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FINAL

DETROIT PRESS CLUB

APRIL 14, 1976

WHEN I BECAME SECRETARY OF HUD, THIRTEEN MONTHS AGO, ONE OF THE FIRST MAJOR TROUBLE SPOTS THAT CAME TO MY ATTENTION WAS THE CITY OF DETROIT.

THE LIST OF "WRONGS" HERE GENERALLY SQUARED WITH THE HISTORY OF MANY MAJOR AMERICAN CITIES IN THE THIRD QUARTER OF OUR NATION'S SECOND CENTURY -- BUT THERE WAS A CLASSIC DIFFERENCE.

IN ADDITION TO THE CLOSE PROXIMITY OF MANY SUBURBAN AND SMALLER INDEPENDENT COMMUNITIES WHICH WERE SYPHONING OFF ITS COMMERCIAL LIFEblood, DETROIT, TRADITIONALLY, HAD BEEN A CITY WHOSE VITALITY AND PROSPERITY WAS ORIENTED TO SINGLE FAMILY HOMEOWNERSHIP.

THUS, WHEREAS THE NATIONAL OUT-MIGRATION OF PEOPLE, HAS A MORE GRADUAL EFFECT ON CITIES WHICH HAD LARGER NUMBERS OF RENTAL PROPERTIES, DETROIT HAS EXPERIENCED AN EXODUS OF FAMILIES WHO HAVE BOTH A VESTED INTEREST AND A TAX-BEARING RESPONSIBILITY IN THE PROSPERITY OF THE CITY.

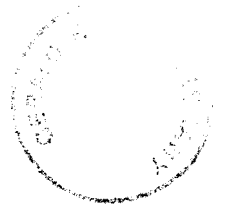


I WON'T PRESUME TO STAND HERE AND GIVE YOU A DETAILED HISTORY OF YOUR OWN CITY. OUR PURPOSE, TODAY, IS TO HELP PLAN FOR THE FUTURE OF DETROIT -- KNOWING THAT AT THIS POINT WE CANNOT UNMAKE ALL THE PAST MISTAKES.

BUT, I THINK IT IS USEFUL FOR US TO RETRACE SOME OF THE OLD STEPS IN THE CONTEXT OF WHERE WE ARE NOW -- AS AN INTELLIGENT GUIDE TO WHAT WE HAVE TO DO IN THE FUTURE.

IN MAY OF LAST YEAR I APPOINTED A SPECIAL DETROIT TASK FORCE TO DO EXACTLY THAT. I HAD READ ALL OF THE EXISTING "HISTORY" -- BUT, I AM ENOUGH OF A REALIST TO KNOW THAT HISTORY CAN BE INFECTED WITH THE BIAS OF THE HISTORIAN. SO I CAME HERE ON AN "UNOFFICIAL" PRIVATE VISIT IN OCTOBER, AND IMMEDIATELY THEREAFTER, INCREASED THE STAFFING AND THE SCOPE OF THE DETROIT TASK FORCE.

I PROMISED TO RETURN FOR A PUBLIC VISIT -- BECAUSE I WANTED TO BE SURE THAT ALL OF US WERE TALKING FROM THE SAME SET OF UNVARNISHED FACTS, GOOD, BAD OR UNTHINKABLE.



IT WAS APPARENT THAT THE CRITICISM OF HUD ON ITS INVENTORY OF REPOSSESSED HOMES WAS WELL WARRANTED. AND, THAT WAS SOMETHING WE COULD MOVE ON AT ONCE -- WHICH WE DID -- RAZING THE USELESS, REHABILITATING THE GOOD, AND SELLING THE HABITABLE AS FAST AS POSSIBLE.

TODAY, OF THE 9,900 HUD PROPERTIES ON HAND IN DETROIT, 7,800 CONTAIN STRUCTURES AND 1,800 ARE VACANT LOTS. OUR INVENTORY IS DOWN 2,900 PROPERTIES FROM A HIGH OF 13,000 IN JANUARY, 1975. WE ARE CURRENTLY SELLING 200 MORE PROPERTIES A MONTH THAN WE ARE TAKING IN.

