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LOS ANGELES COUNTY BAR ASSOCIATION

LOS ANGELES, CALIFORNIA

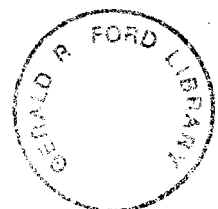
MAY 22, 1975

I AM SO PLEASED TO BE HERE TODAY WITH SO MANY FRIENDS WITH WHOM ROD AND I HAVE SPENT SO MUCH OF OUR PROFESSIONAL LIVES. THIS ASSOCIATION WILL ALWAYS BE A VERY SPECIAL GROUP TO BOTH OF US.

AND BECAUSE YOU ARE FRIENDS, INSTEAD OF GIVING A TRUE "BREAD AND BUTTER" TALK, I WOULD PREFER TO SHARE WITH YOU SOME THOUGHTS AND IMPRESSIONS THAT I HAVE OBTAINED DURING MY 14 MONTHS IN WASHINGTON, PLUS A PROBLEM I THINK WE CAN ADDRESS TOGETHER.

ALTHOUGH I HAVE SPENT 17 YEARS AS A LAWYER AND 70 DAYS AS SECRETARY OF HUD, MY THOUGHTS, AS YOU MIGHT EXPECT IN TODAY'S MARKET, ARE WEIGHTED TOWARD MY HUD EXPERIENCE. IF I WERE FORCED TO DECORATE THEM WITH A THEME, I WOULD PARAPHRASE, AS SO MANY THOUSANDS HAVE DONE BEFORE, FROM DICKENS:

"IT IS THE BEST OF TIMES, IT IS THE WORST OF TIMES; . . . IT IS THE EPIC OF BELIEF, IT IS THE EPIC OF INCREDULITY."



AS ONE WHO WAS INVITED TO THE JUSTICE DEPARTMENT BY ELLIOT RICHARDSON, WHO LEFT BEFORE I ARRIVED, AND AS ONE WHO WAS ENTHUSIASTIC ABOUT THE NOMINATION OF ED LEVI, WHO CAME AS I WAS LEAVING, I HAVE SOME SENSE OF THE FUTILITY OF COUNTING TOO HEAVILY ON FUTURE EXPECTATIONS.

AND AS ONE WHO HAS LIVED THROUGH THE AGONY PRECEDING THE RESIGNATION AND WHO HAS SEEN CLOSE AT HAND THE SYSTEM ENDURE SUCH STRESS, I HAVE SOME SENSE OF THE FOOLISHNESS OF SUCCUMBING TO UNDUE DESPAIR.

BETWEEN THE CHOICE OF SORROW OR JOY, MY THOUGHTS LEAN MORE TOWARD CAUTIOUS OPTIMISM FOR THE FUTURE WITH SOBER CONCERN FOR THE PAST.

TO ILLUSTRATE, IT IS STILL TOO EASY FOR SOME TO SCORN OUR PROFESSION FOR THE RECENT FAILURES OF LAWYERS IN HIGH PLACES, WITHOUT GIVING CREDIT TO THE SYSTEM THAT CHECKED THEIR LAWLESSNESS.



SIMILARLY, WE STILL HEAR COMPLAINTS ABOUT THE INCREASING NUMBERS OF LAWYERS AND TOO LITTLE PRAISE FOR THE LEGAL TRADITION THAT MAKES OURS A GOVERNMENT OF LAWS THAT HAS ACHIEVED SO MUCH IN COMPARISON WITH THOSE COUNTRIES WHERE TYRANNIES OF MEN RUN UNCHECKED.

BUT, HOW DO WE TREAT WITH THOSE 3 SAD YEARS IN WHICH OUR LEADERS WERE CONVICTED, INDICTED, OR DISGRACED ON A SCALE UNPARALLELED IN OUR HISTORY?

I DO NOT REFER MERELY TO OUR HIGHEST ELECTED AND APPOINTED OFFICIALS. TO THE WRECKAGE OF WATERGATE, WE ADD THE CONVICTION OF FORMER CONGRESSMEN, A FORMER GOVERNOR, STATE LEGISLATORS, AND A FORMER MAYOR.

