

REMARKS OF SENATOR HUBERT H. HUMPHREY

NATIONAL ASSOCIATION OF HOMEBUILDERS

Dallas, Texas

January 18, 1976

It's a pleasure to be here with my friends from across the country in the National Association of Homebuilders.

I have known and worked with your outstanding organization and with many of you for years.

I am here today as a friend, a supporter and an admirer of the tremendous accomplishments of the thousands of homebuilders in our nation.

Since 1950, the members of your organization have built 40 million single family and multi-family housing units for the American people. This incredible record of private sector accomplishment, which cannot be matched by any nation in the world, has provided the average American family with a well-constructed shelter which it can proudly call "home." Each and every one of you can be proud of this record of accomplishment.

I have been asked to give you my views about the prospects for a strong recovery in the housing industry, and the economy as a whole, in 1976. You're lucky that the President of your association had the wisdom to choose a perennial optimist to speak about this subject or you might all have left here today in a deep depression.

No one would deny that the last two years have been a disaster for the housing industry. Just a brief glance at the statistics, indicates that housing has gone straight downhill from the banner years of the early 1970's when you produced 2 million or more units each year. In 1974, we plunged to 1.3 million new housing starts and 1975 was well below even that pitiful level.

Some of this collapse can undoubtedly be attributed to the decline in the national economy, but no one can deny that government policy failures played a major role.

This Administration has failed, and failed miserably, to develop and implement programs to insure a level of housing construction sufficient to meet the Nation's needs. Their policy has been simple and consistent -- "Let the market take its course," even when the bottom falls out of it.

It's no wonder that the American people are so cynical about the ability of the Federal government to meet their needs. Administration actions have turned the Government's promise of "a decent home in a suitable living environment for every American" into an empty promise and a cruel hoax.

For the future, there is both good news and bad news for the housing industry. To show that I am an optimist, I will give you the good news first.

Housing starts will probably increase to about 1.5 million starts in 1976, thirty percent above last year's record low level of production. Of course, things were so bad that we really had no place to go but up.

The bad news is that 1976 will not be a banner year for housing. While anything can happen in an election year, I expect mortgage interest rates to remain near their peak levels and a cloud will hang low over multi-family construction, despite Federal assistance. In short, the housing industry will continue to recover, but at a snail's pace.

The outlook for the economy as a whole is quite similar to the outlook for housing. No doubt, we had a vigorous rate of recovery in the third quarter of 1975. But in many ways this sharp upturn was only a temporary aberration, fueled by the tax rebates and shifts in inventories. Now that these factors have worked their way through the economy, we can see that our economic recovery is quite fragile.

In fact, recent evidence suggests that the strength of the recovery is already waning. Industrial production rose only slightly in October and was virtually constant in November. Housing starts actually declined again in November. Business investment in plant and equipment is expected to barely keep pace with inflation in 1976, if we are lucky. The unemployment rate has waffled between 8.3 and 8.4 percent since July. Inflation is still rising at seven percent annually. And, the all important consumer sector still lacks the confidence to fuel a strong recovery.

What this means is that 1976 is very likely to be a year of very modest growth for the overall economy. Real Gross National Product will probably rise between four and six percent -- a very modest rate of growth, considering the seriousness of the recession. Moreover, unemployment will still hover between 7.5 and 8 percent, and about 20 percent of our industrial capacity is likely to remain dormant in 1976.

The President is expected to propose that Federal spending be reduced by approximately \$25 billion next year. This will mean that many people and industries already staggering due to the recession, will suffer even more as community development, Social Security health and education programs, to name just a few, are slashed.

I want to cut Federal spending in areas of waste as much as President Ford. If programs aren't working we should get rid of them. But, I don't favor arbitrary budget cuts based on some "magic number;" too many innocent people get hurt.

The best way to cut back on Federal spending and increase revenues is to restore the health of our economy. Strong recovery in 1976 and 1977 could greatly reduce the need to spend billions of dollars that we must now pay out in Food Stamps, Unemployment Compensation, and the like, to the victims of recession. Strong recovery would also bring in larger revenues and reduce the deficit.

Analysis done on private econometric models for the Joint Economic Committee suggests that the President's budget ceiling could cut the growth in GNP in 1977 by as much as one half from the 1976 level; it could cause unemployment to climb to nearly 9 percent by the end of 1977; and it could increase, and I emphasize increase, the inflation rate. In short, the President's budget proposal could actually destroy the economic recovery before the foundation has ever been laid.

Why would a President do this to the economy? I think I have found three answers.

First, the President believes that Federal expenditures are gobbling up a larger and larger share of people's incomes and that this is providing a drain on the private economy. Second, the President believes that a rapid economic recovery will only rekindle the inflation fires that have ravaged our economy over the last three years. And finally, the President believes that many Federal programs are wasteful and ineffective.

