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THE WHITE HOUSE

STATEMENT BY THE PRESIDENT
AND
PRESS CONFERENCE
OF
CARLA A. HILLS
SECRETARY OF THE DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT

THE BRIEFING ROOM

10:32 A.M. EDT

THE PRESIDENT: Good morning. Will you all sit down, please.

Secretary Hills: I am pleased to announce today that I have received from Secretary Hills the interim report of the President's Committee on Urban Development and Neighborhood Revitalization. The report deals forthrightly with the problems of our cities and the strength of their neighborhoods.

It is a direct result of a White House meeting held last May which included city officials and neighborhood and community leaders who have been concerned with the revitalization of our cities and their neighborhoods.

Secretary Hills and her colleagues recommend positive steps towards consolidating and improving Federal programs and involving citizens in local decision-making. The people of many of our Nation's urban neighborhoods and their elected officials have taken the initiative in solving the problems of neighborhood revitalization.

Our best course of action -- certainly our best course of action in the future is to provide as much support as possible for responsible community and neighborhood leaders to preserve and improve the quality of our life in our Nation's neighborhoods.

I want to compliment and congratulate Secretary Hills for being Chairman of this group and congratulate her on the fine job she and her associates have done on this report.

I would like Secretary Hills now, if she would, to please brief you on the report.

Secretary Hills.

SECRETARY HILLS: Thank you very much.

Are there any questions?

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Q Mrs. Hills, in a brief glance through the report -- I admit I haven't had a lot of time to read it -- I was unable to find any new policy initiatives recommended in here. Could you point out any that might be in here?

SECRETARY HILLS: Yes, it is a focus and it is a manner of making our urban policy, which is very definitely in effect, more efficient and more responsive while we get on to the bigger problem of studying the reasons for ills in our cities, and a strategy for dealing with them.

These ills came about in the last 25 years. They are not going to be solved overnight, in spite of the campaign rhetoric. What we have to do is work very hard in identifying those ills, not on an overnight basis.

Yes, we know that there is a problem of unemployment -- we recognize that. The problem of eroding tax base -- we recognize that. There is a problem of the suburbs working with the cities for regional solutions to problems that don't stop at artificial boundaries -- we realize that. But there aren't any immediate solutions that come out of just throwing money at the problems.

So, what we have done is to come up with some goals. We think that this Nation must preserve, reuse, recycle, rehabilitate the useful life and its properties, commercial and residential. It has to target its resources in an efficient way to the areas of great need. It has to do so by what I call management principles. One of the strongest is the block grant principle this Administration has pushed so strongly.

So, I think it is a manner now for more efficiently dealing with our urban problems, carrying out our urban strategy -- which has been since the beginning of this Administration to push the decision-making down to the local level, and to provide funds so that the problems locally perceived can be addressed in the most efficient manner possible -- and then get on to studying larger strategies for very large problems.

Q If I could follow that, what I was getting at is, what you have just said is basically what you have been saying since you took over HUD, about rehabilitating the housing stock and making adequate use of resources, and I am wondering why it is necessary to come out with this report just before the election, what this adds to the Administration policy on the issue?

SECRETARY HILLS: I tell you, we were formed last spring as a Cabinet-level committee to address the problems as perceived by neighborhood leaders and locally elected officials, to go out and talk to them and see what their perceptions were at their ends of the funnel, and to come back and tell the President what we perceive to be problems in the cities, what the perceptions of local people were with respect to the problems and the means for solving those problems and to develop an agenda for improvement.

That is what we have done. We promised no more than that, and that is what we have delivered.

Q Right here in Washington a lot of the Federal funding for neighborhood-run programs and projects has been cut back. I know that some of the staffing of neighborhood clinics has been trimmed by two-thirds to three-fourths. I am talking about nurses and that sort of thing. I don't get the objectives with what actually has happened, say, right here in Washington, say, north of Massachusetts Avenue.

SECRETARY HILLS: The resources have been ever-increasing with respect to preservation of our existing structures. There is no question about that. Over at HUD we have asked for full funding, our full authorization of \$3.2 billion that we have put in and tried to coordinate our jobs funds behind that -- that we have economic development funds working in a coordinated fashion.

I think to say that one local program has been cut back is to ignore what we are trying to do here with respect to revitalizing our city areas. This is not a report that suggests larger public services. This is a report that deals with revitalization of neighborhoods and helping the neighborhoods deal with their problems.

The resources are there. The question is, can we be efficient in coordinating the use of the resources in a fashion which the local people feel best handles their local problems?

Believe me, the problems in San Jose, California, differ from the problems in downtown Manhattan or Little Rock, Arkansas. We need the intelligence at the local level to forge strategies to solve local problems.

Q This report doesn't appear to deal at all with the fiscal problems that beset New York City and other cities recently. Is there a reason why this area of focus is omitted from your report?

SECRETARY HILLS: We don't propose that the Federal Government should underwrite municipal debt because we think there should be fiscal responsibility at the local level and real tension in local minds every time additional dollars are committed; that there are real local needs for committing those local dollars.

