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FINAL

NATIONAL LEAGUE OF CITIES

MIAMI BEACH, FLORIDA

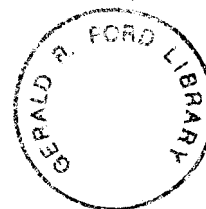
DECEMBER 3, 1975

IT SEEMS LIKE LIGHT YEARS AGO -- BUT IT WAS ONLY LAST JULY THAT I SAW MANY OF YOU AT THE UNITED STATES CONFERENCE OF MAYORS IN BOSTON.

IN THAT TIME, OUR CITIES HAVE AGED UNDER THE HEAVY WEIGHT OF SCARY HEADLINES. BUT YOUR RECORD PRESENCE, HERE, AS YOU PASS YOUR LEAGUE'S HALF-CENTURY MARK, SAYS SOMETHING THAT THE DOOMSAYERS TOO OFTEN OVERLOOK:

THAT, SEEMINGLY "UNSURMOUNTABLE" PROBLEMS, NOTWITHSTANDING, THE PEOPLE WHO KNOW AMERICA'S CITIES BEST, STILL COUNT THE CITY AS THIS NATION'S GREATEST HOPE FOR THE FUTURE.

IN TRUTH, THE FORCES OF ENERGY, MOBILITY AND BECKONING SPACE -- WHICH ONCE COMBINED TO DRIVE WEALTH AWAY FROM OUR CITIES -- ARE NOW COMBINED IN REVERSE TO WELCOME A NEW ERA OF URBAN OPPORTUNITY.



YOUR FULL, AND INTELLIGENT, AGENDA FOR THIS IMPORTANT 51ST YEAR CONFERENCE OF THE LEAGUE OF CITIES LEAVES LITTLE DOUBT THAT YOU AREN'T OVERLOOKING ANY BETS IN PLANNING FOR THE FUTURE. BUT, I SOMETIMES WONDER IF WE AREN'T SO CONDITIONED, BY HABIT, TO THE CONVENTIONAL THINKING OF THE PAST, THAT WE FAIL TO GRASP THE BEST OPPORTUNITIES FOR THE FUTURE.

SINCE ALL OF US HAVE BEEN SCHOOLED IN THE IDEA THAT "WE CAN'T WIN TODAY'S BATTLES WITH YESTERDAY'S WEAPONS", IT'S NATURAL FOR US TO BRISTLE IF OUR FORESIGHTEDNESS IS QUESTIONED. BUT THE FACT REMAINS, IT'S A LOT MORE COMFORTABLE TO BE CONVENTIONAL THAN IT IS TO ESPOUSE UNTRIED CONCEPTS.

WHEN I TALKED TO YOU UP IN BOSTON, I SPOKE OF MY AMAZEMENT AT THE SHOCKING LEVEL OF WASTE THAT WE SEEM TO TOLERATE -- OUT OF SHEER HABIT -- IN OUR URBAN CENTERS.

NOW -- WE CAN BLAME THE "SHAPE OF THINGS" IN OUR CITIES, ON THE SIMPLE PASSAGE OF TIME.

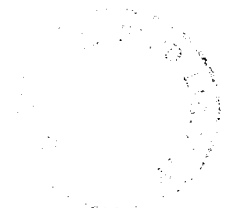


"THE ATTRITION OF OLD AGE," -- ON BUILDINGS, STREETS, PLUMBING AND UTILITIES -- IS A HANDY EXCUSE. BUT, IT DOESN'T REALLY WASH WHEN WE LOOK AT THE STILL-VIABLE, ANCIENT CITIES OF EUROPE.

NOR CAN WE LAY IT OFF ON OUR FRUGAL FOREBEARERS WHO BUILT OUR CITIES. FOR MANY OF THE PROUD HOUSES WHICH THEY ERECTED STAND, TODAY, AS SENTINELS OF TARNISHED GRANDEUR IN OUR WASTED NEIGHBORHOODS.

FUTURE GENERATIONS WILL ALMOST SURELY TRACE THE LEGACY OF URBAN DECLINE TO OUR GENERATION -- BUT, IF WE SUCCEED IN THIS STRUGGLE THAT IS PECULIARLY OUR OWN, THEY COULD ALSO TRACE TO US THE LEGACY OF SUCCESS.

