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THE WHITE HOUSE

WASHINGTON

June 24, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JIM LYNN

FROM:

JIM CONNOR 

SUBJECT:

Meeting with George Meany Regarding
Emergency Housing Act of 1975

You will recall at the Staff Meeting this morning Don raised the question of follow-up on conversation between the President and George Meany. The President's comments on the briefing paper indicated that Section 8 was of concern to him.

As I understand it you will check with Secretary Dunlop and report back to the President.

cc: Don Rumsfeld

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

INFORMATION

WASHINGTON

June 23, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON *June*
SUBJECT: LETTER FROM GEORGE MEANY REGARDING
EMERGENCY HOUSING ACT OF 1975

BACKGROUND

On June 11, 1975, George Meany sent you a letter urging that you approve and implement the Emergency Housing Act of 1975. A copy of Mr. Meany's letter is attached at Tab A.

You have privately indicated that you will veto this bill. The last day for action is tomorrow, Tuesday, June 24, 1975. An enrolled bill memo and a veto statement will be forwarded to you later this afternoon. President Meany's letter had been discussed with Secretary Hills, and she recommends, and I concur, that you respond to Mr. Meany's letter after the veto has been announced. We will prepare a response for your signature.

RECOMMENDED RESPONSE

If Mr. Meany raises this issue, I recommend that you indicate:

- I appreciate your thoughts and your recommendation that this legislation be signed.
- I am well aware of the high unemployment in the building trades industries.
- In its present form the bill is unacceptable:
 - . It could not be implemented immediately, and consequently would not put the building trades to work.
 - . It is too expensive (over \$1 billion in outlays in FY 76).
 - . The level of mortgage interest subsidy is excessively deep (down to 6%).
 - . It poses some substantial problems of equity in that in some areas of the country families with over \$20,000 in income could qualify while in other areas of the country families with as little income as \$6,000 could not qualify.

The most effective way for the Federal government to stimulate housing construction is through the tandem program, and tomorrow I am going to direct Secretary Hills to:

- . Make available right away the \$2 billion previously authorized for mortgage purchase assistance.
- . Give me a recommendation for increasing this authorization so that we can extend this tandem program for another year (it now expires in October), and put \$7.75 billion more into this program if we need it in the years ahead.

I believe this approach will provide the jobs and address the real problem of the housing industry we both seek to cure.

** 15.8 - available.
2.7 - delivered
interest rates too high.
544.8 200,000/40,000
400,000/*

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

EXECUTIVE COUNCIL

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PRESIDENT

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815 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20006

(202) 637-5000

June 11, 1975

BB
The President
The White House
Washington, D.C.

Dear Mr. President:

In light of the continuing serious failure of housing production to meet needs and its severe adverse effect upon the economy, the AFL-CIO strongly urges you to approve the Emergency Housing Act of 1975 and direct that it be immediately and fully implemented.

About two million new housing units a year are needed to meet the growth in American families and to replace units lost through demolition and catastrophe. Two more years of significant housing under-production which will occur unless this bill is signed, would create additional housing shortages and inflationary increases in home prices and rents.

Today, the unemployment rate in construction is 21.8 percent, more than twice the total labor force rate of 9.2 percent. There are 961,000 unemployed construction workers. An equal or greater number of workers in mining, manufacturing, distribution and transportation of construction materials and building components are also unemployed. Furthermore, residential construction unemployment will increase because housing unit completions have been substantially greater than housing unit starts in recent months.

Housing starts were at an annual rate of slightly below one million in the first three months of 1975. In April, building permits rose to an annual rate of 900,000, which suggests that in coming months annual starts might rise to 1.1 million, a level far below the nation's needs and productive capacity. A further increase will be hard to achieve if unemployment continues at about its present unacceptable rate, with the inescapable sag in consumer confidence which unemployment engenders. Rising costs of fuels, utilities and property taxes added to high mortgage interest costs make it impossible for the vast majority of American families to purchase new homes. Unless middle-income families can obtain mortgage financing at substantially lower interest rates than are now available, there will be no significant improvement in homebuilding in 1975 or in 1976. High levels of unemployment in construction and in the general economy will continue unabated.

Therefore, we believe it is vital that the Emergency Housing Act of 1975 be approved and implemented.

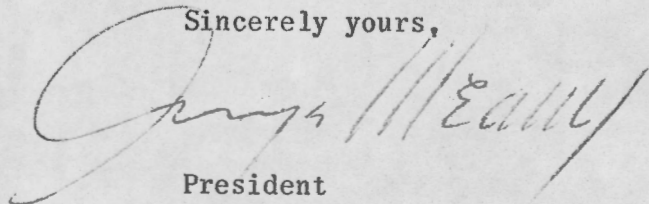
We are completely unconvinced by arguments about increasing the budget deficit. Rather, we contend this bill is an investment in America and her families who need both jobs and homes.

The below-market interest rate provisions in the bill, plus the reallocation of funds from the Section 8 program to conventional public housing, could increase residential construction starts by about 400,000 units during 1975-76. It would increase employment, reduce unemployment relief expenditures and increase tax revenues. It would produce a net reduction in the budget deficit.

The mortgage foreclosure protection provisions of the Act would provide a needed, temporary form of insurance against a wave of foreclosures that could depress realty values, construction and the economy, and cause tremendous hardship for families of thousands of unemployed workers.

The plight of large numbers of unemployed workers and inadequately housed families would be relieved if the provisions of the Emergency Housing Act of 1975 were made operative. We hope and trust you will approve and activate those provisions without delay.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "James M. Healy". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

President

JUN 23 1975