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NATIONAL ASSOCIATION OF REALTORS

NOVEMBER 17, 1976

IN THE YEAR SINCE WE MET IN SAN FRANCISCO, THERE HAVE BEEN MANY CHANGES.

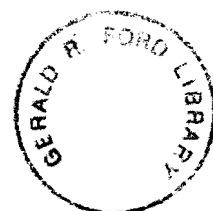
IN FACT, ONE OF THEM TOOK PLACE TWO WEEKS AGO YESTERDAY.

IT IS HARDLY NECESSARY TO TELL AN AUDIENCE OF REALTORS THAT YOU WIN SOME AND YOU LOSE SOME.

THAT ASIDE, THE PAST YEAR HAS BEEN A BIG WINNER FOR YOU, FOR THE HOUSING INDUSTRY, AND FOR HUD. WE HAVE SUCCESSFULLY WORKED TOGETHER TO REDUCE BUREAUCRATIC INTERFERENCE.

TODAY EVEN "RESPA" IS NO LONGER A "BOO OF THE WEEK", AND TOGETHER, WE DID STIMULATE THE FLOW OF INVESTMENT CAPITAL.

THERE CAN BE NO QUESTION BUT THAT WE ARE IN THE MIDST OF A ROBUST HOUSING RECOVERY. IF WE FAIL TO BUILD ANOTHER SINGLE-FAMILY HOME THIS YEAR, IT WILL BE THE FOURTH BEST YEAR ON RECORD, AND WE HAVE ENJOYED 16 CONSECUTIVE MONTHS OF RECORDS IN THE SALE OF EXISTING HOMES.



ON THIS NOVEMBER 17TH, 1976 IN HOUSTON, WE CAN SAY WITH EVEN MORE CONVICTION THAN EVER BEFORE: HOMEOWNERSHIP IS STILL THE BEST INVESTMENT IN THE MONEY MARKET.

ON JANUARY 20TH, WE WILL TURN OVER A WELL WORKING MACHINE TO OUR SUCCESSORS AND PRIOR TO THE 20TH WE WILL WORK COOPERATIVELY TO ENSURE A SMOOTH TRANSITION. HUD AND ALL ITS PARTS ARE IN GOOD SHAPE. THE DEPARTMENT IS PRODUCING RESULTS -- STAFFED WITH A FINE CADRE OF DEDICATED PROFESSIONALS WHOSE CAREERS ARE UNAFFECTED BY THE RECENT ELECTION RETURNS.

BUT, OVER THE PAST SEVERAL YEARS THE REALIZATION HAS GROWN THAT "GOVERNMENT" -- WHETHER FEDERAL, STATE, OR LOCAL -- IS A DOMINANT FACTOR IN THE LIFE OF AMERICA.

IT IS COMMON KNOWLEDGE THAT ONE OUT OF EVERY SIX PAYCHECKS IS ISSUED BY GOVERNMENT AT SOME LEVEL.

TOO OFTEN, FOR A GIVEN PROBLEM -- REAL OR IMAGINED -- A GOVERNMENT ENTITY IS CREATED TO SOLVE IT.

ONE OF THE HEALTHIEST THINGS THAT HAS HAPPENED TO THIS NATION IS THAT THE AVERAGE AMERICAN IS BECOMING MORE AWARE OF THE COST AND CONSEQUENCE OF GOVERNMENTAL SOLUTION.

THE STARK TRUTH OF THE VAST GOVERNMENT-SOCIO-ECONOMIC EQUATION -- HITTING HOME TO THE AMERICAN FAMILY -- IS FORCING A CRUCIALLY-NEEDED CHANGE IN THE SHAPE OF GOVERNANCE AT ALL THREE TIERS -- FEDERAL, STATE AND LOCAL.

PERHAPS, THE MOST IMPORTANT LESSON LEARNED IN THE PAST DECADE IS THAT STATE AND LOCAL PROBLEMS ARE NOT AUTOMATICALLY SOLVED BY SHUNTING THEM OFF TO WASHINGTON.

PEOPLE HAVE REDISCOVERED THE TRUTH THAT OUR CITIES AND STATES, ACROSS THIS DIVERSE LAND, VERY OFTEN CAN DEVISE BETTER SOLUTIONS FOR THEIR INDIVIDUAL PROBLEMS THAN CAN CONGRESS -- WHICH DEALS IN BROAD NATIONAL STATISTICS AND DEPENDS ON GRAND NATIONAL PLANS THAT TOO FREQUENTLY MISS THE MARK.