BY ANYBODY'S STANDARD -- PARTICULARLY CONSIDERING THE RECENT HISTORY OF THE HOUSING MARKET -- IT IS AN IMPRESSIVE RECORD, AND I WISH TO THANK, PUBLICLY, MAYOR COLEMAN YOUNG AND HUD DIRECTOR ELMER BINFORD FOR THE COOPERATIVE PUSH THAT IS MOVING THESE VALUABLE SITES BACK INTO THE MAINSTREAM OF DETROIT LIFE.

EVEN SO, WE CONSIDER THIS PROGRAM TO BE NO MORE THAN CORRECTIVE AT BEST. THE REAL JOB OF TURNING DETROIT BACK INTO A PROSPEROUS, PROGRESSIVE, GROWING CITY IS FAR MORE COMPLICATED -- BOTH IN TERMS OF PAST HISTORY AND FUTURE OPPORTUNITY -- THAN THE PHYSICAL DIMINUTION OF HUD REAL ESTATE.

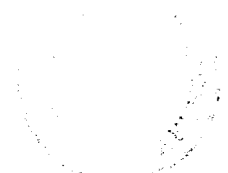


THE PROPOSITION BEFORE US -- ALL OF US IN THE PUBLIC SECTOR AT ALL THREE LEVELS OF GOVERNMENT AND ALL OF YOU IN THE PRIVATE SECTOR -- IS NOT WHAT THE FEDERAL GOVERNMENT HAS TO DO TO RIGHT PAST WRONGS, BUT HOW WE MUST ACT TO PREVENT A CONTINUING CYCLE OF WRONGS THAT KEEP PUSHING DETROIT, AS WELL AS OTHER CITIES, FURTHER AND FURTHER BACK FROM SQUARE ONE.

AT PRESENT COUNT, I CANNOT AGREE WITH THOSE WHO CONTEND THAT IF HUD SOLVES ITS REAL ESTATE PROBLEM IT WILL AUTOMATICALLY SOLVE DETROIT'S PROBLEM. FOR, IF I COULD ANNOUNCE TODAY THAT OUR DEFAULT INVENTORY WAS AT ZERO -- WITH ZERO GROWTH, THAT ALL FHA LOANS WERE CURRENT AND ALL MORTGAGES STABLE, DETROIT STILL WOULD BE IN DESPERATE NEED OF HELP.

I WILL AGREE THAT HUD UNDOUBTEDLY AGGRAVATED THE PROBLEMS IT HAS RUSHED IN TO SOLVE -- BUT ITS INITIAL RESPONSE WAS MANDATED BY CONGRESS, PROMPTED, IN TURN BY A WELL-MEANING DESIRE TO ANSWER THE URGENT CRIES FOR HELP BY THE PEOPLE OF THE CITIES AND THEIR GOVERNING BODIES.

IN THE END, HUD WAS AS MUCH A VICTIM OF THOSE GOOD INTENTIONS AS THE CITY ITSELF -- AND IT WAS MORE VICTIMIZED, IN BOTH DOLLARS AND PRESTIGE, THAN THE PEOPLE IT WAS PLEDGED TO HELP.



AND, THAT'S WHERE HISTORY CAN SERVE US -- NOT IN DREARILY TOTTING UP THE FAILURES, BUT BY SHOWING US THE END CONSEQUENCE OF WHOLESALE, UNPLANNED AND ILL-CONSIDERED FEDERAL INTERVENTION IN THE PRIVATE MARKETPLACE AND THE ESSENTIAL ECONOMY OF A LIVING CITY.

TEN YEARS AGO, HUD WAS ANYTHING BUT THE OGRE OF THE HEADLINES IN THE LIVES OF DETROITERS. IN FACT, THE FHA INSURING OFFICE HERE WAS UNIVERSALLY REGARDED AS ONE OF THE BEST AND MOST PRODUCTIVE IN THE COUNTRY -- OPERATING IN THE TRADITIONAL MANNER OF FHA: CAREFULLY SCRUTINIZING AND ASSESSING EVERY ASPECT OF POSSIBLE ECONOMIC RISK BEFORE INSURING ANY PROPERTY.

