

SPEECH BY:

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FAYETTEVILLE, NORTH CAROLINA

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"NATIONAL HOUSING POLICY"

BE ASSURED THAT I AM AWARE OF THE IMPACT OF YOUR INDUSTRY ON THIS STATE AND ON THE COUNTRY AT LARGE.

NOT SURPRISINGLY, SUCH A LARGE INDUSTRY AFFECTING SO MANY PEOPLE ATTRACTS THE ATTENTION OF THE FEDERAL GOVERNMENT. SUCH IS THE CASE IN THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974 NOW BEFORE CONGRESS.

BEFORE GETTING INTO THE SPECIFICS OF THIS LEGISLATION AND HOW IT WOULD AFFECT YOUR INDUSTRY, LET ME OFFER SOME GENERAL THOUGHTS ABOUT NATIONAL HOUSING POLICY. I WOULD EMPHASIZE THAT THESE ARE PRELIMINARY IN NATURE AND SUBJECT TO REVISION.

FIRST OF ALL, THERE HAS BEEN A DRAMATIC IMPROVEMENT IN THE QUALITY OF HOUSING AVAILABLE TO OUR PEOPLE IN THE PAST TWO DECADES -- ESPECIALLY THE HOUSING AVAILABLE TO THE MIDDLE CLASS LIVING IN THE SUBURBS OF AMERICA.

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BUT STATISTICS CAN BE MISLEADING. WE HAVE BAD HOUSING IN MANY RURAL AREAS OF THIS COUNTRY. WE HAVE POOR HOUSING IN PARTS OF MANY OF OUR CITIES. AND WE SPEND A VERY LARGE PERCENTAGE OF OUR PERSONAL INCOME ON HOUSING.

THE FEDERAL GOVERNMENT UNDER SEVERAL ADMINISTRATIONS HAS CONTRIBUTED TO THE "URBAN CRISIS" BY ENCOURAGING -- THROUGH ITS TAXING, LENDING, AND HOUSING CONSTRUCTION POLICIES -- THE FLIGHT OF THE MIDDLE CLASS TO THE SUBURBS AND OUT OF THE HEART OF OUR CITIES. THIS IS INDICATIVE OF THE FACT THAT WE HAVE NOT HAD AN URBAN POLICY IN THE UNITED STATES BUT, INSTEAD, A MIXTURE OF POLICIES THAT WERE OFTEN AT CROSS PURPOSES AS THEY AFFECTED THE ENVIRONMENT IN WHICH PEOPLE LIVE. WE HAVE HAD NO LESS THAN 60-ODD SEPARATE HOUSING PROGRAMS, FOR EXAMPLE.

IN THE SOUTHEASTERN STATES WE HAVE NOT ESCAPED THE NATIONAL PROBLEM OF CENTRAL CITY DECAY. AND WE HAVE A SPECIAL SOUTHERN URBAN PROBLEM: SPRAWL OUTSIDE OF CITIES THAT IS ENCOURAGED BY LOCAL PROPERTY TAX STRUCTURES.

LET ME NOW TURN YOUR ATTENTION TO THE HOUSING AND COMMUNITY DEVELOPMENT ACT PASSED BY THE SENATE ON MARCH 11, BUT STILL TO BE ACTED ON BY THE HOUSE.

BRIEFLY, THIS LEGISLATION IS A MAJOR REWRITE OF ALL OUR BASIC HOUSING LAWS AND A MAJOR CONSOLIDATION AND REFORM OF COMMUNITY DEVELOPMENT PROGRAMS. THIS IS PROBABLY THE MOST SIGNIFICANT LEGISLATIVE PROPOSAL ON THIS SUBJECT SINCE THE FEDERAL GOVERNMENT BECAME INVOLVED IN HOUSING BACK IN THE 1930'S --

ACCORDING TO SENATOR JOHN SPARKMAN, CHAIRMAN OF THE SENATE BANKING, HOUSING AND URBAN AFFAIRS COMMITTEE.

IT IS SIGNIFICANT FOR A NUMBER OF REASONS. IN SIZE AND COVERAGE IT EXCEEDS ANY PREVIOUS HOUSING BILL EVER PROPOSED OR PASSED BY CONGRESS. EVERY LANDMARK HOUSING BILL OF THE PAST -- THE NATIONAL HOUSING ACT OF 1934 SETTING UP THE FHA, THE PUBLIC HOUSING ACT OF 1937, THE URBAN REVEWAL ACT OF 1949 AND 1954, THE MODEL CITIES ACT OF 1966, AND THE INTEREST SUBSIDY ACT OF 1968 -- HAVE BEEN REWRITTEN AND CONSOLIDATED INTO THIS 1974 BILL.

