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NATIONAL HOUSING CONFERENCE

FEBRUARY 29, 1976

GOOD AFTERNOON.

IT SEEMS LIKE EONS AGO THAT I STARTED AT HUD, SO IT'S HARD FOR ME TO REALIZE IT WILL ONLY BE ONE YEAR -- AS OF MARCH 10TH.

WE HAVE COME A LONG WAY TOGETHER IN THAT TIME -- THROUGH FRUSTRATIONS, DISAPPOINTMENTS AND SOME SUCCESSES -- DURING WHICH I HAVE LEARNED MUCH FROM YOUR FINE 45-YEAR-OLD ORGANIZATION, AND HAVE COME TO COUNT ON YOUR WISDOM AND COUNSEL IN THIS VITAL AMERICAN MISSION WE SHARE IN COMMON.

LEON WEINER, PARTICULARLY, HAS BEEN MOST GENEROUS IN GIVING BOTH HIS TIME AND HIS SUPPORT -- TYPICALLY, CALLING THE SHOTS AS HE SEES THEM, WITHOUT FEAR OR FAVOR.

AND, WELL DO I REMEMBER HIS ENCOURAGEMENT ALONG ABOUT THIS TIME LAST YEAR -- ENCOURAGING ME TO STAY ON AT JUSTICE AND PURSUE MY CAREER AS A LAWYER.



IT SAYS SOMETHING FOR TOGETHERNESS AND CANDOR, THAT LEON TOLD ME -- A COUPLE OF WEEKS AGO -- HE IS NOT TOO PUT OUT BECAUSE I FAILED TO TAKE HIS ADVICE.

ALTHOUGH, FRANKLY -- LOOKING BACK -- THERE WERE TIMES, IN THE EARLY MONTHS, WHEN I WAS NOT SURE THAT I SHOULDN'T HAVE TAKEN HIS GOOD COUNSEL TO HEART.

NEED I RE-CAP THE REASONS?

.....A SICK NATIONAL ECONOMY IN THE CRUX OF CRISIS;

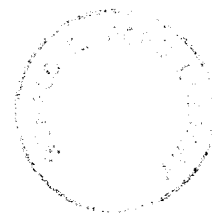
.....A HOUSING INDUSTRY BEARING THE BRUNT -- AND THE FALLOUT -- OF A CONTAGIOUS TEN-YEAR INFLATION;

.....TRADITIONAL HOMEBUYERS PRICED OUT OF THE MARKET;

.....HOUSING STARTS DOWN;

.....CONSTRUCTION UNEMPLOYMENT UP;

.....SERIOUS SHORTAGES IN HOUSING AT ALL LEVELS -- PARTICULARLY FOR THE POOR;



.....AND, AT HUD -- A DEPARTMENT IN TRANSITION, WITH MANY OLD PROGRAMS AT A HALT, AND THEIR REPLACEMENTS STILL TO BE CRANKED UP.

UNDER THE CIRCUMSTANCES, ONE MIGHT ASK: WHO WOULD EVEN WANT TO BE AT HUD AT A TIME LIKE THAT?

WELL, I DID AND I DO -- BECAUSE IF THE CHALLENGE TO OUR NATIONAL WAY OF LIFE WAS TO BE MET, HOUSING HAD TO BE ONE OF THE PRINCIPAL AREAS IN WHICH THE GREAT BATTLE FOR RECOVERY WOULD BE JOINED.

FOR, WHERE HUD'S PRIMARY RESPONSIBILITY HAD BEEN DECENT HOUSING FOR THE POOR, ITS CONCERN -- A YEAR AGO -- HAD SPREAD TO THE TRADITIONAL NEW HOME BUYERS IN THE MIDDLE INCOME LEVELS AS WELL.

FOR SURELY, WE COULD ACCOMPLISH NONE OF HUD'S OBJECTIVES UNLESS WE FIRST HAD A HOUSING INDUSTRY HEALTHY ENOUGH TO HELP SUSTAIN AND CARRY OUT OUR PROGRAMS.

