

Speech by Congressman Les AuCoin
Before the National Housing Conference
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Thank you Henry. I want to thank the National Housing Conference for inviting me today -- even though I must say there's something dreadfully sadistic scheduling meetings on Sunday afternoons. After all, even God Almighty had to rest on the seventh day!

But I want you to know that I'm glad to be here anyway. Maybe that's that typical "holier-than-thou" attitude you hear about on Capitol Hill. More accurately, it's because of the esteem I have for your group.

I shall try to be brief this afternoon. I want to come to the point. I'm here to discuss three elements of the housing issue which I think are absolutely compelling.

I speak as one of the newer members of the Housing Subcommittee, but one who has nevertheless reached some distinct impressions about where we are in housing in America today.

Specifically, I want to talk about, one, the supply of resources we must have to build housing; two, some short-term steps to improve existing housing programs; and finally, I want to talk about the longer view -- what we ought to be doing to build a coherent housing strategy for the future.

I. Housing Resource Supply

Let's talk about resources. Mr. Solomon has very vividly mentioned future housing needs and demands. It's important for us to keep this in mind in shaping housing policies.

But let me submit to you that one of the biggest failures of our national housing efforts is that we have failed to look at housing as anything more than a bunch of federal programs.

The time has come to take a "systems approach" to housing -- to look at the housing issue beginning with the wood on the stump the very last stud placed in the construction of a home.

This means looking at the adequacy of the supply of materials for housing. In case any of you missed it, lumber prices jumped 10 percent just last week. Some estimate that plywood prices will explode by 20 percent in the next three months!

Let me make a flat prediction right now -- if that increase occurs, it will cold-cock any housing recovery and cripple the Administration's best efforts for general economic recovery ... because as we well know, no national recovery since World War II has occurred without a sound upsurge in housing.

What's threatening to cause this explosion in lumber prices? The answer is simple economics. We're watching the beginning of a massive new demand for housing but also a lack of an increase in the supply of building materials.

And there's a very simple reason for this. Fifty percent of the nation's saw timber comes from the National Forests. Right now, lumbermen are afraid to expand production because they don't have enough timber under contract -- those who have even two-year contracts are lucky. Funding for reforestation and forest management has been shoddy -- and there have been no signals of change from the Office of Management and Budget in the new Administration -- although I must say I was pleased with the audience Bert Lance granted last Friday to be given a briefing on this problem.

But ladies and gentlemen, until some concrete signals start coming from downtown that the Administration is going to make a major new investment in forestry management, no lumberman is going to expand his harvest to meet today's housing demand. He just doesn't know what's in store on federal timber contracts tomorrow -- and so he's going to simply stretch out the timber he's got as long as it lasts, despite higher demand and higher prices -- and who can blame him?

This isn't new. It's happened before. And in the last serious price crunch of 1972-73, five percent of the nation's homebuilders went bankrupt and thousands of building tradesmen were thrown out of work.

But the biggest loser of all is the consumer. Already, some 70 percent of all Americans are unable to afford an average priced home. Price squeezes of this kind will make matters only worse.

So what those of us who are interested in housing have got to do is stop thinking the answers will simply be found in some HUD program.

We've got to look at resources. We've got to take that "systems approach" which can maximize our forest productivity. We've got to urge OMB to at last recognize forestry funding for what it is -- an investment that will produce more than a dollar-for-dollar economic return -- rather than regarding it as a simple budget item that's always the first to be cut in a budget squeeze.

II. A Long-Range Housing Strategy

With a stable resource policy, we can then turn to the task of building a long-range national housing strategy.

We not only can, but we must. Today we have no strategy. We have no national policy. What we have is a series of fragmented, overlapping and sometimes conflicting programs written by various congressional committees, administered by various bureaucracies, serving numerous clients -- none of which are required to follow, or designed to achieve, a well-defined, overall objective.

The only semi-comprehensive policy statement which Congress enacted came several years ago when it said we "should provide a decent home" for everyone.

To the best of my knowledge, we in the Congress have never contradicted that general statement -- nor have we ever told anyone exactly how we proposed to do it.

