The original documents are located in Box 12, folder "Housing and Urban Development" of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

CARLA HILLS

2/13/75

Q. Why did the President pick Carla Hills to head HUD? There is nothing in her background to indicate any expertise in the area of housing or urban development?

A. Mrs. Hills was highly recommended to the President as an extremely competent lawyer and administrator. It was those qualities upon which the President made his decision. However, Mrs. Hills is acquainted with many of the legal problems facing HUD because of her work in the Justice Department. The Civil Division, which she heads, has a task force which prosecutes the housing fraud cases in which federal laws are violated. Mrs. Hills directs the activities of some 240 lawyers in the Civil Division, and is responsible for 31,000 cases, including 2,500 involving HUD. (There has been a substantial increase in legislation involving HUD, both because of the fraud cases and in FHA foreclosures due to people not being able to meet their house payments because they have been laid off, etc., but you probably don't want to stress the latter item.)

Q. Isn't she just a token appointee?

A. Anybody who knows Carla Hills knows she is no token. The President has said repeatedly that he wants to place women in top Administration positions.

Q. Won't Mrs. Hill's lack of knowledge about housing cause the Department to stagnate while she learns the ropes?

A. On the contrary, the Department of Housing and Urban Development has a full team on board including an Under Secretary and a full complement of Assistant Secretaries. One of the most important pieces of legislation involving the housing industry was enacted last year, so what we are really looking for here is a manager and an administrator, and these are two areas where Mrs. Hills excels.

(FYI - Mayor Bradley of Los Angeles told Jim Falk last night that he was one of Carla's boosters and had offered her a high level appointment in his Administration, but she opted for the Assistant Attorney Generalship at the Justice Department instead. You can use this information if you want to)

HUD NEWS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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Phone (202) 755-6980

FOR RELEASE:
Tuesday
July 8, 1975

REMARKS PREPARED FOR DELIVERY

By

CARLA A. HILLS

Secretary of Housing and Urban Development

at the

Forty-Third Annual Conference

of the

United States Conference of Mayors

Sheraton-Boston Hotel

Boston, Mass.

July 8, 1975

Recently, we have been forced to concede that we are a wasteful people. The oil crisis taught us that we wasted energy. The environmentalists have taught us that we are wasting the air and water resources upon which we depend for survival. Our collective existence has been one of consumption. We have been, like a spoiled child, used to abundance.

Now we know that the cornucopia can be emptied. Abundance has become scarcity. The cost of our national overindulgence weighs heavily upon us all. Energy shortages are already a way of life, and shortages of other essentials are no longer dimly perceived dangers of a far distant future.

But, in all of our present concern about shortgages, I believe that the level of waste which we accept in our cities is the most tragic and far reaching for our society.

The cities hold irreplaceable resources. Great masses of invested wealth and productive capacity as well as history and beauty can be found there. A large proportion of our housing stock is still situated there along with needed water and sewer lines, factories, roads, schools, transportation systems, and utilities. Yet with all of our worry about waste, we, as a nation, are either abandoning or under-utilizing all of these assets to a shocking degree.

We forget too easily that when we abandon a housing unit in a city, we are also abandoning a part of all these supplementary assets. Just think that in New York alone 35,000 units of housing are abandoned each year.

Our years of abundance somehow fostered the disastrous notion that cities could be discarded and replaced. As our center cities grew old, those, who could, fled the urban core for the newly-built suburbs. Government policies encouraged this suburban sprawl and the outward dispersion of public and private investments.

Those suburbs have now consumed thousands of square miles, threatening to deprive us of our rapidly diminishing open spaces. And, suburban sprawl has brought serious environmental and social costs, including an excessive dependence on the automobile.

HUD's recent study of the costs of sprawl demonstrates that recycling cities is far less costly than suburban development in terms of capital, land, energy and ecological costs. Urban development may consume as little as 50 percent less land, require 55 percent less capital investment, create 45 percent less air pollution, and consume 44 percent less energy than suburban sprawl.

- more -

Thus, as people flee the center city, old investments are abandoned for new -- which cost more -- and replacing the old investments requires the additional and unnecessary consumption of land, building materials, and financial resources.

