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REPUBLICAN NATIONAL CONFERENCE

FEBRUARY 6, 1976

SINCE YOU INVITED ME HERE TO ANSWER QUESTIONS, YOU WILL BE SPARED A LONG SPEECH.

BUT, I THOUGHT IT MIGHT BE USEFUL TO START WITH A "NUTSHELL" SITUATION REPORT ON HUD, HOUSING PROBLEMS AND PROSPECTS AND, PARTICULARLY THE FORD ADMINISTRATION'S PROGRAMS AND RECOMMENDATIONS FOR THE YEAR IMMEDIATELY BEFORE US.

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT IS JUST 10 YEARS OLD. IT IS SPECIFICALLY AUTHORIZED BY CONGRESS TO "ASSIST" IN THE DEVELOPMENT OF VIABLE URBAN COMMUNITIES -- WHICH INCLUDES DECENT HOUSING -- PARTICULARLY FOR PEOPLE WITH LOW AND MODERATE INCOMES.

I ACCENT THE WORD "ASSIST" -- BECAUSE IT IS NEITHER OUR MANDATE NOR OUR INTENT TO TAKE OVER THE JOB OF RUNNING ANY OF OUR NATION'S INDEPENDENT STATES OR LOCALITIES.

THE HOUSING AND COMMUNITY DEVELOPMENT ACT SIGNED INTO LAW BY PRESIDENT FORD ON AUGUST 22, 1974 INITIATED A NEW ERA IN THE RELATIONSHIP BETWEEN HUD AND LOCAL GOVERNMENTS.



UNDER THE ACT, HUD IS AUTHORIZED TO GIVE LOCAL COMMUNITIES \$8.3 BILLION FOR COMMUNITY DEVELOPMENT OVER A 3 YEAR PERIOD.

THESE FUNDS ARE GIVEN TO THE LOCALITIES WITH THE FEWEST POSSIBLE STRINGS ATTACHED, ALLOWING THEM GREAT FLEXIBILITY IN MEETING REAL LOCAL NEEDS AS IDENTIFIED BY THE PEOPLE WHO ACTUALLY LIVE THERE.

TODAY, NO CITY OFFICIAL CAN SAY HE'S INSTALLING A SEWER -- INSTEAD OF DOING SOMETHING OF HIGHER URGENCY TO HIS COMMUNITY -- ON THE GROUNDS THAT ALL WASHINGTON IS HANDING OUT IS SEWER MONEY.

OUR FIRST YEAR WITH THE COMMUNITY DEVELOPMENT GRANTS SHOWS, UNMISTAKENLY, THAT IF THE FEDERAL GOVERNMENT KEEPS ITS HEAVY HAND OUT OF LOCAL DECISION-MAKING, THE CITIES ARE CAPABLE OF MAKING THE RIGHT MOVES TO HELP THEMSELVES.

MORE THAN 60 PERCENT OF THE \$2.6 BILLION GRANTED THIS FIRST YEAR WERE USED FOR PRESERVATION AND REHABILITATION OF DECLINING AND BLIGHTED NEIGHBORHOODS.

NOW, THIS STRIKES US AS A SENSIBLE ECONOMY.



THIS ALSO UNDERSCORES THE GREAT ADVANTAGE OF BLOCK GRANTS -- A SPECIAL FORM OF REVENUE-SHARING -- OVER THE OLD CATEGORICAL GRANTS.

BY LEADING US AWAY FROM THINKING ABOUT CITY PROBLEMS IN SEVEN ENUMERATED CATEGORIES, WE ARE DEVELOPING INNOVATIVE AND COST-EFFECTIVE STRATEGIES FOR DEALING WITH REAL, NOT ASSUMED PROBLEMS.

ANOTHER IMPORTANT PART OF OUR ACT PROVIDES RENTAL SUBSIDIES FOR LOWER-INCOME FAMILIES -- ALLOWING THEM TO FIND DECENT QUARTERS IN QUALIFIED BUILDINGS OF THEIR OWN CHOOSING, AT A RENTAL THEY CAN AFFORD TO PAY.