TO THIS SAD COLLECTION WE CAN ADD THAT 11 OF OUR LARGEST CORPORATIONS HAVE ADMITTED TO FEDERAL ELECTION CRIMES WHILE TWO FORMER LEADERS OF MAJOR LABOR UNIONS WERE IMPRISONED, AND THE PRESIDENT OF A THIRD WAS CONVICTED FOR THE MURDER OF HIS RIVAL.



COULD ANY OTHER DEMOCRATIC GOVERNMENT SUSTAIN SUCH CRIPPLING BLOWS TO ITS CREDIBILITY WITHOUT A THREAT OF ANARCHY OR EFFORT TO IMPOSE THE TYRANNY OF A TOTALITARIAN GOVERNMENT?

AND YET, WE NOW APPROACH THE ELECTION OF 1976 WITH A DEDICATION TO MORALITY AND FAIRNESS FOR THE ELECTORAL PROCESS THAT FEW WOULD HAVE DREAMED POSSIBLE 12 SHORT MONTHS AGO. IT IS INDEED A TRIBUTE TO THE ULTIMATE VALUES OF OUR SYSTEM.

THE QUESTION NOW IS WHAT DO WE DO TO INSURE THAT WE MOVE THROUGH OUR AGENDA OF PRESSING NATIONAL PROBLEMS?

OBVIOUSLY THE CONFLICTS AMONG US OF PURPOSE, MOTIVE, AND PERCEPTION HAVE NOT DISAPPEARED. LAWYERS MORE THAN ANY OTHER GROUP WILL JOIN IN COMBAT



BETWEEN NEW BUSINESS AND ENERGY GROWTH

VERSES

THE INCONSISTENT DEMAND FOR A BETTER ENVIRONMENT.

BETWEEN THE PRESSURE ON GOVERNMENT TO
GUARANTEE NEW JOBS, HOMES AND SECURITY

VERSES

OUR FAITH IN FREE ENTERPRISE.

BETWEEN THE CRITICAL NEED FOR A MORE
EFFECTIVE SYSTEM OF CRIMINAL JUSTICE

VERSES

OUR DEDICATION TO FAIR TRIALS AND OUR
COMPASSION FOR THE UNDERPRIVILEGED.

BETWEEN THE SHARP DEMAND OF CONSUMERS
FOR BETTER TREATMENT

VERSES

THE EQUALLY INCESSENT CALL FOR LESS
GOVERNMENT REGULATION.

BETWEEN THE DESPERATE CRY OF THE UNEMPLOYED

VERSES

THE UNIVERSAL DESIRE TO AVOID ANOTHER
CRIPPLING INFLATIONARY CYCLE.



OF THOSE CONFLICTS WITH WHICH WE DEAL AT HUD, NONE IS MORE PRESSING THAN THE CURRENT PROBLEMS OF OUR CITIES.

FAIR-MINDED PEOPLE CAN LOOK AT THE AGONY OF THE CITIES OVER HOUSING, JOBS, SCHOOLS, AND BUSSING, AND AGREE THAT THE BLAME DOES NOT TOTALLY LIE WITH RACISTS OR WITH MEDDLESOME OFFICIALS. RATHER, IT IS APPARENT THAT ECONOMIC AND SOCIAL PROBLEMS HAVE GROWN FAR FASTER THAN OUR CAPACITY TO FORGE ACCEPTABLE SOLUTIONS.

THE STARK FACT IS THAT MANY OF OUR GREATEST CITIES ARE BEING SACRIFICED TO OBSOLESCENCE AND DECAY. IN TOO MANY, BLOCK UPON BLOCK OF ABANDONED, BOARDED UP HOUSES SERVE AS HOMES FOR THE FLATSAM OF HUMANITY.

NEAR THESE ABANDONED NEIGHBORHOODS AND, PERHAPS, SOON TO FOLLOW THEIR EXAMPLE, ARE THE SLUMS, WHICH ARE THE BANE OF OUR COLLECTIVE CONSCIENCE. THESE ARE NOT THE HOMES OF A LOWER INCOME GROUP BUT RATHER AN "UNDER CLASS", WHO ARE NOT JUST POOR BUT IMPOVERISHED.