It is now clear that we can no longer tolerate policies which encourage the abandonment and waste of the central city. Just as we must stop wasting our air, water, and energy resources, we must also stop wasting our cities.

This means that suburban sprawl can no longer command the same proportion of capital in the name of housing growth. We can no longer encourage the building of ring upon ring of housing around the central city where it results in further strangulation of the inner core.

On "Meet the Press," Sunday, Mayor White called for a national decision on the future of our cities. If I may, I will suggest an answer that must be self-evident to many if not most of you.

Our policies today must seek to recycle and conserve our cities and the human and physical resources they contain.

Fortunately, the very forces which now require us to conserve our urban assets also give us the opportunity and incentive to revitalize them. Scarcity and resultant high cost of land, raw materials, and energy are making urban living a more attractive alternative for many.

Already, some children of the generation that fled to the suburbs are returning to the cities. Areas that were once slums heading for abandonment are now being restored by families no longer willing to bear the costs and inconveniences of suburban life.

We are in an era when we must face the hard realities of limited resources, but it is also a time in which our cities have a unique opportunity to regain their luster and rebuild their key economic, historic, cultural and social linkages.

This is truly a time of great challenge for our cities and for all of us who care about them. To borrow from Dickens, it is indeed "the best of times and the worst of times" for our cities.

The cities' problems are unquestionably serious. Their current fiscal crisis is profound. In some communities, the fiscal integrity of local government is questioned. But the crisis of the cities will not be solved by making their deficits part of a rapidly growing federal budget deficit.

To the extent that any additional federal funds come with categorical restrictions on their expenditure, the problems of many cities would not be alleviated. And, to the extent that such restricted funds lead to a reduction of the unrestricted funds, the problems of most cities would be worsened.

The facts are that in this fiscal year, federal aid to states and local governments will be about $56 billion. Almost 70 percent of that, or $39 billion, will be spent in or directly affect the 265 standard metropolitan statistical areas. That is a 94 percent increase from just six years ago.

The point of my remarks here is not to argue whether the level of federal assistance should be altered to meet today's crisis. Rather, I wish to press the obvious.

To bandage over the fiscal crisis of the cities with additional infusions of federal funds would certainly create new inflationary pressures, which so badly hurt the cities, but would not cure the underlying causes. We need long-term solutions which are the product of the cities' initiative. Only then can the Federal Government's help be meaningful.

The cities are caught in a vise of decreasing revenues and increasing costs. A painful recession has eaten away at many basic sources of public revenues, and the property tax base has been seriously eroded by demographic and economic trends.

The most serious of these trends has been the movement of higher income groups out of the core cities. This trend accelerated as the personal mobility provided by massive highway construction accommodated suburban lifestyle. Seventy percent of the nation's population growth between 1960 and 1970 occurred in the suburbs.

This flight from the cities destroyed the stability of many urban neighborhoods and left large segments of the cities to the poor. Private disinvestment -- the flight of industry, commercial facilities and financial investment -- followed. Many once proud neighborhoods became marginal -- headed for abandonment.

To all this we add the fact that double digit inflation has pushed the cost of providing basic public services to staggering heights, and unemployment generated by recession has created ever increasing demands for those same services.

Any effort to answer this complex problem requires, above all, a national commitment to the revitalization of the city. We must return the resources of the cities to productive use. Only then will local revenues increase; only then will the burden of social service costs be lessened.

A city is but the sum of its parts -- its people and its neighborhoods. Preserving the city means revitalizing those neighborhoods.

Every neighborhood is a dynamic place -- some of its residents will always be moving for one reason or another. Its housing stock is in a constant state of decline or renovation. To revitalize the city requires positive intervention in that process of dynamic change to ensure that the changes in the future will be for the better.

There are no easy or all-purpose national answers to the difficult issue of urban decay. Rather, the problem is susceptible to solution only when federal, state and local governments work together with the private sector. Each locality will have special needs, and each should be given a chance to develop its own model for urban preservation.

We have learned that any federal effort to recycle city resources must build upon locally conceived and directed plans. Our philosophy at HUD today is to support locally devised means for coping with the problem of urban decline.