AGAIN, THE LOCAL COMMUNITY HAS THE MAJOR SAY IN HOW THE RENTAL SUBSIDIES WILL BE USED, WHETHER IN NEWLY CONSTRUCTED, SUBSTANTIALLY REHABILITATED OR EXISTING HOUSING UNITS.

BY ALLOWING CITIES TO UTILIZE EXISTING HOUSING STOCK, WE NOT ONLY PROVIDE HOUSING AT A LOWER COST, WE ASSIST IN THE PRESERVATION OF URBAN NEIGHBORHOODS.

HUD'S BUDGET FOR 1977 CALLS FOR INCREASES IN THESE TWO KEY PROGRAMS OF HOUSING AND COMMUNITY DEVELOPMENT WHILE MAINTAINING HUD TOTAL OUTLAYS AT 1976 LEVELS.

FIRST, WE PROPOSE DIRECT SUBSIDY ASSISTANCE FOR OVER 500,000 FAMILIES -- THE KIND OF NUMBERS YOU HAVEN'T HEARD FROM HUD IN A LONG TIME.

SECOND, WE REQUEST FULL AUTHORIZATION FOR COMMUNITY DEVELOPMENT BLOCK GRANTS. HERE AGAIN -- YOU'LL FIND THAT SUCH A REQUEST FOR FULL STATUTORY AUTHORIZATION OF AVAILABLE FUNDS IS NEW TO HUD'S RECENT HISTORY. THIS FOCUS ON REAL NEEDS AT THE LOCAL LEVEL IS IN ACCORD WITH THE PRESIDENT'S DESIGN FOR "NEW REALISM" IN FEDERAL PROGRAMS.

THIRD, WE PLAN A DELIBERATE, SHARP DROP IN HUD'S INVENTORY OF ACQUIRED PROPERTIES. AND, WE INTEND TO SHOW A REAL CUTBACK IN THE RATE OF MORTGAGE ASSIGNMENTS. WE WILL USE SOME OF OUR RENTAL SUBSIDY FUNDS TO HELP FAMILIES LIVING IN PROJECTS IN DEFAULT OR IN INVENTORY, SO THAT THOSE PROJECTS CAN BE ADEQUATELY MAINTAINED AND FULLY OCCUPIED.

THESE PROGRAM LEVELS SQUARE WITH PRESIDENT FORD'S CALL FOR "COMMON SENSE" GOVERNMENT AND HONESTY WITH THE AMERICAN PEOPLE.

THEY "PROMISE NO MORE THAN WE CAN DELIVER" BUT THEY GIVE HUD THE MEANS TO "DELIVER ON ALL THAT WE PROMISE".

BUT, YOU HAVE HEARD MUCH OF THE FRAGILE HEALTH OF THE HOUSING INDUSTRY, AND YOU HAVE A RIGHT TO ASK WHAT IS HUD DOING ABOUT THAT PROBLEM.

THE FIRST THING WE ARE DOING IS GIVING ALL-OUT SUPPORT TO PRESIDENT FORD'S ECONOMIC PROGRAM.

THE HOUSING RECOVERY IS CLOSELY TIED, PERHAPS MORE SO THAN ANY OTHER INDUSTRY, TO THIS COUNTRY'S OVERALL ECONOMIC RECOVERY. UNLESS THIS NATION CAN KEEP INFLATION UNDER CONTROL, INTEREST RATES WILL NOT FALL AND THE HOUSING INDUSTRY CANNOT ACHIEVE OR MAINTAIN A REAL RECOVERY.

YOU AND I KNOW THAT IT IS FAR MORE EXPEDIENT IN THE POLITICS OF AN ELECTION CYCLE TO SAY "YES" TO MORE FEDERAL EXPENDITURES. SO, I AM VERY PROUD OF PRESIDENT FORD'S COURAGE IN SAYING "NO" TO A SUCCESSION OF MEASURES OVER THE PAST 12 MONTHS THAT WOULD HAVE FUELED THE INFLATION THAT HE HAS CUT IN HALF.

AND, I LOOK WITH EQUAL PRIDE AT THE PRESIDENT'S WILLINGNESS TO SAY "YES" TO CAREFULLY THOUGHT-OUT MEASURES TO INDUCE ECONOMIC RECOVERY.