BECAUSE, THE FACT IS THAT THE "TRADITION" OF PRODIGALITY WHICH WE PERCEIVE AS AN AMERICAN "WAY OF LIFE" IS A NATIONAL PHENOMENON THAT DATES BACK LESS YEARS THAN OUR MEDIAN AGE.



IN OUR OWN TIME, WE HAVE WITNESSED THE BIRTH AND MASSIVE GROWTH OF OUT-MIGRATION THAT MOVED THE CITY'S WEALTH AND VITALITY TO AN EVER-WIDENING RING OF SUBURBS.

YOU, PERHAPS MORE THAN ANY OTHER GROUP, HAVE BEEN CAUGHT UP IN THE STARK REALITIES OF THIS GRIM REAPER WHICH, LITERALLY, HAVE WIPED OUT WHOLE NEIGHBORHOODS BEFORE YOUR VERY EYES.

IT IS SAID THAT A WEARY PEOPLE GET SO ENURED TO A LONG WAR THAT THEY NO LONGER EVEN TRY TO THINK AROUND IT.

THE SEIGE OF OUR NATION'S CITIES AT ITS WORST, SPANS LESS THAN TWO DECADES - AND I JUST WONDER IF THE "HABIT" OF THE WAR ISN'T SO INGRAINED THAT IT IS BOTTLING UP SOME NECESSARY INNOVATIVE THINKING ABOUT HOW TO END IT.

I ASK THAT RHETORICAL QUESTION -- BECAUSE THE BULK OF WHAT I READ ON THE SUBJECT OF OUR CITIES -- RECITES A SAD LIST OF CITY PROBLEMS AND A DETAILED HISTORY OF HOW THEY GOT THAT WAY.

YET, I KNOW FULL WELL -- THAT MANY OF YOU ARE WADING INTO THESE PROBLEMS, AS THEY EXIST TODAY WITH SOLUTIONS GEARED NOT ONLY TO RECLAIMING WHAT IS LOST, BUT TO ENSURING THAT THE OLD CYCLE DOESN'T HAPPEN AGAIN.

WE KNOW THE PROBLEMS. I'D LIKE TO TALK ABOUT SOME OF THE OPPORTUNITIES.

WE START WITH THE NOT-VERY-SURPRISING PROPOSITION THAT A CITY IS "PEOPLE" -- AND A HEALTHY CITY IS A CITY OF ALL PEOPLE IN EVERY INCOME STRATA, PROVIDING ENERGY, CREATIVITY, PERSONAL INVOLVEMENT AND EARNING POWER.

WE CAN READILY CALCULATE THE INVESTMENT MONEY NEEDED TO REPAIR, REHABILITATE OR REBUILD AN OLD URBAN NEIGHBORHOOD. BUT THE GREATEST NEED OF ALL IS HUMAN RE-INVESTMENT.

ABOUT 20 PERCENT OF AMERICAN FAMILIES MOVE EACH YEAR.



YOU ALREADY KNOW WHICH END OF THE TAX-BEARING MIX HAS REPLACED THE FAMILIES WHO HAVE MOVED OUT OF YOUR CITIES OVER THE PAST TEN YEARS. MORE THAN THAT, THROUGH THOSE LEFT BEHIND, YOU FELT THE FULL BRUNT OF THE 1973 UNEMPLOYMENT SITUATION THAT DROVE UP THE DEMAND FOR PUBLIC SERVICES DURING AN INFLATIONARY SPIRAL THAT WAS DRIVING UP THE COST OF THOSE SERVICES.

TODAY, THE HIGH COST AND SKIMPY AVAILABILITY OF FUEL -- COUPLED WITH SCARCE LAND, STRICTER CODES AND SHEER COST OF SUBURBAN CONSTRUCTION -- HAVE COMBINED TO PROVIDE OUR CITIES WITH A NEW WEALTH OF HUMAN RE-INVESTMENT POTENTIAL.

IN TRUTH, FOR THE FIRST TIME IN MORE THAN A DECADE, PEOPLE OF MODERATE MEANS ARE FINDING MORE REASONS FOR MOVING INTO THE CITY THAN FOR MOVING OUT OF IT.