While there is an element of truth in each argument, I believe that on all three counts the President is wrong, and his errors may cost our economy dearly.

First, Federal spending really has not changed much as a percentage of full employment GNP in the last fifteen years. In 1960, Federal government expenditures as a percentage of full employment GNP were 17.3; in 1970, 20 percent; and ironically in 1976 only 18.7 percent. Everything has gotten larger in the last fifteen years but the share going to the Federal government has not changed significantly.

The President's assumption that rapid recovery will rekindle inflation is also erroneous in today's economy. We are presently operating at 70 percent capacity with 8 and a half percent of our work force "officially" unemployed. There is plenty of room for expansion before we run into capacity constraints.

Finally, the President says his budget cuts are designed to eliminate waste in government. This is a fine objective and one that deserves greater attention. But, the greatest single waste in America is our failure to utilize the skill, energy, and management talent of our citizens who are currently unemployed, and our failure to utilize the tools, machinery and plant capacity of this Nation.

That's real waste and it could be reduced if this Administration gave it priority. Four to five million people idle, above what we've come to consider normal unemployment levels. Thirty percent of our plant and equipment not being used. More than 8,000 businesses forced to close their doors. \$60 billion in Federal revenues lost this year alone and billions more lost to state and local governments. \$300 billion in goods and services lost so far due to this recession. \$1.5 trillion lost by the end of this decade in goods not produced and incomes not earned. We are all in favor of eliminating "wasteful, low-priority, government spendings" -- Democrats and Republicans; Congress and the Executive. But the streamlining must be done in an organized, rational and systematic fashion. It must be done with the surgeons scalpel, not the meat ax. This is what Congress is trying to do with the new Congressional Budget process.

The challenge that we face, in the public and private sectors, is to get the economy moving again. Effective policies must be developed for many sectors of our economy; energy, transportation, agriculture and others. But, no sector of our economy is more important to a strong national recovery than the housing sector.

The housing policies of the Nixon-Ford Administrations have been little or no help. Their moratoria on federal programs, their snail's pace implementation of Section 8, their vetoes of constructive Congressional programs, and their high interest rate economics have turned the Nation away from its important housing goals.

We cannot continue to tolerate this situation.

There are several steps that we should take to restore health to our housing industry and to reinvigorate the entire economy.

First, the Executive Branch must move more aggressively to implement housing programs that Congress has enacted. The foot-dragging at HUD which has mired program after program in a morass of regulations and red-tape must be brought to an end.

Second, the Federal Reserve, in consultation with Congress and the Administration, must pursue a monetary policy that reduces interest rates sufficiently to promote private sector housing construction.

Third, the Federal government must get into the business of making mortgage money available at reasonable interest rates to the average American family.

I have introduced a bill to establish a Federal Housing Bank. It would assure a steady supply of mortgage money at a fair rate of interest -- 6 percent to a maximum of 7 percent -- for persons who want to own their own homes. The amount of the mortgage should be that necessary to finance a modest but adequate dwelling. It is a bold idea, but the time is clearly past for tinkering.

Fourth, we must experiment with financing methods that will make housing more affordable to young families searching for their first home. I am watching very carefully, a HUD experiment that offers gradually rising mortgage payments through the life of the mortgage. In this way, a young family can have low payments at the beginning of its mortgage when its family income is low, and make larger payments as its income expands. Right now our housing programs are upside down.

Fifth, some way must be found to build decent housing without having to spend as much as 10 years in getting local, county, and state approval of building plans. This delay inevitably raises the costs of producing housing. Any single project may require that approval be sought from zoning boards, zoning boards of appeal, planning commissions, planning boards of appeal, sewer and water agencies, building commissions, sediment control boards, traffic control and engineering boards, environmental review commissions, and more.

While it may be true that many of these reviews are essential, some means must be provided for an expeditious review and a finality of decision-making that is consistent with meeting this country's need for housing.

Sixth, we must create a National Domestic Development Bank. This alternative financing method is absolutely essential. Capital investment by local governments has again slowed because money is so dear. Without the sewers, roads, schools, courthouses, recreational facilities, and health facilities, there can be no development of housing.

Seventh, we have never really had a program for the production of housing units suitable for low and very low income families. The rent supplement program, which assists families directly, has been small and not geared to produce new housing units. The traditional public housing did produce housing, but high operating costs kept rents too high for low income families. The public housing program, when coupled with an adequate program of operating subsidies, might have produced new housing, but this has not been tried, nor has Congress mandated the integration of these two programs to produce much needed housing.

We need a program to meet this very basic need. And, any such program would have to be based on a recognition that housing for very low income families would be more expensive than housing for middle income families. More expensive because;

It must be built sturdier to withstand the hard use of large numbers of children.