IN ADDITION TO THE ADVERSE EFFECT WHICH MANY OF THESE WASHINGTON-BASED MONOLITHS CAN HAVE ON THE NATIONAL ECONOMY -- AND THE FAMILY BANK ACCOUNT -- THEY THROW OUR THREE-TIERED FEDERAL SYSTEM COMPLETELY OUT OF WHACK.

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.

ON JUNE 30TH, THE PRESIDENT'S COMMITTEE ON URBAN DEVELOPMENT AND NEIGHBORHOOD REVITALIZATION, WHICH I CHAIR, UNDERTOOK AN ANALYSIS OF ALL FEDERAL PROGRAMS WHICH AFFECT OUR URBAN AREAS.

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 HOUSTON, A LOS ANGELES, A CLEVELAND, OR A PHILADELPHIA.

IN ADDITION, 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.

I HAVE REVIEWED 103 FEDERALLY-FUNDED LOAN AND GRANT PROGRAMS WHICH PRIMARILY AFFECT OUR URBAN AREAS AND WHICH CARRY A PRICE TAG OF ROUGHLY \$50 BILLION A YEAR. SIXTY-THREE OF THESE ARE DIRECT GRANT PROGRAMS -- OF WHICH ONLY 4 ARE BROAD BLOCK GRANT PROGRAMS WHICH GIVE SUBSTANTIAL DISCRETION TO LOCAL OFFICIALS. THE OTHER 59 FUND PROJECTS IN THE NARROW CATEGORIES FAVORED BY CONGRESS. THE REMAINING 40 ARE MISCELLANEOUS LOAN PROGRAMS.

SIGNIFICANTLY, LOCAL GOVERNMENTS ARE ELIGIBLE, DIRECT APPLICANTS IN BARELY ONE-FOURTH OF ALL THESE PROGRAMS WHICH PRIMARILY AFFECT LOCALITIES.

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

A BRIEF RECAP OF THE HUD EXPERIENCE ILLUSTRATES THE ADVANTAGE TO THE CITY, TO THE STATE, TO THE FEDERAL GOVERNMENT, AND, NOT LEAST OF ALL, TO THE TAXPAYERS, OF GIVING BROAD DISCRETION WITH FEDERAL FUNDING.

PRIOR TO AUGUST 1974, HUD HAD 7 CATEGORICAL GRANT PROGRAMS THAT ARE NOW CONSOLIDATED UNDER OUR BLOCK GRANT PROGRAM -- EACH HAD ITS OWN SET OF REQUIREMENTS, REGULATIONS, AND TIMETABLES. WATER AND SEWERS; URBAN RENEWAL; OPEN SPACE FOR PARK DEVELOPMENT; MODEL CITIES -- ALL OF THEM WELL-MEANING BUT WITHOUT ANY ALLOWANCE FOR GREATER COMMUNITY NEEDS THAT MIGHT LIE OUTSIDE OF THE STRICT SPECIFICATIONS OF THE SPECIFIED 7 CATEGORIES.

THE RESULT WAS CONFUSION, FRUSTRATION AND INTERMINABLE DELAYS -- OFTEN OUTLASTING LOCAL ADMINISTRATIONS, OR MISSING THE MOMENT FOR EFFECTIVE CORRECTIVE ACTION.

TO MAKE SENSE OUT OF THIS MORASS, THIS ADMINISTRATION DEVELOPED THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM. UNDER THE PROGRAM, LARGE CITIES AND URBAN COUNTIES RECEIVE UNFETTERED FUNDS WHICH THEY SPEND, FOR THEIR LOCALITIES' MOST URGENT COMMUNITY DEVELOPMENT NEEDS.

REGULATIONS HAVE BEEN CUT FROM 2600 PAGES TO ABOUT 100 PAGES; APPLICATIONS FROM 1400 PAGES TO ABOUT 50 PAGES; AND REVIEW TIME FROM AN AVERAGE OF 26 MONTHS TO AN AVERAGE OF 45 DAYS. WE ARE NOW PROVIDING TWICE AS MUCH FUNDING TO TWICE AS MANY UNITS OF GOVERNMENT -- AND WE ARE DOING IT WITH FEWER HUD EMPLOYEES.

" BUT, MOST IMPORTANT, WE ARE PROVIDING LOCAL COMMUNITIES WITH VITALLY NEEDED FUNDS -- ON TIME AND IN TIME.

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.

THEN FUNDING IS PUT BEYOND THE NARROW PERSPECTIVE OF SOME "EXPERT" IN WASHINGTON, WHO CANNOT POSSIBLY GRASP THE INDIVIDUAL DIFFERENCES OF THE THOUSAND UPON THOUSAND OF LOCALITIES ACROSS OUR VAST COUNTRY.

