 33,000 of the worst public housing units in the nation, and Akron has been part of that story. We have used our \$844,000 HOPE VI demolition grant in 1998 to take down one of the city's most decrepit housing projects- Elizabeth Park contained a number of units built right up alongside a busy arterial street that also contained asbestos and lead paint. I am happy to report that these units are now gone— due to a program that was unthinkable before this administration.

I would also like to single out the Secretary's Continuum of Care initiative for special mention. The Continuum of Care stresses permanent solutions to homelessness through comprehensive and collaborative community planning. Akron has submitted plans to HUD that reflect efforts to address the complexities of homelessness through a range of housing and services. The Continuum of Care was one of just ten winners, out of 1,600 competitors, of the prestigious Innovations in American Government Award that is given by the Ford Foundation and the Kennedy School of Government at Harvard University. In Akron, the Continuum of Care initiative is absolutely crucial to our entire program designed to transition the homeless into homes, but particularly to the survival of our emergency shelters, which provide that important first step out of homelessness. The money we have received under the plan, and the coordination required by it, has meant

that the homeless—the people in Akron most in need of assistance, including women and children in battered women’s shelters—have not been ignored or forgotten.

Akron has benefited from some of Secretary Cuomo’s nationwide initiatives as well. The Department’s recently issued rule increasing the payment for section 8 vouchers from 40 to 50 percent of Akron’s average rents will help our citizens entitled to the assistance find apartments more quickly. Across the country, the booming economy has severely tightened the rental market, putting apartments out of reach even for many people who receive the federal subsidy. The new rule will go a long way towards changing that.

We have also partnered with HUD to eradicate the terrible—and completely preventable—problem of childhood lead poisoning. HUD has provided Akron with \$2.5 million to test for and remove lead-based paint hazards. Moreover, Akron has, in partnership with the East Akron Neighborhood Development Corporation, established a public outreach campaign that includes education, blood lead screenings for children, and hazard reduction and prevention in high-risk dwellings. Funded through one of HUD’s Community Development Block Grants, the Akron Lead Based Paint Hazard Control Program also works with several agencies to provide additional services such as data collection, training on cleaning methods and evaluation. Through the program, the city has reduced lead hazards in the homes of numerous low-to-moderate income residents.

I have heard criticism of HUD’s operations from the other witnesses at this hearing, and I have also heard of the clean bills of health and management awards that have been bestowed on it over the past few years. Let me close my testimony with the perspective of someone who has to work with the Department on a regular basis. Akron benefits from efficiency and flexibility at HUD and is burdened by waste, unnecessary delays, and too much red tape. I can say that HUD is now in its best shape I have seen since I first worked with it more than 20 years ago. HUD has provided us with the means and expertise necessary to undertake a number of creative programs that have resulted in benefits upon our city and its neediest citizens. It has become increasingly responsive and efficient under the stewardship of Secretary Cuomo. My fellow Mayors agree with me; we, the people who work most closely with the Department, are supportive customers of its services. Thank you.