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**Subseries:** A: Bob Garrick File

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*Last Updated: 10/06/2023*

# Reagan & Bush

Reagan Bush Committee

901 South Highland Street, Arlington, Virginia 22204 (703) 685-3400

## NEWS RELEASE

FOR RELEASE UPON DELIVERY:

Thursday, October 2, 1980

CONTACT: Lyn Nofziger or  
Ken Towery  
703-685-3630

SPEECH BY GOVERNOR RONALD REAGAN  
GREEN BAY, WISCONSIN

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From the earliest days of this nation, home ownership has been among the foremost values of the American people. Owning one's own home means far more than merely having shelter. It is a concept deeply rooted in the hearts of our people, for it carries with it a whole constellation of values--family, neighborhood, community, independence, self-reliance, citizenship, faith in our country and its future.

Home ownership means that a family has a real stake in the American system. For in every community, those with the deepest and most permanent roots, those with the greatest investment, naturally tend to give greater service to their community. It is not only in their self-interest to do so, but it is a fulfillment of their duty to a society which has given them the chance to work, save, invest, build, grow, to live the fullest and freest kind of life in a great and proud country.

And throughout our history the dream of home ownership has been within reach. It has not always been easy, but it has always been possible. A young family would save as much as they could of their earnings, putting them aside in a savings institution at interest, until they had enough to make a down payment. And it was a great and exciting day when they first set foot in a real home of their own.

But today that dream of home ownership has been shattered for millions of Americans; shattered by soaring costs, high interest rates, and gross mismanagement of the economy by the present administration in Washington.

- MORE -

In August 1977, just seven months after Jimmy Carter took office, a new house sold for the national median price of \$54,900. With a \$40,800 mortgage loan for 30 years at a rate of 8-3/4 percent, a homebuyer paid \$321 per month.

Just three years later, in August of 1980, the cost of that house had soared to \$88,700. With a \$62,000 mortgage loan for 30 years at the average prevailing rate of 12 percent, a homebuyer would have to pay \$638 per month just to pay off the mortgage. That's an increase of almost 100 percent in just three years of Carter economic policies.

Even for used homes, the national median price has shot up so much it takes an annual income of nearly \$29,000 just to be able to qualify for the home loan to buy it.

Maybe these statistics explain why there are some 250 homes under construction in Brown County upon which work has been stopped because there is little prospect of finding buyers who can afford them.

Even the President's Secretary of Housing and Urban Development observed earlier this year, that "for many hardworking people, the American dream is denied because housing is growing beyond their reach."

The rental housing situation is even worse. There is strong demand for rental housing, in no small measure because young couples are being forced by rising prices and interest rates to put off buying a new home of their own.

But despite this demand, the National Association of Home Builders estimates that this year there will be a drop of more than 90,000 from the 550,000 rental units produced in 1979. The rental vacancy rate in this country has slipped below 5 percent, the traditional danger level.

This critical housing shortage comes on us at the worst possible time. During the 1980s, an estimated 41 million Americans will reach the prime home buying age of 30, and these young people will face a really desperate housing situation. Many

will have to make sacrifices if they are to become homeowners which would have been unthinkable over the last thirty years.

And look at what the collapse of the home building industry alone means to the American economy. Housing starts will drop 840,000 units below the level we should have.

That means an estimated net loss of \$95 billion to the economy--a loss of 1.3 million jobs--that's almost \$24 billion in lost wages--and more than \$6 billion in lost revenues to federal, state and local governments. Today, more than a half million construction workers are out of work, not to mention many thousands more in industries related to housing.

The same economic policies that have plunged the nation into the worst recession since World War II; the same economic policies that have put 2 million Americans out of work this year alone; the same economic policies that have brought us the highest average peacetime inflation rates in living memory; the same economic policies that have driven home mortgage rates as high as 16 percent--these are the economic policies which have produced this explosive crisis in American housing.

The author of these policies is Jimmy Carter, and no amount of rhetoric can obscure the disaster those policies have inflicted upon the American people.

I ask you, in all seriousness, can this country go on paying such a price for four more years?

There's no nice way to say it. The current administration's failed economic policies have left a trail of shattered dreams, of broken promises, of jobless workers, and of hard-working young families still unable to buy their first home.

