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HUD NEWS

U.S. DEPARTMENT OF HOUSING
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SOME 1969 HUD ACCOMPLISHMENTS
By Secretary George Romney

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In 1969 we broke every record for construction of housing

for low and moderate income families. 1969 subsidized housing for these families is up 13% over the record year of 1968-- despite inflation, the credit crunch, and soaring building costs. This is the only part of housing output for which our Department is directly responsible.

This year (1970) we expect to increase our subsidized housing starts for low and moderate income families by about 220% over the all-time record year of 1969, and we expect to make a further increase in 1971. Doing this will require not only adequate funding but also a considerable reduction in the processing time on applications for subsidy assistance.

While in two years we expect to almost triple subsidized housing production we are concerned about the availability of land in suitable locations for this housing. It is vital to the easing of economic, social and racial tensions for this housing to be dispersed more broadly than it has been in the past.

Now turning to unsubsidized housing starts, they have declined precipitously throughout 1969.

Unsubsidized housing has been the principal victim of the deeply embedded inflation inherited by this Administration. The overall housing shortage has greatly increased.

Unsubsidized housing output is determined basically by national monetary, fiscal, and wage-price policies, state-local code, zoning, land and tax policies, and the structure and technology of the industry. We have endeavored to constructively influence the important factors that control unsubsidized housing production, but direct responsibility is beyond the control of this Department.

The present Administration has taken steps to deal with the overall mortgage market and housing crisis far exceeding anything done in the past. It has mounted a vigorous fight against inflation; FNMA and the Home Loan Bank Board have provided more than \$10 billion of support for the mortgage market during 1969--I am assured this past level of support will continue as long as needed; \$1.1 billion has been approved for use in HUD's new tandem plan--more will be approved in the future; and we are trying to tap new sources of money for housing through our program to guarantee mortgage backed securities.

Now let me quickly enumerate some other departmental accomplishments during 1969.

We have converted a Great Society model cities program into a New Federalism model cities program. The Great Society approach by-passed and alienated state governments, weakened local governments, and distorted local priorities to fit into the categorical niches of proliferating federal programs.

The New Federalism reform of model cities is building the capacity of state and local governments to set their own priorities and meet their own urban problems. Effective citizen participation is required but not substituted for local government responsibility. In ten months, we have given planning grants to 30 states to improve state coordination with model cities programs.

We are strengthening and redirecting state and regional planning assistance programs in two ways: First, we're emphasizing a comprehensive metropolitan approach which recognizes the interdependence of suburbs and core cities, rather than a fragmented approach which deals independently with each political jurisdiction. Second, we're placing increased emphasis on planning for human and social needs. We believe planning must lead to specific and achievable programs for people, not glossy planning documents stacked on a shelf.

We are getting across this Administration's message on the basic responsibility to citizen needs. Our career regional administrators report that local officials appreciate the new atmosphere of realism, honesty, and mutual respect. For example,

the previous administration encouraged massive local demand for neighborhood development program grants far beyond available or foreseeable funding. The result was fiscal chaos and local government frustration. We have put NDP on an effective, honest solid basis, clarifying its goals as well as its limitations.

We are playing our full part in this administration's effort to achieve increased minority job opportunities and business enterprise opportunities. We are providing urban study fellowships for minority individuals, conducting a systematic survey of minority building contractors, and opening up the construction trades increasingly to minority groups.

During the past year, the college housing program has placed primary reliance on private financing and has assisted over 200 colleges in providing housing for over 50,000 students.

We have initiated the first real organization of our department. We are organizing the top-heavy, uncoordinated bureaucratic conglomerate we inherited into a functional, decentralized, more efficient structure. We have consolidated all housing production programs under one assistant secretary, housing management under another, planning under a third, research under a fourth. And we are building a decentralized coherent field structure for better service.

We have helped initiate the President's National Program for Voluntary Action. Through cooperation with other Departments and hundreds of private organizations, we are building a creative public-private partnership. We seek to stimulate greater voluntary action in solving today's mounting, perplexing and increasingly explosive human and social problems. We are now organized on both the government and private sides. We have set up an information Clearinghouse, and we are actively fostering initial voluntary programs like Community Schools, College students volunteers, and credit counseling.

Basic housing reform is underway. "Operation Breakthrough" is shifting the industry's focus from construction to production. This means not only new technology, but also new methods of financing, land use, marketing, and management. Operation Breakthrough also promises to help remove such restraints as unwieldy code requirements, rigid labor practices, and restrictive zoning.

Success in this and other programs needed to meet national housing needs can be the principal stimulant of future sound, economic growth when inflation has been curbed. Such success can also provide the new jobs needed when our involvement in Vietnam is over. Our biggest undeveloped domestic market is housing.

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