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**EINAL** 

## OHIO MUNICIPAL LEAGUE SEPTEMBER 15, 1976

IT IS A SPECIAL HONOR TO BE INVITED HERE. IN FACT, WHEN YOUR PRESIDENT, MAYOR LAWTHER FIRST EXTENDED THE INVITATION -- A WEEK BEFORE THE REPUBLICAN CONVENTION -- I CONSIDERED IT A GOOD OMEN.

I JUST KNEW YOU DIDN'T EXPECT TO BE HEARING, TODAY, FROM A LAME-DUCK SECRETARY OF HUD.

IN THESE SEVEN SHORT WEEKS BEFORE THE NATIONAL ELECTION, IT IS ALMOST IMPOSSIBLE TO DIVORCE ANYTHING ANYONE IN PUBLIC LIFE SAYS FROM THE REALITIES OF THE NATIONAL POLITICAL SITUATION.

IN FACT, LAST WEEK, I WENT TO THE "HILL" TO TESTIFY FAVORABLY ON THE NATIONAL WEIGHBORHOOD POLICY ACT LEGISLATION NOW UNDER STUDY BY THE HOUSE BANKING AND CURRENCY SUBCOMMITTEE ON HOUSING.

THAT APPEARANCE, ON BEHALF OF THE ADMINISTRATION -- ROUTINE IN THE LIFE OF ANY CABINET MEMBER -- WAS TO BE WHAT IS KNOWN ON CAPITOL HILL AS A "CAKEWALK". SOME CAKEWALK' EVERY STATEMENT I MADE IN THIS "ROUTINE" TESTIMONY WAS SCRUTINIZED AS THOUGH I WERE TRYING TO WHEEL A TROJAN HORSE INTO THE CONGRESSIONAL INNER-SANCTUM.



So, LET ME ASSURE YOU AT THE OUTSET: I BRING NO SUSPICIOUS GIFT HORSE TO YOUR DELIBERATIONS TODAY. BUT, IF WHAT I SAY SEEMS TO HAVE A POLITICAL CAST, THE FACT IS THAT HOUSING AND URBAN DEVELOPMENT IS ONE OF THE KEY CAMPAIGN ISSUES THIS YEAR -- AND THERE IS A BASIC DIFFERENCE IN APPROACH ON HOW TO BEST CHANNEL FEDERAL HOUSING SUBSIDIES INTO THE ECONOMY.

Let us begin, then, by taking stock. Where were we a year ago? What have we done about it? What have we learned? Where can we go?

None of us can forget that in 1975, the major question-mark was whether our national economy would sustain the forward momentum which was then on the cusp of a positive turn-around -from the bleak and depressing 12-month period of a terrifying recession compounded by unceasing inflation.

For surely, if America was to do anything to stem the deterioration of its urban centers -- and cope, as well, with the problems of its smaller communities -- it first needed a robust economy to support that effort. URBAN TAX REVENUES WERE WAY DOWN, VOTERS WERE TURNING DOWN BOND ISSUES AT A CHILLING RATE, NEW YORK AND OTHER CITIES WERE ON THE BRINK OF FINANCIAL FAILURE, ONE OF HUD'S MOST VISIBLE CONTRIBUTIONS SEEMED TO BE 51,000 ABANDONED HOMES, AND HUD'S NEW RENTAL SUBSIDY PROGRAM WAS BARELY OFF THE GROUND WITH THE "EXPERTS" SAGELY PREDICTING THAT WE COULDN'T POSSIBLY MEET OUR GOAL OF RESERVING FUNDS FOR 400,000 FAMILIES BEFORE THE NEXT FISCAL YEAR.

SO, HERE WE ARE -- ONE YEAR LATER.

