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REPUBLICAN WOMEN'S FORUM

NOVEMBER 21, 1975

HUD WAS 10 YEARS OLD A WEEK AGO SUNDAY.

ITS JOB IS TO ASSIST IN THE DEVELOPMENT OF WORKABLE URBAN COMMUNITIES, WHICH MEANS: DECENT HOUSING IN A SUITABLE LIVING ENVIRONMENT -- PARTICULARLY FOR PEOPLE WITH LOW AND MODERATE INCOMES.

YOU ARE AWARE, I'M SURE -- SINCE MY CRITICS MADE NO SECRET OF IT, THAT I DIDN'T CLASSIFY AS A "HOUSING EXPERT" WHEN I TOOK THE JOB AT HUD.

THAT DUBIOUS DISTINCTION GIVES ME SOME REAL ADVANTAGES -- BECAUSE IT RELIEVES ME OF ANY GREAT PRESSURE TO FOLLOW THE PLANS MAPPED OUT BY SOME OF THE "BIG HOUSING THINKERS" OF THE PAST.

AND, I CAN'T HELP THINKING THAT IF THE OLD WAYS OF DOING THINGS ARE THE BEST WAYS OF DOING THINGS, ONE SIMPLY HAS TO BE AMAZED AT THE SHAPE OF THINGS IN THE HOUSING INDUSTRY TODAY.



FOR ONE DOES NOT HAVE TO BE A HOUSING EXPERT TO RECOGNIZE THAT WE FACE SOME GENUINE PROBLEMS AND THAT IS WHAT YOU ASKED ME HERE TO ADDRESS.

HOUSING PRODUCTION IS DEPRESSED, PARTICULARLY IN THE MULTI-FAMILY SECTOR.

OUR CITIES ARE STRUGGLING FOR SURVIVAL.

A CONTAGIOUS INFLATION HAS PRICED THE AVERAGE HOUSE INTO THE LUXURY CLASS.

BUILDING MONEY AND MORTGAGE MONEY ARE SCARCE COMMODITIES.

AND THE PRICE OF MONEY WHEN IT IS AVAILABLE IS A SERIOUS DETERRENT.

THE COMPLAINTS ROLL IN FROM SUPPLIERS, BUILDERS, REALTORS, PLANNERS, HOUSEHOLDERS AND THOSE WHO CAN'T AFFORD A HOUSE.



DESPITE THE BILLIONS OF TAXPAYER DOLLARS POURED OVER THE PAST DECADE INTO THE IDEAL OF "PROVIDING A DECENT HOME FOR EVERY AMERICAN FAMILY", 16 MILLION HOUSEHOLDS IN THIS NATION ARE OFFICIALLY CLASSED AS "THE HOUSING POOR", WHICH IS GOVERNMENT SHORTHAND FOR THOSE WHO LIVE IN SLUM CONDITIONS OR WHO PAY A DISPROPORTIONATELY HIGH PERCENTAGE OF THEIR INCOME FOR SHELTER.

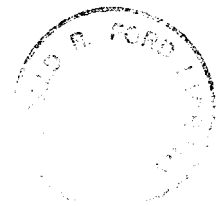
THE MOST COMMON DENOMINATOR OF ALL SUGGESTIONS, IDEAS, AND COMPLAINTS IS MONEY.

AS WE SAY, SOME OF OUR FRIENDS AND ALL OF OUR CRITICS WANT US TO GIVE MORE AT THE OFFICE.

AS A PREMISE TO OUR QUESTION AND ANSWER PERIOD, LET ME TAKE YOU ON A QUICK TOUR OF HUD AND SEE WHAT IS GOING ON.

THE BEST THING THAT'S GOING ON IS THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974.

IT GIVES LOCAL COMMUNITIES THE FIRST SAY -- AND CONTROL -- IN WHAT THEY REALLY NEED.



UNDER THE ACT, CONGRESS AUTHORIZED \$8.3 BILLION FOR COMMUNITY DEVELOPMENT IN THE FIRST THREE-YEAR PERIOD -- WITH \$2.6 BILLION IN THE CURRENT YEAR.

WHEN WE ASK WHAT IS THE BIGGEST SINGLE CAUSE OF URBAN DECAY, THE ANSWER IS WASTE!

SOMEHOW IN OUR YEARS OF ABUNDANCE WE DEVELOPED THE DISASTROUS NOTION THAT CITIES COULD BE DISCARDED AND REPLACED.