It must be built to be maintenance-proof for the same reason.

It must include the costs of community and recreational facilities so that these would be available when the units are ready to be occupied.

Without such an approach the only alternative is to house very low income people in slums. This is intolerable.

Finally, this country suffers from suburban sprawl that results from the luxury of not planning -- a luxury which this country and this world can no longer afford. Even if we were to revitalize the building industry, so that it could produce 2.5 million units per year, we have to assure that the next quarter century of housing production does not follow the pattern of no planning which characterized the past quarter century.

Of course, the best housing policy that we can devise will be useless in the absence of a vigorous economic recovery. We need a national economic policy which will put our idle resources back to work and provide the incomes necessary for a healthy housing industry and a healthy economy. Very briefly, I would propose:

1. A jobs program that will get people off the dole and back to work. We should double the number of subsidized public jobs to at least 600,000 immediately. We must also work toward a policy that will provide a job to every American able and willing to work.
2. Anti-recession aid to state and local governments hard hit by recession to allow them to maintain essential services without raising taxes. This will soon be on the President's desk.
3. Extension of the tax cut through all of 1976; we will undoubtedly need it.
4. Emergency public works projects in areas with high unemployment, have just been passed in Congress. They can meet important community needs and provide good jobs.
5. A monetary policy that is expansive enough to reduce interest rates and support a strong recovery in the housing industry.

If we put all of our idle resources back to work with consistent and compassionate economic policy, we will whip inflation, we will get our people on the job and off the dole, we will reduce interest rates, we will begin to meet our National housing needs and we will balance the Federal budget.

It is time that the helm of national leadership be placed firmly in the hands of those who have faith in America -- people who can restore our economy to health and show all of our people that this is their government and that it can be effective in meeting their needs.

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President Mickey Norman
Vice Pres - John Hart

Stanley Waranch of Veg

REMARKS OF SENATOR HUBERT H. HUMPHREY

Part Pres - say you can only

NATIONAL ASSOCIATION OF HOMEBUILDERS

be a President once

DALLAS, TEXAS

JANUARY 18, 1976

Dallas Cowboys

1967-chicago - then 5 yrs in Austin
2 yrs in Dallas

[IT'S A PLEASURE TO BE HERE WITH MY FRIENDS ~~AND ACROSS THE~~
~~CONVENT~~ THE NATIONAL ASSOCIATION OF HOMEBUILDERS,

I HAVE KNOWN AND WORKED WITH YOUR OUTSTANDING ORGANIZATION
AND WITH MANY OF YOU FOR YEARS,

[I AM HERE TODAY AS A FRIEND, A SUPPORTER AND AN ADMIRER
OF THE TREMENDOUS ACCOMPLISHMENTS OF THE THOUSANDS OF HOMEBUILDERS
IN OUR NATION.

h SINCE 1950, THE MEMBERS OF YOUR ORGANIZATION HAVE BUILT *over*
40 MILLION SINGLE FAMILY AND *pl* MULTIPLE FAMILY HOUSING UNITS FOR THE
AMERICAN PEOPLE. [THIS INCREDIBLE RECORD *of private* ~~OF PRIVATE SECTOR~~
ACCOMPLISHMENT, WHICH CANNOT BE MATCHED BY ANY NATION IN THE
WORLD, HAS PROVIDED THE AVERAGE AMERICAN FAMILY WITH ~~A~~ WELL-
CONSTRUCTED SHELTER WHICH IT CAN PROUDLY CALL "HOME." *so* / EACH
AND EVERY ONE OF YOU CAN BE PROUD OF THIS RECORD OF ACCOMPLISHMENT.

L I HAVE BEEN ASKED TO GIVE YOU MY VIEWS ABOUT THE PROSPECTS
FOR A ~~RECOVERY~~ RECOVERY IN THE HOUSING INDUSTRY, AND THE ECONOMY
AS A WHOLE, IN 1976. L You're lucky that the President of your
Mick Keen
ASSOCIATION HAD THE WISDOM TO CHOOSE A PERENNIAL OPTIMIST TO SPEAK
ABOUT THIS SUBJECT OR YOU MIGHT ALL HAVE LEFT HERE TODAY IN A DEEP
DEPRESSION.

L NO ONE WOULD DENY THAT THE LAST TWO YEARS HAVE BEEN A DISASTER
FOR THE HOUSING INDUSTRY. L JUST A BRIEF GLANCE AT THE STATISTICS,
INDICATES THAT HOUSING HAS GONE STRAIGHT DOWNHILL FROM THE BANNER
YEARS OF THE EARLY 1970'S WHEN YOU PRODUCED 2 MILLION OR MORE UNITS
EACH YEAR. L IN 1974, WE PLUNGED TO 1.3 MILLION NEW HOUSING STARTS AND
1975 WAS WELL BELOW EVEN THAT PITIFUL LEVEL.