The nation and its economy survived -- in spite of the doomsayers -- and the delicate health of the economic upturn, which we watched so fretfully a year ago, has become stronger with each passing month. Tax revenues of state and local governments are more than 11 percent above last year's level. HUD's inventory of unsold homes has been reduced by a third for a 42-year sales record. And many of those homes have found new owners -- eager to put them back into tip-top living condition -- under our Urban Homesteading programs such as those in Cincinnati and here in Columbus. WE ALREADY HAVE CONTRACTED TO ASSIST MORE THAN 300,000 RENTAL UNITS, AND WILL CLEARLY MEET OUR 400,000 GOAL BEFORE October 1st -- when Fiscal 1977 commences.

IN MY VIEW PRESIDENT FORD NOT ONLY PROVED THE SOUNDNESS OF HIS ECONOMIC COURSE, HE SET THE TONE FOR A NEW NATIONAL AWARENESS, THAT AMERICA'S WISDOM DOES NOT RESIDE ENTIRELY IN THE CORRIDORS OF CONGRESS OR WITH THE FEDERAL FORM MAKERS --THAT THE COMMUNITIES ACROSS OUR DIVERSE LAND VERY OFTEN CAN DEVISE BETTER SOLUTIONS FOR THEIR INDIVIDUAL PROBLEMS THAN CAN CONGRESS WHICH DEALS IN NATIONAL STATISTICS AND DEVISES GENERAL SOLUTIONS THAT TOO FREQUENTLY MISS THE MARK.

INDEED, THE PRESIDENT'S CONTINUING CRUSADE TO RETURN GOVERNMENT TO THE GOVERNED AND TO TRANSFER POWER AWAY FROM THE POTOMAC AND BACK TO THE PEOPLE -- HAS SO CAPTURED THE IMAGINATION OF OUR NATION IN THIS BICENTENNIAL YEAR, THAT 1976 HAS BECOME THE YEAR IN WHICH EVERY CANDIDATE FOR OFFICE IS "RUNNING AGAINST WASHINGTON".

The fact is: the Federal government over the past several decades has frustrated both those who have gone to Washington to help manage it as well as those who seek to deal with it.

-4-

PERHAPS THE MOST VIVID WORD PICTURE OF THIS FRUSTRATION WAS OFFERED BY UTAH'S SENATOR JAKE GARN WHO SAID THAT WHEN HE WAS THE MAYOR OF SALT LAKE CITY HE FELT LESS LIKE THE CHIEF ADMINISTRATOR OF AN IMPORTANT URBAN ENTITY THAN THE LOCAL MANAGER FOR THE FEDERAL GOVERNMENT.

THE GREAT AMERICAN ESTABLISHMENT THAT MEANS "WASHINGTON" TO MOST PEOPLE WITH ITS VAST ARRAY OF CONGRESSIONAL COMMITTEES AND SUBCOMMITTEES, PRESSURE GROUPS AND OFFICIAL LOBBIES -- HAS SOMEWHERE LOST TRACK OF THE FACT THAT PROGRAMS FOR THE PEOPLE CAN ONLY BE JUDGED ON HOW WELL THEY SERVE THE PEOPLE.

The Federal government does not answer the needs of the people simply by legislating new programs with fancy titles and highflown statments of purpose. Nor can it deliver the promise of America Just by throwing money at problems.

But the Federal government is what the American people have made it. It has grown to fit the expressed will of the electorate. Many of its functions and many of its agencies have survived the voters and the legislatures which put them into being. Many have outlived their usefulness, yet carry on under the protection of strong special interest groups -or voting blocs -- or simply because not enough people cared. IT TOOK A LONG TIME, AND A LOT OF LEGISLATION TO CREATE THE PRESENT TANGLE, AND IT IS NOT GOING TO CHANGE OVER NIGHT, REGARDLESS OF CAMPAIGN RHETORIC.

IT IS GOING TO TAKE A LOT OF HARD WORK AND A LOT MORE PEOPLE ARE GOING TO HAVE TO CARE -- INSIDE AND OUTSIDE GOVERNMENT.

So, where can we go from here?