PUBLIC AS WELL AS PRIVATE INVESTMENT LITERALLY FINANCED THE BUILDING OF RING UPON RING OF SUBURBS AROUND OUR URBAN CENTERS.

AS THE CENTRAL CITIES GREW OLD AND THEIR STRUCTURES BECAME WORN, THOSE WHO COULD, FLED THE CITY CORE FOR THE NEWLY-BUILT SUBURBS.

THIS SUBURBAN SPRAWL HAS CONSUMED MILLIONS OF SQUARE MILES OF OPEN SPACES AND HAS ENCOURAGED THE WASTE OF MILLIONS OF DOLLARS OF URBAN RESOURCES.



LAST YEAR, IN NEW YORK CITY ALONE, 35,000 UNITS OF HOUSING WERE ABANDONED. THE CURRENT ABANDONMENT YEARLY RATE IS 50,000.

THE WASTE IS NOT JUST IN THE HOUSE ITSELF -- BUT IN THE UTILITIES, STREETS, SCHOOLS, TRANSPORTATION, HOSPITALS, AND THEATRES, THAT TOOK YEARS TO DEVELOP. AN ABANDONED HOUSE ABANDONS A PART OF THOSE INDISPENSIBLE SUPPORTIVE ASSETS AS WELL.

A TIGHTER ECONOMY, A SCARCITY OF ENERGY, AND CHANGING DEMOGRAPHIC TRENDS NOW DEMAND US TO USE ALL THE INGENUITY WE CAN SUMMON TO PRESERVE AND RECYCLE THESE ASSETS.

OUR STUDIES CONCLUDE STATISTICALLY WHAT WE SHOULD HAVE CONCLUDED INTELLIGENTLY MORE THAN A DECADE AGO: THAT IT IS FAR LESS COSTLY TO RECYCLE A CITY THAN TO BUILD A SUBURB.

IN FACT, AN URBAN REDEVELOPMENT PROGRAM CAN CONSUME ABOUT 50 PERCENT LESS OF EVERYTHING -- LAND -- CAPITAL -- ENERGY -- AND, AT THE SAME TIME, CREATE HALF AS MUCH ENVIRONMENTAL DAMAGE.

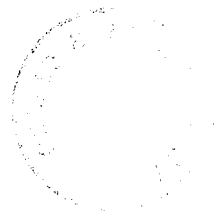


FORTUITOUSLY, THE OLD POLICIES OF WASTE NOT ONLY COLLIDE WITH SKINNIER POCKET-BOOKS, BUT ALSO COLLIDE WITH RECENT CHANGES IN THE WAY AMERICA LIVES. THERE HAS BEEN A REMARKABLE INCREASE IN ADULT-ORIENTED HOUSEHOLDS. SINGLES, YOUNG MARRIEDS, AND ELDERLY ACCOUNT FOR 82 PERCENT OF THE NATION'S NET POPULATION GAIN BETWEEN 1970 AND 1973.

THERE IS A GROWING NEED FOR LOW AND MODERATE COST HOUSING ACCESSIBLE TO JOBS AND JOB OPPORTUNITIES, AND FOR NEARBY SHOPPING FACILITIES, ENTERTAINMENT AND CULTURAL AMENITIES.

WE CAN DO SOMETHING ABOUT THESE NEEDS, AND IN SO DOING, WE CAN BREATHE LIFE INTO OUR CITIES.

THE SIGN OF THE TIMES IS REFLECTED IN THE HOUSING INDUSTRY'S ACCEPTANCE OF THE CHALLENGE. TOWNHOUSES, CLUSTER HOMES AND CONDOMINIUMS ARE ACCOUNTING FOR A GROWING PERCENTAGE OF SINGLE-FAMILY HOMES.

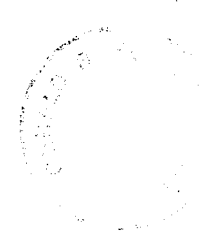


OUR FIRST YEAR WITH COMMUNITY DEVELOPMENT GRANTS SHOWS, UNMISTAKABLY, THAT IF THE FEDERAL GOVERNMENT KEEPS ITS HEAVY HAND OUT OF LOCAL DECISION-MAKING, LOCAL COMMUNITIES CAN AND WILL ADDRESS THE PROBLEM.