EIGHT YEARS AGO, CONGRESS GAVE HUD A NEW SET OF DIRECTIONS -- DEDICATED IN GOOD CONSCIENCE TO THE EXPANSION OF HOMEOWNERSHIP OPPORTUNITIES TO THOSE ON THE LOWEST RUNG OF THE INCOME LADDER.

ASSESSMENT CRITERIA WERE CHANGED TO MEET THE CONDITIONS OF THE INNER CITY NEIGHBORHOODS, AND A LOW DOWN PAYMENT OF SPECIAL RISK PURCHASES WAS INSTITUTED.



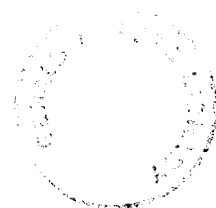
THUS, SINGLE FAMILY HOMEOWNERSHIP WAS DESIGNATED, BY CONGRESS, TO BE A PRINCIPAL FEDERAL DEVICE FOR STABILIZING THE ERUPTING GHETTOS OF THE LATE 60'S -- AND IN THE SINGLE FAMILY HOME CITY OF DETROIT, THE HUD OFFICE BECAME ONE OF THE MOST ACTIVE IN THE COUNTRY.

IT WAS PRAISED BY DETROIT, BY THE WHITE HOUSE AND BY CONGRESS FOR ITS ENERGETIC RESPONSE TO DUTY -- AS IT PROCEEDED TO INSURE IN DETROIT 66,500 INNER CITY MORTGAGES BETWEEN 1969 AND 1973.

BUT WE KNOW NOW, THAT IT WAS LIKE PUTTING A 600-POUND JOCKEY ON A WINNING RACEHORSE.

INTERNALLY, THE SYSTEM SIMPLY COULD NOT HANDLE THAT VOLUME OF INSURED HOUSING COMING THROUGH THE DETROIT OFFICE WITHOUT MISSING A LOT OF DETERRING ESSENTIALS.

AS WE ALSO KNOW, SUCH FRENETIC PROCESSING OF MORE EASILY OBTAINABLE FUNDS LED TO SOME INTERNAL CORRUPTION WHICH, IN TURN, ONLY AGGRAVATED THE LEGACY HUD WOULD INHERIT FROM THIS NOBLE EXPERIMENT.



HUD MAY SEEM THE EVIL CULPRIT TO SOME OF ITS DETROIT CRITICS, BUT IT WAS A TARGET OF OPPORTUNISTS DURING THAT PERIOD OF VOLUME PRODUCTION -- AS CYNICAL OPERATORS IN THE PRIVATE SECTOR ZEROED IN TO BILK THE POOR, BEAT THE GOVERNMENT AND LINE THEIR POCKETS WITH THE TAXPAYERS' MONEY.

COMING OUT THE OTHER END OF THE PIPELINE, AS THE INEVITABLE DEFAULTED PAYMENTS STARTED MOUNTING, THE SYSTEM LITERALLY WAS SWAMPED BY THE MAGNITUDE OF WORK INVOLVED IN THE FORECLOSURE AND REPOSSESSION OF DEFAULTED PROPERTIES -- WHICH, BY JANUARY 1973, HAD REACHED A STAGGERING HIGH OF ABOUT 1,000 PER MONTH.

HUD WOUND UP WITH MORE PROPERTIES WHICH IT NEVER WANTED -- UNSOUND HOUSES WITH SERIOUS INTERNAL RUPTURES; HOUSES WHICH THE NEW OWNERS COULDN'T AFFORD TO BEGIN WITH -- AND DIDN'T HAVE THE MONEY TO MAINTAIN IN ANY EVENT.

WHO COULD BLAME THEM IF THEY WALKED AWAY? WHAT WAS THE LOSS TO ANYBODY EXCEPT "THE GOVERNMENT" WHO CARRIED THE RISK AND PAID OFF ALL CLAIMANTS?