Since the start of his Administration two years ago, President Ford has had under study -- and under discussion at local forums conducted personally by himself and Vice President Rockefeller -- how to improve the delivery of Federal assistance to our urban centers.

I HAVE TAKEN PART IN A NUMBER OF THOSE FORUMS.

THE PRESIDENT'S CONCERN IS WELL-WARRANTED. IN SPITE OF BILLIONS OF TREASURY DOLLARS SPENT ON URBAN PROBLEMS, TOO MANY OF OUR CITIES HAVE BEEN ON A DOWNWARD PATH FOR THE PAST TWO DECADES. ON JUNE 30TH, THE PRESIDENT APPOINTED A CABINET-LEVEL COMMITTEE ON URBAN DEVELOPMENT AND NEIGHBORHOOD REVITALIZATION, WHICH I CHAIR, TO UNDERTAKE A COMPREHENSIVE REVIEW OF ALL FEDERAL PROGRAMS WHICH AFFECT OUR URBAN AREAS; TO CONSULT WITH LOCAL OFFICIALS AND COMMUNITY GROUPS REGARDING HOW FEDERAL PROGRAMS IMPACT ON COMMUNITIES, AND TO PROPOSE TO HIM STATUTORY AND ADMINISTRATIVE CHANGES FOR IMPROVEMENT.

OUR INITIAL REVIEW OF THE AMASSED DATA QUICKLY CONFIRMED WHAT WE ALREADY SUSPECTED.

Over the past half-century, succeeding Congresses have enacted so many separate categorical programs that it defies the ingenuity of anybody to develop a coordinated strategy for a Cincinnati, a Toledo, a Cleveland, or a Columbus.

Yet, if we study the proposals being offered by the Democratic candidate, it seems evident that in spite of the criticism he heaps on an "inefficient Washington", his party's primary "solution" to our urban ills is to give the cities more "Washington" than they already have.

-7-

As you -- along with Jake Garn -- would attest, the "cure-all" programs designed in Washington to "fix" local problems do not come to you unfettered, no matter what their emotional appeal or high-minded resolve.

Today, there are so many suppliers of Federal funds with so many different schedules, rules, and regulations that it is a practical impossibility to design an efficient urban plan in or out of Washington that will get the most out of the Federal dollar. It is like asking Johns-Mansville, Frigidaire and Anaconda Copper -- each to design and each to send to the homebuyer -- its part of a house.

THOSE WHO TALK ABOUT "MANAGING THE BUREAUCRACY" OR "BRINGING WASHINGTON UNDER CONTROL" HAD BEST START WITH THAT FACT-OF-LIFE IN MIND.

I HAVE REVIEWED 103 FEDERALLY FUNDED PROGRAMS WHICH AFFECT OUR URBAN AREAS AND WHICH CARRY A PRICE TAG OF ROUGHLY \$50 BILLION A YEAR. SIXTY-THREE OF THESE ARE GRANT PROGRAMS -- OF WHICH ONLY 4 ARE BLOCK GRANTS AND 59 ARE CATEGORICALS. THE REMAINING 40 ARE MISCELLANEOUS LOAN PROGRAMS. SIGNIFICANTLY, LOCAL GOVERNMENTS ARE ELIGIBLE, DIRECT APPLICANTS IN BARELY ONE-FOURTH OF ALL THESE PROGRAMS.

ALL OTHER PROGRAM FUNDS ARE DISTRIBUTED TO THE STATES OR TO SPECIAL-PURPOSE LOCAL AGENCIES.

VIRTUALLY ALL THE 59 CATEGORICAL PROGRAMS HAVE EXTENSIVE -- OFTEN OVERLAPPING -- MANDATORY APPLICATION REQUIREMENTS, WITH FEW LIMITS ON REVIEW TIME AND NO ASSURANCE OF APPROVAL AT THE LONG END OF THE FINAL LINE.