THE SLUMS OF AMERICA HOUSE A CONCENTRATION OF SOCIAL PROBLEMS OF A MAGNITUDE WHICH AT TIMES SEEM NEAR INSOLUBLE. CRIME, RACIAL ANIMOSITY, FAMILY DISINTEGRATION BREED EASILY IN THIS ENVIRONMENT.

AND, AS ABANDONMENT GROWS, INCREASINGLY LARGE NUMBERS OF POTENTIALLY VALUABLE HOUSING STOCK ARE LEFT FALLOW AND DECAYING -- THEREBY INCREASING THE NUMBERS OF POOR CONSIGNED TO NEARBY, OVERCROWDED, AND SUBSTANDARD DWELLINGS.

TYPICALLY, THE DECLINE OF A NEIGHBORHOOD STARTS WHEN THE EASY AVAILABILITY OF NEW HOUSING IN THE SUBURBS ENTICES FAMILIES TO LEAVE THEIR URBAN HOMES. AS THE HOUSING STOCK BEGINS TO FILTER DOWN, THESE FAMILIES ARE GRADUALLY REPLACED BY POORER FAMILIES WHO LACK THE ABILITY TO MAINTAIN A HEALTHY COMMUNITY, AND THE COMPOSITION OF THE NEIGHBORHOOD BECOMES LESS STABLE.



THEN, LENDING INSTITUTIONS BECOME NERVOUS AND AS A RESULT, LENDING POLICIES BECOME MORE STRINGENT. NEW OWNERS ARE FORCED TO MAKE HIGHER DOWNPAYMENTS AND HAVE SHORTER-TERM LOANS. HOME IMPROVEMENT LOANS BECOME UNAVAILABLE.

THUS, THESE FAMILIES ARE MUCH LESS ABLE TO MAINTAIN OR TO IMPROVE THEIR PROPERTY. OFTEN THE PROPERTIES BECOME VIABLE ONLY AS RENTAL UNITS, AND THE ECONOMIC LEVEL OF THE INHABITANTS TENDS TO DECREASE FURTHER.

AS THE VALUE OF THE HOMES DECREASES AND THE STRUCTURES THEMSELVES DETERIORATE WITHOUT POSSIBILITY OF IMPROVEMENT, OWNERS BEGIN TO ABANDON THEIR BUILDINGS. THE EMPTY HOUSES BECOME A BLIGHT OF THE NEIGHBORHOOD, FURTHER DEPRESSING PROPERTY VALUES. CRIMES INCREASE; NEIGHBORHOOD SERVICES DECREASE. ACCELERATED ABANDONMENT FOLLOWS.

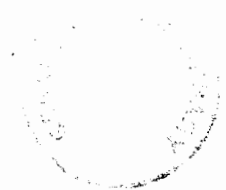
IN NEW YORK CITY ALONE 25,000 UNITS ARE ABANDONED EACH YEAR.

GOVERNMENTAL POLICIES HAVE FOR TOO MANY YEARS BEEN COUNTER-PRODUCTIVE -- IN THEIR ENCOURAGEMENT OF SUBURBAN SPRAWL AND IN THEIR HOUSING PROGRAMS WHICH CONCENTRATED THE POOR IN NEW PROJECTS, WHICH TOO OFTEN BECOME TOMORROW'S SLUMS.

OUR APPROACH TO COMMUNITY DEVELOPMENT HAS ALSO BEEN OUT OF FOCUS. THE PROCESS OF NEIGHBORHOOD DECLINE IS A GRADUAL ONE. ITS FORM AND ITS CURE VARY TREMENDOUSLY BETWEEN CITIES, AND EVEN BETWEEN NEIGHBORHOODS WITHIN A CITY.

YET OUR EARLIER RESPONSE TOOK THE FORM OF RESTRICTIVE CATEGORICAL GRANTS, WHICH DEPRIVE COMMUNITIES OF THE FLEXIBILITY TO USE FEDERAL FUNDING TO ATTACK THE PARTICULAR CAUSES OF DECLINE IN THEIR NEIGHBORHOODS.

EVEN THE BROADEST OF OUR CATEGORICAL PROGRAMS DID NOT DIRECTLY ADDRESS NEIGHBORHOOD DECLINE. INSTEAD OF SEEKING TO PRESERVE EXISTING HOUSING STOCK, WE EMPHASIZED CLEARANCE AND RENEWAL. INSTEAD OF TREATING CAUSES, WE TOO OFTEN TREATED THE SYMPTOMS.



