

Washington Post Frets Over HUD-OMB Budget Split

The following are excerpts from an article appearing in the Washington Post Dec. 3, entitled "Harris Pressed in HUD-OMB Budget Dispute."

The Department of Housing and Urban Development is embroiled in a bitter dispute with White House budget cutters that will affect billions of dollars of future financial aid to home owners and renters in major U.S. cities...

The crucial flaw in Harris' suggestions, according to sources outside HUD, was a failure to comprehend the essential fiscal conservatism of OMB and the President. Harris and her activist deputies — such as Geno Baroni, Robert C. Embry and Jay Janis — believe that housing in the cities "is all we're supposed to be doing..." said one administration official.

Administration sources familiar with the situation see the possibility that some of the threatened programs could be partially salvaged through a process of arguing "politics and economics" over the coming weeks. Harris is reportedly gearing up to do just that...

Harris, however, operates at an increasing disadvantage in the budgetary contest... Her combative personal style has turned White House staff members into critics... and her relations with the President himself are not warm...

One negotiating wedge she does possess is the threat of resignation from the cabinet. She has reportedly told deputies she might have to use that threat to wake up the White House to the depth of her commitment to housing.

Harris: "Urbank" Is The Solution

The following excerpts are from a speech given by Secretary of HUD Patricia Harris before the National Democratic Forum conference in New York Nov. 18.

... For the first time in our nation's history, central cities are losing population.

Rather dramatic job shifts have accompanied these... changes... an increasing number of jobs in metropolitan areas have located outside central cities boundaries...

It is also clear that there are no quick and easy solutions, and that hard-core unemployment is a structural problem which cannot be adequately addressed by... policies which focus on full employment alone...

The Federal Government, by focusing its housing, community development, public works and transportation programs on economically distressed cities can set an example for the private sector to follow.

But setting aside an example is not enough.

Productive long-term jobs are not cheap... This means that an average of \$4 billion must be invested to create 100,000 new jobs... Expenditures of this magnitude cannot be made through existing Federal agencies nor can they be financed by economically distressed cities...

Urbank

... What is needed is an influx of risk capital to distressed urban areas. Although it has been called at times a "slogan in search of a program," the concept of "Urbank" may provide a real answer to the private risk capital puzzle...

Urbank would be an institution designed to make critical choices. It would determine what the most promising opportunities for job development and tax-base building are...

Its activities would necessarily go beyond the range of current public and private economic initiatives. If Urbank did only those things that were otherwise feasible, if it did not take risks, it would add nothing to the urban scene...

The Administration has begun to develop a system of assessing the urban impact of all Federal activities that may... affect cities... This effort is designed to:

- 1) Build urban impact analysis into budget review process of individual agencies and the Office of Management and Budget (OMB).
- 2) Make urban impact a key criterion in all fund regulations, including Federal specifications of State plans.

National Urban Policy: Synonym For Anti-Growth Policy

Below are excerpts from HUD's summary of the Housing and Community Development Act of 1977, which was signed into law by President Carter on Oct. 12, 1977. In it all reference to previous commitments to the concept of urban growth and development are taken out, and substituted by the term "urban policy".

The Statement of Purpose of the 1970 Act is amended to refer to the development of a "national urban policy" (referred to in previous law as "urban growth policy"), and to include among the purposes of the Act the conservation of energy sources and the support of development to assure good housing...

Findings: Congressional findings contained in the 1970 Act are amended to emphasize changes in patterns of urban settlement and in population distribution, and in economic bases of urban areas — rather than urban growth — as the principal source of urban problems. Energy is specified as one of the natural resources adversely affected by these pattern changes.