During the past year, HUD has taken several steps to support cities in their efforts to stop urban decline:

First, we are implementing the community development grant program, which will provide localities with $2.6 billion in federal funds this year. Congress has authorized a total of $8.3 billion for the first three years of this new program.

Consistent with our philosophy, local officials are accorded wide latitude in using these funds. Local communities determine their priorities for their community development, and local communities devise strategies and tactics to best utilize their available resources.

These funds should provide your communities with the leverage to attract greater private and public investments in the community development and preservation.

We see our first year with community development grants as one of considerable success. Seventy-eight percent of recipients state that community development grants significantly increased their ability to respond effectively to local problems. Eighty percent of the local officials surveyed said there was a marked reduction in the red tape which used to attend federal assistance. Eighty-five percent indicated a welcome decrease in federal intervention in the local decision-making process.

Communities have dedicated more than 66 percent of these $2.6 billion in community development funds for the physical preservation of declining and blighted neighborhoods and for the public services necessary to support these efforts.

Also, we are finding that over nine percent of these funds, or about $221 million, is now being used by recipient cities for rehabilitation grants and loans.

If the recipient communities sustain their first year level of effort, in a matter of years we will see the end of substandard housing in every city across the nation.

Secondly and related, HUD will provide more than $70 million in Section 312 low-cost federal rehabilitation loans during the coming fiscal year. Rehabilitation financing with community development funds and with Section 312 loans will total more than $290 million, which is twice the amount of such financing provided during any previous year.

Third, our new rental assistance program will provide $1.6 billion in housing assistance to 400,000 lower-income families this fiscal year. This program incorporates a promising and flexible new approach, giving local communities considerable discretion to adapt federal housing aid to local conditions. Local communities largely determine to what extent the subsidy will support families in newly constructed, rehabilitated, or existing units.

The support for new construction provided by our new rental assistance program offers the cities a valuable way to put vacant or under-utilized urban land to productive use.

And, by also allowing a city to utilize its existing stock, we hope to encourage and assist the preservation of urban neighborhoods.

This new rental subsidy program did not get completely under way until May of this year. Because of this late start, in April we projected that our commitments would be only about 40,000 units for Fiscal Year 1975, which ended June 30th. But, I am happy to say that, as of the end of the fiscal year, eight days ago, we had actually committed funds for over 95,000 units -- better than twice our estimate, We are confident that we will meet our commitment to provide assistance to 400,000 units in the fiscal year we have just commenced.

Fourth, HUD last month started to implement a demonstration urban homesteading program after convening a conference of local officials to ask their advice about the design and implementation of the program. The Federal Government will now support a limited number of locally initiated and designed homesteading programs by providing participating cities with HUD-held properties of positive value, rehabilitation financing, and a coordinated property disposition strategy. HUD will be working with the participating cities in establishing an overall strategy for the preservation of targeted neighborhoods.

Fifth, HUD has also implemented a property disposition program, whereby cities receive, at no cost, HUD-held properties. This program provides another resource for innovative community use.

Sixth, HUD is experimenting with lease-purchase agreements, as another means of dealing with its inventory of foreclosed homes. The experimental programs in Taylor, Michigan and Dallas, Texas, involve leases of acquired properties to lower-income families followed by opportunities for those families to assume homeownership.

In the future, we will seek to coordinate HUD's property disposition techniques more carefully with the community development programs of the affected locality. Housing assistance and community development plans should address the problem of disposing of both HUD and city-owned properties. Those assets must be considered.

Seventh, HUD is co-sponsoring with the Federal Home Loan Bank an urban reinvestment task force. Recently the Federal Deposit Insurance Corporation, the controller of the currency and the Federal Reserve System agreed to become members of this task force. The task force has developed a number of demonstration neighborhood preservation programs, which illustrate how the financial community can be very usefully involved in local conservation projects.

In addition, the task force has neighborhood housing service programs operating in 11 cities. It also brings together the city, community residents, local financial institutions and the task force members to provide a concentrated effort to improve a specified neighborhood. In most cases, the city agrees to provide code enforcement and improved public services, the financial institutions agree to make loans, private and task force funds provide monies to establish a high risk loan fund, and local citizens groups provide the necessary involvement and enthusiasm.