WELL, NOW WE KNOW WHO THE LOSERS ARE; THEY TRULY ARE ALL OF US: THE POOR PEOPLE WHOSE DREAM WAS DESTROYED; THE BUSINESS COMMUNITY WHOSE REPUTATION WAS TARNISHED BY THE CYNICAL FREEBOOTERS; DETROIT; HUD; CERTAINLY THE FEDERAL GOVERNMENT, AND ULTIMATELY ALL OF AMERICA, BECAUSE OUR FAILURES IN DETROIT NOT ONLY CHEAT THE TAXPAYERS BUT SPREAD DOUBT OF OUR ABILITY AS A NATION TO MAKE OUR SYSTEM OF DEMOCRACY WORK FOR ALL AMERICANS.

IF WE SEE IN THE RELENTLESS PURSUIT AND PROSECUTION OF THE LEGAL WRONGDOERS IN THE DETROIT SCANDAL, A PUBLIC CLEANSING OF THE AIR -- FINE. CERTAINLY, I HAVE PLEDGED HUD STAUNCHLY TO THAT PURPOSE. BUT, THAT IN ITSELF IS NEITHER A FITTING END NOR A FRESH BEGINNING TO OUR COMMON TASK.

SO, LET'S START BY VIEWING DETROIT -- AS WE MUST VIEW ANY URBAN ENTITY -- AS A CITY OF PEOPLE. A HEALTHY CITY IS A CITY OF ALL KINDS OF PEOPLE IN EVERY INCOME STRATA, PROVIDING ENERGY, CREATIVITY, PERSONAL INVOLVEMENT AND, EARNING POWER.

I HAVE STACKS OF STATISTICS ON WHAT IS HAPPENING IN OUR CITIES. I CAN TELL YOU LOTS OF THINGS ABOUT DETROIT THAT YOU ALREADY KNOW -- LIKE THE DEPARTURE OF AMERICAN MOTORS, KRESGE INTERNATIONAL, FTD, HILTON HOTELS, THE THREE A'S. THAT 10 PERCENT OF YOUR TOTAL CITY PARCELS ARE VACANT; THAT BETWEEN 1970 AND 1974 HOUSING UNITS DECREASED BY 80,000 UNITS OR ABOUT 15 PERCENT; THAT 21 PERCENT OF YOUR TOTAL COMMERCIAL UNITS ARE VACANT.

WHAT IS TOO OFTEN MISSING IN THE STATISTICAL DOCUMENTATION OF A PROBLEM IS THE POSITIVE SUGGESTION FOR DOING SOMETHING ABOUT SOLVING IT. HOW DO WE RESTORE THE TRADITIONAL BALANCE OF PEOPLE NECESSARY TO REVITALIZE THE CITY? WE ALL KNOW WHICH END OF THE TAX-BEARING MIX OF PEOPLE HAS LEFT TOWN, BUT DO WE HAVE ANY PLANS FOR WINNING THEM BACK?

IN TRUTH, CITIES WITH DETROIT-LIKE PROBLEMS IN MANY PARTS OF THE COUNTRY ARE STARTING TO WRITE THEIR OWN NEW HISTORIES OF URBAN OPPORTUNITY -- BOTH FOR CITY DWELLERS AND FOR COMMERCIAL OPERATIONS, AND, IN THE LONG RUN, OPPORTUNITY FOR THE CITIES THEMSELVES. THE RECENT CONFERENCE OF THE LEAGUE OF CITIES WAS ALIVE WITH NEW THINKING ON THIS COMMON PROBLEM.



AND, BECAUSE I'D LIKE YOUR QUESTION AND ANSWER PERIOD TO DEAL WITH POSITIVE LOCAL ACTION OPPORTUNITIES, AS WELL AS LOCALLY ACUTE PROBLEMS, PERMIT ME TO OFFER A FEW UPBEAT OBSERVATIONS:

I REJECT TWO SCHOOLS OF ABSOLUTISM IN THE RELATIONSHIP BETWEEN OUR CITIES AND THE FEDERAL GOVERNMENT: FIRST, THE ONE WHICH HOLDS THAT WE CAN CURE ALL THE ILLS OF URBAN AMERICA WITH THE SIMPLE INFUSION OF FEDERAL FUNDS -- AND I OFFER DETROIT AS A CASE IN POINT -- AND, SECOND, THE SCHOOL THAT SAYS THE FEDERAL GOVERNMENT SHOULD STAY COMPLETELY OUT OF LOCAL AFFAIRS. BOTH ARE ABSURDITIES.

