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VICE PRESIDENT'S WHITE HOUSE PUBLIC FORUM

LOS ANGELES, CALIFORNIA

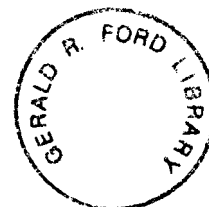
DECEMBER 9, 1975

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT IS JUST 10 YEARS OLD. IT IS SPECIFICALLY AUTHORIZED BY CONGRESS TO "ASSIST" IN THE DEVELOPMENT OF WORKABLE URBAN COMMUNITIES -- WHICH INCLUDES DECENT HOUSING -- PARTICULARLY FOR PEOPLE WITH LOW AND MODERATE INCOMES.

I ACCENT THE WORD "ASSIST" -- BECAUSE IT IS NEITHER OUR MANDATE NOR OUR INTENT TO TAKE OVER THE JOB OF RUNNING ANY OF OUR NATION'S INDEPENDENT STATES OR LOCALITIES.

UNDER THE 1974 ACT, HUD IS AUTHORIZED TO GIVE LOCAL COMMUNITIES \$8.3 BILLION FOR COMMUNITY DEVELOPMENT OVER THE FIRST 3 YEARS -- WITH \$2.6 BILLION IN THIS PAST YEAR ALONE.

THESE FUNDS ARE GIVEN TO THE LOCALITIES WITH THE FEWEST POSSIBLE STRINGS ATTACHED, ALLOWING THEM GREAT FLEXIBILITY IN MEETING REAL LOCAL NEEDS AS IDENTIFIED BY THE PEOPLE WHO ACTUALLY LIVE THERE.



IT IS, IN FACT, A GOVERNMENT PROGRAM-IN-ACTION EXEMPLIFYING THE SAME BASIC OF DEMOCRACY THAT IS ENVOKED BY THIS FORUM TODAY.

IN LOOKING AT THE PLIGHT OF THE CITIES, WE KNOW THAT THEY ARE GRAPPLING WITH THE PROBLEMS CAUSED BY LAST DECADE'S MASSIVE OUT-MIGRATION TO THE SUBURBS OF TAXPAYING MIDDLE-INCOME PEOPLE AND BUSINESS.

OUR FIRST YEAR WITH THE COMMUNITY DEVELOPMENT GRANTS SHOW, UNMISTAKENLY, THAT IF THE FEDERAL GOVERNMENT KEEPS ITS HEAVY HAND OUT OF LOCAL DECISION-MAKING, THE CITIES ARE CAPABLE OF MAKING THE RIGHT MOVES TO HELP THEMSELVES.

THEY HAVE SPENT MORE THAN 60 PERCENT OF THE \$2.6 BILLION GRANTED FOR PRESERVING AND REHABILITATING WORN-DOWN NEIGHBORHOODS TO ATTRACT PEOPLE WHO CAN HELP PAY THEIR BILLS.

IN ADDITION, STATES AND CITIES HAVE SPENT MORE THAN 60 PERCENT OF THE NEARLY \$30 BILLION IN REVENUE-SHARING FUNDS FOR PUBLIC SAFETY, TRANSPORTATION AND EDUCATION -- CLEARLY CONCERNS THAT MUST BE ADDRESSED IF PEOPLE ARE WILLINGLY GOING TO RETURN TO CITY LIVING.



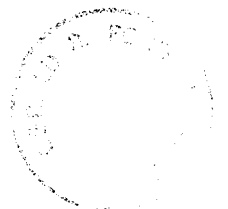
ANOTHER IMPORTANT PART OF OUR ACT PROVIDES RENTAL SUBSIDIES FOR LOWER INCOME FAMILIES -- ALLOWING THEM TO FIND DECENT QUARTERS IN QUALIFIED BUILDINGS OF THEIR OWN CHOOSING, AT A RENTAL THEY CAN AFFORD TO PAY.

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

ALL THIS IS FACT, BUT THE HOUSING INDUSTRY IS STILL NOT ROBUST, AND YOU HAVE A RIGHT TO ASK WHAT IS HUD DOING ABOUT IT.

THE FIRST THING WE ARE DOING IS GIVING ALL-OUT SUPPORT TO PRESIDENT FORD'S ECONOMIC PROGRAM.

THE HOUSING RECOVERY IS TIED TO THE RECOVERY OF THIS COUNTRY'S OVERALL ECONOMY. UNLESS THIS NATION CAN HALT INFLATION AND REDUCE THE DISPARITY BETWEEN ACTUAL COSTS AND REAL INCOME, THE HOUSING INDUSTRY CANNOT RECOVER.



ALL OF US KNOW THE BAD NEWS. THE GOOD NEWS IS THAT THE PRESIDENT'S NATIONAL PLAN HAS STARTED TO TURN THE ECONOMY AROUND.

IN HOUSING, SALES OF NEW HOMES HAVE RISEN 46 PERCENT SINCE THE FIRST OF THE YEAR. THERE HAS BEEN A 66 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.

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 WILL INVOLVE \$264 MILLION IN NEW CONTRACT AUTHORITY.

BY ANY TOTAL INDUSTRY YARDSTICK, \$264 MILLION MIGHT SEEM LIKE A SMALL PATCH ON THE ROOF. BUT, IT'S 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 THESE PROGRAMS -- WITH CAUTION -- WITH AN EYE ON THE TOTAL ECONOMY.



WE KNOW THAT IF WE MAKE EXCESSIVE USE OF THESE STIMULANTS, WE WILL INJURE THE HOUSING INDUSTRY JUST AS IT IS REGAINING ITS HEALTH. MUCH GREATER TREASURY BORROWING WILL DRIVE UP THE COST OF MORTGAGE MONEY, AND DRIVE AWAY HOMEBUYERS WHO WOULD OTHERWISE ENTER THE MARKET, AND THROW MORE CONSTRUCTION WORKERS OUT OF WORK.

THE INDUSTRY IS FORGING AHEAD, AND SO IS THE OVERALL ECONOMY.

AND, I AM CONFIDENT THAT WE ARE GOING TO MAKE IT, BECAUSE PEOPLE LIKE YOU ARE COMING TO MEETINGS LIKE THIS ONE, AND ARE AGAIN CONTRIBUTING YOUR THOUGHTS.

