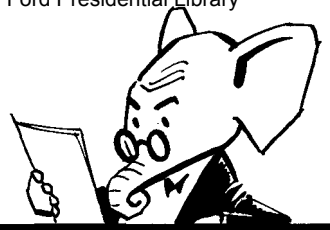


The original documents are located in Box D8, folder “Ford Press Releases - Housing, 1966-1971” of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

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U. S. HOUSE
OF REPRESENTATIVES

REPUBLICAN POLICY COMMITTEE

REP. JOHN J. RHODES, (R.-ARIZ.) CHAIRMAN • 1616 LONGWORTH HOUSE OFFICE BUILDING • TELEPHONE 225-6168

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91st Congress
Second Session

June 23, 1970
Statement Number 8

HOUSE REPUBLICAN POLICY COMMITTEE STATEMENT ON H.R. 17495,

THE EMERGENCY HOME FINANCE ACT OF 1970

"Economic incentives will be developed to attract private industry and capital to the low-cost housing market."

Republican Platform, 1968

The House Republican Policy Committee supports the passage of H.R. 17495, the Emergency Home Finance Act of 1970.

Twenty million Americans today live in substandard housing. To overcome the existing backlog and meet the Nation's ever-expanding housing need, twenty-six million units must be constructed in this decade.

Since 1950, when 1.9 million units were constructed, a continuing decline in housing production, an outflow of funds from savings institutions supporting the housing market, and a drying up of traditional mortgage sources have brought about a housing crisis which threatens our national well-being.

Curbing inflation is basic to the easing of the critically tight money market and is of the highest national priority. The housing industry, however, is bearing a disproportionate burden of the inflationary pressures as well as the anti-inflation measures instituted to restore price stability. To direct the flow of additional funds into the home mortgage market and overcome this most pressing restraint on housing construction, specific action by the Congress is required.

(over)

H.R. 17495 will stimulate private investment in mortgages, providing needed assistance to home buyers, without undermining Republican efforts to control inflation. The Act:

- 1) authorizes \$250 million to be used by the Federal Home Loan Bank Board to reduce interest rates charged by Federal home loan banks to member associations, thus promoting the orderly flow of funds into residential financing.
- 2) expands the purchase authority of the Federal National Mortgage Association to include conventional mortgages, in addition to the federally underwritten mortgages it now purchases and sells.
- 3) authorizes the establishment of a Federal Home Loan Mortgage Corporation, a secondary market facility to purchase residential mortgages.
- 4) increases the authority of the Government National Mortgage Association in the amount of \$1.5 billion, to provide additional special assistance for low-income housing.
- 5) extends the authority of the Secretary of Housing and Urban Development and the Administrator of the Veterans' Administration to set maximum interest rates on FHA and VA loans to meet mortgage market conditions.

Enactment of these provisions will effectively stimulate the flow of funds into the mortgage market.

The bill, as originally proposed, provided for the establishment of a National Development Bank, the main source of funds for which would be an annual
(more)

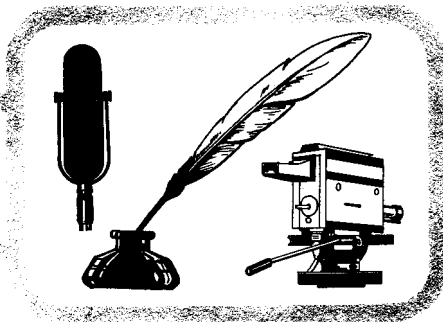
compulsory assessment of up to 2.5% of the assets of pension funds and private foundations. The proposal is of doubtful constitutionality and is but a thinly veiled attack in a continuing battle against a major segment of the Nation's financial structure. The provision, which was opposed by the Nixon Administration, was wisely deleted by the Banking and Currency Committee. Their action in striking the provision, Title V of the bill, is strongly supported.

Title VII of H.R. 17495 authorizes the Federal Reserve to permit commercial banks to invest portions of their cash reserves in agency securities issued to finance residential real estate. Such authority, an extraordinary precedent strongly opposed by the Board of Governors of the Federal Reserve System, could well jeopardize the liquidity of commercial banks and lead to directed investment of their assets. The deletion of the authority, contained in Title VII of the bill, is urged.

Thus amended, the enactment of H.R. 17495, the Emergency Home Finance Act of 1970, will contribute substantially to curbing rampant inflation in housing costs. The House Republican Policy Committee urges its passage.

All Fifth District only

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**CONGRESSMAN
GERALD R. FORD
HOUSE REPUBLICAN LEADER**

**NEWS
RELEASE**

--FOR IMMEDIATE RELEASE--
March 16, 1971

Rep. Gerald R. Ford, R-Mich., today introduced a Nixon Administration bill which would clear the way for construction of hundreds of low and moderate income housing units in Michigan and elsewhere.

Ford's bill would amend the Public Utility Holding Company Act of 1935 to permit companies regulated under the Act to participate in government-assisted low and moderate income housing programs. Commerce Committee Chairman Harley O. Staggers, D-W.Va., and Rep. William L. Springer, Ill., the committee's senior Republican, are poised to introduce identical bills.

Enactment of Ford's Holding Company Act Amendment would allow Michigan Consolidated Gas Company to go ahead with three low and moderate income housing projects in Michigan. These projects would provide 538 homes at a cost of roughly \$10 million.

One of the projects consists of 150 units in Kentwood, just south of Grand Rapids. The others are a 175-unit project in an urban renewal area of Muskegon and 213 units in Romulus, a Detroit suburb.

Said Ford: "While I have considerable interest in the overall housing needs of the country, I am particularly interested in seeing the Kentwood project proceed. All of the necessary local and FHA approvals have been obtained. This project will provide 150 homes which are greatly needed in the Grand Rapids area. Very little has been done in the area in the way of lower income housing construction."

Ford also noted that the project will provide additional employment in the Grand Rapids area, "which is badly needed at this time."

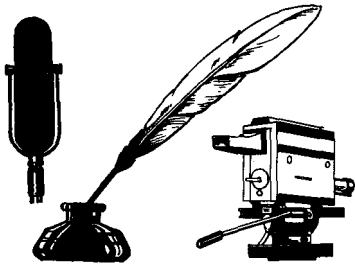
The Grand Rapids project ultimately is expected to result in 302 homes. The first phase of the project, 150 units, is estimated to cost \$2.8 million.

Michigan Consolidated Gas Company had been building low and moderate income housing in Michigan until the Securities and Exchange Commission ruled against such activity on June 22, 1970.

The 1970 ruling was a reversal of an SEC ruling handed down in March 1969, at which time the SEC authorized such activity by Michigan Consolidated Gas. After the favorable 1969 ruling, Michigan Consolidated built 298 units in Elmwood and 134 units in Inkster, Mich.

There are housing units in Michigan that hinge on enactment of the Ford bill. There are also housing projects in other parts of the country that are awaiting this legislation.

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