THE ONLY WAY WE'RE EVER GOING TO MAKE THE APPARATUS WORK IS THROUGH TOTAL COMMUNICATION AND TOTAL COOPERATION BETWEEN THE PUBLIC AND PRIVATE SECTORS -- AND AMONG THE BRANCHES OF GOVERNMENT AT ALL THREE LEVELS.

I ALSO REJECT ALL OF THE OBITUARIES I'VE READ ABOUT DETROIT. A TOUR OF OUR JOINTLY SPONSORED HARMONY VILLAGE REDEVELOPMENT AREA, NOT ONLY CONFIRMS THE VALIDITY OF FEDERAL-LOCAL COOPERATION -- IT PROVES MOTOR CITY TO BE VERY MUCH ALIVE.

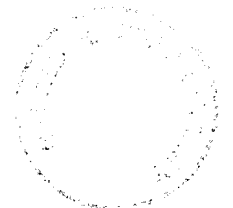


THE FIRST HOPE FOR OUR CITIES IS THE DEDICATION AND PRACTICALITY OF FORWARD-LOOKING LOCAL LEADERS HERE AND IN CITIES ALL OVER THE UNITED STATES -- WHO REFUSE TO CONCEDE VICTORY TO THE CREEPING MONSTER OF URBAN DISEASE.

IF STATISTICS CAN DEPRESS US, THEY CAN ALSO ENCOURAGE US WHEN THEY ARE GOING OUR WAY. AND THE DEMOGRAPHICS OF 1976 -- ABETTED BY THE NEW REALITIES OF 21ST CENTURY LIVING -- ARE SENDING UP THE RIGHT SIGNALS FOR URBAN REBIRTH.

WHAT SALES MANAGER FROM ANY NATIONAL COMPANY HAS NOT HEARD HIS REGIONAL MANAGER SAY: "YES, BUT MY TERRITORY IS DIFFERENT"? AS DETROIT IS DIFFERENT FROM ALL OTHER CITIES, IT ALSO HAS CHARACTERISTICS THAT ARE SIMILAR TO OTHER URBAN CENTERS.

FOR, NO MATTER WHERE IT IS PHYSICALLY LOCATED, THE NEW SUBURB IS AN EXPENSIVE PROPOSITION -- AND GETTING MORE SO AS SUBURBAN EXPANSION RUNS HEADLONG INTO ENVIRONMENTAL RESTRICTIONS AND RESOURCE SHORTAGES.



AND, WE KNOW IT TAKES ALMOST 50 PERCENT LESS OF EVERYTHING -- LAND, LABOR, MONEY AND ENVIRONMENTAL DISRUPTION TO REHABILITATE A CITY NEIGHBORHOOD THAN TO BUILD A NEW SUBURB.

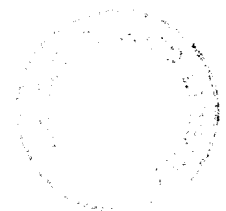
LET US TALK ABOUT SOME OF THE POSITIVE THINGS WE CAN DO, TOGETHER, TO GIVE PEOPLE SPECIFIC REASONS FOR STAYING IN OR MOVING BACK TO DETROIT.

THE FACT IS THAT DETROIT HAS LAND AND HOMES WHICH ARE GREAT BARGAINS, AND CAN CAPITALIZE ON THIS FACT.

TAKE THE PROUD COOPERATIVE EFFORT ALREADY UNDERWAY WHICH DOES JUST THAT -- HARMONY VILLAGE.

THE THOUGHT, THE PLANNING, THE FOLLOW THROUGH AND THE OBJECTIVE OF THIS REHABILITATION PROJECT WHICH WILL ENCOMPASS 1,000 HOMES -- CONTAIN THE ESSENCE OF INTERGOVERNMENTAL-PRIVATE CITIZEN COOPERATION AT ITS BEST.

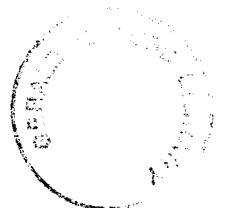
WHILE IT IS HUD-FUNDED AND ENTHUSIASTICALLY SUPPORTED, THE CONCEPT OF HARMONY VILLAGE WAS LOCALLY PERCEIVED, LOCALLY DIRECTED, LOCALLY IMPLEMENTED AND IS LOCALLY CONTROLLED.