L SOME OF THIS COLLAPSE CAN UNDOUBTEDLY BE ATTRIBUTED TO THE
DECLINE IN THE NATIONAL ECONOMY, BUT NO ONE CAN DENY THAT GOVERNMENT
POLICY FAILURES PLAYED A MAJOR ROLE.

L THIS ADMINISTRATION HAS FAILED, AND FAILED MISERABLY, TO DEVELOP
AND IMPLEMENT PROGRAMS TO INSURE A LEVEL OF HOUSING CONSTRUCTION
SUFFICIENT TO MEET THE NATION'S NEEDS. ~~The Administration~~ ^{help} POLICY HAS BEEN
SIMPLE AND CONSISTENT -- "LET THE MARKET TAKE ITS COURSE,"
EVEN WHEN THE BOTTOM FALLS OUT OF IT.

L IT'S NO WONDER THAT THE AMERICAN PEOPLE ARE ~~SO~~ CYNICAL ABOUT
THE ABILITY OF THE FEDERAL GOVERNMENT TO MEET THEIR NEEDS.

L ADMINISTRATION ACTIONS HAVE TURNED THE GOVERNMENT'S PROMISE OF
"A DECENT HOME IN A SUITABLE LIVING ENVIRONMENT FOR EVERY AMERICAN"
INTO AN EMPTY PROMISE AND A CRUEL HOAX.

L FOR THE FUTURE, THERE IS BOTH GOOD NEWS AND BAD NEWS FOR THE
HOUSING INDUSTRY. To show that I am an optimist, I WILL GIVE YOU
THE GOOD NEWS FIRST.

L HOUSING STARTS WILL PROBABLY INCREASE TO ABOUT 1.5 MILLION
UNITS IN 1976, THIRTY PERCENT ABOVE LAST YEAR'S RECORD LOW LEVEL
OF PRODUCTION. OF COURSE, THINGS WERE SO BAD THAT WE REALLY HAD
NO PLACE TO GO BUT UP.

L THE BAD NEWS IS THAT 1976 WILL NOT BE A BANNER YEAR FOR
HOUSING. WHILE ANYTHING CAN HAPPEN IN AN ELECTION YEAR,
I EXPECT MORTGAGE INTEREST RATES TO REMAIN NEAR THEIR PEAK LEVELS
AND A CLOUD WILL HANG LOW OVER MULTI-FAMILY CONSTRUCTION, DESPITE
SOME FEDERAL ASSISTANCE. IN SHORT, THE HOUSING INDUSTRY WILL CONTINUE
TO RECOVER, BUT AT A SNAIL'S PACE.

*No Recovery
to meet
Housing*
L THE OUTLOOK FOR THE ECONOMY AS A WHOLE IS QUITE SIMILAR TO THE
OUTLOOK FOR HOUSING. NO DOUBT, WE HAD A VIGOROUS RATE OF RECOVERY IN
THE THIRD QUARTER OF 1975. BUT IN MANY WAYS THIS SHARP UPTURN WAS
ONLY A TEMPORARY ABERRATION, FUELED BY THE TAX REBATES AND SHIFTS

IN INVENTORIES. Now that these factors have worked their way

through the economy, we can see that our economic recovery is quite
FRAGILE.

In fact, recent evidence suggests that the strength of the
recovery is already waning. Industrial production rose only
slightly in October and was virtually constant in November. Housing
starts actually declined again in November. Business investment
in plant and equipment is expected to barely keep pace with
inflation in 1976, if we are lucky. The unemployment rate has
waffled between 8.3 and 8.4 percent since July. Inflation is
still rising at seven percent annually. And, the all important
consumer sector still lacks the confidence to fuel a strong
recovery.

(X) L WHAT THIS MEANS IS THAT 1976 IS VERY LIKELY TO BE A YEAR
OF VERY MODEST GROWTH FOR THE OVERALL ECONOMY. REAL GROSS NATIONAL
PRODUCT WILL PROBABLY RISE BETWEEN FOUR AND SIX PERCENT -- A VERY
MODEST RATE OF GROWTH, CONSIDERING THE SERIOUSNESS OF THE RECESSION.

L MOREOVER, UNEMPLOYMENT WILL STILL HOVER BETWEEN 7.5 AND 8 PERCENT,
AND ABOUT 20 PERCENT OF OUR INDUSTRIAL CAPACITY IS LIKELY TO
REMAIN DORMANT IN 1976.