For the future, HUD is taking a hard look at foreclosures and the resulting costs to cities and their neighborhoods. The Emergency Housing Act of 1975 signed by the President last week gives us new authority to deal with the difficult problems of defaults and foreclosures.

Finally, HUD is acting as a clearinghouse to assist local communities in their preservation activities. We recently published a neighborhood preservation catalogue, describing 100 of the most innovative and successful preservation initiatives which the cities themselves have developed. I strongly recommend that each of you secure a copy of this publication.

We have scheduled a series of 10 regional preservation strategy workshops, to be attended by the directors of many of the programs identified in the catalogue. These steps should give local communities additional tools for constructing workable approaches to urban preservation.

An addition to HUD's efforts, the private sector is beginning to support urban revitalization. More and more private lenders are participating, with the encouragement of city fathers, to create revolving loan funds for inner city rehabilitation.

Of substantial potential importance is the recent AFL-CIO Agreement that a lower wage rate should apply to rehabilitation work than to new construction.

All of these actions show a growing public awareness of the need to productively use the resources of our cities.

Undeniably, federal resources are and can be important. But the Federal Government cannot assume the entire burden. There must be a coordinated effort to revitalize the urban environment by all parties, private and public, having a stake in the health of our urban centers.

Each level of government must participate according to its capacities.

The states have a most important role in the process of urban revitalization. State Governments have a far greater variety of income generating devices at their command than do the cities. This capacity to generate revenue and to tap suburban wealth provides the states with the financial capacity to aid local community development.

Our 1974 Act requires that communities, as a condition to obtaining federal funds, submit both community development and housing assistance plans. That requirement provides an obvious mechanism for the allocation of state community development grants to supplement those of the Federal Government. A few states are already providing such supplementary funding. More might be encouraged to do so by the blocks of voters that your cities represent.

But, the key element in the process of urban revitalization is the city. As Mayor Carver said Sunday, "The Federal Government. . . cannot solve any of the problems of [urban America] unless [it has] the full and complete cooperation of the cities."

HUD's strategy for urban preservation relies on local government to be the catalyst to aggregate an effective mass of funds and resources.

It is the city that must coordinate the use of available resources -- federal, state, and local and private -- in a carefully thought-out plan for neighborhood and community preservation. It is the city that is most capable of leveraging public funds to promote private reinvestment in the urban core.

These responsibilities require an economic planning capacity. For that reason, this past year, HUD sponsored in New Orleans and San Francisco, comprehensive economic planning experiments. They demonstrated the usefulness of economic planning capacity to local decision-making. The need for such economic analysis of public investment decisions has become increasingly important with the wide latitude afforded localities under the community development grant program.

HUD has made other efforts to structure its community development activities to be supportive of the local decision-making process. For instance, next year we will permit greater coordination between the timing of our disbursement of federal community development funds and your local budgeting process. This should make your leveraging strategies more successful and make citizen participation in local decision-making meaningful.

The Federal Government can adopt a national policy to encourage urban conservation and recycling of our cities. We can make decisions carefully so as not to encourage suburban sprawl or city decay.

In the final analysis, however, the success of urban conservation will be determined by the effectiveness of local decision-makers in devising preservation strategies suited to the needs of their own communities.

No challenge during the next decade is greater than the revitalization of urban America. HUD stands ready to join with you in meeting that challenge.

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REMARKS PREPARED FOR DELIVERY

By

CARLA A. HILLS

Secretary of Housing and Urban Development

at the

Annual Convention

of the

Congress of Cities

Fontainebleau Hotel

Miami Beach, Fla.

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 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 year's 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 pure 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.

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Nor can we lay it off on our frugal forebears 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.

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, has wiped out whole neighborhoods before your very eyes.

It is said that a weary people get so inured to a long war that they no longer even try to think around it.

The siege 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 grim 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, particularly, earning power.

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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 Von Eckardt:

> "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."

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.

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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-collar 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 has matched the citizen flight to the outskirts of town for a number of years, the relocation of downtown offices is, again, on the increase -- abeting 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.

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And, or 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.

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Obviously, cities alone do not begin to have the funds 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 community development activities contemplated with the major local private investors. Only one augmented its community development funds with moneys from State or other local government sources.