IT IS AN IDEA WHOSE TIME HAS COME -- AND IT CAME ABOUT AS AN IDEA JOINTLY SPONSORED BY THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY (MSHDA), THE NORTHWEST DETROIT NON-PROFIT HOUSING CORPORATION AND THE CITY OF DETROIT. IT WAS PRESENTED TO HUD AS A TOTAL CONCEPT BACKED BY A PLAN OF ACTION IN OCTOBER OF 1974.

IN BRIEF, THE "MSHDA" PROJECT INVOLVES THE RECLAMATION AND PRESERVATION OF AN EIGHT SQUARE MILE "NEIGHBORHOOD" IN NORTHWEST DETROIT. HUD IS PROVIDING SUBSTANTIAL, REHABITABLE HOUSING FROM ITS INVENTORY PLUS \$2 MILLION, THUS FAR, IN IMPROVEMENT GRANTS; MSHDA IS PROVIDING THE EXPERTISE, LEGAL WORK AND SALES PUSH IN TRANSFERRING THE PROPERTIES TO PRIVATE INVESTORS; NORTHWEST DETROIT HOUSING CORPORATION IS MANNING AND MANAGING THE MODEL HOMES, PROVIDING ROUND-THE-CLOCK SECURITY AND COUNSELING PROSPECTIVE HOMEOWNERS.

HUD'S PRICE OF THE PROPERTIES TO THE STATE WAS DELIBERATELY LOW TO ASSURE THE MAXIMUM OF IMPROVEMENT AND STILL PRODUCE A REHABILITATED HOME THAT FAMILIES OF LOW AND MODERATE MEANS CAN AFFORD. AND MSHDA'S CONTROL OF TRANSFERS ASSURES THAT THE CONTRACTING INVESTORS WILL PROVIDE THE BEST QUALITY OF REHABILITATION WORK. THE NORTHWEST CORPORATION ASSURES THAT THE PROPERTIES WILL BE SAFEGUARDED AND THAT THE APPLICANT FAMILIES WILL PRESENT A REASONABLE RISK.

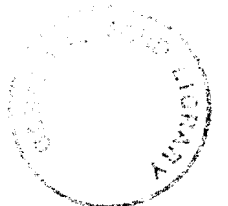


BUT A NEIGHBORHOOD IS MORE THAN HOUSES AND PEOPLE. SO, THE CITY OF DETROIT -- THE FOURTH PARTNER IN THIS COOPERATIVE EFFORT -- IS USING ITS COMMUNITY BLOCK GRANT FROM HUD TO PROVIDE STREET LIGHTS, CURBING AND LANDSCAPING, AND TO IMPROVE ESSENTIAL SERVICES TO THE INHABITANTS OF HARMONY VILLAGE.

THUS, EACH MEMBER OF THIS PARTNERSHIP QUARTET PRODUCED A KEY ELEMENT THAT THE OTHERS WERE NOT EQUIPPED TO PROVIDE AS WELL. WE KNOW THAT LACK OF SUCH ELEMENTARY SAFEGUARDS AS PROPERTY SECURITY, WORK QUALITY CONTROL, STRONG LOCAL COMMITMENT, AND EXPERT LOCAL KNOWLEDGE WAS A MAJOR CONTRIBUTING FACTOR IN HUD'S EARLIER FAILURE TO DEAL SUCCESSFULLY WITH ITS INVENTORY REHABILITATION PROBLEM. PROPERTIES WERE VANDALIZED EVEN BEFORE HUD REGAINED TITLE -- AND IMPROVEMENTS (TO SAY NOTHING OF MATERIALS) WERE RIPPED OFF AS SOON AS THEY WERE ON THE SITE.

HARMONY VILLAGE IS AN INNOVATIVE ATTEMPT TO STABILIZE AND REVITALIZE AN EXTENSIVE NEIGHBORHOOD THAT IS A VITAL PART OF THE DETROIT COMMUNITY.

