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MEMORANDUM

THE WHITE HOUSE
WASHINGTONINFORMATION

April 13, 1976

MEMORANDUM FOR: Jim Cannon

FROM: Dick Parsons

SUBJECT: Federal Housing Programs and Ethnic Purity

Herewith, some background the President should have concerning the nature of current Federal housing programs.

On August 22, 1974, the President signed the Housing and Community Development Act of 1974, which replaced seven Federal categorical grant programs, such as Urban Renewal and Model Cities, with a single "block grant" program for community development. While the concept of the new program was to give local governments as much decision-making responsibility as possible in the community development area, the legislation did set forth seven specific goals, or national priorities, to govern the use of community development funds. One of these goals was the "reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of low income."

To secure funding under the new Act, a community must file an annual application with the Federal government which, among other things, contains a Housing Assistance Plan. The Housing Assistance Plan must:

- Accurately survey the condition of the housing stock in the community.
- Estimate the housing assistance needs of lower-income persons.
- Specify an annual goal and a three-year goal for the number of dwelling units or persons to be assisted under the community's program.
- Indicate the general locations of proposed new housing construction units or projects for low-income persons.

With respect to the last item [i.e., the locations of new projects], the regulations implementing the Act set forth three objectives, one of which is "promoting greater choices of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons."

What all this means, as a practical matter, is that Federal Housing and Community Development funds will be made available only to a community which has developed a plan which (a) identifies the housing needs of low-income persons within the community and (b) makes provision for meeting the identified need. Where there is a need for additional low-income housing, it must be constructed in an area which is not a low-income area. This comes pretty close of requiring "scatter-site" housing.

I believe that the President's general position should be that the proper role for the Federal government in the housing area is to assist State and local governments in meeting their housing needs, as determined by them, in a manner consistent with Federal law. He should be careful to avoid denouncing completely the "scatter-site" housing concept, at least for the moment.

cc: Ron Nessen ✓
Lynn May



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ETHNIC PURITY

- Q. Can you tell us your response to Governor Carter's statements about "ethnic purity"?
- A. As the Governor himself has recognized, that was an unfortunate choice of words. Neither he nor I nor any other candidate, I believe, would use those words to describe our policies.

Basically, I believe that our ethnic heritage is one of the greatest treasures our nation has, and the powers of the government should never be misused to destroy that treasure.

At the same time, I am firmly opposed to racial discrimination against individual American citizens who are seeking to buy or rent a new home. Their rights are protected by law, and as President, I will continue to enforce our laws.

Under the law, the Federal government also has a responsibility to assist State and local governments in meeting the housing needs of their low-income citizens, as determined by those governments. That law shall also be enforced.

Over the long run, I believe that the key to improving the quality of housing for our low-income citizens is a



growing economy -- an economy that will provide better-paying jobs without devastating inflation. This is the central goal we are pursuing in this Administration, and if we stick to our policies, it is a goal that is attainable.

GERGEN
4/13/76

(Note: You may wish to be generous toward Carter with remarks such as:

As the Governor himself has fully recognized, that was an unfortunate choice of words. It really seems like a slip of the tongue made in the tension and exhaustion of a campaign. Personally, I sympathize with his view that he should be judged on his record -- not on the basis of one ill-chosen remark.

PROS: Shows a President above the battle; shows understanding where others are villifying; recognizes that most people are going to forgive him anyway.

CONS: Might ease Carter's problem in winning Pennsylvania and beating HHH; might insert GRF too far into controversy.)

GERGEN
4/13/76

Q & A ETHNIC PURITY/HOUSING ASSISTANCE (OPTIONAL APPROACHES)

Option 1: Step by Step Approach

Q: What is your position on ethnic purity?

A: That is not an expression I would use to describe any of my policies.

(If there are any further questions.)

Q: Whatever it's called, do you believe the Federal Government should intervene to change the housing pattern of a neighborhood?

A: First, I believe that the diversity of American life is one of our greatest strengths.

Second, the Federal Government has an obligation to see to it that no person is prevented from living or working wherever he wants to, whatever his religion, sex or race.

Third, I will carry out all Federal statutes relating to fair housing.

(If there are any further questions.)

Q: Do you support "scatter-site" or "dispersed" housing?

A: I think this is too important an issue to use code words -- words that not everyone understands -- What exactly do you mean by "scatter-site" housing?

Q: Do you support the HUD's affirmative action program under the terms of the Housing and Community Development Act of 1974?

A: As I said, I will enforce all Federal statutes relating to fair housing.

Option 2: Single Comprehensive Response

Q: What is your position on ethnic purity?

A: That is not an expression I would use to describe any of my policies. If, however, you are talking about the appropriate Federal role in assuring fair and equal housing for all Americans, I believe that the Federal Government should enforce fair housing laws, while allowing for maximum community autonomy in the development of local housing programs.

I intend to see to it that no person is prevented from living or working wherever he wants, whatever his religion, sex or race. I do not think, however, that the Federal Government should dictate to communities where low-income families should reside.

Local officials must be entrusted with the decisions as to how much low income housing will be built, how it is to be built, and where it is to be built. Of course, housing decisions should not be forced upon local communities, but clearly Federal funds must not be spent in communities which practice racial discrimination nor should they be used in a way which perpetuates racial discrimination.

Background:

The Housing and Community Development Act of 1974 signaled a move away from Federal categorical grant programs toward greater community discretion. The 1974 Act provides for Community Development Block Grants which allow more flexibility for communities to use Federal funds to meet their housing and urban development needs. The Act also provides for Federal rent supplements to eligible families, allowing them greater freedom of choice of where they can live, if they accept aid.

While the thrust of the 1974 Act is in the direction of greater autonomy for local communities who participate in Federal assisted housing programs, several provisions serve to limit that autonomy.

The first of these requires a housing assistance plan from each participating community, which explains in detail how the community intends to meet its low-income housing needs,

including not only eligible families who reside in the community but also those who could be "expected to reside" there. The ambiguity to this provision has created a great deal of confusion among participants.

The second limiting aspect of the bill, provides for a degree of "affirmative" action in that sites for assisted housing must not be located in areas of minority concentration, unless the community is already substantially integrated or there are overriding housing needs which can't otherwise be met.

What all this means, as a practical matter, is that Federal Housing and Community Development funds will be made available only to a community which has developed a plan which (a) identifies the housing needs of low-income persons within the community and (b) makes provision for meeting the identified need. Where there is a need for additional low-income housing, it must be constructed in an area which is not a low-income area. This is in effect a Federal incentive to "scatter-site" or dispersed housing.

The policy of the Ford Administration is to assist low-income families in obtaining decent homes and suitable living environments through programs which:

- emphasize the use of existing houses rather than new construction so more families can be assisted with a given amount of Federal resources;
- maximize freedom of choice by offering a subsidy directly to the low-income family;
- rely on the private market for the construction, financing, and management of housing for federally-subsidized families.

Q & A ETHNIC PURITY/HOUSING ASSISTANCE (OPTIONAL APPROACHES)

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