THUS, WE HAD PASSED WELL BEYOND THE RELATIVELY SIMPLE SINGLE POLICY SOLUTION OF STIMULATING CONSTRUCTION BY BUILDING HOUSING FOR THE POOR, ALONE. CONSTRUCTION RESURGENCE WAS URGENTLY NEEDED IN ALL SECTORS OF THE HOUSING INDUSTRY -- AND PEOPLE WERE, AT THE SAME TIME, IN NEED OF HOUSING AT ALL LEVELS OF INCOME FROM THE MIDDLE-INCOME FAMILIES DOWN.

SHEER NECESSITY HAD PREEMPTED OUR OPTIONS. WE HAD THE CLEAR CHOICE OF SOLVING THE WHOLE PROBLEM ITSELF, IF WE HOPED TO SOLVE ANY OF ITS PARTS.

WE HAD TO STIMULATE CONSTRUCTION AND SHELTER OUR LOW INCOME FAMILIES -- WITH THE ACCENT ON SHELTER, NOT NECESSARILY EXCLUSIVELY ON NEWLY BUILT STRUCTURES.

I DON'T HAVE TO REMIND ANYBODY HERE, THAT ONE THING THIS POLICY MATTER STIMULATED WAS A GREAT DEAL OF ROBUST DEBATE -- WITH REASON ABOUNDING ON BOTH SIDES.

NEVERTHELESS, RECOVERY OF THE HOUSING INDUSTRY WAS INESCAPABLY TIED TO THE RECOVERY OF THE ECONOMY AS A WHOLE, AND ALTHOUGH IT MADE FOR SOME TOUGH AND AGONIZING CALLS, WE GAUGED OUR ACTIONS AT HUD TO THE REQUIREMENTS OF THE OVERALL ECONOMIC RECOVERY PROGRAM.

THIS MEANT TARGETING OUR FEDERAL FUNDS TO SPECIFIC NEEDS OF THE OVERALL HOUSING INDUSTRY IN SUCH A WAY THAT THEY WOULD SPARK THE ECONOMY WITHOUT IGNITING ANOTHER INFLATION.

AT THE SAME TIME, IT MEANT MOVING PROGRAMS TO HOUSE THE GREATEST NUMBER OF POOR IN DECENT, AFFORDABLE SHELTERS -- AND IN THE QUICKEST POSSIBLE WAY.

THERE WAS ENOUGH EVIDENCE TO SHOW THAT WE COULD LOSE BOTH BATTLES BY TRYING TO FIGHT THEM WITH THE SAME WEAPONS BECAUSE, IN TRUTH, EACH WAS RELATED TO A DIFFERENT NEED.

OUR STRATEGY WAS TO PURSUE THEM SEPARATELY -- AND THE SIGNS ARE THAT THE STRATEGY HAS BEEN WORKING. WE'RE NOT OUT OF THE WOODS, ENTIRELY, AS YOU KNOW, BUT WE ARE MAKING PROGRESS.

THE ECONOMY HAS RECOVERED STEADILY SINCE LAST APRIL -- SAW-TOOTHED THOUGH THE UPWARD CURVE HAS BEEN. AND, THE HOUSING INDUSTRY HAS FOLLOWED SUIT.

MORTGAGE MONEY IS LOOSENING AS RECORD SAVINGS FLOW INTO OUR THRIFT INSTITUTIONS -- AND MORTGAGE INTEREST RATES HAVE STABILIZED AND ARE BEGINNING TO EDGE DOWNWARD.

HOUSING PRODUCTION HAS ALSO BEGUN TO REBOUND, AND ECONOMISTS ARE ALREADY REVISING THEIR END-YEAR ESTIMATES UPWARDS.

HUD'S STIMULANTS HAVE BEEN PINPOINTED TO INDUCE THIS RECOVERY -- SPECIFICALLY THROUGH THE USE OF MORTGAGE PURCHASE ASSISTANCE FUNDS TO CUSHION THE DEVASTATING EFFECT OF INFLATION ON SINGLE-FAMILY HOME BUYERSHIP.

OVER TWO YEARS, HUD HAS OFFERED TO BUY FOR RESALE \$15 BILLION WORTH OF MORTGAGES BEARING BELOW-MARKET INTEREST RATES ON SOME 500,000 NEW HOMES -- ENOUGH TO CRANK UP THE SINGLE-FAMILY HOUSING INDUSTRY WITHOUT CRANKING UP MORE INFLATION.