THESE ARE GOOD HOUSES. UNDER THIS COOPERATIVE ACTION PLAN THEY WILL BE GIVEN THE KIND OF REHABILITATION THAT WILL MAKE THEM INTO EXCELLENT HOMES -- AS THEY ONCE WERE.



BUT THE ULTIMATE SUCCESS OF THE VENTURE DEPENDS ENTIRELY ON THE PEOPLE OF DETROIT AND WE HAVE FAITH THAT BY WORKING TOGETHER THIS PROGRAM WILL WORK.

OUR SALE OF HUD-OWNED CLEARED PROPERTIES TO THE CITY OF DETROIT AT \$1 A LOT IS ANOTHER EXAMPLE OF FORWARD-THINKING FEDERAL/LOCAL COOPERATION. TO QUOTE BACK TO YOU SOME WORDS FROM THE DETROIT FREE PRESS EDITORIAL OF APRIL 7TH:

"BOTH PARTIES DID GET A GOOD DEAL IN THE HUD-CITY ARRANGEMENT TO TURN OVER THE HOUSING AGENCY'S VACANT LOTS TO DETROIT.

"HUD STOPS CARRYING THE LOTS ON ITS BOOKS, WIPES OUT IS MAINTENANCE COSTS, AND ELIMINATES MANY OF THE HEADACHES IT HAS SUFFERED AS IT TRIED TO PEDDLE THE LOTS AT A PRICE.

"AND THE CITY OF DETROIT BECOMES THE OWNER OF THOUSANDS OF PARCELS OF LAND THAT MAY NOT BE WORTH MUCH NOW, BUT HAVE GREAT POTENTIAL IN THE YEARS AHEAD.

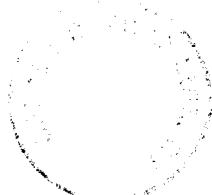


"IT IS BETTER THAT THE CITY OWN THE LOTS THAN ANYONE ELSE, FOR THEN THE CITY CAN DECIDE WHAT HAPPENS TO THEM.

"IDEALLY, THE VACANT LOTS THAT NOW MAKE PARTS OF DETROIT LOOK LIKE A WASTELAND WILL ONE DAY BE REDEVELOPED, EITHER FOR HOUSING OR COMMERCIAL-INDUSTRIAL USES THAT WILL PUMP VITAL TAX DOLLARS BACK INTO THE CITY'S WRUNG-OUT POCKETS."

OBVIOUSLY, WE AT HUD, WERE PLEASED WITH THIS EDITORIAL -- AS WE HAVE BEEN WITH YOUR STORIES ON HARMONY VILLAGE. NOT THAT HUD IS THE DARLIN' OF DETROIT'S NEWSROOMS, BY ANY STRETCH OF A COLUMN INCH.

BUT, THE STORIES I LIKE BEST ARE THE UPBEAT REPORTS ON DETROIT'S GAINS IN THE BATTLE LINED WITH LOSSES; AND THE OPTIMISM OF MANY DETROIT LEADERS ABOUT THE FUTURE OF YOUR CITY -- NOT ONLY BECAUSE THEY HELP STRENGTHEN OUR RESOLVE AT HUD, BUT BECAUSE THAT KIND OF THINKING, WRITING, AND TALKING IS INDISPENSABLE IF PEOPLE ARE GOING TO HAVE THE CONFIDENCE TO CAST THEIR LOT WITH DETROIT'S FUTURE -- AND THEY CAN'T HAVE THAT CONFIDENCE IF ALL THEY HEAR AND READ IS A DISMAL LIST OF DETROIT'S PROBLEMS.



THE URBAN REVITALIZATION PROCESS IS A GEOMETRIC DESIGN. STEADY GROWTH AND IMPROVEMENT -- LIKE DECLINE AND DECAY -- SPREAD FROM NEIGHBORHOOD TO CONTIGUOUS NEIGHBORHOOD. AND THE PATTERN OF GROWTH, AS THE PATTERN OF DECLINE, IS TIED TO THE ECONOMIC STABILITY OF THE NEIGHBORHOOD AND THE CITY.