THE EVIDENCE, IN FACT, IS SO STRONG -- THAT 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 -- 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 AFFECTED.

THIRD, CITIZEN PARTICIPATION SHOULD BE A RULE RATHER THAN AN EXCEPTION IN FEDERAL GRANT PROGRAMS, WHICH WILL INCREASE GOVERNMENTAL ACCOUNTABILITY, THE CORNERSTONE OF OUR DEMOCRACY.

AND, FINALLY, MULTI-YEAR FUNDING SHOULD BE THE RULE, 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 PRINCIPLES 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.

THEIR COMMON OBJECT IS TO ENHANCE THE SPECIAL CAPABILITIES OF EACH LEVEL OF GOVERNMENT AND ENABLE EACH TO BE MORE RESPONSIVE AND EFFICIENT.

BECAUSE, EVEN AS THERE ARE THREE TIERS OF GOVERNMENT, THERE ARE THREE DISTINCT TIERS OF EXPERTISE AND THREE TIERS OF OPERATION -- ALL THREE OF WHICH ARE NEEDED TO MAKE OUR FEDERAL SYSTEM WORK WELL.

THUS, ALTHOUGH LOCAL GOVERNMENTS ARE THE BEST SITUATED TO SOLVE LOCAL PROBLEMS, THEY ARE THE LEAST CAPABLE OF GENERATING SIGNIFICANT AMOUNTS OF REVENUE. THE VAST MAJORITY OF REVENUES RAISED AT THE LOCAL LEVEL COME FROM PROPERTY TAXES, AND WE KNOW THAT OVERTAXATION OF PROPERTY SERVES TO HALT LAND DEVELOPMENT, OR ENCOURAGE DISINVESTMENT.

AND, WHILE IT IS THE FEDERAL GOVERNMENT THAT HAS THE MOST EFFICIENT MEANS OF GENERATING REVENUES AND SETTING NATIONAL GOALS, WHETHER THAT BE THE GOAL OF A DECENT HOME FOR EVERY AMERICAN OR OF PRESERVING OUR NATION'S HOUSING STOCK, IT IS THE STATE GOVERNMENT THAT BRINGS REGIONALISM TO LOCAL GOVERNMENTAL DECISION-MAKING, AND PROVIDES A SAFEGUARD AGAINST INEQUITIES IN LOCAL RESOURCE ALLOCATION.

IN PLANNING FOR THIS NATION'S URBAN FUTURE WE CANNOT IGNORE THE NEED TO INTEGRATE THE POLITICAL AND ECONOMIC DESTINIES OF OUR CITIES WITH THEIR SUBURBS. THE STATE CAN CONTRIBUTE MUCH TO THAT NEEDED FEAT OF POLITICAL-PHYSICAL CONSOLIDATION.

THE STATE LEGISLATURE OF MINNESOTA, FOR EXAMPLE, MADE POSSIBLE THE MINNEAPOLIS-ST. PAUL METROPOLITAN COUNCIL, WHICH IS CHARGED WITH THE COORDINATION OF COMMUNITY AFFAIRS IN THE TWIN-CITY AREA AND HAS SUBSTANTIAL RESPONSIBILITY FOR FUNCTIONS RANGING FROM THE PLACEMENT OF LOW-INCOME HOUSING TO THE LOCATION OF SEWAGE TREATMENT PLANTS.

IT IS BY MINNESOTA STATE LAW, THAT THE PROPERTY TAX BENEFITS FROM NEW COMMERCE AND INDUSTRY IN THE METROPOLITAN AREA ARE DISTRIBUTED AMONG ALL THE COMMUNITIES IN THAT LOCALITY.

IT WAS THE STATE OF INDIANA WHICH ENABLED INDIANAPOLIS AND MARION COUNTY TO ESTABLISH AN EFFICIENT, AND INCOME-EQUITABLE, UNITARY GOVERNMENT.

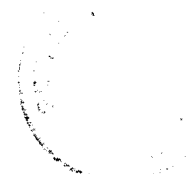
WHERE WE HAVE ACHIEVED A REAL INTERGOVERNMENTAL PARTNERSHIP -- AS WE HAVE IN SOME AREAS BASED UPON THE SHEER INGENUITY OF PEOPLE AT EACH LEVEL -- WE HAVE SEEN EXCITING PROGRESS.