THE CITY'S OPPORTUNITY TO ACCOMMODATE THEM - TO SAY NOTHING OF HELPING THEM STRETCH DOLLARS WHILE ENHANCING THE COMMUNITY COFFERS - IS SUMMED UP IN THIS APT OBSERVATION FROM A RECENT ISSUE OF THE WASHINGTON POST. SAID WRITER WOLF VONECKARDT:

"AS THE COST OF NEW CONSTRUCTION KEEPS RISING, CITIES ARE REDISCOVERING THEIR VAST STOCK OF OLD AND NEGLECTED HOUSES AND APARTMENT BUILDINGS. REHABILITATION IS STILL EXPENSIVE BUT EVEN 'GUT REHABILITATION' IS GENERALLY ONE-THIRD LOWER THAN NEW CONSTRUCTION."

AND, WE KNOW THAT 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.

HOWEVER, WE ALSO KNOW FULL WELL THAT "COST" ALONE -- EVEN WITH THE PRESSURES OF INFLATION - IS NOT ENOUGH TO ATTRACT THE MIDDLE AND HIGHER INCOME FAMILIES IN THE KIND OF NUMBERS THAT YOU NEED FOR YOUR SURVIVAL.

SO, LET US LOOK AT CURRENT DEMOGRAPHIC TRENDS. TODAY, 50 PERCENT OF OUR TOTAL POPULATION LIVE IN ADULT-ORIENTED HOUSEHOLDS. MORE THAN 80 PERCENT OF OUR NATIONAL POPULATION GROWTH BETWEEN 1970 AND 1974 WAS IN SMALL FAMILIES -- VERY OFTEN HEADED BY WOMEN.





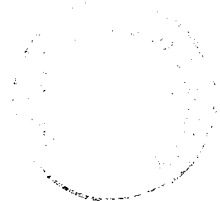
CHARACTERISTICALLY, THESE HOUSEHOLDS COMPRISE SINGLES, YOUNG MARRIEDS WITH FEW OR NO CHILDREN AND THE ELDERLY.

AND, THESE ARE THE FAMILIES WHOSE LIFE STYLES ARE MOST SUITED TO THE VERY THINGS OUR CITIES HAVE TO OFFER -- SMALLER HOUSING CONVENIENT TO JOBS, ENTERTAINMENT AND CULTURAL AMENITIES, RECREATIONAL OPPORTUNITIES AND, VERY OFTEN, THE CHARM OF OLDER HOUSES.

THEY ARE ALREADY MOVING BACK.

IN THE WASHINGTON AREA, FOR EXAMPLE, THE PRINCIPAL INCREASE IN POPULATION HAS BEEN IN THE 25-35 YEAR AGE GROUP, BUT WITH A SUBSTANTIAL DROP IN THE NUMBER OF SCHOOL-AGE CHILDREN.

AS FOR THEIR POTENTIAL IN STABILIZING THE FUTURE CITY TAX BASE, THE NEW URBAN DWELLERS ARE IN THE MIDDLE-UPPER INCOME RANGE -- AND, FOR THE MOST PART, COLLEGE GRADUATES WHO WORK IN THE PROFESSIONS OR WHITE-COLAR BUSINESS POSITIONS.



THEIR COLLECTIVE AFFLUENCE AND EDUCATIONAL LEVELS ACCENT THE CULTURAL AND INTELLECTUAL PURSUITS WHICH, IN TURN, ARE MOST APTLY AVAILABLE IN THE URBAN ENVIRONMENT.

ALTHOUGH THE OUT-MIGRATION OF COMMERCIAL ENTERPRISE HAD MATCHED THE CITIZEN FLIGHT TO THE OUTSKIRTS OF TOWN FOR A NUMBER OF YEARS, THE RE-LOCATION OF "DOWNTOWN" OFFICES IS, AGAIN, ON THE INCREASE -- ABETTING THE RETURN OF THE PEOPLE WHO MUST RUN THEM.

WE ALREADY HAVE SEEN THE SHIFT IN THE OCCUPATIONAL DISTRIBUTION OF THE CITIES' LABOR FORCE TOWARDS PROFESSIONAL, TECHNICAL AND MANAGERIAL SKILLS.

ALTHOUGH CITIES GAINED ONLY 4 PERCENT IN EMPLOYED RESIDENTS OF ALL KINDS FROM 1960 TO 1970 -- 26 PERCENT OF THEM WERE PROFESSIONAL, TECHNICAL OR MANAGERIAL PEOPLE.