IN OCTOBER, THE PRESIDENT APPROVED HUD'S USE OF \$264 MILLION TO REACTIVATE ITS HOMEOWNERSHIP PROGRAM UNDER WHICH WE SUBSIDIZE -- DOWN TO 5 PERCENT -- MORTGAGES IN THE RANGE OF \$20,000 TO \$25,000. THIS TRANSLATES INTO ABOUT 250,000 NEW HOMES, GENERATES \$6.5 BILLION IN CONSTRUCTION ACTIVITY AND PUTS 500,000 PEOPLE BACK TO WORK.

MEANWHILE, TO ATTACK THE EQUALLY PRESSING PROBLEM OF SHELTERING OUR LOWEST INCOME FAMILIES, WE STEPPED UP THE LAUNCHING OF OUR RENTAL SUBSIDY PROGRAM UNDER SECTION 8.

OUR BUDGET FOR THE COMING FISCAL YEAR WILL PROVIDE ASSISTANCE FOR 400,000 RENTAL UNITS.

THIS FIGURE BREAKS DOWN, ROUGHLY, INTO 125,000 NEW OR SUBSTANTIALLY REHABILITATED UNITS. 165,000 EXISTING UNITS. AND 110,000 UNITS -- EITHER OWNED OR ASSISTED BY HUD -- WHICH ARE NOT NOW FINANCIALLY SOUND AND ARE IN REAL JEOPARDY.

WE ALSO PUT INTO ACTION THE REVISED 202 PROGRAM FOR THE ELDERLY AND THE HANDICAPPED -- WHICH WILL PROVIDE DIRECT LOANS FOR 16,000 HOUSING UNITS IN THE YEAR AHEAD.

BUT, THE IMPORTANCE OF THESE INDIVIDUAL PROGRAMS, NOTWITHSTANDING, IT IS PARADOXICALLY REMARKABLE THAT THE YEAR 1975, WHICH PROVIDED ITS SHARE OF GRIEF FOR THE HOUSING INDUSTRY, WAS ALSO THE YEAR OF ONE OF THE MOST SIGNIFICANT DEVELOPMENTS FAVORING THE FUTURE OF URBAN HOUSING.

BECAUSE, FOR HUD, 1975 WAS THE YEAR WE LAUNCHED THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.

NOT ONLY WAS THE LAUNCHING OF THIS HISTORIC PIECE OF LEGISLATION IN THE SHORT ACTION PERIOD FOLLOWING THE PASSAGE OF THE 1974 ACT -- SURELY A FEAT FOR WHICH THE DEDICATED HUD STAFF DESERVE OUR UNRESERVED PRAISE AND THANKS -- BUT, IT WAS THE YEAR IN WHICH LOCAL JURISIDCTIONS AND THE PEOPLE THEMSELVES PROVED BEYOND QUESTION THAT THEY ARE PERFECTLY CAPABLE OF TACKLING THEIR OWN TOUGHEST PROBLEMS AND COMING UP WITH THE RIGHT SOLUTIONS.

THE YEAR-END REPORT -- WHICH WE PRESENTED TO CONGRESS ON DECEMBER 30TH (ONE WHOLE DAY AHEAD OF DEADLINE), INDICATED THAT 67 PERCENT OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS ARE BEING USED FOR "PREVENTION OF SLUMS AND BLIGHT" -- AND "CONSERVATION AND EXPANSION OF HOUSING STOCK".



BECAUSE THE DISPOSITION OF THESE "NO-STRINGS-ATTACHED" SPECIAL REVENUE FUNDS -- TOTALING \$8.3 BILLION THROUGH FISCAL 1977 -- ARE, AND WILL BE, OF SINGULAR SIGNIFICANCE TO THE FUTURE OF OUR MUTUAL LABORS, LET ME QUICKLY SUMMARIZE THE REPORT HIGHLIGHTS:

.....FROM THE FISCAL 1975 APPROPRIATION, HUD MADE 2,950 GRANTS TOTALING \$2.5 BILLION. ABOUT 88 PERCENT OF THE FUNDS WENT TO ENTITLEMENT CITIES AND URBAN COUNTIES.