We think that is an incentive for good local government, and no matter how good the Government is at the Federal level, if it is less responsible at the local level we are going to have neighborhood problems so that our interest is to devise strategies for increasing the resources at the local level through expanding our private sector.

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Q Madam Secretary, I would like to pursue a question that the gentleman asked in the beginning, only he asked it more bluntly.

For eight years the Nixon-Ford Administration has been in charge of this problem and doesn't seem to have done much about it. Now, two weeks before the election you are coming up with a plan for more efficiency. How come?

SECRETARY HILLS: The problem has been developing, Bob, for the past 25 years, and the solutions that came out of the Sixties were simply throwing money at problems. We have had more categorical spits out of Congress, which has been Democratically controlled, without the kind of study that we are proposing.

This Administration has long been solidly behind the block grant program. You may recall that President Ford signed that block grant that consolidated seven categorical over at HUD on August 22, 1974, which was his big, major piece of legislation when he first came into office.

We do not believe that we should mandate programs that cost billions of dollars, either, without study, demonstration or experience. We have had now two years of funding -- just scarcely two -- with our block grant program. I can tell you sincerely that I believe it is the most effective mechanism and I would like to move on to spreading it throughout other aspects of Government, because I think it does afford the optimum opportunity for localities to best address their top priorities.

I think the Federal Government is efficient in setting broad national goals, preservation and recycling of our useful structures rather than always tearing down and rebuilding -- a phenomena of the Sixties -- or always moving out and leaving behind -- a phenomena of the Sixties -- but the strategies will have to be formed at the local level.

We are pushing the decision-making down in a broader segment of our governmental programs and we are trying to set forth the analysis so that Congress, along with the American people, can appreciate why we are doing just this.

So, we are spreading the block grant approach, which is a management principle. We are strongly recommending citizen participation, which is a cornerstone of our democracy. And, we are trying to work with local officials straight across the board.

Q Madam Secretary, I wonder if you could, however, address the timing of this section and the timing of the release of this report?

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SECRETARY HILLS: You know, when I took on this responsibility I promised the President I would get a report out by the 1st of October. It is hard to get it circulated and approved by a 16-member committee. I got it out on the 1st, but got the approvals today and was able to transmit it to the President late yesterday.

I didn't set that date for political reasons. I set it as the first interim report. I regard this just as a chapter, and I think we have to go on with the second and third chapters.

I don't believe there are any simple solutions to the tough problems that are set out in this report. Believe me, the timing was just to get on with the job.

I have to tell you, if I had scheduled this report, if I had scheduled all the things I have accomplished in the last six months for after the election, I would have lost a third of my time at HUD. I just don't have any tolerance with that. I am going to do the best job I can up through and including November 2, and if I am not there in the next Administration, so be it. I am not going to worry about whether somebody is going to say the timing is wrong.

I think it is a good report and a thoughtful report. I think it sets forth the necessary agenda. I don't think that has been done before. That concerns me, that we just sit and somebody sort of stirs the soup and says, "Ah-ha, I have a solution. We will just have a \$5 billion program and we will spread it around." Then it gets Christmas-treed and misses the point altogether and indeed becomes counterproductive.

Looking at urban renewal, the billions and billions of dollars, we have 36,000 acres of land that haven't been built on yet, \$3 billion that hasn't been drawn down, but that was the magical solution of the 1960s -- just tear it all down and we will build new because the shiny new is always better than the old.

Our colleagues in Europe would disagree. They have some older housing stock in some really fine neighborhoods. I think we have to start thinking about this, because we don't have the kind of dollars to spread around and always tear up and throw away like we were one great disposable society.

Q I am still not certain in my mind about the qualitative difference between the programs you are talking about in the Sixties and the goals that you are projecting this morning.

SECRETARY HILLS: Let me explain it, then.

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Q One other thing. The community action programs of the Sixties were predicated on the very thing you are talking about -- citizens' involvement at the local level.

SECRETARY HILLS: Let me explain. There is a vital, philosophical difference. I think it is key here.

In the Sixties we did have some community action programs and we had the model city programs. Let me take you back to HUD since I know that area better than most.

At HUD, we had seven categorical programs. You, as a mayor, would come in to see me or my predecessor and you would say, "I want to address the top priority in my jurisdiction; that is, to expand housing stock for my lower income population." I would say, "Mr. Mayor, I am glad to see you this morning, but I don't have any category of assistance for that. I have open spaces. Why don't you take a park today? Or maybe you would like to lay a sewer line, because I have water and sewer lines. We do have a little money for rehabilitation loans and grants, but it is all used up because other mayors got here first. But you could tear down your core city if you wanted to and maybe some day build it up. But now you have run the gamut of my categoricals."

Today, instead, the philosophy is to say, "Mr. Mayor, you get a fair share allocation. It doesn't matter whether you know me or don't know me. It is on a census-objective formula of housing overcrowding, population and poverty weighted twice. You get your fair slice of the pie and then you go back to your electorate, because you know the funds you are going to get from HUD, and you address your first priority. If you want to put it all into rehabilitation loans and grants, so be it. That is your decision. If you are making the wrong decision, your electorate will throw you out, but the electorate is not insulated from me, a bureaucrat in Washington, who thinks I have all the answers for thousands upon thousands of communities across the Nation based upon national statistics." I call that a very different strategy.