L THE PRESIDENT IS EXPECTED TO PROPOSE THAT FEDERAL SPENDING BE
REDUCED BY APPROXIMATELY \$25 BILLION NEXT YEAR. THIS WILL MEAN THAT
MANY PEOPLE AND INDUSTRIES ALREADY STAGGERING DUE TO THE RECESSION,
WILL SUFFER EVEN MORE AS COMMUNITY DEVELOPMENT, SOCIAL SECURITY,
HEALTH AND EDUCATION PROGRAMS, TO NAME JUST A FEW, ARE SLASHED.

now let's get it straight -

I WANT TO CUT FEDERAL SPENDING IN AREAS OF WASTE AS MUCH AS

PRESIDENT FORD. IF PROGRAMS AREN'T WORKING WE SHOULD GET RID OF

THEM. BUT, I DON'T FAVOR ARBITRARY BUDGET CUTS BASED ON SOME

"MAGIC NUMBER" - TOO MANY INNOCENT PEOPLE GET HURT + *the Economy Suffers.*

THE BEST WAY TO CUT BACK ON FEDERAL SPENDING AND INCREASE REVENUES IS TO RESTORE THE HEALTH OF OUR ECONOMY. *STRONG*

RECOVERY IN 1976 AND 1977 COULD GREATLY REDUCE THE NEED TO SPEND

BILLIONS OF DOLLARS THAT WE MUST NOW PAY OUT IN FOOD STAMPS,

UNEMPLOYMENT COMPENSATION, AND THE LIKE, TO THE VICTIMS OF

RECESSION. *STRONG* RECOVERY WOULD ALSO BRING IN LARGER REVENUES

AND REDUCE THE DEFECIT.

(19.6 unemp cost / 6 billion)

ANALYSIS DONE ON PRIVATE ECONOMETRIC MODELS FOR THE JOINT

ECONOMIC COMMITTEE SUGGESTS THAT THE PRESIDENT'S BUDGET CEILING

COULD CUT THE GROWTH IN GNP IN 1977 BY AS MUCH AS ONE HALF FROM
THE 1976 LEVEL; IT COULD CAUSE UNEMPLOYMENT TO CLIMB TO NEARLY
9 PERCENT BY THE END OF 1977; AND IT COULD INCREASE, AND I EMPHASIZE
INCREASE, THE INFLATION RATE. IN SHORT, THE PRESIDENT'S BUDGET
PROPOSAL COULD ACTUALLY DESTROY THE ECONOMIC RECOVERY BEFORE THE
FOUNDATION ^{In Recovery} HAS EVER BEEN LAID.

WHY WOULD A PRESIDENT DO THIS TO THE ECONOMY? I THINK I HAVE
FOUND THREE ANSWERS.

FIRST, THE PRESIDENT BELIEVES THAT FEDERAL EXPENDITURES ARE
GOBBLING UP A LARGER AND LARGER SHARE OF PEOPLE'S INCOMES AND THAT
THIS IS PROVIDING A DRAIN ON THE PRIVATE ECONOMY. SECOND, THE
PRESIDENT BELIEVES THAT A RAPID ECONOMIC RECOVERY WILL ONLY
REKINDLE THE INFLATION FIRES THAT HAVE RAVAGED OUR ECONOMY OVER THE
LAST THREE YEARS. AND FINALLY, THE PRESIDENT BELIEVES THAT MANY
FEDERAL PROGRAMS ARE WASTEFUL AND INEFFECTIVE.

While there is an element of truth in each argument, I believe that on all three counts the President is wrong, and his errors may cost our economy dearly.

First, federal spending really has not changed much as a percentage of full employment GNP in the last fifteen years. In 1960, federal government expenditures as a percentage of full employment GNP were 17.3; in 1970, 20 percent; and ironically ^{Fiscal Year} in 1976 only 18.7 percent. Everything has gotten larger in the last fifteen years, but the share going to the federal government has not changed significantly.

The President's assumption that rapid recovery will rekindle inflation is also erroneous in today's economy. We are presently operating at 70 percent capacity with 8 and a half percent of our work force "officially" unemployed. There is plenty of room for expansion before we run into capacity constraints.

waste

FINALLY, THE PRESIDENT SAYS HIS BUDGET CUTS ARE DESIGNED TO
ELIMINATE WASTE IN GOVERNMENT. THIS IS A FINE OBJECTIVE AND ONE
THAT DESERVES GREATER ATTENTION. BUT, THE GREATEST SINGLE WASTE IN
AMERICA IS OUR FAILURE TO UTILIZE THE SKILL, ENERGY, AND
MANAGEMENT TALENT OF OUR CITIZENS WHO ARE CURRENTLY UNEMPLOYED,
AND OUR FAILURE TO UTILIZE THE TOOLS, MACHINERY AND PLANT
CAPACITY OF THIS NATION.