.....METROPOLITAN APPLICATIONS INDICATE THAT 71 PERCENT OF THE FUNDS WILL GO INTO NEIGHBORHOODS WHERE INCOME IS 80 PERCENT OR LESS THAN THE METROPOLITAN AREA MEDIAN.

.....PROGRAM REGULATIONS AND GUIDELINES HAVE BEEN DRASTICALLY REDUCED ALL AROUND. FOR EXAMPLE, APPLICATIONS ARE NOW AVERAGING 50 PAGES -- AS OPPOSED TO AN UNBELIEVABLE 1,400 PAGES IN THE DAYS OF THE CATEGORICAL GRANT-IN-AID PROGRAMS.



.....ALL STEPS INVOLVED IN BLOCK GRANTS -- APPLICATION, HUD REVIEW, APPROVAL AND CONTRACTING -- NOW AVERAGE 8 MONTHS, START TO FINISH. UNDER THE CONVENTIONAL URBAN RENEWAL PROGRAM, IT TOOK MORE THAN TWO-AND-A-HALF YEARS.

THUS, THE PROGRAM IS CARRYING OUT THE OBJECTIVES OF CONGRESS, THE ADMINISTRATION, AND MOST IMPORTANTLY -- THE PEOPLE OF THIS COUNTRY BY:

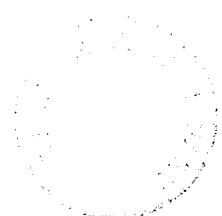
.....ESTABLISHING LOCAL HOUSING GOALS;

.....LOOKING TO THE PRESSING NEEDS OF LOWER-INCOME RESIDENTS;

.....SHIFTING AUTHORITY TO LOCAL GOVERNMENT;

.....SHARPLY REDUCING THE JUNGLE OF FEDERAL RED-TAPE;

.....AND, INCREASING THE CERTAINTY OF FUTURE FUNDING.



CERTAINLY, I MAKE NO CLAIM OF PROGRAM PERFECTION. WE ALL KNOW WE STILL HAVE A LOT OF WORK -- AND CONTINUED HOMEWORK -- AHEAD OF US. BUT THE SUCCESSES HAVE FAR OUTWEIGHED THE PREDICTED PROBLEMS AND GIVE US A BASIS TO SAY THAT WE ARE ON THE RIGHT TRACK.

FROM THE STANDPOINT OF BUILDER SELF-INTEREST, THE RECLAMATION OF OUR URBAN CENTERS -- UNDERTAKEN AT THE OPTION AND THE VOLITION OF THE PEOPLE THEMSELVES -- PROVIDES THE BEST PROSPECT FOR FUTURE INDUSTRY GROWTH IN THE METROPOLITAN AREAS OF THIS COUNTRY.

THE HOUSING ASSISTANCE PLANS OF OUR COMMUNITIES LEAVE LITTLE DOUBT THAT DECENT HOUSING IS CENTRAL TO URBAN RECLAMATION. PRESERVATION OF EXISTING STOCK IS, INDEED, A GOAL -- BUT NEW HOUSING IS ALSO NEEDED.

TO HELP MAKE SURE THAT HUD HOLDS UP ITS END OF THIS VITAL PARTNERSHIP WE SHARE, WE HAVE SET, AS ONE OF OUR MOST UNRELENTING PRIORITIES, THE JOB OF MAKING HUD IMMEDIATELY RESPONSIVE TO THE URGENT DEMANDS OF THIS CRUCIAL PERIOD IN AMERICAN HOUSING.

I WILL CANDIDLY ADMIT THAT AT LEAST SOME OF MY INITIAL RESOLVE WAS PROMPTED BY A DESIRE TO REMOVE ANY AND ALL CAUSES FOR YOUR CRITICISM. BUT, THE SIMPLE FACT IS THAT THE AWESOME JOB LAID ON US BY THE NEW ACT OF 1974, COUPLED WITH THE ECONOMIC CRISIS AT HAND, GIVE US NO OTHER CHOICE.