THAT THE WIND OF CHANGE IS BLOWING IS APPARENT ALL ACROSS OUR GREAT NATION. IN BOSTON, AN ENERGIZED DOWNTOWN, SUPPORTED BOTH BY A GOVERNMENT CENTER AND THE RECENTLY RENOVATED QUINCY AND FANEUIL HALL MARKETS; IN BALTIMORE, A NEW CONVENTION CENTER COMPLEX; IN ANNAPOLIS, THE RECLAMATION OF THE HARBOR MARKET; IN NEW YORK, THE REBIRTH OF THE OLD FINANCIAL DISTRICT; IN PHILADELPHIA, INDEPENDENCE MALL.

REHABILITATION OF NEIGHBORHOODS IS SPREADING NOT ONLY FOR LOW-AND-MODERATE INCOME CITIZENS BUT ALSO IN MIDDLE-CLASS ETHNIC NEIGHBORHOODS SUCH AS ON STIRLING STREET IN BALTIMORE AND MANCHESTER IN PITTSBURGH; AND IN WEALTHY NEIGHBORHOODS LIKE GEORGETOWN IN WASHINGTON, BEACON HILL IN BOSTON, AND SOCIETY HILL IN PHILADELPHIA -- EACH CONTRIBUTING TO THE ECONOMIC HEALTH AND CULTURAL DIVERSITY OF ITS CITY.

THE LIST IS BRIGHT AND SEEMINGLY ENDLESS -- AND IF I DIDN'T MENTION ONE OF YOUR FAVORITE EXAMPLES OF PROGRESS FOR PEOPLE IN YOUR OWN COMMUNITY, CREDIT THE LAPSE TO TIME, NOT INTENT.

LAST WEEK, IT WAS MY HONOR TO PRESENT HUD'S BIENNIAL DESIGN AWARDS FOR EXCELLENCE IN URBAN DEVELOPMENT. THERE WERE MORE THAN 9 RUNNERS-UP FOR EACH OF THE 25 AWARDS AND IT WAS A VERY TOUGH CALL FOR OUR PANEL OF DISTINGUISHED JUDGES.



WE HAVE A RE-AWAKENED AMERICA ON THE MOVE! CREATING
CITIES FOR PEOPLE.

THESE LOCAL INITIATIVES WE CELEBRATE AS "BREAK-THROUGHS"
CAN BECOME STANDARD PROCEDURE FOR OUR CITIES IF A SET OF
PRINCIPLES SUCH AS I SUGGEST ARE USED TO STRENGTHEN
INTERGOVERNMENTAL CAPACITY TO DEAL EFFECTIVELY WITH THE
PROBLEMS OF OUR CITIES AS THEY EXIST TODAY.

SURELY, IT IS TIME TO EXPLODE THE OLD MYTH THAT OUR
CITIES CAN BE RUN FROM WASHINGTON, AND AS LEADERS IN YOUR
OWN COMMUNITIES YOU MUST BE IN THERE HANDLING THE EXPLOSIVES.

IT IS SIGNIFICANT THAT THE TRIUMPHS OF NEIGHBORHOOD
REVITALIZATION IN ALL PARTS OF THE COUNTRY HAVE IN COMMON
ONE ESSENTIAL INGREDIENT OF SUCCESS:

ALL OF THEM HAVE COME ABOUT THROUGH LOCAL INITIATIVE,
LOCAL PLANNING AND LOCAL INVESTMENT. NOT ONE OF THEM COULD
HAVE MADE IT WITHOUT PRIVATE RESOURCES, PRIVATE INVOLVEMENT
AND PRIVATE RESOLVE. NONE WOULD SURVIVE WITHOUT THE
VOLUNTARY PARTICIPATION OF PRIVATE CITIZENS.

IN EACH CASE, THE PRINCIPAL ROLE OF THE STATE AND THE FEDERAL GOVERNMENT HAS BEEN SUPPORTIVE, NOT PRE-EMPTIVE. AND THAT IS A NATIONAL URBAN POLICY THAT TRULY WORKS BECAUSE IT IS SQUARELY BASED ON OUR SYSTEM OF FREE ENTERPRISE -- WHICH IS WHAT DISTINGUISHES OUR FORM OF GOVERNMENT FROM THOSE ENDURED BY A MAJORITY OF THE WORLD'S PEOPLE.

- AND, IF EVER THE SPIRIT OF FREE ENTERPRISE -- AND PROOF OF ITS PRODUCTIVITY -- IS ALIVE IN AMERICA -- IT TRULY SHINES IN THIS ASSEMBLAGE.

THAT IS WHY, AS SECRETARY OF HUD, I HAVE CONSIDERED IT ONE OF MY GREATEST PLEASURES TO KNOW THE REALTORS BETTER, AND TO WORK IN PARTNERSHIP WITH YOU.

THANK YOU SO MUCH.