AND, OF COURSE, YOUNG PEOPLE IN CLERICAL OR START-UP JOBS HAVE NOT LOST THEIR ZEST FOR THE ATTRACTIONS AND CONVENIENCE OF CITY LIVING.



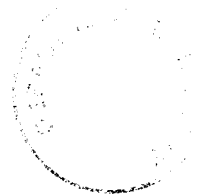
TAKEN TOGETHER, THE STARS AND THE PLANETS ARE IN THE RIGHT PLACE FOR THE NEW AGE OF TWENTIETH CENTURY CITY. WE CANNOT AFFORD TO LET ANY OF OUR PAST HABITS ROB US OF THIS GOLDEN OPPORTUNITY TO WIN BACK THESE POTENTIAL URBANITES.

YOU, YOURSELVES HAVE IDENTIFIED, IN YOUR AGENDA FOR THIS CONFERENCE, THREE OF THE GREATEST CONCERNS IN THE REVITALIZATION OF OUR CITIES: PERSONAL SAFETY, EASE OF TRANSPORTATION AND QUALITY EDUCATION.

AND, THESE ARE THE CONCERNS YOU MUST ALLEVIATE TO TAKE FULL ADVANTAGE OF THE NEW DEMOGRAPHIC TRENDS THAT RATE WITH "COSTS" AS A QUILL OF URBAN OPPORTUNITY.

AND, THOSE ARE PRECISELY THE AREAS IN WHICH CITIES AND STATES HAVE SPENT 60 PERCENT OF THEIR GENERAL REVENUE FUNDS.

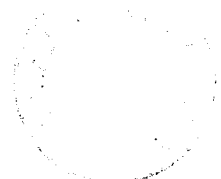
IN SHORT, BY YOUR OWN RECKONING, YOU HAVE USED YOUR GENERAL REVENUE FUNDS TO SWEETEN THE BAIT THAT WILL ATTRACT THE PEOPLE-MIX NECESSARY TO REJUVENATE YOUR CITY.



BUT, I THINK THAT UNLESS ALL OF YOU GET A LOT MORE INVOLVED IN WHAT'S NOT HAPPENING RIGHT NOW IN CONGRESS, YOU'RE GOING TO GO BACKWARDS IN YOUR PLAN TO FORWARD THE FUTURE OF YOUR CITIES.

AS CONGRESSMAN MINETA TOLD YOU ON MONDAY, "THE MOOD OF THE CONGRESS" AT THIS LATE DATE IN THE CURRENT SESSION BODES NO GOOD FOR THE FUTURE OF REVENUE SHARING. IN FACT, YOUR ODDS ARE LESS THAN 10 PERCENT THAT CONGRESS WILL RESPOND THIS YEAR TO THE PRESIDENT'S REQUEST TO RENEW THE STATE AND LOCAL FISCAL ASSISTANCE ACT WHICH EXPIRES DECEMBER 31, 1976.

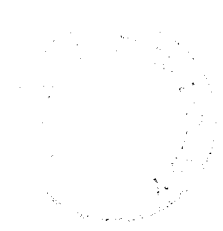
THIS DELAYED CONSIDERATION IS PARTICULARLY GRAVE IN VIEW OF THE FACT THAT MANY OF YOU FACE BUDGET DECISIONS FOR YOUR FISCAL YEAR 1977 DURING THE FIRST HALF OF CALENDAR 1976. AND, NEXT YEAR THE PROVISIONS OF THE BUDGET AND IMPOUNDMENT CONTROL ACT WILL BE IN EFFECT -- WHICH WILL PRECLUDE CONSIDERATION OF ANY SPENDING PROGRAM UNTIL AFTER THE ADOPTION OF THE FIRST BUDGET RESOLUTION ON MAY 15, 1976.



WORSE THAN THE DANGEROUS TIMING IS THE FACT THAT AT PRESENT YOU STAND A 50 PERCENT CHANCE OF LOSING THESE FUNDS ALTOGETHER.

POLITICAL GAMESMANSHIP IS JEOPARDIZING THE MOST VALUABLE DOMESTIC PROGRAM WE HAVE. ITS OPPONENTS HAVE ATTACKED THE FORMULA FOR DISTRIBUTION; THE USE OR ALLEGED NON-USE OF THE FUNDS; AND/OR THE LACK OF APPARENT APPRECIATION FOR THE PROGRAM. AND, I FEAR, SOME FOES WOULD PREFER TO RETURN TO CATEGORICAL AID WHERE GRANTSMANSHIP SEEMS TO OFFER MORE POLITICAL ADVANTAGE.