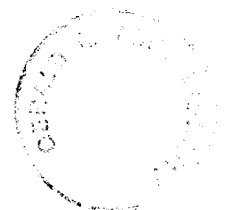
AND THAT IS WHY THE LAND BANK CONCEPT IS SO VITAL TO DETROIT. THE BARGAIN THE CITY CAN OFFER PROVIDES TREMENDOUS POTENTIAL FOR ATTRACTING PEOPLE AND INDUSTRY TO ITS BOUNDARIES.

IN THE GEOMETRICS OF NATIONAL URBAN DECLINE, THOSE INDUSTRIES WHICH MIGHT HAVE ELECTED TO STAY WITH A GIVEN CITY -- TOO OFTEN -- WERE TAXED RIGHT OUT OF IT, AND NEED AN ECONOMIC INCENTIVE TO RETURN.

MORE AND MORE CITIES ARE BEGINNING TO SHOW A WILLINGNESS TO PROVIDE SUCH INCENTIVES TO HOLD ON TO THE BUSINESSES THEY HAVE AND TO ATTRACT OTHERS.

POSTPONING TAX REVENUES AS AN INVESTMENT IN THE FUTURE IS A COMMON DEVICE.

SURELY, IT MEANS MUNICIPAL BELT TIGHTENING -- BUT WHAT IS THE TAX POTENTIAL OF AN EMPTY STORE OR PLANT OR HOUSE THAT SITS THERE AND ROTS?



THUS, THE KENTUCKY LEGISLATURE IS BEING ASKED TO ALLOW A 5-YEAR MORATORIUM ON PROPERTY TAXES FOR RENOVATED DWELLINGS.

WILMINGTON, HARTFORD AND BOSTON HAVE PROVIDED TAX ABATEMENT ON RESTORATION WORK.


ST. LOUIS IS OFFERING ABATED TAXING ON NEW AND EXPANDING BUSINESS WITHIN ITS METROPOLITAN BOUNDARIES.

AND, THERE ARE OTHER LEVERS OF INVENTION.

CITY PLANNERS IN CHICAGO, GALVESTON, PHILADELPHIA AND PORTLAND HAVE FOUND THAT WHERE THE PRIVATE LENDERS HAVE RETREATED FROM LENDING IN A NEIGHBORHOOD, THEY CAN INCREASE PRIVATE INVESTMENT INCENTIVES WITH INTEREST SUBSIDIES, LOAN GUARANTEES, HIGH RISK LOAN POOLS OR SEED MONEY GRANTS.

THIS IS NOT A PLEA TO UNSHACKLE HUD FROM ITS DETROIT RESPONSIBILITIES. WE ARE COMMITTED TO ASSISTING IN THE RE-CREATION OF A HEALTHY DETROIT COMMUNITY AS A WHOLE.

BUT WE ALL KNOW THAT THE FORCES THAT AFFECT THE CITY OF DETROIT ARE WELL BEYOND THE CONTROL OF HUD AS A SOLE AGENT OF CHANGE. WITHOUT THE KIND OF PRIVATE CAPITAL AND CONCERN THAT BUILT THIS CITY TO BEGIN WITH, GOVERNMENT FUNDS ALONE CANNOT REVITALIZE AND STABILIZE DETROIT -- OR ANY OTHER AMERICAN CITY.



FROM TIME TO TIME, IN THIS BICENTENNIAL YEAR, WE MAY LOOK AT THE PAST WITH A CERTAIN AMOUNT OF UNDERSTANDABLE NOSTALGIA. BUT, WE CAN'T REBUILD OUR GREAT CITIES WITH YESTERDAY'S TOOLS AND YESTERDAY'S IDEAS.

IF WE'RE GOING TO WIN IN DETROIT -- OR IN URBAN AMERICA ITSELF, WHICH NOW HOUSES MORE THAN 70 PERCENT OF OUR EXPANDING POPULATION -- ALL THREE LEVELS OF GOVERNMENT AS WELL AS THE PRIVATE SECTOR WILL HAVE TO DO IT TOGETHER -- IN A RESOUNDING COOPERATIVE COMMITMENT TO THE REAL JOB IN THE REAL WORLD OF THE FUTURE.

THANK YOU.

