

TESTIMONY BY

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U. S. Department of Housing and Urban Development

before the

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I am pleased for this opportunity to direct attention to the historic housing accomplishments of the first Nixon Administration, and to look ahead to the challenges which the second Nixon Administration will confront.

The first four Nixon years have been years of steady progress -- yes, dramatic progress -- in meeting our nation's housing problems, as well as in remedying urban ills and building better communities.

First we broke all previous records for progress; then we broke the new records we'd just set. Some old challenges remain; some new challenges have emerged. But we have established a solid base of unprecedented accomplishment.

The Nixon Administration inherited a slumping housing market, declining home production, and spiraling interest rates. Experts and industry leaders freely predicted a new housing slump even worse than the Johnson Administration's housing slump of 1966. They forecast housing production at depression levels.

In a few short months, the Nixon Administration turned all that around. We took prompt, decisive action to spur production, reduce interest rates, and revitalize the entire housing industry.

As a result, housing became the bellwether of a rebounding economy. More Americans gained access to improved housing than in any comparable period in American history.

We are now setting a new housing production record every year. More housing was produced in 1971 than ever in a single year; 1972 will be another record.

We have made it possible for more housing to be built for low- and moderate-income families in the last three years than in the preceding 31 years -- in fact, more than in the entire previous history of the United States. In these three Nixon years, low- and moderate-income housing production has increased four-fold.

In the same three years, this nation's total housing stock has increased by 4.5 million units -- from 66.1 million in 1968 to 70.6 million in 1971. Older housing always deteriorates with time, and some losses from the housing stock occur each year. But new home construction is now outpacing losses from the housing stock by two million net additions annually.

And as we look ahead, we are overall well ahead of the pace that will be required to meet the 10-year housing goals which Congress set in 1968 and which were widely thought to be unrealistic of attainment. In fact, at current rates two new housing units are being built for every new family being formed.

And there is more to the Nixon housing record than just production of new units.

New consumer-oriented programs for homeowner counseling and tenant services have given needed emphasis to improved management and maintenance of our housing stock.

A three-year program was launched to create a new image for public housing, by introducing the element of professionalism at the management level, and encouraging innovations and new techniques designed to upgrade services for tenants.

Fair, impartial administration of the laws has made equal housing opportunity a reality for more Americans than ever before.

Innovative research, like Operation Breakthrough, is harnessing technical know-how for better quality, higher production, and lower housing costs.

With that record of accomplishment behind us, it is not unrealistic to assert that the first Nixon Administration has broken the back of the Nation's housing crisis.

Imbalances, and other challenges which I will touch on later, still remain -- but the day of a nationwide housing shortage is coming to an end. We are moving into a period of housing surplus in which we can focus our attention ever more sharply on lower cost of housing, better distribution of housing, and improved quality of housing particularly in rural areas and for the central city poor. Solving these problems is at least as much related to social and economic progress as it is to progress in housing production.

I am convinced that solely from a production standpoint, it will be possible for this Nation to realize the quarter-century-old goal of a decent home in a suitable living environment for every American family by 1976.

I am proud of our accomplishments. But I would be less than honest with you -- and we would be less than honest with ourselves and with the people -- if pride in our own past accomplishments, or preoccupation with our own partisan election-year rhetoric, were to obscure the hard fact that we have had real problems, that real problems remain, that real problems must be faced sharply and vigorously in the period ahead -- and that we need better tools for overcoming them.

The tools that we have had to use are far from perfect. Many are seriously flawed. Some of them were thrown together in the dying days of the Johnson Administration, handed to my Department with a Congressional mandate to go out and use them -- without any advance testing to see if they were sound, to see if they would work -- without any real training of those who were to use them.

Those programs now have been tested. We have made them work. We have found their flaws -- the hard way.

Problems are particularly apparent in housing programs in the inner-city, where the Great Society plunged unprepared into major housing efforts at the precise time when the private market was collapsing and private capital and private buyers were leaving central neighborhoods at an unprecedented rate.

We have corrected shortcomings where we could. We have corrected abuses as they appeared, insisted on quality production and quality processing, improved the training of our employees, tightened operating procedures, punished wrongdoers, protected the innocent, given redress to the exploited, and served consumers conscientiously.

But on the basis of experience, some of it successful and some of it harsh, we now can move toward the creation of more effective tools for meeting housing needs.

For example, the Nixon Administration has launched a precedent-setting experimental program of housing allowance payments direct to families in need. In my judgment, it is time to weigh quite carefully the likelihood that we now should begin to separate our efforts to stimulate production through housing subsidy programs from our efforts to provide special housing assistance to low- and moderate-income families.

Present programs throw the burden of achieving both objectives -- both increased production and assistance for families in need -- on the interest subsidy approach. Evidence is increasing that this is costly and subject to abuse.

But refinement of our housing tools, while needed, will not be enough to overcome the real and persistent housing problems that confront us. For some of the toughest problems that we face in housing are in large measure the problems of our cities. It is in the central cities,

primarily in declining neighborhoods, that our housing programs have encountered greatest difficulty. And it is no coincidence that these same areas are those with greatest social problems.

Physical decay, viewed in a vacuum, is easy to deal with. You either patch it up, or tear it down and build again. But society is not a vacuum. And social forces are at work within our cities which cannot be reversed simply by physical repair, rebuilding and renewal. Housing is not a panacea for the human and social problems of our cities, and it should not be made a scapegoat for such problems.

Jobs have left the city. Workers have left the city. Tax base has left the city. Public services and education have declined. Too often a tragic social pathology has taken root. People with special problems have found themselves trapped together in close quarters, where their personal difficulties build toward a critical mass of frustration and contagion that can threaten the stability of society at large.

We have given an unprecedented array of new tools and resources to local governments, and we have strengthened local leadership. Grants to local governments by my Department have doubled from 1969 to 1972. Innovative, new programs have been instituted to give local officials and governments ever more flexibility and control over assistance programs.

Look at the growing parade of mayors and council leaders from city after city -- once the unchallenged base of the Democratic Party -- who are singing the praises of the Nixon Administration and endorsing the President for reelection. That didn't just happen. It happened because this Administration proved it understood urban problems, understood the problems of local leadership, and responded creatively to local needs.

But the social ills, and their physical symptoms, still remain. And housing alone, or money alone or physical renewal alone, cannot solve them.

In my judgment, it is vital in the period ahead to place new emphasis on the shared problems of adjoining communities -- whether central cities, small towns, suburbs, or rural America. We must work to help them build bridges of mutual concern and common action with one another. We must vigorously support state and local efforts to find area-wide solutions to area-wide problems. Through leadership, persuasion, incentive and assistance, we must seek to address the broader problems and realize the broader unity of the "Real City," which transcends the sometime artificial and fragmented boundaries of local jurisdictions.

The "Real City" and the opportunity it represents stem from a combination of concerns and aspirations, both national and individual -- for better housing and equal access to it, for creating and preserving



attractive neighborhood environments, for relieving the confinement of people with special problems in critical masses in our central cities, for revitalizing decaying inner urban areas, and for renewing our understanding and confidence in one another.

The fulfillment of that opportunity deserves in the second Nixon Administration the highest domestic priority.

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