ADMITTEDLY THE ACT HAS HAD SOME PROBLEMS AND PRESIDENT FORD HAS RECOMMENDED CORRECTIONS, INCLUDING MEASURES TO TAKE ACCOUNT OF INFLATION; TO STRENGTHEN CIVIL RIGHTS PROTECTIONS; AND TO STRENGTHEN PUBLIC PARTICIPATION. YET, NO CRITIC HAS ISOLATED A COMPELLING SINGLE REASON FOR SCUTTLING THIS VITAL MEANS TO AID OUR CITIES. STILL, THE THREAT IS VERY REAL.

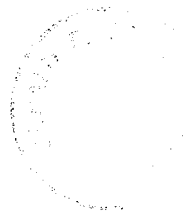


SO, THE FIRST THING YOU HAVE TO DO IS TO FIGHT TO KEEP YOUR GENERAL REVENUE SHARING FUNDS -- AND, I HAVE BEEN AMAZED AT THE LACK OF COMMOTION FROM OUR CITIES.

I UNDERSTAND THAT YOU PLAN TO SEND GROUPS OF NLC REPRESENTATIVES TO CAPITOL HILL FOLLOWING THIS CONFERENCE TO TALK RATHER FORCEFULLY WITH YOUR ELECTED REPRESENTATIVES ABOUT RENEWING THIS ACT, AND I HOPE THAT NOTHING I HAVE SAID TODAY WILL DISCOURAGE YOU FROM THAT UNDERTAKING.

IN ADDITION TO PROVIDING SERVICES TO ATTRACT BACK YOUR TAX-PAYING RESIDENTS, YOU MUST APPEAL TO THEIR SENSE OF AESTHETICS.

WE KNOW THAT THESE POTENTIAL NEW URBAN DWELLERS GRAVITATE TO HISTORIC NEIGHBORHOODS; NEIGHBORHOODS AROUND COLLEGES AND UNIVERSITIES; NEIGHBORHOODS WITH UNUSUAL ARCHITECTURAL STYLES; AND NEIGHBORHOODS NEAR PUBLIC SQUARES AND PARKS.



WE ALSO KNOW THAT THEY ARE OFTEN ATTRACTED BY THE GREATER CONVENIENCES OF URBAN LIVING. LOCAL SHOPS NOT ONLY ADD TO THE CHARACTER OF THE NEIGHBORHOOD BUT ALSO PROVIDE A LIFE-EASE OFTEN LACKING IN THE SPREAD OF SUBURBIA.

IT SOUNDS A BIT CIRCULAR; MERCHANTS WILL LOCATE WHERE THERE ARE CUSTOMERS AND CUSTOMERS WILL LOCATE WHERE THERE ARE MERCHANTS. BUT, IT IS MORE GEOMETRIC THAN CIRCULAR. FOR RESTORATION THRIVES IN THESE NEIGHBORHOODS, AND ONCE BEGUN, SPREADS TO CONTIGUOUS LESS REMARKABLE NEIGHBORHOODS.

OBVIOUSLY, CITIES ALONE DO NOT BEGIN TO HAVE THE FUNDS TO RESTORE OR TO REBUILD THESE NEIGHBORHOODS. MOST OF THE CAPITAL INVESTED IN OUR URBAN AREAS IS AND ALWAYS WILL BE PRIVATE.

BUT, YOUR LIMITED FUNDS CAN PROVIDE EFFECTIVE INCENTIVES FOR PRIVATE IN-TOWN INVESTMENT. THEY CAN BE LEVERAGED INTO A MASS THAT CAN REVITALIZE YOUR URBAN NEIGHBORHOODS.



TAKE THE GREAT LATITUDE LOCAL OFFICIALS ARE GIVEN WITH RESPECT TO THE USE OF HUD COMMUNITY DEVELOPMENT FUNDS. IT IS RECOGNIZED IN THE 1974 ACT -- REALLY FOR THE FIRST TIME - THAT EACH CITY IS DIFFERENT AND EACH NEIGHBORHOOD WITHIN EACH CITY IS DIFFERENT; THAT THERE ARE NO ALL-PURPOSE FORMULAS TO PRODUCE URBAN REVITALIZATION.