I have recited to you today a long list of numbers and statistics, and sometimes I wonder if those impersonal numbers truly convey the pain and despair felt by millions of Americans this very moment: the emotional defeat of not being able to afford your new home even as prices go up ever more rapidly; the incredible burden of enormous mortgage payments; the helpless feeling of carpenters, masons, and electricians as they suffer the

stress and humiliation of being unemployed; the fear of our elderly as ever higher housing costs eat up more than half of their meager budgets.

In view of all this tragedy, isn't it time we reversed the absurd and dangerous policies that produced it? Just yesterday, prime interest rates went up again to 13.5 percent; mortgages in my home state of California jumped to 14-1/2 percent. Here we go right back on Jimmy Carter's roller coaster--heading for another term of wildly tight credit and unavailable mortgage loans.

I don't think we reward these kinds of policies by returning to office those who brought them upon us. I know it won't surprise you to learn that I think we need to elect a new President on November 4th who will work to put an end to America's housing crisis.

The next President will have to act to sharply increase incentives for people to save once again--to put their money to work through their local banks, savings and loans, and credit unions, for these are the institutions that supply the mortgage loans that Americans so badly need.

The next President will have to act effectively to roll back the excessive regulation that drives up housing costs unnecessarily. Two years ago, Professor Stephen Seidel of Rutgers University completed a comprehensive study which showed that governmental regulatory requirements added nearly--believe it or not--ten thousand dollars to the cost of the average new home. Some regulations are necessary, of course, to public safety and environmental protection, but who can believe that regulatory costs of nearly \$10,000 per home are necessary to serve the real interest of the public? A man in California building his own home became so fed up with the required permits, he put two poles up in front of his unfinished house--glued the forms into a ribbon and hung them on the poles. The ribbon was 250 feet long.

And look what the Carter administration has done to badly needed timber production from our national forests. Last year about 20 percent of the nation's softwood timber came from

national forests. That percentage could be considerably increased without departing from sound timber management practices. But the Carter administration's national forest timber program for the early 1980s at best maintains only the present production level. In addition, 47 million acres of national forest which could be producing timber for housing is tied up in lawsuits, even though the Carter administration itself did not recommend that those acres be made into wilderness.

Congress could enact legislation releasing these lands for professional multiple use management that allows controlled timber harvesting. But the Carter administration is unwilling to ask Congress for that release language, so those 47 million acres are simply not available to help meet the real needs of Americans seeking better housing.

The next President of this country must be someone who realizes that Americans really need new and better housing--lots of it; he must be someone who knows that behind today's statistics there are real people, real families, who are suffering and who need help.

How do you suppose young people unable to afford a modest home feel when they read that when Mrs. Patricia Roberts Harris was Secretary of Housing and Urban Development, \$60,000 was spent to purchase and install four huge glass doors to her office? And when it came to putting her name on the doors, senior HUD officials insisted that paint didn't go along "with the image of a Cabinet Secretary" so gold leaf lettering was used which cost \$1,000.

The next President must be someone who understands what America can become again, and what its people can achieve when their government gets off their backs and out of their pocketbooks.

Well, it's no secret I'm trying to be that someone.

I think I understand those problems, and if I'm elected, I'm going to start doing something about them.

Starting next January, I would launch an economic revitalization program to undo the damage done to this country over the last four years.

I will ask Congress to cut individual income taxes across the board. I will ask for new depreciation rules for business, to spur new job-creating investment. I will root out wasteful government spending and bring inflation under control. I'll adopt policies which will bring interest rates down, so that the average family can once again afford to buy a home of their own.

There are 8 million Americans out of work. I want to put millions of them back to work, bringing home decent paychecks they can cash for honest money.

The federal agencies which control the flow of housing credit have, in the Carter administration, failed to agree on a consistent, predictable policy which would allow builders and materials suppliers to engage in rational planning for sustained production. As President, I will see to it that the key federal agencies get together and coordinate their policies.

In addition, we will explore reasonable alternatives to traditional mortgage financing instruments and, where they meet the test of financial soundness, we will urge federal regulatory boards to permit lending institutions to offer them to homebuyers. The creative use of a variety of home financing tools can be useful in opening up opportunities for home ownership to certain homebuyers.