Local involvement in urban preservation efforts should be captured through citizen participation. Even so, cities have treated this 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.

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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.

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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.

If it "takes a lever to move the world," HUD's Catalogue of Neighborhood Preservation -- compiled with the help of the Real Estate Research Corporation -- shows that at least 100 locally planned programs are moving our cities to revitalization with new levers of invention. But, there are others:

Kansas City has simplified building codes and sought to enhance communication between those undertaking restoration and local building investors. Since 75 percent of urban restorations are made by owner-occupants, such reduction of frustrating red-tape only speeds renewal and spreads the word.

Many cities have seen the removal of obvious eyesores as the quickest and least expensive means to the ultimate end -- replacing decayed and deserted properties with inviting mini-parks and open spaces.

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.

-more-

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If it "takes a lever to move the world," HUD's Catalogue of Neighborhood Preservation -- compiled with the help of the Real Estate Research Corporation -- shows that at least 100 locally planned programs are moving our cities to revitalization with new levers of invention. But, there are others:

Kansas City has simplified building codes and sought to enhance communication between those undertaking restoration and local building investors. Since 75 percent of urban restorations are made by owner-occupants, such reduction of frustrating red-tape only speeds renewal and spreads the word.

Many cities have seen the removal of obvious eyesores as the quickest and least expensive means to the ultimate end -- replacing decayed and deserted properties with inviting mini-parks and open spaces.

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.

-more-

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?

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-more-

The point is not that any one -- or 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 very 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 at this conference -- the job can, and will be done with the application of new thinking, inventive ideas and new methods to meet each new challenge.

# # #

SEP 9 1976

President Gerald R. Ford has authorized the release of $2 billion in additional funds for multifamily apartment construction, it was announced today by HUD Secretary Carla A. Hills.

The new funds, earmarked to finance the construction of FHA-insured multifamily units, are available through the recent extension of the Emergency Housing legislation signed by the President on August 3 of this year.

The program will be implemented by the Government National Mortgage Association (GNMA) through reactivation of its Program 23 -- under which GNMA also issued $3 billion of mortgage purchase commitments between January and June 1976.

Secretary Hills noted that although the single family sector of the housing market is well on its way to recovery -- due partially to GNMA support totalling $15 billion over the past 2-1/2 years -- the multifamily sector still needs help.

Secretary Hills said:

"The release of the $2 billion, in addition to the recently authorized $3 billion program, provides needed assistance to the multifamily sector. Under this program, the government buys 7-1/2 percent mortgages. This below market interest rate financing makes feasible many projects that otherwise would be uneconomic in today's market."

David M. deWilde, President of the Government National Mortgage Association, said the funds should be sufficient to finance 80,000 units.

As in past programs, the Federal National Mortgage Association (FNMA), will administer the program as agent for GNMA. Mortgage purchase commitments can be obtained starting Tuesday, September 21, 1976. In the interim, amendments to the program guidelines will be printed and distributed to potential program participants.

Mr. deWilde stated that one important change was the elimination of the provision enabling developers to obtain a GNMA commitment after the receipt of a site appraisal and market analysis from FHA. GNMA will now require as a minimum a conditional commitment from FHA.

"This change will ensure that a higher percentage of the commitments will ultimately result in completed projects," deWilde said.

As with previous programs, the mortgages purchased by GNMA will ultimately be sold to private investors. Such sales hold the program's budgetary impact to a minimum.

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# # #

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
TRANSMITTAL FORM

ASSISTANT
TO THE SECRETARY
FOR PUBLIC AFFAIRS

DATE Sept. 28, 1976

To : Ron Nessen

From: Grace Bassett

FYI. This is the information furnished to the Senate Committee on the confirmation of David deWilde.

Attachment

DO NOT USE FOR PERMANENT RECORD INFORMATION

President Ford today nominated David M. deWilde to be President of the Government National Mortgage Association (GNMA).

Mr. deWilde is authorized to serve at the pleasure of the President by the Housing Authorization Act of 1976, signed into law last August 3. His nomination is subject to Senate confirmation. Prior to the passage of this law, the Secretary of the U. S. Department of Housing and Urban Development appointed the GNMA President.