I come to you with no magic wand answers this afternoon. But I do know this: that a society that prices 70 percent of its people out of home ownership invites chronic social problems.

And equally I am convinced of this: that while we are wasting precious resources in duplicating and contradictory programs, there are housing-need gaps -- such as adequate programs for the rural poor.

Before the year is out, I intend to propose the creation of a special two-year effort with the goal of devising a unified national housing policy -- one that's responsive to people of all income groups.

Such an effort should review the structure of federal housing administration. Today, an agency under the Secretary of Agriculture, the Farmers Home Administration, rivals HUD, an agency that's supposed to be the principal federal housing agency!

And if our goal is to do more than simply create shelter, if it is to enhance and stabilize communities, then such a long-range plan must bring within the jurisdiction of a new housing and community development agency, the authority to at least guide local economic development grant policies.

III. Short-Term Steps

The obstacles are self-evident. Departmental jealousies are old hat in this town. Congressional committee jurisdictions are practically sacred. Still, if we are less concerned about

the allocation of political turf, and more concerned about effectively building communities, then such an effort must be made.

In the meantime, we've got to deal with the world as we find it. We've got so many short term problems with screw-ups in current federal housing programs -- including inadequate financing, overly restrictive regulations, incompetent administration -- that we simply can't wait for the advent of a long-range master plan.

More importantly, we cannot exploit the need for a better and more comprehensive policy as a cop-out to avoid dealing with the nitty-gritty problems facing us today in various housing programs.

There are some hopeful signs. HUD has been given the largest dollar increase of any department in President Carter's budget revisions -- outstripping such giants as the Department of Agriculture and the Department of Defense.

Moreover, there are signs that HUD will be using its regulatory authority to breathe life into -- rather than to suck the life out of -- congressionally-passed programs.

Section 8 appears to be an early example.

I'm sure it's no secret to any of you -- certainly those of you who have been in the military service -- that Section 8, given the way it has been run, was aptly named.

Some of you may recall that I authored a number of amendments last year to give Section 8 more stability. One of those was to extend debt service payments from 60 days to one year -- in order to give lenders confidence in the Section 8 program.

The outgoing HUD administration interpreted this one-year provision in the narrowest possible fashion, ruling that if a unit was vacant for six months, then occupied for a period of time, and then vacated again -- the unit would be eligible for only six additional months of debt service payments -- defining vacancy on an accruing basis that was never contemplated by Congress.

Today, I can tell you that it's my understanding that new HUD regulations will shortly be published which reflect the intent of the AuCoin Amendment -- and provide one-year debt service funding on vacant units whenever they become vacant, as long as there is a good faith effort to fill them.

I am also pleased with Secretary Harris' proposal for 30-year financing authority on Section 8 projects. The previous 20-year authority simply wasn't flying. In Oregon, the only Section 8 housing being built was through the State

Housing Division -- and that's because it had 30-year financing authority.

Beyond that, no view from the Hill would be complete today without a word about the Community Development Act, which is up for renewal this year.

I strongly support Secretary Harris' proposal for supplementary grants -- which she calls Urban Development Action Grants -- to cities of special need.

My crystal ball is far from perfect, so I cannot predict the outcome of this proposal. And one of the cautionary political signs is the growing strength of suburban representation in the Congress.

But I want to say this: I happen to represent predominantly suburban and rural districts and I believe supplementary assistance of this kind is vitally needed.

It's needed if we are going to stop the rot that's killing our cities and driving families by the thousands to the suburbs, overwhelming public facilities there, turning prime agriculture land into asphalt and fostering the one-car, one-person transportation system that has helped threaten our economy by encouraging over-consumption of energy.

IV. Summary

Let me just say in conclusion that our work is cut out for us. We have short-term problems with existing programs. We have longer-term problems of thinking through a rational housing strategy. And we will always have the continuing problem of trying to organize the Congress and the Executive branch to give us proper and efficient tools for the task at hand.

Nevertheless, I think the tone is up-beat, from where I'm standing. Some excellent people have been willing to accept the harness. Fresh thinking is in the wind.

The only thing between us and success is whether or not we have the wit and the will to win.

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