A NEW APPROACH IS CONTAINED IN THE 1974 HOUSING AND COMMUNITY DEVELOPMENT ACT WHICH MAKES THREE SIGNIFICANT CHANGES IN NATIONAL POLICY:

FIRST, THE ACT REQUIRES THAT, AS A CONDITION TO FEDERAL ASSISTANCE, A CITY MUST SUBMIT A COMMUNITY DEVELOPMENT PLAN. THAT PLAN MUST IDENTIFY THE NEEDS, OBJECTIVES, RESOURCES, AND DEVELOPMENT PROGRAMS OF THE COMMUNITY. SPECIFIC ATTENTION MUST BE PAID TO THE NEED TO "ELIMINATE OR PREVENT SLUMS, BLIGHT OR DETERIORATION."

A HOUSING ASSISTANCE PLAN MUST ALSO BE SUBMITTED WHICH ASSESSES THE COMMUNITY'S HOUSING NEEDS AND RESOURCES, INCLUDING ITS EXISTING HOUSING STOCK.

SECOND, THE 1974 ACT INITIATED A RENTAL SUBSIDY PROGRAM FOR HOUSING LOW AND MODERATE INCOME FAMILIES. IT GIVES LOCAL COMMUNITIES CONSIDERABLE DISCRETION IN ADAPTING FEDERAL HOUSING AID TO LOCAL CONDITIONS. THE COMMUNITIES MUST DECIDE WHETHER TO USE EXISTING, REHABILITATED, OR NEWLY CONSTRUCTED HOUSING IN CONNECTION WITH THE NEW RENTAL SUBSIDY PROGRAM.



BY ALLOWING A CITY TO UTILIZE ITS EXISTING STOCK, THE NEW PROGRAM ENCOURAGES THE PRESERVATION OF URBAN NEIGHBORHOODS. IT PERMITS CITIES TO GIVE LOWER INCOME FAMILIES THE RESOURCES TO SHOP IN THE MARKETPLACE FOR THE BEST NEW OR EXISTING HOUSING UNITS THEY CAN FIND IN THEIR PRICE RANGE. BY ASSURING OWNERS OF A REASONABLE RENTAL ON THEIR INNER CITY PROPERTIES, IT ENCOURAGES NECESSARY MAINTENANCE AND, HOPEFULLY WILL STEM THE TIDE OF ABANDONMENT.

THIRD, THE 1974 ACT REPLACES THE PREVIOUS RESTRICTIVE CATEGORICAL GRANTS WITH COMMUNITY DEVELOPMENT GRANTS. THIS PROGRAM GIVES FUNDS DIRECTLY TO UNITS OF LOCAL GOVERNMENT AND AFFORDS LOCAL OFFICIALS WIDE LATITUDE IN UTILIZING THE FUNDS IN THEIR COMMUNITIES FOR THE NEEDS THEY IDENTIFY.

TRUE TO THE STATUTORY PURPOSE, COMMUNITIES HAVE BEEN INNOVATIVE IN THEIR USE OF THESE GRANT FUNDS. AND, THE EMPHASIS ON URBAN PRESERVATION INTENDED BY THE ACT HAS FOUND EXPRESSION IN CITIES' USES OF THEIR GRANTS.

FOR EXAMPLE, NEARLY 10 PERCENT OF FUNDS SO FAR COMMITTED FOR NEXT YEAR WILL BE USED FOR REHABILITATION LOANS. THIS IS MORE THAN DOUBLE THE AMOUNT EVER PROVIDED FOR REHABILITATION LOANS UNDER THE PREVIOUS FEDERAL CATEGORICAL PROGRAM.

A GOOD EXAMPLE OF THE COOPERATION THAT CAN EXIST BETWEEN THE FEDERAL AND LOCAL GOVERNMENTS IN ADDRESSING PROBLEMS OF OUR CITIES IS THE SPLENDID MANNER IN WHICH MAYOR BRADLEY AND HIS STAFF WORKED THROUGH THE UNTRIED COMMUNITY DEVELOPMENT PROGRAM.