Secretary Carla A. Hills named Mr. deWilde President April 1, 1976, to succeed Daniel P. Kearney, who joined the Office of Management and Budget.

Mr. deWilde also has served as Deputy Assistant Secretary for Housing Production and Mortgage Credit (HPMC), Deputy Commissioner of the Federal Housing Administration and Associate General Counsel for Housing Production at HUD.

GNMA or Ginnie Mae has two main functions. It guarantees securities backed by pools of mortgages as a means of increasing the supply of mortgage money. It also acts as a supplemental source of mortgage funds through its purchases of below market interest rate mortgages.

Mr. deWilde has been active in both legal and financial fields in recent years. He was associated with the Wall Street law firm of Curtis, Mallet-Provost, Colt & Mosle before joining the Office of General Counsel at HUD. Subsequently, he was an investment banker with Lehman Brothers, Inc., until he was named to his HPMC position.

Born in Bridgeton, N.J., August 11, 1940, he was graduated from Salem High School, Salem, N.J. A National Merit Scholar, he was graduated from Dartmouth College in 1962.

After active service in the U.S. Naval Reserve, Mr. deWilde attended the University of Virginia Law School and was graduated in 1967. He was editor in chief of the Virginia Journal of International Law.

Mr. deWilde is married to the former Sally Boyd Stockdale of Coral Gables, Fla., and Bronxville, N.Y. They have two children, Holland and Croix, and live in Washington, D.C.

# # #

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
TRANSMITTAL FORM

ASSISTANT
TO THE SECRETARY
FOR PUBLIC AFFAIRS

DATE
10/15/76

To : Ron Nessen

From: Grace Bassett

Attached is for your information.

DO NOT USE FOR PERMANENT RECORD INFORMATION

HUD-No. 76-382
Phone (202) 755-5277
(Norris)

FOR RELEASE:
Friday
October 15, 1976

Secretary Carla A. Hills of the U.S. Department of Housing and Urban Development today announced that the maximum allowable interest rate for HUD-FHA insured single-family mortgage loans is being lowered to 8 percent.

Secretary Hills said that this reduction is being made to accommodate declines in market interest rates that have been apparent over the last several months in both the mortgage and financial markets.

The allowable rate on multifamily mortgage loans remains at 9 percent. The Department is closely monitoring multifamily mortgage rates, and will make necessary changes when conditions warrant.

The new single-family rate change is effective Monday, October 18.

Under the "split rate" system, initiated January 5, the interest rate on HUD-FHA insured single-family mortgage loans is established independently of the rate of the HUD-FHA multifamily project loans.

The previous rate on single-family mortgage loans was 8.50 percent.

The new single-family rate was determined after consultation with Richard L. Roudebush, Administrator of the Veterans Administration, who simultaneously announced a similar change in the maximum rate for VA home mortgage loans.

# # #

(To Accompany HUD-No.

QUESTIONS AND ANSWERS ON INTEREST RATE DECREASE

Q. How will the decline in the FHA interest ceiling affect the buyer of a house?

A. On a $30,000 mortgage over 30 years, there would be a decrease of $10.50 in the monthly payment.

Q. When was the last time the FHA interest rate was lowered?

A. For single-family mortgages the rate was lowered from 8-3/4 percent to 8-1/2 percent on March 30, 1976.

Q. What is meant by "paying points" and what does this have to do with the cost of a house?

A. Paying points amounts in practice to prepaying the interest differential between the FHA/VA rate and the market rate. During periods when this differential exists, investors are unwilling to invest in FHA/VA mortgages without this discount since the yield would not be competitive with that available from other investments.