IT IS MY STRONG BELIEF THAT OUR CITIES CAN, AND WILL, MOVE FORWARD IF THE FEDERAL ESTABLISHMENT SHIFTS EMPHASIS FROM CATEGORICAL THINKING TO BLOCK GRANT PLANNING.

I BELIEVE THE BLOCK GRANT APPROACH WHICH RELEASES FUNDS FROM WASHINGTON AND PUTS THEM IN THE HANDS AND UNDER THE AUTHORITY OF LOCAL GOVERNMENT HAS THE BEST CHANCE OF WORKING TO THE ULTIMATE ADVANTAGE OF ALL THE PEOPLE IN THAT LOCALITY.

Then funding is put beyond the narrow perspective of some "expert" in Washington, who cannot possibly graps the individual differences of the thousands of localities across this 200 square miles of great country we have, and our dollars are made more useful in attacking the actual needs of the individual community as known by the community itself. I WILL BE THE FIRST TO ADMIT THAT MUCH OF MY OWN ENTHUSIASM FOR THE BLOCK GRANT CONCEPT STEMS FROM YOUR OWN SUCCESSFUL EXPERIENCE WITH GENERAL REVENUE SHARING AND HUD'S COMMUNITY DEVELOPMENT PROGRAM.

AND PRESIDENT FORD, WHO SPENT 21 YEARS ON CAPITOL HILL FIGHTING AGAINST THE FLOW OF YOUR POWER FROM CITY HALL TO THE FEDERAL BUREAUCRACY, HAS BEEN USING THAT LONG EXPERIENCE, IN HIS ROLE AS CHIEF EXECUTIVE, TO GIVE CONTROL BACK TO THE CITIES. HIS FIGHT FOR RENEWAL OF REVENUE SHARING -- ONCE AGAIN AGAINST THOSE IN CONGRESS WHO SEE ALL WISDOM IN THE CONFINES OF WASHINGTON -- IS WELL KNOWN TO THIS AUDIENCE.

We must find it at least peculiar that this Congress which has devised so many more ways to increase the Federal debt through massive spending bills has been so recalcitrant on the one major spending program, above all others, that is crucial to your most urgent needs.

ONE MUST WONDER IF CONGRESS REALLY TRUSTS THE PEOPLE TO MAKE THEIR OWN LOCAL DECISIONS,

WHATEVER THE ANSWER, IT IS CLEAR THAT THE REAL NEEDS OF OUR CITIES, DURING THIS LONG PERIOD OF CONGRESSIONAL JOCKEYING ON REVENUE SHARING, TOOK SECOND PLACE WITH THE MAJORITY ON CAPITOL HILL.

IT IS SOMETHING TO THINK ABOUT -- BECAUSE THE FREEDOM OF LOCAL INITIATIVE IN THE REVENUE SHARING APPROACH -- WHETHER GENERAL OR SPECIAL PROGRAMS (SUCH AS COMMUNITY DEVELOPMENT BLOCK GRANTS) -- BRINGS ANOTHER IMPORTANT FREEDOM. AND THAT IS FREEDOM FROM BUREAUCRATIC RED TAPE.

Under our Community Development Block Grant program, for example, regulations have been dramatically reduced from the 1,400 pages minimum, that entangled the old categorical programs, to about 45 pages today.

And funding has increased -- not diminished as some originally had feared and predicted. President Ford has doubled the funding level of Fiscal 1975 to \$3.2 billion for the coming Fiscal Year -- which is more than twice the 1967 level of the former categorical programs our block grant program replaced,

-11-

AT THE SAME TIME WE ARE FUNDING MORE THAN TWICE AS MANY UNITS OF GOVERNMENT -- WHILE THE "HOLD HARMLESS" CLAUSE HAS PROTECTED OUR OLDER CITIES FROM REDUCTIONS IN VITAL FUNDING. Now, WE ARE CONCENTRATING ON CREATIVE NEW WAYS TO DEVELOP A FUNDING FORMULA THAT WILL RESPOND TO THE SPECIAL NEEDS OF OUR AGING COMMUNITIES.