SAY WHAT YOU WILL ABOUT THE SLOW-MOVING BUREAUCRACY IN GENERAL -- AND I HAVE SAID A FEW CHOICE THINGS MYSELF -- I AM JUSTIFIABLY PROUD OF THE PEOPLE AT HUD.

WE HAVE INITIATED A MANAGEMENT PROGRAM THAT IDENTIFIES OUR GOALS AND INVOLVES OUR REGIONAL ADMINISTRATORS AND OUR FIELD OFFICE DIRECTORS IN NEGOTIATING THE PERFORMANCE LEVELS -- SO THAT ALL THREE LEVELS OF OUR ORGANIZATION KNOW WHAT OUR GOALS ARE AND WHAT IS THEIR ROLE IN REACHING THAT GOAL.

WE TRACK OUR PROGRESS IN MEETING THESE GOALS ON A MONTHLY BASIS. THUS, IF WE SEE WE ARE FALLING BEHIND ON GOAL TARGETS AS SINGLE-FAMILY DISPOSITION, WE CAN DETERMINE WHETHER A REGION SUCH AS CHICAGO, WHICH HAS COMMITTED TO DISPOSE OF 16,000 UNITS HAS FALLEN BEHIND, AND IT IN TURN CAN DETERMINE WHETHER ONE OF ITS AREA OFFICES SUCH AS MILWAUKEE, WHICH HAS A COMMITMENT OF 467 UNITS HAS FALLEN BEHIND -- AND WE ALL CAN TAKE STEPS TO REMEDY THE PROBLEM.

IN ADDITION, WE HAVE TRIED VERY HARD TO MEET OUR DEADLINES WITH CONGRESS -- OUR REPORT TO CONGRESS ON COMMUNITY DEVELOPMENT BLOCK GRANTS IS ONE GOOD EXAMPLE -- BUT THERE ARE MANY OTHERS.

AND, WE ARE PUBLISHING REGULATIONS RIGHT ON THE DATE PROMISED.

SO, I CAN SAY HONESTLY -- IF WE HAVEN'T ALWAYS SUCCEEDED IN EVERY AREA WHERE THERE IS A HUD PRESENCE, IT CERTAINLY ISN'T FROM NOT TRYING.

AND, WE ARE FIGHTING THE GOOD FIGHT WITH ALL THAT RED TAPE THAT BINDS US. OUR PROGRAMS ARE IN CONSTANT REVIEW AND I COUNT THAT DAY WON, WHOSE LOW DESCENDING SUN SEES AN UNNEEDED STEP -- OR FORM -- LAID TO REST IN HUD'S ARCHIVES.

TRUE, SECTION 8 HAS RESIDUE PROBLEMS TO PLAGUE US. BUT EVEN THERE, AS THE SAYING GOES, I VIEW OUR CHANCES OF SUCCESS WITH "CAUTIOUS OPTIMISM".



ALL IN ALL, I MUST SAY THAT MY 355 DAYS AT HUD --
CORRECTION, 356 COUNTING TODAY'S LEAP YEAR ADDITION --
HAVE BEEN ANYTHING BUT A BORE.

IF IT HAS BEEN STIMULATING -- AS WELL AS CHALLENGING
AND REWARDING -- YOU HAVE HELPED MAKE IT SO FOR ME.

"PARTNERSHIP" IS NOTHING BUT A PLEASANT-SOUNDING WORD
UNLESS IT EMBRACES THE FULL SPECTRUM OF VITAL COMMUNICATION
NECESSARY FOR MUTUAL ACCOMPLISHMENT.

I HAVE SAID THIS TO OUR GOOD FRIEND LEON WEINER -- AND
I NOW SAY TO YOU: I BELIEVE WE ARE PARTNERS, IN THE FULL
SENSE OF THE WORD. AND, I'M LOOKING FORWARD TO THIS YEAR
OF SOLID ACCOMPLISHMENT -- FOR HUD, FOR THE NATIONAL HOUSING
CONFERENCE, AND FOR THE PEOPLE WHOSE FUTURE WE HOLD IN MUTUAL
TRUST.