(To Accompany

HUD/FHA MAXIMUM ALLOWABLE INTEREST RATE

Rate	Period
* 5-5-1/2%	November 27, 1934 - June 23, 1935
5%	June 24, 1935 - July 31, 1939
4-1/2%	August 1, 1939 - April 23, 1950
4-1/4%	April 24, 1950 - May 1, 1953
4-1/2%	May 2, 1953 - December 2, 1956
5%	December 3, 1956 - August 4, 1957
5-1/4%	August 5, 1957 - September 22, 1959
5-3/4%	September 23, 1959 - February 1, 1961
5-1/2%	February 2, 1961 - May 28, 1961
5-1/4%	May 29, 1961 - February 6, 1966
5-1/2%	February 7, 1966 - April 10, 1966
5-3/4%	April 11, 1966 - October 2, 1966
6%	October 3, 1966 - May 6, 1968
6-3/4%	May 7, 1968 - January 23, 1969
7-1/2%	January 24, 1969 - January 4, 1970
8-1/2%	January 5, 1970 - December 1, 1970
8%	December 2, 1970 - January 12, 1971
7-1/2%	January 13, 1971 - February 17, 1971
**7%	February 18, 1971 - June 30, 1973
**7-3/4%	August 10, 1973 - August 24, 1973
8-1/2%	August 25, 1973 - January 21, 1974
8-1/4%	January 22, 1974 - April 14, 1974
8-1/2%	April 15, 1974 - May 12, 1974
8-3/4%	May 13, 1974 - July 7, 1974
9%	July 8, 1974 - August 13, 1974
9-1/2%	August 14, 1974 - November 24, 1974
9%	November 25, 1974 - January 20, 1975
8-1/2%	January 21, 1975 - March 2, 1975
8%	March 3, 1975 - April 27, 1975
8-1/2%	April 28, 1975 - September 1, 1975
9%	September 2, 1975 - January 4, 1976
8-3/4% (Single Family)	January 5, 1976 - March 29, 1976
9% (Multifamily)	January 5, 1976 - March 29, 1976
8-1/2% (Single Family)	March 30, 1976 - October 17, 1976
9% (Multifamily)	March 30, 1976 - October 17, 1976
8% (Single Family)	October 18, 1976 -
9% (Multifamily)	October 18, 1976 -

* 5% for acquisition, 5-1/2% refunding of mortgage indebtedness or creation of mortgage indebtedness on property constructed before June 7, 1934.

** FHA authority lapsed June 30, 1973; renewed August 10, 1973.

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
TRANSMITTAL FORM

ASSISTANT
TO THE SECRETARY
FOR PUBLIC AFFAIRS

DATE
10/18/76

To : Ron Nessen

From: Grace Bassett

This responds to the article carried on Page 1 of the Real Estate Section of the Washington Star, Oct. 15.

DO NOT USE FOR PERMANENT RECORD INFORMATION

October 18, 1976

Real Estate Editor
The Washington Star
Washington, D.C.

Dear Sir:

Your article on "Ideological Differences Divide Ford and Carter on Housing" (October 15) correctly points out inconsistencies in Mr. Carter's housing proposals, but also has some major ommissions. The greatest ommission is in failing to describe the major plank of Mr. Carter's housing program, which is to subsidize 2.5 million housing starts each year.

The problems we have suffered in housing over the past several years were caused in large measure by that very philosophy which was mandated by the Housing Act of 1968. Pursuant to that Act (passed by a heavily Democratic Congress), the government subsidized and generated a burst of housing overproduction that we are just now working off.

In the course of this production explosion our nation abandoned thousands of homes in our cities, neighborhoods all across this nation were blighted with row upon row of boarded-up houses left to decay, the most frequently cited symptom of the illness in our cities. Furthermore, our housing industry was incapacitated because an artificially produced "boom" cannot continue forever. At a time when the housing industry is beginning a dramatic recovery, Mr. Carter's plan to go back to the old ways would surely take us back to "boom and bust".

Furthermore, the recovery now underway was greatly helped by yet another ommission in the article, the passage and signing of the Emergency Housing Act of 1975 (No. 2) which followed by only a matter of a few days the veto of the first bill to which the article alludes.

In the bill which was vetoed, the taxpayer would have paid the difference between 6 percent and prevailing mortgage interest rates of more than 8 percent on home mortgages of middle income home buyers. The President's veto was sustained with the support of the most knowledgeable Democratic members of Congress including the current Housing Subcommittee Chairman Lud Ashley of Ohio who characterized the vetoed bill as "a turkey that could never fly!"

That bill would have used tax dollars to force down interest rates for many who could afford to pay more and to force up interest rates for everyone else. It would have fanned inflation.

What has happened since demonstrates the wisdom of President Ford's economic leadership as well as his veto of that "turkey that could never fly".

