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MEETING WITH CARLA HILLS
(Tod Hullin)
Friday, June 13, 1975
5:00 p.m. (JMC Office)

DOMESTIC COUNCIL CLEARANCE SHEET

DATE: June 13, 1975

JMC action required by _____

TO: JIM CANNON
VIA: DICK DUNHAM _____
JIM CAVANAUGH _____
FROM: TOD HULLIN 

SUBJECT: Meeting with Secretary Hills - Friday, June 13, 5 p.m.

COMMENTS:

DATE: _____

RETURN TO: TOD R. HULLIN

Material has been:

- _____ Signed and forwarded
- _____ Changed and signed (copy attached)
- _____ Returned per our conversation
- _____ Noted

Jim Cannon

THE WHITE HOUSE

WASHINGTON

June 13, 1975

MEMORANDUM FOR JIM CANNON
FROM TOD HULLIN *TH*
SUBJECT MEETING WITH SECRETARY HILLS
FRIDAY, JUNE 13, 1975
5:00 p.m.

PURPOSE

The Secretary has requested a meeting to discuss

- (1) Veto of the Emergency Housing Act of 1975;
- (2) Possible release of the impounded Section 235 funds;
- (3) Responsiveness of OMB

Each of these issues is discussed below:

- (1) Veto of Emergency Housing Act of 1975

BACKGROUND: The Congress has forwarded to the President the Emergency Housing Act of 1975. The last date for action is Tuesday, June 24, 1975. HUD, OMB and the Domestic Council staff are in agreement that this bill should be vetoed. If the President shows a willingness to compromise on a foreclosure program and indicates a willingness to reactivate the tandem program, the probability of sustaining the President's veto would be very high. HUD and OMB have agreed on a foreclosure program which could be offered as an alternative to support the President's veto.

ISSUE: The issue is what action the President should take relative to the "tandem plan". Basically, the President has three options:

- Do nothing
- Release the remaining \$2 billion of authority for the tandem plan
- Propose or support legislation which would increase the present tandem plan authority and clean up some of its provisions.

At the present time, Jim Lynn prefers to do nothing until the middle of next week when the latest figures on housing starts and permits are released. Secretary Hills prefers releasing the remaining tandem authority immediately and supporting legislation for increasing that authority and cleaning up some troublesome provisions.

RECOMMENDED RESPONSE: I recommend that you offer to chair a meeting on Monday or Tuesday of next week which would include HUD, OMB and the White House Congressional Office to firmly establish our veto and sustaining strategy by answering the following questions:

- What will the veto message include?
- When should the President veto this legislation?

(2) Possible release of the impounded Section 235 funds

BACKGROUND: In January 1973, funds for the Section 235 subsidized program were impounded. The Comptroller General has filed suit requiring that these funds be released. The Justice Department has indicated that their chances of prevailing in this suit are better than even as the case now stands in that the Comptroller General is a legislative official and cannot constitutionally exercise law enforcement functions. However, the Justice Department feels that the chances of prevailing in a suit brought by a private party would be near zero and that a case from a private party is almost certain to appear. In that they feel that the underlying case is weak, the Justice Department apparently would prefer not to argue the constitutional question. The Justice Department is required to file a motion by Monday, June 16, 1975.

ISSUE: The issue is whether or not the President should voluntarily release the impounded funds or wait until the court orders him to do so. Secretary Hills would prefer to release the funds voluntarily. I think the Office of Management and Budget would prefer to wait until the courts have decided the question.

RECOMMENDED RESPONSE: I recommend that you offer to set up a meeting early next week including OMB, the Justice Department, the White House Counsel's office, HUD to discuss this issue.

(3) Responsiveness of OMB

BACKGROUND: Up to this time, the Secretary has found OMB less than responsive to her needs for timely guidance and decisions.

ISSUE: The issue is how she can best overcome this apparent lack of responsiveness.

RECOMMENDED RESPONSE: I recommend that you offer the Domestic Council staff to assist her in bringing forth timely responses from OMB. Specifically, I suggest that she continue to work with OMB as she has been doing but see that Tod Hullin is informed of that which she is seeking so that he can bring pressure on the Director, the Deputy Director and the OMB staff to bring forth a timely work product.