IF WE ARE GOING TO "ABANDON" ANYTHING IN THE YEARS AHEAD, WE HAD BETTER ABANDON THE OLD NOTION -- ADMITTEDLY FINANCED AND FURTHERED OVER THE PAST SEVERAL DECADES BY GOVERNMENT-BACKED MORTGAGE LOANS -- THAT THE WAY TO DEAL WITH AN OLD CITY NEIGHBORHOOD IS TO THROW IT AWAY AND BUILD A NEW ONE IN THE SUBURBS.

Yet -- IF WE STUDY MR. CARTER'S MESSAGE ON THE FORCED PRODUCTION OF NEW HOUSING, WE BEGIN TO HEAR THE SAME FEARFUL RUMBLE OF OUT-MIGRATION THAT HELPED STRIP CITIES OF THEIR VITAL TAX BASE. FOR, MR. CARTER IS, IN EFFECT, CALLING FOR A NEW WAVE OF GOVERNMENT-FINANCED FLIGHT TO THE SUBURBS WHEN HE CALLS -- AS HE DID, ON APRIL 28, BEFORE THE PITTSBURGH PRESS -- ON THE FEDERAL GOVERNMENT TO STIMULATE THE PRODUCTION OF 2.5 MILLION HOUSING STARTS PER YEAR, WHICH IS MORE UNITS THAN EVER BEFORE IN OUR HISTORY. MR. CARTER EITHER IS NOT CONCERNED FOR OUR CITIES --IN SPITE OF WHAT HE PROFESSES -- OR IF HE IS, HE SIMPLY DOES NOT UNDERSTAND THE REALITIES OF THE SITUATION -- AS THEY ARE ALREADY SO WELL KNOWN BY CITY OFFICIALS.

CERTAINLY, THE FORD ADMINISTRATION BELIEVES IN A REASONABLE LEVEL OF HOUSING PRODUCTION -- AND PROOF IS FOUND IN OUR TANDEM MORTGAGE SUPPORT WHICH WAS JUDICIOUSLY AND EFFECTIVELY USED TO NUTURE RECOVERY OF THE HOUSING INDUSTRY -- BOTH SINGLE FAMILY AND MULTI-FAMILY.

BUT ALL OF US KNOW, BY AWFUL EXPERIENCE, THAT THE UNITED STATES GOVERNMENT SIMPLY CANNOT SUBSIDIZE SUCH A FANTASTIC NUMBER OF STARTS -- AND NOT EXPECT OVERPRODUCTION.

SURELY, WE ARE AWARE OF THE CONSEQUENCES OF OVER-PRODUCTION FOR THOSE OLDER NEIGHBORHOODS. INSTEAD OF BEING REVITALIZED, RECYCLED AND REUSED, THEY WILL SUFFER FURTHER ABANDONMENT AND NEGLECT -- THROWN AWAY IN THE OLD TRADITION OF WASTE.

IN THIS THE CHOICE IS CLEAR:

WILL THE AMERICAN PEOPLE CHOOSE TO REINSTITUTE THE DISCREDITED EXCESSES OF GOVERNMENT-FINANCED HOUSING PRODUCTION OR WILL THEY CHOOSE REASONABLE LEVELS OF PRODUCTION, BALANCED BY A CRUCIALLY NEEDED NATIONAL EFFORT TO PRESERVE AND RECYCLE THE PRECIOUS HOUSING AND NEIGHBORHOOD RESOURCES THAT HAVE FOR TOO LONG BEEN NEGLECTED? Your actions in the use of your Community Development BLOCK GRANTS OVER THE PAST YEAR UNDERSCORE THE HIGH PRIORITY THE PEOPLE IN YOUR COMMUNITIES GIVE TO NEIGHBORHOOD REVITALIZATION. INDEED, MORE THAN 60 PERCENT OF TOTAL BLOCK GRANT FUNDS TO DATE HAVE BEEN ALLOCATED TO ACTIVITIES THAT WILL REVITALIZE YOUR NEIGHBORHOODS.