THAT'S REAL WASTE AND IT COULD BE REDUCED IF THIS ADMINISTRATION
GAVE IT PRIORITY. FOUR TO FIVE MILLION PEOPLE IDLE, ABOVE WHAT WE'VE
COME TO CONSIDER NORMAL UNEMPLOYMENT LEVELS. THIRTY PERCENT OF
OUR PLANT AND EQUIPMENT NOT BEING USED. MORE THAN 8,000 BUSINESSES
FORCES TO CLOSE THEIR DOORS. \$60 BILLION IN FEDERAL REVENUES
LOST THIS YEAR ALONE AND BILLIONS MORE LOST TO STATE AND LOCAL
GOVERNMENTS. \$300 BILLION IN GOODS AND SERVICES LOST SO FAR
DUE TO THIS RECESSION. \$1.5 TRILLION LOST BY THE END OF THIS
DECADE IN GOODS NOT PRODUCED AND INCOMES NOT EARNED.

now —

-11-

WE ARE ALL IN FAVOR OF ELIMINATING "WASTEFUL, LOW-PRIORITY,
GOVERNMENT SPENDINGS" -- DEMOCRATS AND REPUBLICANS; CONGRESS
AND THE EXECUTIVE. BUT THE STREAMLINING MUST BE DONE IN AN
ORGANIZED, RATIONAL AND SYSTEMATIC FASHION. IT MUST BE DONE
WITH THE SURGEONS SCALPEL, NOT THE MEATAXE. THIS IS WHAT
CONGRESS IS TRYING TO DO WITH THE NEW CONGRESSIONAL BUDGET PROCESS.

THE CHALLENGE THAT WE FACE, IN THE PUBLIC AND PRIVATE
SECTORS, IS TO GET THE ECONOMY MOVING AGAIN. EFFECTIVE
POLICIES MUST BE DEVELOPED FOR MANY SECTORS OF OUR ECONOMY;
ENERGY, TRANSPORTATION, AGRICULTURE AND OTHERS. BUT, NO SECTOR
OF OUR ECONOMY IS MORE IMPORTANT TO A STRONG NATIONAL RECOVERY
THAN THE HOUSING SECTOR. — and this is the

very one that both the Exec &
the Congress have ignored.

Last August Congress Passed a
Special ^{\$}5 Billion Middle
income mortgage program -
7 1/2% interest loan -

But not One dollar has
been used - + now,
the White House has decided
to abandon the ~~Single~~
Tandem plan for Single
Housing - & has decided
to put it into Apartment
Housing - Well & Good, but
So late -

ⓧ Housing is investment - not
welfare - not expenditure -
not waste -

L THE HOUSING POLICIES OF THE NIXON-FORD ADMINISTRATIONS
HAVE BEEN LITTLE OR NO HELP L THEIR MORATORIA ON FEDERAL PROGRAMS,
THEIR SNAIL'S PACE IMPLEMENTATION OF SECTION 8, THEIR VETOES
OF CONSTRUCTIVE CONGRESSIONAL PROGRAMS, AND ~~the~~ HIGH INTEREST
RATE ECONOMICS HAVE TURNED THE NATION AWAY FROM ITS IMPORTANT
HOUSING GOALS. (~~to a tangle~~)

L WE CANNOT CONTINUE TO TOLERATE THIS SITUATION. ! *How, what to do.*

L THERE ARE SEVERAL STEPS THAT WE SHOULD TAKE TO RESTORE HEALTH
TO OUR HOUSING INDUSTRY AND TO REINVIGORATE THE ENTIRE ECONOMY.

1 4 FIRST THE EXECUTIVE BRANCH MUST MOVE MORE AGGRESSIVELY TO

IMPLEMENT HOUSING PROGRAMS THAT CONGRESS HAS ENACTED L THE

FOOT-DRAGGING AT HUD WHICH HAS MIRED PROGRAM AFTER PROGRAM IN

A MORASS OF REGULATIONS AND RED-TAPE MUST BE BROUGHT TO AN END.

2 SECOND THE FEDERAL RESERVE, IN CONSULTATION WITH CONGRESS

AND THE ADMINISTRATION, MUST PURSUE A MONETARY POLICY THAT REDUCES

+ ease credit
INTEREST RATES SUFFICIENTLY TO PROMOTE PRIVATE SECTOR HOUSING

CONSTRUCTION.

3 THIRD THE FEDERAL GOVERNMENT MUST GET INTO THE BUSINESS

OF MAKING MORTGAGE MONEY AVAILABLE AT REASONABLE INTEREST RATES

TO THE AVERAGE AMERICAN FAMILY.