IN THE FIRST YEAR YOU EMPHASIZED PRESERVATION. OF THE \$2.6 BILLION IN COMMUNITY DEVELOPMENT ENTITLEMENT GRANTS, CITIES BUDGETED OVER 60 PERCENT FOR URBAN PRESERVATION ACTIVITIES.

BUT, THE IMPACT WAS STILL FAR LESS THAN THE POTENTIAL - THE PRIMARY REASONS, AS SHOWN IN HUD STUDIES, BEING LACK OF FOCUS AND INADEQUATE CITIZEN INVOLVEMENT.

IN VIEW OF THE RATIO OF NEED TO MEANS, YOU SIMPLY CANNOT SHOOT FOR LESS THAN 100 PERCENT OF THE POTENTIAL. YET, OF 140 COMMUNITY DEVELOPMENT APPLICANTS STUDIED, A MAJORITY DID NOT EVEN DISCUSS PARTICIPATION IN CONTEMPLATED COMMUNITY DEVELOPMENT ACTIVITIES WITH THE MAJOR LOCAL PRIVATE INVESTORS. ONLY ONE AUGMENTED ITS COMMUNITY DEVELOPMENT FUNDS WITH MONEYS FROM STATE OR OTHER LOCAL GOVERNMENT SOURCES.



CITIES HAVE TREATED THE CITIZEN PARTICIPATION REQUIREMENT OF THE COMMUNITY DEVELOPMENT PROGRAM MERELY AS AN OBLIGATION TO LISTEN - YET IT IS EQUALLY AN OPPORTUNITY TO ENCOURAGE PRIVATE INVOLVEMENT.

OUR URBAN REINVESTMENT TASK FORCE ILLUSTRATES THAT INVOLVEMENT OF LOCAL REAL ESTATE AND LENDING FIRMS IN DEVELOPING PRESERVATION STRATEGIES ENCOURAGES PRIVATE INVESTMENT.

THE CONSTRUCTION TRADES ALSO SHOULD BE INVOLVED. JUST LAST APRIL, THE NATIONAL ASSOCIATION OF HOMEBUILDERS JOURNAL OBSERVED THAT REMODELING OFFERS THE BRIGHTEST NEW BUSINESS PROSPECT FOR BUILDERS.

HARNESSING THE INITIATIVE AND DEDICATION OF PRIVATE ENTERPRISE CAN AND WILL MAKE URBAN RENAISSANCE A REALITY.

RELATED TO LEVERAGING YOUR FUND THROUGH PRIVATE PARTICIPATION, IS THE QUESTION OF HOW TO FOCUS YOUR PUBLIC MONEYS - INCLUDING YOUR COMMUNITY DEVELOPMENT FUNDS.



YOU HAVE THE OPTION OF DISPERSING THEM IN A HIGHLY VISIBLE MANNER OVER AS MUCH OF THE CITY AS POSSIBLE, WHICH MAY HAVE FEW LASTING EFFECTS BECAUSE THE AMOUNT AVAILABLE IS INADEQUATE TO MAKE A DECENT DENT.

OR, YOU CAN FOCUS YOUR FUNDS ON FEWER SELECTED NEIGHBORHOODS OFTEN IN LESS VISIBLE FORMS, BUT IN A CONCENTRATION SUFFICIENT TO MAKE A DIFFERENCE.

AND, IF YOU DECIDE TO FOCUS YOUR FUNDS IN A FEW NEIGHBORHOODS, YOU MUST DECIDE WHICH ONES: THE MOST BLIGHTED, WHICH MAY MEAN MAJOR CLEARANCE AND REDEVELOPMENT -- OR THOSE IN A TRANSITIONAL STATE, WHICH WILL PROVIDE MORE REHABILITATED HOMES FOR FEWER DOLLARS.

MANY OF OUR OLD CATEGORICAL PROGRAMS REQUIRED YOU TO FOCUS ON YOUR MOST SERIOUSLY DETERIORATED AREAS AND YOU COLLIDED WITH THE PROBLEMS OF POVERTY, UNEMPLOYMENT, HIGH CRIME RATES AND VANDALISM -- OFTEN TOO DIFFICULT TO BE SOLVED WITH THE DOLLARS AVAILABLE.