THIS LEGISLATION IS ALSO SIGNIFICANT BECAUSE AT THIS TIME THE GOVERNMENT'S HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS ARE IN TOTAL DISARRAY. THERE SEEMS TO BE UTTER CONFUSION AT THE FEDERAL LEVEL AND THE LOCAL LEVEL AS TO WHERE WE ARE GOING AND WHAT CAN BE EXPECTED IN THE FUTURE FOR FEDERAL ASSISTANCE IN THESE FIELDS.

LAST YEAR, ON JANUARY 5, THE WHITE HOUSE CUT OFF ALL HUD SUBSIDY FUNDS FOR A PERIOD OF 18 MONTHS. THIS CAUSED GREAT CONSTERNATION AMONG MAYORS AND OTHER LOCAL GOVERNMENT OFFICIALS. DESPITE OBJECTIONS, THIS MORATORIUM IS STILL IN EFFECT. THERE HAVE BEEN SEVERAL COURT DECISIONS TO FORCE HUD TO RELEASE FUNDS; BUT HUD HAS APPEALED, AND NOTHING YET HAS COME FROM THESE DECISIONS.

PERHAPS THE ONLY WAY OUT OF THE CURRENT DILEMMA, AS SENATOR SPARKMAN HAS SUGGESTED, IS THE ADOPTION OF NEW PROGRAMS UNDER A NEW LAW WHICH, WITH CONGRESSIONAL AND PRESIDENTIAL APPROVAL, WOULD PUT THE FEDERAL GOVERNMENT BACK IN THE HOUSING AND COMMUNITY DEVELOPMENT BUSINESS.

FOR THE MOST PART, THE LEGISLATION BEFORE CONGRESS IS A CONSOLIDATION BILL BRINGING TOGETHER HOUSING PROGRAMS ON THE ONE HAND AND COMMUNITY DEVELOPMENT PROGRAMS ON THE OTHER.

ON THE HOUSING SIDE, THE EXISTING FHA PROGRAMS WOULD BE CONSOLIDATED INTO TWO BASIC PROGRAMS -- A HOME OWNERSHIP PROGRAM AND A RENTAL PROGRAM.

ON COMMUNITY DEVELOPMENT, ABOUT 10 CATEGORICAL PROGRAMS ARE BEING CONSOLIDATED INTO A SINGLE COMMUNITY DEVELOPMENT PROGRAM, THE MOST IMPORTANT OF THESE ARE URBAN RENEWAL, MODEL CITIES, AND WATER AND SEWER.

THE BILL ALSO CONTAINS A NUMBER OF SIGNIFICANT AMENDMENTS TO TITLE V OF THE HOUSING ACT OF 1949 ON RURAL HOUSING. FOR THE MOST PART, THE NEW PROVISIONS WOULD MAKE UP FOR DEFICIENCIES IN EXISTING LAW RELATIVE TO THE AUTHORITY OF THE FARMERS HOME ADMINISTRATION TO PROVIDE ASSISTANCE FOR LOWER INCOME RURAL FAMILIES.

NOW LET ME TURN TO MORE SPECIFIC PROVISIONS OF THE BILL IN PROGRAMS THAT MAY BE OF SPECIAL INTEREST TO YOU.

THE BILL AUTHORIZES TWO NEW PROGRAMS FOR LOWER INCOME FAMILIES, A NEW SECTION 402 HOMEOWNERS' ASSISTANCE PROGRAM AND A NEW SECTION 502 RENTAL ASSISTANCE PROGRAM. IN ADOPTING THESE PROGRAMS AS REPLACEMENTS FOR THE EXISTING SECTION 235 AND SECTION 236 PROGRAMS, THE SENATE BANKING, HOUSING AND URBAN AFFAIRS COMMITTEE APPROVED THE FOLLOWING REFORMS:

1. SUBSIDY FUNDS WOULD BE RESERVED FOR USE IN COMMUNITIES TO MEET THE HOUSING OBJECTIVES CONTAINED IN APPLICATIONS APPROVED UNDER THE NEW COMMUNITY DEVELOPMENT PROGRAM OR WOULD BE MADE AVAILABLE FOR DEVELOPERS ONLY FOR USE ON SITES WHICH GENERALLY CONFORM TO HOUSING PLANS FOR UNITS OF LOCAL GOVERNMENT.
2. PROTOTYPE MORTGAGE CEILINGS WOULD BE ESTABLISHED TO INSURE A MORE EQUITABLE DISTRIBUTION OF SUBSIDY FUNDS TO HIGH-COST AREAS.
3. ELIGIBILITY FOR ASSISTANCE WOULD BE LIMITED IN GENERAL TO FAMILIES WITH LESS THAN 80 PERCENT OF MEDIAN TO INSURE MORE COVERAGE FOR LOWER INCOME FAMILIES.
4. MANDATORY COUNSELING WOULD BE REQUIRED FOR SECTION 402 FAMILIES AND DISCRETIONARY COUNSELING FOR SECTION 502 FAMILIES TO REDUCE DEFAULTS.

5. REHABILITATION WOULD BE ENCOURAGED BY SETTING ASIDE 20 PERCENT OF SECTION 402 FUNDS AND 10 PERCENT OF SECTION 502 FUNDS FOR THIS PURPOSE.

6. CONSUMER PROTECTION WOULD BE INCREASED BY A WARRANTY REQUIREMENT AND BY PROVISION FOR REIMBURSEMENT FOR DEFECTIVE WORKMANSHIP.

7. ECONOMIC INTEGRATION WOULD BE ENCOURAGED BY REQUIRING THAT 20 PERCENT OF RENTAL UNITS IN EACH PROJECT BE PROVIDED ADDITIONAL ASSISTANCE PAYMENTS ON BEHALF OF LOW-INCOME FAMILIES AND THAT EACH PROJECT HAS A REASONABLE RANGE OF FAMILY INCOMES.

8. SPECIAL CONSIDERATION FOR THE ELDERLY WOULD BE ATTAINED BY REQUIRING THAT FROM 15 TO 25 PERCENT OF CONTRACTS FOR RENTAL ASSISTANCE PAYMENTS BE SET ASIDE FOR HOUSING PROJECTS FOR OLDER ADULTS.

I DO NOT HAVE THE EXPERTISE, OF COURSE, TO PASS JUDGMENT ON ALL ASPECTS OF THIS LEGISLATION. BUT I WANTED YOU TO KNOW THAT I AM FAMILIAR WITH IT. I WOULD LIKE TO KNOW YOUR THOUGHTS ABOUT FEDERAL HOUSING PROGRAMS.

IN PARTICULAR I WOULD LIKE TO HEAR YOUR VIEWS ON THE PROPER ROLE OF LOCAL GOVERNMENTS IN THESE PROGRAMS. DO YOU THINK THEY SHOULD BE MADE MORE ACCOUNTABLE TO FEDERAL AUTHORITIES? OR DO YOU FAVOR A REVENUE-SHARING APPROACH WHICH WOULD REPLACE SEVERAL CATEGORICAL PROGRAMS WITH A SINGLE PROGRAM AND PROVIDE MONEY TO LOCAL GOVERNMENTS TO USE AS THEY SEE FIT?

RECENT REPORTS OF STRONG INCREASES IN HOUSING STARTS IN FEBRUARY BODE WELL FOR THE ECONOMY. AS YOU WELL KNOW, THIS MAJOR SECTOR OF OUR ECONOMY HAS BEEN IN DECLINE SINCE MID-1973. THE CHIEF FACTOR IN HALTING THE DECLINE IN HOUSING STARTS APPEARS TO BE IMPROVED AVAILABILITY OF MORTGAGE LOANS. FUNDS FOR MORTGAGES NOW SEEM TO BE AVAILABLE IN MOST PARTS OF THE COUNTRY, ALTHOUGH INTEREST RATES HAVE NOT DECLINED.

IF I AM ELECTED TO THE UNITED STATES SENATE, ONE OF MY GOALS WILL BE TO PROVIDE AN OPPORTUNITY FOR PEOPLE TO BUY DECENT HOUSING AT A REASONABLE RATE OF PAYMENT. MORE THAN 300,000 HOUSING UNITS -- ONE OF EVERY FIVE IN NORTH CAROLINA -- ARE OVERCROWDED AND/OR WITHOUT ADEQUATE PLUMBING. IN RURAL AREAS THIS FIGURE INCREASES TO ONE OF EVERY THREE UNITS. WE MUST FIND A WAY TO HELP THEM MOVE INTO SOMETHING BETTER.