A Reagan administration will undertake a thorough review of all federal regulatory programs--particularly those which affect housing and housing finance--and those with little or no real value to the public will be eliminated. My appointees will move forward with deregulating lending institutions, but in a way that allows an orderly transition to new market conditions, not a sudden, desperate scramble that will disrupt the availability of credit to consumers.

Starting in January, the first \$200 of interest from a savings account--\$400 for joint returns--can be tax-free. That's a

step forward and I welcome it. I would ask Congress to increase those amounts as soon as fiscally possible. This will particularly benefit working people and retirees who have traditionally been the mainstay of savings and loans and mutual savings banks, the nation's principal home mortgage lenders.

I will name a Secretary of Housing and Urban Development who can and will straighten out the serious management problems in that federal agency.

These are things that can be done relatively soon by a new President and a new administration. In the longer run, we have to search for a way to end the roller coaster nature of the housing industry. Exactly how to do this is not yet clear, but I intend to call upon some of the brightest minds in the lending industry, the home building industry, and construction trades, and the economic and public policy professions to come to grips with this question.

We don't have to go on suffering the present housing crisis. We can overcome it by bringing back sound money--by providing real incentives for families to save--by reducing the tax burden that kills productivity and investment--by relaxing the grip of regulation upon our productive people.

But it will take an administration that is committed to the proposition that the answer for America's problems is not higher taxes, higher inflation, higher unemployment, more regulation, and bigger government. That has been the Carter answer so far.

My answer would be precisely the opposite: lower taxes, lower inflation, lower unemployment, less regulation, and smaller government. Come next January, I intend to get started with just that program. I hope you'll help me.

\* \* \* \* \*



MASTER

FROM: BOB GARRICK

OUT AT: 5:00 pm.

- ✓ Senator Paul Laxalt
- ✓ Ambassador Anne Armstrong
- ✓ Bill Casey
- ✓ Ed Meese
- ✓ Jim Baker
- ✓ Bill Brock
- ✓ Dean Burch  
(For Ambassador Bush)
- ✓ Peter Dailey
- ✓ Mike Deaver
- ✓ Drew Lewis
- ✓ Lyn Nofziger
- ✓ Verne Orr
- ✓ Bill Timmons
- ✓ Dick Wirthlin
- ✓ Congressman Tom Evans

INFORMATION

Enclosed is the 2nd Draft of the Green Bay speech that RR will give tomorrow at 12:00 p.m. in Green Bay. Please return comments by 8:00 a.m. tomorrow, Oct. 2, 1980. Thank you.

- 
- ✓ Richard Allen
  - ✓ Martin Anderson
  - ✓ Jim Brady
  - ✓ Ed Gray

- 
- Others
- ✓ Ray Bell
  - ✓ Bob Gray
  - ✓ Bill Morris

To: John McClaughry - Send it out.  
per B. Garrick

RR Green Bay housing speech 10/2

Draft 2 JMc 10/1 1200

Ed Gray

From the earliest days of this nation, home ownership has been among the foremost values of the American people. Owning one's own home means far more than merely having shelter. It is a concept deeply rooted in the hearts of our people, for it carries with it a whole constellation of values -- family, neighborhood, community, independence, self-reliance, citizenship, faith in our country and its future.

Home ownership meant that a family had a real stake in the American system. It was a source of personal pride to be a homeowner. But it was also a source of responsibility. For in every community those with the deepest and most permanent roots, those with the greatest investment, naturally tended to give greater service to their community. It was not only in their self-interest to do so, but it was a fulfillment of their duty to a society which had given them the chance to work, save, invest, build, grow, to live the fullest and freest kind of life in a great and proud country.

And throughout our history the dream of home ownership has been within reach. It has not always been easy, but it has always been possible. A young family would live with relatives for a while, or find the cheapest quarters possible. They would save as much as they could of their earnings, putting it aside in a savings institution at interest, until they had enough to make a down payment. And it was a great and exciting day when they first set foot in a real home of their own.

But today that dream of home ownership has receded beyond the reach of millions of Americans. - especially our young couples, young families. And the reason is clear; soaring costs, high interest rates, gross mismanagement of the economy by the administration of Jimmy Carter.

In January 1977, when Jimmy Carter took office, the average new house sold for \$51,300. With a \$50,000 mortgage loan for 30 years at the current FHA rate - 8% - a homebuyer would pay \$367 a month.