URBAN BLIGHT, LIKE A CANCER, SPREADS SO RAPIDLY IT CAN EAT UP IMPROVEMENT PLACED IN ITS MIDST. AND, IT IS DIFFICULT TO LURE BACK THE PEOPLE NECESSARY TO MAINTAIN THE RESTORATION, WHEN YOU OFFER THEM AN ISLAND SURROUNDED BY BLIGHT.

THOSE CITIES WITH SERIOUSLY ERODED TAX BASES MAY BELIEVE THAT THEIR FIRST STEP IS TO ATTRACT A HETEROGENOUS PEOPLE-MIX AND THAT THEIR FOCUS MUST BE ON NEIGHBORHOODS JUST BEGINNING TO DETERIORATE. THIS BROADENS THEIR OPPORTUNITIES FOR LEVERAGING FUNDS AND THEIR POTENTIAL FOR ATTRACTING HIGHER TAXPAYERS. HERE THE STRATEGY IS ONE OF CONTAINMENT WITH REAL SPILL-OVER POTENTIAL WHEN USED IN NEIGHBORHOODS WITH UNUSUAL FEATURES.

CERTAINLY, LOCAL TREASURY LIMITS ARE DELICATELY FINITE -- BUT, THEN, SO ARE THE RESOURCES OF THE FEDERAL GOVERNMENT -- SINCE, IN THE FINAL ANALYSIS, ALL PUBLIC MONEYS COME FROM THE PRIVATE TAXPAYER.

AND, CITIES HAVE ALREADY PROVED THAT ONE OF THE SURE WAYS OF DEPLETING THEIR INCOMES IS TO TAX THEIR TAXPAYERS RIGHT OUT OF TOWN. PATIENCE MAY YIELD MORE REAL DOLLARS IN THE LONG HAUL.

SOME OF YOU HAVE EXHIBITED SUCH PATIENCE BY YOUR WILLINGNESS TO POSTPONE TAX REVENUES AS AN INVESTMENT IN THE FUTURE.

FOR EXAMPLE, THE KENTUCKY LEGISLATURE IS BEING ASKED TO ALLOW A 5-YEAR MORATORIUM ON PROPERTY TAXES FOR RENOVATED DWELLINGS. AND WHY NOT? WHAT IS THE 5-YEAR TAX POTENTIAL OF A HOUSE THAT JUST SITS THERE AND ROTS?

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.

KANSAS CITY HAS SIMPLIFIED BUILDING CODES AND SOUGHT TO ENHANCE COMMUNICATION BETWEEN THOSE UNDERTAKING RESTORATION AND LOCAL BUILDING INSPECTORS. SINCE 75 PERCENT OF URBAN RESTORATIONS ARE MADE BY OWNER-OCCUPANTS, ANY REDUCTION IN FRUSTRATING RED-TAPE SPEEDS RENEWAL AND SPREADS THE WORD.

SOME CITIES 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. ASK THE CITY PLANNERS IN CHICAGO, GALVESTON, PHILADELPHIA AND PORTLAND.

THE POINT IS NOT THAT ANY ONE - OR EVEN ANY COMBINATION OF THESE EXAMPLES - MIGHT TURN THE CORNER FOR YOUR CITY. BUT, EACH OF THEM, IN TURN, PROVES THAT THERE IS AN ALTERNATIVE TO "HABIT" THINKING.

BY THE SWIFT CLOCK THAT COUNTS THE DAYS IN THIS FOURTH QUARTER OF THE 20TH CENTURY, IT TOOK OUR CITIES A LONG TIME TO GET TO THEIR PRESENT PREDICAMENT.

ALL OF US PUT TOGETHER -- JOINED BY ALL OUR REALTORS, LENDERS, BUILDERS, CONSUMERS AND INVESTORS - AREN'T GOING TO REVERSE THIS GREAT, THREATENING MONSTER OVERNIGHT.

BUT, AS YOU HAVE SHOWN BY YOUR DELIBERATIONS AND PLANNING HERE AT YOUR 51ST ANNIVERSARY CONFERENCE -- THE JOB CAN, AND WILL BE DONE WITH THE APPLICATION OF NEW THINKING AND INVENTIVE IDEAS.

HAPPY 51ST BIRTHDAY - AND I HOPE TO SEE YOU ON CAPITOL HILL.