THEY ENLISTED THE REQUIRED CITIZEN PARTICIPATION, AND SUBMITTED AN APPLICATION FOR \$38.5 MILLION DOLLARS IN COMMUNITY DEVELOPMENT FUNDS. BECAUSE THE APPLICATION WAS IN PROPER FORM, WE WERE ABLE TO PROCESS IT WELL WITHIN THE 75-DAY PERIOD SPECIFIED BY THE ACT, AND TO ANNOUNCE THE GRANT THIS MORNING.

THE CITY OF LOS ANGELES WILL SPEND OVER \$8 MILLION OF ITS GRANT FOR NEIGHBORHOOD PRESERVATION ACTIVITIES. IT PLANS TO REHABILITATE 2100 EXISTING UNITS OF HOUSING, AND IT HAS EARMARKED \$2.7 MILLION DOLLARS OF ITS GRANT FUNDS FOR A LOCAL REHABILITATION LOAN PROGRAM.



FOR THE FIRST TIME, THESE FEDERAL FUNDS ARE GIVEN TO LOCAL COMMUNITIES, SO THAT THEY, NOT THE FEDERAL GOVERNMENT, ASCERTAIN THEIR NEEDS, DETERMINE THEIR PRIORITIES AND DEVISE STRATEGIES TO ACHIEVE THEIR GOALS.

WE LOOK TO COMMUNITY DEVELOPMENT GRANTS AS THE SEEDS FROM WHICH WILL GROW A CONSTRUCTIVE PARTNERSHIP BETWEEN FEDERAL AND LOCAL GOVERNMENT. THIS IS OUR BEST HOPE FOR REJUVENATING URBAN NEIGHBORHOODS AND PRESERVING OUR CITIES.

WE ALSO SEE URBAN HOMESTEADING AS A TOOL FOR NEIGHBORHOOD PRESERVATION.

UNDER THE TYPICAL HOMESTEAD PLAN, AN ABANDONED PROPERTY IS CONDITIONALLY CONVEYED TO A QUALIFIED INDIVIDUAL FOR A NOMINAL FEE OR NO CHARGE ON THE CONDITION THAT HE LIVE IN THE HOUSE FOR AN AGREED UPON TIME. DURING THAT PERIOD, THE RESIDENT, USUALLY, IS REQUIRED TO BRING THE UNIT UP TO CODE STANDARDS. AT THE END OF THE PRESCRIBED TIME, THE RESIDENT OWNS THE HOME.



I AM HAPPY TO ANNOUNCE TODAY THAT WE ARE IMPLEMENTING A DEMONSTRATION PROGRAM PURSUANT TO PROVISIONS IN THE 1974 ACT, WHICH WILL PROVIDE FEDERAL SUPPORT OF LOCAL URBAN HOMESTEADING PLANS.

HUD HAS TRIED IN THE PAST WITHOUT MUCH SUCCESS TO BE SUPPORTIVE OF CITIES UTILIZING HOMESTEADING. WE BELIEVE OUR NEW EFFORT WILL CIRCUMVENT THE DIFFICULTIES MET IN THE PAST.

IN JUST A FEW WEEKS HUD WILL INVITE CITIES TO SUBMIT HOMESTEADING PLANS WHICH DEMONSTRATE LOCAL INITIATIVE IN NEIGHBORHOOD PRESERVATION. WE WILL SUBSEQUENTLY APPROVE SEVERAL PLANS AND PROVIDE THOSE CITIES WITH HUD-HELD HOUSES TO USE IN URBAN HOMESTEADING. HOMESTEADING WILL REMAIN A LOCAL NOT A FEDERAL INITIATIVE. HUD WILL PROVIDE HOUSES TO COMMUNITIES FOR USE IN THE PROGRAMS THEY DESIGN AND ADMINISTER.

WE KNOW THAT URBAN HOMESTEADING IS NOT THE PANACEA FOR THE ILLS OF DECLINING NEIGHBORHOODS. STILL, THE ESSENTIAL SOUNDNESS OF THE CONCEPT IS INESCAPABLE. WE LOOK TO OUR DEMONSTRATION PROGRAM TO DOCUMENT THE VALUE OF THIS TOOL FOR USE IN NEIGHBORHOOD PRESERVATION. WE ARE CAUTIOUSLY OPTIMISTIC.