IT IS SIGNIFICANT THAT 60 PERCENT OF THE \$2.6 BILLION GRANTED UNDER THE 1974 ACT IN ITS FIRST YEAR HAS BEEN ALLOTTED, VOLUNTARILY BY RECIPIENT COMMUNITIES INTO THE REHABILITATION AND PRESERVATION OF DECAYING NEIGHBORHOODS.

ANOTHER IMPORTANT PART OF THE NEW ACT PROVIDES RENTAL SUBSIDIES FOR LOWER INCOME FAMILIES -- ALLOWING THEM TO FIND DECENT QUARTERS IN QUALIFIED BUILDINGS OF THEIR OWN CHOOSING, AT A RENTAL THEY CAN AFFORD TO PAY.

AGAIN, THE LOCAL COMMUNITY ITSELF HAS THE MAJOR SAY IN HOW THE RENTAL SUBSIDIES WILL BE USED, WHETHER IN NEWLY CONSTRUCTED, SUBSTANTIALLY REHABILITATED OR EXISTING HOUSING UNITS.



BUT, YOU CAN LEGITIMATELY ASK WHETHER OUR GOAL "TO HELP PROVIDE A SUITABLE LIVING ENVIRONMENT FOR EVERY AMERICAN FAMILY" IS NAIVE IN TODAY'S ECONOMY.

INDUSTRY ECONOMISTS CAN SHOW YOU THAT OUR MEDIAN INCOME FAMILY -- MAKING \$13,000 A YEAR -- CAN SUPPORT A HOME COSTING \$32,500. BUT, IN FACT, TODAY'S MEDIAN NEW HOME SELLS FOR \$39,000.

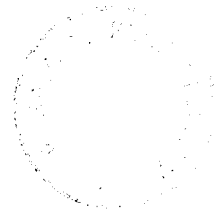
SOME HAVE SUGGESTED THAT THIS EQUATION SIGNALS THE END TO THE AMERICAN DREAM OF HOMEOWNERSHIP.

BUT, I THINK WHAT IT SIGNALS IS THAT THE TIME HAS COME FOR US TO START RE-ORDERING OUR PRIORITIES.

YES, THE COST OF THE MEDIAN HOUSE IS UP.

BUT, SO IS THE SIZE OF THAT MEDIAN HOUSE.

IN FACT, IT IS ALMOST 50 PERCENT LARGER THAN IN 1950 -- WITH GUEST ROOMS, "FAMILY" ROOMS, LAUNDRY ROOMS, BATHROOMS, AND TWO ROOMS TO HOUSE THE CARS.



OF COURSE, NOT EVERY HOUSE HAS ALL THOSE ROOMS -- BUT THE MANY THAT DO INFLATE THAT STATISTICAL "MEDIAN".

AND, THE PROMOTIONAL PUSH BEHIND THOSE "EVERYTHING" HOUSES HAS BEEN ENOUGH TO MAKE THE "AVERAGE" BUYER OF THE "AVERAGE" HOME BEGIN TO BELIEVE THAT SUCH FRILLS MUST BE "NECESSITIES".

PERHAPS THEY ARE. BUT MAYBE -- THEY'RE LIKE THE OVER-POWERED, SLEEKLY APPOINTED AND EXPENSIVE SUPER CARS THAT COLLIDED WITH OUR ENVIRONMENT CONCERNS AND THE GASOLINE SHORTAGE.

MODERN BUILDERS WHO LEAVE AN UNESSENTIAL ROOM OR TWO UNFINISHED HAVE FOUND THAT THEY CAN CUT THE ASKING PRICE OF A HOUSE FROM \$30,000 TO \$17,000.

THESE ARE ENCOURAGING TRENDS, BUT THE HOUSING INDUSTRY IS STILL DEPRESSED, AND YOU HAVE A RIGHT TO ASK WHAT HUD'S DOING ABOUT IT.



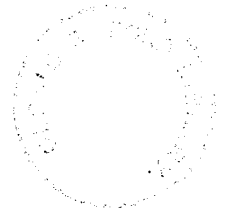
AS YOU WELL KNOW, THE HOUSING INDUSTRY ITSELF HAS BEEN ONE OF THE HARDEST HIT BY THE TWIN EVILS OF INFLATION AND RECESSION. SO, ONE OF THE FIRST THINGS WE'RE DOING AT HUD IS GIVING OUR STAUNCH SUPPORT TO THE PRESIDENT'S ECONOMIC RECOVERY PROGRAM.