*This is the heart of
any National Housing
Policy.*

✓ I HAVE INTRODUCED A BILL TO ESTABLISH A FEDERAL HOUSING BANK.
To buy up low rate mortgages and
IT ~~WILL~~ ASSURE A STEADY SUPPLY OF MORTGAGE MONEY AT A FAIR RATE

OF INTEREST -- 6 PERCENT TO A MAXIMUM OF 7 PERCENT -- FOR PERSONS

WHO WANT TO OWN THEIR OWN HOMES. ✓ THE AMOUNT OF THE MORTGAGE SHOULD

BE THAT NECESSARY TO FINANCE A MODEST BUT ADEQUATE DWELLING.

✓ IT IS A BOLD IDEA, BUT THE TIME IS CLEARLY PAST FOR TINKERING.

4 FOURTH, WE MUST EXPERIMENT WITH FINANCING METHODS THAT WILL MAKE

HOUSING MORE AFFORDABLE TO YOUNG FAMILIES SEARCHING FOR THEIR FIRST

HOME. I AM WATCHING, VERY CAREFULLY, A HUD EXPERIMENT THAT OFFERS

GRADUALLY RISING MORTGAGE PAYMENTS THROUGH THE LIFE OF THE MORTGAGE.

IN THIS WAY, A YOUNG FAMILY CAN HAVE LOW PAYMENTS AT THE BEGINNING

OF ITS MORTGAGE WHEN ITS FAMILY INCOME IS LOW, AND MAKE LARGER PAYMENTS

"a consumer mortgage instrument"

AS ITS INCOME EXPANDS. RIGHT NOW OUR HOUSING PROGRAMS ARE UPSIDE DOWN.

FIFTH, SOME WAY MUST BE FOUND TO BUILD DECENT HOUSING WITHOUT

5 to 10
HAVING TO SPEND AS MUCH AS 10 YEARS IN GETTING LOCAL, COUNTY, AND

delay
STATE APPROVAL OF BUILDING PLANS. THIS DELAY INEVITABLY RAISES

today only
THE COSTS OF PRODUCING HOUSING. A SINGLE PROJECT MAY REQUIRE

approval
THE APPROVAL OF FROM ZONING BOARDS, ZONING BOARDS OF APPEAL,

PLANNING COMMISSIONS, PLANNING BOARDS OF APPEAL, SEWER AND WATER

AGENCIES, BUILDING COMMISSIONS, SEDIMENT CONTROL BOARDS, TRAFFIC

CONTROL AND ENGINEERING BOARDS, ENVIRONMENTAL REVIEW COMMISSIONS,

AND MORE.

4 WHILE IT MAY BE TRUE THAT MANY OF THESE REVIEWS ARE ESSENTIAL,
SOME MEANS MUST BE PROVIDED FOR AN EXPEDITIOUS REVIEW AND A
FINALITY OF DECISION-MAKING THAT IS CONSISTENT WITH MEETING THIS
COUNTRY'S NEED FOR HOUSING.

6 SIXTH, WE MUST CREATE A NATIONAL DOMESTIC DEVELOPMENT BANK *for*
the long term financing of public facilities.
THIS ALTERNATIVE FINANCING METHOD IS ABSOLUTELY ESSENTIAL. CAPITAL

INVESTMENT BY LOCAL GOVERNMENTS HAS AGAIN SLOWED BECAUSE MONEY IS

SO DEAR. WITHOUT THE SEWERS, ROADS, SCHOOLS, COURTHOUSES,

RECREATIONAL FACILITIES, AND HEALTH FACILITIES, THERE CAN BE NO

DEVELOPMENT OF HOUSING.

7 SEVENTH, WE HAVE NEVER REALLY HAD A PROGRAM FOR THE PRODUCTION

OF HOUSING UNITS SUITABLE FOR LOW AND VERY LOW INCOME FAMILIES. THE

RENT SUPPLEMENT PROGRAM, WHICH ASSISTS FAMILIES DIRECTLY, HAS BEEN

SMALL AND NOT GEARED TO PRODUCE NEW HOUSING UNITS.

home
[THE TRADITIONAL PUBLIC HOUSING DID PRODUCE HOUSING, BUT HIGH
OPERATING COSTS KEPT RENTS TOO HIGH FOR LOW INCOME FAMILIES. [THE
PUBLIC HOUSING PROGRAM, WHEN COUPLED WITH AN ADEQUATE PROGRAM OF
OPERATING SUBSIDIES, MIGHT HAVE PRODUCED NEW HOUSING, BUT THIS HAS
NOT BEEN TRIED, NOR HAS CONGRESS MANDATED THE INTEGRATION OF THESE
TWO PROGRAMS TO PRODUCE MUCH NEEDED HOUSING.