The supply of mortgage credit has increased. The taxpayer is saved another layer of bureaucracy. The rate of inflation has been halved. New housing starts have risen dramatically. Surely, this is no time to go back to "the way it was".

Sincerely,

Carla A. Hills

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
TRANSMITTAL FORM

ASSISTANT
TO THE SECRETARY
FOR PUBLIC AFFAIRS

DATE

10/18/76

To : Ron Nessen

From: Grace Bassett

This responds to the New York Times editorial of Friday, Oct. 15.

DO NOT USE FOR PERMANENT RECORD INFORMATION

October 18, 1976

Mr. John B. Oakes
Editorial Page Editor
The New York Times
New York, New York

Dear Mr. Oakes:

The New York Times editorial of October 15, "A Handout Is No Policy", misses the point entirely.

The General Revenue Sharing bill which the President signed in Yonkers cannot be considered in a vacuum, but rather in concert with block grant programs including the 1974 Housing and Community Development Act which even the Democratic Chairman of the Senate Housing Subcommittee described as "land-mark" legislation.

To say, as the Times did, that "the substitution of... block grants merely gave state and local political establishments more money with which to conduct business as usual," is to completely ignore that the whole thrust of that Act is not to conduct "business as usual". Grants under this program are apportioned to communities on the basis of population, poverty and overcrowded housing, and unlike the old categorial programs, requires cities to develop and implement both a Community Development plan and a Housing Assistance plan in order to receive such funds. These plans require cities to set forth needs and to state how they plan to address those needs over a three-year period. Even Mr. Carter has endorsed the Administration's block grant approach and few mayors would disagree.

General Revenue Sharing is not a program to maintain the "keepers of the status quo," but rather to help our cities maintain their fiscal solvency while the block grant programs address their most pressing and critical local needs as determined, not by Washington bureaucrats but by locally-elected officials whose first-hand knowledge of those problems and priorities, I can assure you, will always exceed that of the most knowledgeable Washington bureaucrats. Furthermore, these funds enable localities to pay for police protection, transportation and education without raising property taxes which constitute the source of 85 percent of local funds. We all know that excessive taxation of property has led to abandonment and disinvestment which are the most frequently cited symptoms of urban illness.

Sincerely,

Carla A. Hills

THE WHITE HOUSE

WASHINGTON

January 28, 1976

MEMORANDUM FOR: RON NESSEN

FROM: EDWARD SCHMULTS

The attached letters should be embargoed until after 10:00 a.m. this morning. 100 copies of the Press Release will be coming over from HUD.

Attachments

THE WHITE HOUSE

WASHINGTON

January 27, 1976

Dear Mr. Crawford:

In accordance with your letter of January 26, 1976, I hereby accept your resignation as Assistant Secretary for Housing Management at the Department of Housing and Urban Development effective this date.

Sincerely,

Gerald R. Ford

The Honorable H. R. Crawford
Assistant Secretary of Housing
and Urban Development
Washington, D. C. 20410

January 26, 1976

Dear Mr. President:

I hereby resign my position as Assistant Secretary for Housing Management at the Department of Housing and Urban Development, effective upon acceptance of this resignation.

It has been my pleasure to serve in this position, and I have decided to move on to personal pursuits within the private sector.

Respectfully yours,

H. R. Crawford

H. R. CRAWFORD

The President
The White House
Washington, D. C. 20500

FOR IMMEDIATE RELEASE JANUARY 28, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

EXCHANGE OF LETTERS BETWEEN THE PRESIDENT
AND H.R. CRAWFORD,
ASSISTANT SECRETARY OF HOUSING AND URBAN DEVELOPMENT

January 27, 1976

Dear Mr. Crawford:

In accordance with your letter of January 26, 1976, I hereby accept your resignation as Assistant Secretary for Housing Management at the Department of Housing and Urban Development effective this date.

Sincerely,

GERALD R. FORD

January 26, 1976

Dear Mr. President:

I hereby resign my position as Assistant Secretary for Housing Management at the Department of Housing and Urban Development, effective upon acceptance of this resignation.

It has been my pleasure to serve in this position, and I have decided to move on to personal pursuits within the private sector.

Respectfully yours,

H. R. Crawford

# # #