HE SAID "YES" TO THE USE OF MORTGAGE PURCHASE ASSISTANCE, AND OVER THE PAST TWO YEARS HUD HAS OFFERED TO BUY OVER 500,000 MORTGAGES ON NEWLY CONSTRUCTED SINGLE-FAMILY HOMES TO ENABLE HOMEBUYERS TO PURCHASE HOMES AT INTEREST RATES BELOW THOSE AVAILABLE IN THE MARKET.

USE OF THE TAXPAYERS MONEY IN THIS WAY HAS EXPANDED HOMEOWNERSHIP OPPORTUNITIES FOR HOMEBUYERS DURING A PERIOD WHEN INFLATION DROVE THEM FROM THE MARKET AND SLOWED THE HOUSING INDUSTRY ALMOST TO A POINT OF STOPPING.

HE SAID "YES" AGAIN IN OCTOBER, ENABLING HUD TO REACTIVATE ITS HOMEOWNERSHIP SUBSIDY PROGRAM UNDER WHICH IT SUBSIDIZES DOWN TO 5 PERCENT THE INTEREST ON A MORTGAGE IN THE RANGE OF \$20,000 TO \$25,000.

THIS PROGRAM WILL SPUR SINGLE-FAMILY HOME CONSTRUCTION AND EXPAND HOMEOWNERSHIP. ITS FOCUS IS ON LOW AND MODERATE INCOME FAMILIES WHO TRADITIONALLY HAVE BEEN HOMEBUYERS BUT WHO ARE NOW PRICED OUT OF THE MARKET.

OVER \$264 MILLION WILL BE SPENT OVER THE NEXT TWO YEARS TO SUBSIDIZE 250,000 MORTGAGES, GENERATE \$6.5 BILLION IN CONSTRUCTION ACTIVITY AND PUT 500,000 PEOPLE BACK TO WORK.

THESE HAVE BEEN THE VERY TOUGH POLICY CALLS THAT HAVE LED US TO THE TURN-ABOUT NOW FIRMLY IN PROGRESS.

IN 1974, THE RATE OF INCREASED HOUSING COSTS OUTRAN THE NATION'S DISPOSABLE FAMILY INCOME -- AND, PREDICTABLY, HOUSING STARTS DECLINED.

IN 1975, THAT TREND WAS REVERSED. BETWEEN THE FIRST AND THIRD QUARTERS INCOME ROSE THREE TIMES AS FAST AS NEW HOME PRICES.

THUS, THE SINGLE-FAMILY HOUSING MARKET REGAINED ITS HISTORICALLY NEEDED ECONOMIC EQUATION -- AND THE IMMEDIATE AFTER EFFECT WAS FELT IN HOUSING STARTS.

NEW SINGLE-FAMILY STARTS ARE UP 56 PERCENT FROM THE END OF 1974 AND ARE NOW JUST BELOW THEIR PEAK YEARS.

BUT, THE MULTI-FAMILY MARKET CONTINUES TO LAG.

TO ASSIST THIS MARKET, WE ANNOUNCED FOUR WEEKS AGO, THAT \$3 BILLION OF MORTGAGE PURCHASE ASSISTANCE WOULD BE DIRECTED THROUGH FHA TO MULTI-FAMILY CONSTRUCTION. THOSE DOLLARS TRANSLATE INTO ROUGHLY 120,000 UNITS.

BUT, THERE IS A POINT TO BE MADE AND REMADE -- WE ARE NOW IN A STAGE OF RECOVERY, AND WE ARE NOT IN A NEW WAVE OF INFLATION, PRECISELY BECAUSE MONIES HAVE BEEN SPENT TO AID SPECIFIC PROGRAMS -- AND BECAUSE THE PLANS TO EXPEND HUGE SUMS OF POORLY FOCUSED FUNDS PROPOSED BY SO MANY LAST WINTER AND SPRING WERE REJECTED.

WE WILL CONTINUE TO USE DISCRETE PROGRAMS TO PROVIDE CAREFULLY THOUGHT-OUT ASSISTANCE WHERE THERE IS NEED. BUT, WE WILL NOT FEDERALIZE THE HOUSING MARKET.

WITH THIS COMMON SENSE APPROACH, THE IMPROVEMENT PRESIDENT FORD HAS LAUNCHED WILL CONTINUE.