[WE NEED A PROGRAM TO MEET THIS VERY BASIC NEED. [AND, ANY SUCH
PROGRAM WOULD HAVE TO BE BASED ON A RECOGNITION THAT HOUSING FOR VERY
LOW INCOME FAMILIES WOULD BE MORE EXPENSIVE THAN HOUSING FOR MIDDLE
INCOME FAMILIES. MORE EXPENSIVE BECAUSE;

[IT MUST BE BUILT STURDIER TO WITHSTAND THE HARD USE OF LARGE
NUMBERS OF CHILDREN. —

[IT MUST BE BUILT TO BE MAINTENANCE-PROOF FOR THE SAME REASON.
*so many low income people not
accustomed to care of Property.*

↳ IT MUST INCLUDE THE COSTS OF COMMUNITY AND RECREATIONAL
FACILITIES SO THAT THESE WOULD BE AVAILABLE WHEN THE UNITS
ARE READY TO BE OCCUPIED.

↳ WITHOUT SUCH AN APPROACH THE ONLY ALTERNATIVE IS TO HOUSE
VERY LOW INCOME PEOPLE IN SLUMS, ^{and} THIS IS INTOLERABLE.

↳ FINALLY, THIS COUNTRY SUFFERS FROM SUBURBAN SPRAWL THAT
RESULTS FROM THE LUXURY OF NOT PLANNING -- A LUXURY WHICH THIS
COUNTRY AND THIS WORLD CAN NO LONGER AFFORD. ↳ EVEN IF WE WERE
TO REVITALIZE THE BUILDING INDUSTRY, SO THAT IT COULD PRODUCE
2.5 MILLION UNITS PER YEAR, WE HAVE TO ASSURE THAT THE NEXT QUARTER
CENTURY OF HOUSING PRODUCTION DOES NOT FOLLOW THE PATTERN OF NO
PLANNING WHICH CHARACTERIZED THE PAST QUARTER CENTURY.

L OF COURSE, THE BEST HOUSING POLICY THAT WE CAN DEVISE WILL BE
USELESS IN THE ABSENCE OF A VIGOROUS ECONOMIC RECOVERY. L WE NEED A
NATIONAL ECONOMIC POLICY WHICH WILL PUT OUR IDLE RESOURCES BACK
TO WORK AND PROVIDE THE INCOMES NECESSARY FOR A HEALTHY HOUSING
INDUSTRY AND A HEALTHY ECONOMY. L VERY BRIEFLY, I WOULD PROPOSE:

1. A JOBS PROGRAM THAT WILL GET PEOPLE OFF THE DOLE AND BACK TO
WORK. L WE SHOULD DOUBLE THE NUMBER OF SUBSIDIZED EMPLOYMENTS TO AT
LEAST 600,000 IMMEDIATELY. L WE MUST ALSO WORK TOWARD A POLICY THAT
WILL PROVIDE A JOB TO EVERY AMERICAN ABLE AND WILLING TO WORK.

L 2. ANTI-RECESSION AID TO STATE AND LOCAL GOVERNMENTS HARD HIT
BY RECESSION TO ALLOW THEM TO MAINTAIN ESSENTIAL SERVICES WITHOUT
RAISING TAXES. L THIS WILL SOON BE ON THE PRESIDENT'S DESK.

Public Service, Public Works

Legislation..

Los Angeles

3. EXTENSION OF THE TAX CUT THROUGH ALL OF 1976; WE WILL

UNDOUBTEDLY NEED IT.

4. EMERGENCY PUBLIC WORKS PROJECTS IN AREAS WITH HIGH

UNEMPLOYMENT, HAVE JUST BEEN PASSED IN CONGRESS, THEY CAN ~~NOT~~ ^{help meet}

IMPORTANT COMMUNITY NEEDS AND PROVIDE GOOD JOBS.

5. A MONETARY POLICY THAT IS EXPANSIVE ENOUGH TO REDUCE

INTEREST RATES AND SUPPORT A STRONG RECOVERY IN THE HOUSING INDUSTRY.

IF WE PUT ~~ALL~~ OUR IDLE RESOURCES BACK TO WORK WITH

CONSISTENT AND COMPASSIONATE ECONOMIC POLICY, WE WILL WHIP

INFLATION, WE WILL GET OUR PEOPLE ON THE JOB AND OFF THE DOLE, WE

WILL REDUCE INTEREST RATES, WE WILL BEGIN TO MEET OUR NATIONAL

HOUSING NEEDS AND WE WILL BALANCE THE FEDERAL BUDGET.

Confidence - -20- Crisis of confidence
crisis of spirit

IT IS TIME THAT THE HELM OF NATIONAL LEADERSHIP BE PLACED
FIRMLY IN THE HANDS OF THOSE WHO HAVE FAITH IN AMERICA -- PEOPLE
WHO CAN RESTORE OUR ECONOMY TO HEALTH AND SHOW ALL OF OUR PEOPLE
THAT THIS IS THEIR GOVERNMENT AND THAT IT CAN BE EFFECTIVE IN
MEETING THEIR NEEDS,

Not no America -
But Go America!



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