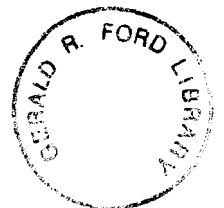


OUR STUDY OF THE URBAN HOMESTEADING CONCEPT HAS TAUGHT US A NUMBER OF IMPORTANT LESSONS ABOUT ITS USE.

FIRST, ALTHOUGH ORIGINALLY CONCEIVED OF AS A MEANS OF PROVIDING HOUSES TO POOR PEOPLE, IT HAS BEEN MORE SUCCESSFUL IN PROVIDING PEOPLE TO ABANDONED HOUSES TO STEM NEIGHBORHOOD DECLINE.

SECOND, HOMESTEADING IS USEFUL IN STABILIZING OR TURNING AROUND A DECLINING NEIGHBORHOOD RATHER THAN IN REVITALIZING AN ALREADY BLIGHTED AREA. FILLING EMPTY HOUSES WITH PEOPLE WHO WILL TAKE AN INTEREST IN THEIR ENVIRONMENT CAN HELP TO PRESERVE THE NEIGHBORHOOD.

THIRD, FINANCING IS A KEY ELEMENT TO ANY NEIGHBORHOOD PRESERVATION PROGRAM, INCLUDING HOMESTEADING. VERY OFTEN ABANDONED STRUCTURES USED FOR HOMESTEADING ARE IN NEED OF SUBSTANTIAL REHABILITATION, AND THE NECESSARY CAPITAL IS NOT READILY AVAILABLE. SUCH FINANCING REQUIRES AN ACTIVE PARTNERSHIP BETWEEN LOCAL GOVERNMENT AND THE COMMUNITY'S FINANCIAL INSTITUTIONS. ALSO TAX RELIEF IS ALSO USEFUL



TO ENSURE THAT THE THREAT OF INCREASED TAXES DOES NOT ACT AS A DETERRENT TO HOME IMPROVEMENT EFFORTS.

FOURTH, A COMPREHENSIVE ATTACK ON NEIGHBORHOOD DECAY MUST ACCOMPANY HOMESTEADING. ANY OVERALL STRATEGY MUST INCLUDE LOCAL GOVERNMENT, LENDING INSTITUTIONS AND COMMUNITY RESIDENTS. IN SHORT, NEIGHBORHOOD PRESERVATION MUST BE A COOPERATIVE VENTURE JOINING BOTH PRIVATE AND PUBLIC SECTORS. AND THIS IS WHERE LAWYERS BECOME ESSENTIAL.

FIRST, THE NEW FEDERAL PROGRAM REQUIRES LOCAL COMMUNITIES TO DESIGN THEIR PLAN FOR COMMUNITY DEVELOPMENT. CITIZEN PARTICIPATION IS REQUIRED BY THE 1974 ACT. AS CITIZENS YOU CAN CONTRIBUTE MUCH TO THE FORMULATION OF THE COMMUNITIES' PLAN.

AS ATTORNEYS, YOU CAN FACILITATE THE COOPERATION BETWEEN GOVERNMENT AND THE PRIVATE SECTOR IN THE DEVELOPMENT OF AN URBAN PRESERVATION STRATEGY. THE ROLE OF FACILITATOR IS NOT UNFAMILIAR TO THOSE OF YOU WHOSE LIVELIHOOD COMES FROM SETTLING LAWSUITS AND PUTTING TOGETHER CORPORATE TRANSACTIONS. IN BOTH INSTANCES YOU ENCOURAGE A DIALOGUE. EXCEPT HERE THE PAYOFF IS NOT PROFITS, BUT THE PRESERVATION OF OUR TROUBLED CITIES.



WE CAN SAVE OUR CITIES. WE HAVE THE BASIC TOOLS. IT IS UP TO US TO FORGE THE NECESSARY PARTNERSHIP AMONG THE FEDERAL AND LOCAL GOVERNMENTS, COMMUNITY RESIDENTS, AND LOCAL FINANCIAL INSTITUTIONS. THE LEGAL COMMUNITY THROUGH THIS BAR ASSOCIATION IS PARTICULARLY SUITED TO THIS TASK. WE AT HUD LOOK FORWARD TO WORKING WITH YOU.

THANK YOU.