There is one other principle in here. We want to distribute our block grants to the elected official, whether he be the Governor or the mayor. That didn't happen in the Sixties. We had so many specially constituted districts, so we had this phenomena -- literally thousands of categoricals being spit out from Congress, with different guidelines, regulations, requirements, time-tables -- coming down in a very confusing and often counterproductive way to different immunized groups, specially constituted districts, who were often appointed. So when something went wrong, the mayor would say, "Who, me? I didn't do anything wrong. That was the district that did it wrong, the water district that did it wrong."

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So now what we want to do is emphasize accountability at the Federal, State and local level, and the capacity to coordinate with maximum discretion to address the top priority that you have in your locality. This is new. Now it has worked with our block grant at HUD, but we are urging that it be spread to the other areas that impact mightily on our neighborhoods -- transportation, employment and health services, education.

And you are right, the President has been in the forefront of urging the early -onblock grants. But we want to emphasize the analysis of why and push it very, very hard.

Q Madam Secretary, what have you done about mortgage, low interest mortgage loans, so that individual people could build homes and not have to go into public housing?

SECRETARY HILLS: Well, if you are talking about public housing, you are talking about your poverty sector for the most part, low income. We find that the incomes in public housing ran about \$3,000 a year and less.

We believe that the best program is to subsidize people, not bricks and mortar, so that our program is to provide a rental subsidy that makes up the difference between 25 percent of a poor family's income and the fair market rental of a decent but modest unit. We think this program works with the market, not against the market as categoricals of the past have done, for the reason that by putting the dollars in the pockets of these families, the landlords in a soft market with a high vacancy can count on these people to rent up their apartment houses so they don't abandon them, so a landlord that has a 40 percent rent up can gather these people in.

Now what does this mean? It means that we can get a poor family into housing immediately, not 30 months from now as when we build a new project. It means we can do so at half the cost to the taxpayers because we are utilizing our existing housing stock.

What does it mean to the landlord? It means he can count on a stream of income so he doesn't abandon his unit. And he pays taxes so the city benefits, because they get the taxes and they avoid the blight of this abandonment. And it works just as well with new construction because the home builders regard these people for the first time as part of the demand to which they are building, and it is working.

You know, with all the concern and impatience as to whether the program would work, we have, as compared to the most popular of the public housing programs, moved ahead much faster.

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We have 80,000 families in occupancy two years after signing and some 18,000 starts, as opposed to turn-key public housing, which is the fastest public housing program. Two years after the 1965 enactment there were 4,300 starts and only 2,300 in occupancy, so that is quite a difference.

Q Mrs. Hills, the housing starts figures that came out this week look very encouraging.

SECRETARY HILLS: Magnificent. (Laughter)

Q Could you tell us what part the HUD programs, Section 8 in particular, played in improving the starts, particularly in the multi-family? Do you have figures yet on how many of those starts came out of Section 8 in September?

SECRETARY HILLS: No, we haven't, and we won't have those for another 30 or 60 days. I hope that we are processing promptly. I have told the interest groups with whom we work that we are processing single family mortgages, 39 percent of them in less than 5 days, and that we are moving as rapidly as we can with our multi-family rental subsidy projects.

I like to think of HUD as well run. I hope we contributed to those improved statistics. I suspect I can't claim all the credit but I hope I had an impact.

Q Mrs. Hills, what happens to this report now? Who gets it? Where does it go? What do you do with it?

SECRETARY HILLS: The President has received it, in the first instance. I am going to continue to chair this committee. We are going to have a second report and we are going to address those agenda items that are set forth and go forward on the recommendations, which will take legislation, and address promptly those problems that are identified for legislative action.

There are very few things that we found in our canvassing that can be done in the administrative field for restructuring intergovernmental relations.

Yes, we can impose mandatory deadlines, which we have done at HUD. We can impose a rapid turnaround, but as far as efficient relationships between the Federal, State and local governments, we have to make some effort to coordinate this multitude of categoricals. Categorical thinking has got to give way to block grant or broad planning. There is just no question about that.

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Q Why is George Meany so upset? It sounds good what you say, but why is he so upset?

SECRETARY HILLS: I didn't know he was.

Q Yes, he is.

SECRETARY HILLS: Let's look at the facts. Are you asking me why I am enthusiastic, excited and delighted over the housing starts? Well, if we don't build another unit of housing in this calendar year, 1976 will be the fourth best year on record for single family starts. And when I look at the multi-family sector, which I have regarded for too many months as my ailing child, and see the August figures jump in one step 48 percent and the September figures jump in another step 46 percent, believe me, it warms the cockles of my heart.

If Mr. Meany doesn't like that progress, I am surprised. I do.

THE PRESS: Thank you.

END (AT 10:55 A.M. EDT)