AND, BASED ON THE ANALYSIS UNDERTAKEN TO DATE BY THE PRESIDENT'S NEIGHBORHOOD COMMITTEE, THERE IS OVERWHELMING EVIDENCE TO SUGGEST THAT PEOPLE IN OUR COMMUNITIES HAVE A LOT MORE FAITH IN THEIR ABILITY TO WORK OUT THEIR OWN DESTINIES THAN THEY HAVE IN THE FEDERAL GOVERNMENT TO DO IT FOR THEM.

The evidence, in fact, is so strong -- I suggest that a forward-looking approach to Federal grant programs should build on four principles:

FIRST, WE SHOULD PREFER BLOCK GRANTS TO CATEGORICALS FOR ALL THE REASONS I HAVE STATED HERE, TODAY -- PARTICULARLY IN GIVING LOCAL PEOPLE MORE CONTROL OVER THE RESOURCES THAT AFFECT THEIR LIVES. Second, funding should be provided through the elected chief executive officers of states and localities both to assure coordination in the use of available funds and accountability to the people.

THIRD, CITIZEN PARTICIPATION SHOULD BE A RULE RATHER THAN AN EXCEPTION IN FEDERAL GRANT PROGRAMS. SUCH A RULE WOULD APPLY NOT ONLY TO EXPLICIT PROGRAMS FOR THE POOR, BUT TO ALL PROGRAMS WHICH AFFECT THEM.

AND, FINALLY, MULTI-YEAR FUNDING SHOULD ALSO BE THE RULE, NOT THE EXCEPTION, SO THAT OUR COMMUNITIES CAN INTELLIGENTLY PLAN INTO THE FUTURE AND, AT THE SAME TIME, TAKE ADVANTAGE OF TIMELY OPPORTUNITIES TO GET THE MOST EFFECTIVE RETURN ON THEIR AVAILABLE FUNDS.

I DO NOT CLAIM THAT THESE FOUR PRINICPLES ARE THE BE-ALL AND END-ALL FOR EVERY FEDERAL PROGRAM. BUT, I BELIEVE THAT OUR CONSTITUENCIES WOULD FARE A LOT BETTER IF THESE BECAME THE GUIDING PRINCIPLES OF FUTURE FEDERAL PROGRAM PLANNING.

THEY HELP PUT OUR PROGRAMS OUT THERE IN THE GLARING SPOTLIGHT OF THE LOCAL ARENA WHERE THE PEOPLE THEMSELVES CAN GET TO THEM -- AND DESIGN IMPROVEMENTS TO MEET CHANGING SITUATIONS.

-15-

Unfortunately, it is true that everything -- as I said when I started, gets mixed up with politics in an election year.

BUT, I DOUBT THAT ANY OF US WOULD HAVE IT ANY OTHER WAY.

"POLITICS" IS, AFTER ALL, THE ART OR SCIENCE OF GOVERNMENT -- THE POLICIES, GOALS AND AFFAIRS OF GOVERNMENT.

AND ELECTION YEARS ARE ONE OF THE HEALTHIEST THINGS WE HAVE -- EVEN WHEN THEY INTERFERE IN THE PRACTICE OF GOVERNMENT. THEY FORCE US TO EXAMINE THE CANDIDATES AND THE POLICIES ON WHICH THEY STAND.

QUITE FRANKLY, I AM VERY PROUD, AS A MEMBER OF HIS Administration, of the role President Ford has played in restoring America's faith in its own institutions; in turning the economy in the right direction.

As his Secretary of Housing and Urban Development, I am proud to present the policies and the goals he has offered to the American people in this vital area of human existence.

THANK YOU.