HOUSING RECOVERY IS TIED IRRETRIEVABLY TO THE RECOVERY OF THE ECONOMY ITSELF. AND, RIGHT NOW, IMPROVEMENT IS VISIBLE.

IN HOUSING, SALES OF NEW HOMES HAVE RISEN 37 PERCENT SINCE THE FIRST OF THE YEAR. THERE HAS BEEN A 40 PERCENT IMPROVEMENT IN THE LEVEL OF HOUSING STARTS.

THE SECOND THING WE'RE DOING IS FOLLOWING THROUGH ON THE ADMINISTRATION'S FORCEFUL INITIATIVE TO ENSURE GREATER AVAILABILITY OF MORTGAGE CREDIT FOR PERSONS OF MODERATE MEANS.

IN THE PAST 23 MONTHS, HUD HAS OFFERED \$15.5 BILLION TO PURCHASE OVER 500,000 MORTGAGES BEARING INTEREST RATES THAT ARE BELOW THE MARKET RATE. TODAY THAT IS 7-1/2 PERCENT WHILE THE MARKET IS AT ABOUT 9 PERCENT.



FOR THE FAMILY NEEDING A \$35,000 MORTGAGE, A 7-1/2 PERCENT HUD MORTGAGE INSTEAD OF A 9 PERCENT MARKET MORTGAGE, SAVES IT \$9,500 OVER THE LIFE OF THE MORTGAGE OR ABOUT \$20 A MONTH.

THIS PROGRAM HAS COMPENSATED TO A SIGNIFICANT DEGREE FOR THE RAPIDLY RISING COSTS OF HOME FINANCING AND HAS THUS SERVED TO CUSHION THE SEVERITY OF THE DEPRESSION IN HOUSING.

THE THIRD THING WE ARE DOING IS REACTIVATING HUD'S HOMEOWNERSHIP SUBSIDY PROGRAM -- IN SUBSTANTIALLY REVISED FORM.

THE PROGRAM WHICH I ANNOUNCED IN OCTOBER WILL FOCUS ON NEW AND SUBSTANTIAL REHABILITATION OF SINGLE-FAMILY HOMES FOR LOW AND MODERATE INCOME FAMILIES, AND WILL INVOLVE \$264.1 MILLION IN NEW CONTRACT AUTHORITY.

THAT IS ENOUGH TO SUBSIDIZE MORE THAN 250,000 NEW UNITS OF HOUSING.



AND, 250,000 UNITS TRANSLATES INTO ABOUT SIX-AND-ONE-HALF BILLION DOLLARS IN NEW CONSTRUCTION ACTIVITY AND THE CREATION OF MORE THAN 500,000 NEW CONSTRUCTION JOBS.

CERTAINLY, I AM NOT TELLING YOU THAT THESE FEDERAL PROGRAMS WILL MAKE EVERYTHING COME UP ROSES IN THE HOUSING INDUSTRY THE DAY AFTER TOMORROW.

WE WILL NEED TO CONTINUE TO USE THEM -- WITH CAUTION AND WITH AN EYE ON THE TOTAL ECONOMY.

WE KNOW THAT IF WE MAKE EXCESSIVE USE OF FEDERAL STIMULANTS, WE WILL INJURE THE HOUSING INDUSTRY JUST AS IT IS REGAINING ITS HEALTH.

THE INDUSTRY IS FORGING AHEAD. THE UPWARD CURVE MAY BE SAW-TOOTHED, BUT IS DEFINITELY SAW-TOOTHING ITS WAY IN THE RIGHT DIRECTION.

BY NATURE, I'M PRETTY CAUTIOUS ABOUT MAKING PREDICTIONS ON ANYTHING SO CHANCEY AS THE PROBABLE RECOVERY RATE OF ANY INDUSTRY IN TODAY'S ECONOMY.



BUT, I HONESTLY BELIEVE THE HOUSING INDUSTRY ALONG
WITH THE OVERALL ECONOMY HAS FULLY TURNED THE CORNER.

ONE THING WE DO NEED IS INCREASED CONFIDENCE.

I THINK WE HAVE ENOUGH EVIDENCE ON THE BOOKS TODAY
TO JUSTIFY IT.

THANK YOU VERY MUCH.