Three and a half years later, in June 1980, the cost of that house had soared to \$77,900. With a \$75,000 mortgage for 30 years at the June FHA rate, - 13% - a homebuyer would have to pay \$830 a month just to pay off the mortgage. That's a 126% increase in cost in less than four years of Carter economic policies.

Right here in Green Bay, your Board of Realtors estimates that the median home price is on the order of \$60000. With 20% down, at the current 13 1/2% FHA rate, that home will cost \$640 a month - not counting taxes, insurance, and utilities. Your local lending institutions require a family income in excess of \$30,000 before they'll make that home loan. But the median family income in Green Bay is only \$18,136. Maybe that explains why there are some 250 homes under construction in Brown County for which work has been stopped because there is little prospect of finding buyers who can afford them.

Even Jimmy Carter's Secretary of Housing and Urban Development was moved to observe earlier this year, that "for many hardworking

people, the American dream is denied because housing is growing beyond their reach."

The rental housing situation is even worse, if that is possible. There is strong demand for rental housing, in no small measure because young couples are being forced by rising prices and interest rates to put off buying a new home of their own.

In 1980, despite this demand, the National Association of Home Builders estimates that only 460,000 rental units will be built - a 16 1/2% drop from the 550,000 produced in 1979. Jimmy Carter's Secretary of Housing and Urban Development has testified that only 50,000 of these rental units will be built and financed conventionally, that is, without government insurance or subsidies. The rental vacancy rate in this country has slipped below 5%, the traditional danger level.

This critical housing shortage comes on us at the worst possible time. During the 1980s an estimated 41 million Americans will reach the prime home buying age of 30. That's almost a third more than the 31 million who reached age 30 during the 1970s. Many of these young people will face a really desperate housing situation. Many will have to make really heroic sacrifices to become home owners - sacrifices which would have been unthinkable over the last thirty years.

The same economic policies that have plunged the nation into the worst recession since World War II; the same economic policies that have put two million Americans out of work this year alone; the same economic policies that have

brought us the highest peacetime inflation rates in living memory; the same economic policies that have driven home mortgage rates as high as 16% - these are the economic policies which have produced this explosive crisis in American housing.

The author of these policies is Jimmy Carter , and no amount of rhetoric from his campaign organization can obscure the disaster those policies have inflicted upon the American people.

~~Look at what the collapse of the homebuilding industry~~ alone means to the American economy. In 1979 the housing industry built 1.7 million homes and apartment units. This year the National Association of Home Builders estimates that housing starts will drop to 1.2 million, a level some 840,000 below projected demand.

Our failure to build those 840,000 additional units means, according to the NAHB, a net loss of \$95 billion to the economy - a loss of 1.3 million jobs - \$23.8 billion in lost wages - \$6.3 billion in lost revenues to federal, state and local governments.

That's the price our economy is paying in the housing area alone, for having Jimmy Carter in the White House. I ask you, in all seriousness, whether this country can go on paying such a price for four more years.

If we are going to have decent housing for our people - particularly the young families yearning for homes of their own - we are going to have to elect a new President on November 4

who will act wisely, promptly, and decisively to bring inflation under control.

The next President will have to act to sharply increase incentives for people to save once again - to put their money to work through their local banks, savings and loans, and credit unions, for these are the institutions that supply the mortgage loans that Americans so badly need.

The next President will have to act effectively to roll back the excessive regulation that drives up housing costs unnecessarily. Two years ago Professor Stephen Seidel of Rutgers University completed a comprehensive study of the cost of federal, state, and local regulation in the home building industry. He found that regulatory requirements added nearly - believe it or not - ten thousand dollars to the cost of the average new home. Some of those costs are necessary to public safety and environmental protection, but few seriously believe that regulatory costs of nearly \$10,000 per home is necessary to serve the real interest of the public.

A task force of Jimmy Carter's Department of Housing and Urban Development studied the problem in 1978 and concluded that "the entire multilevel system of regulating residential land development is becoming extremely complex and time consuming. This has measurably increased holding costs, the costs of risk, and the potential for unfair treatment." The Task Force said that top government officials had to get a handle on this problem. I can promise you that the top officials of a Reagan/Bush Administration will do just that. The home buyers of this country have far better uses for their money

than to support a lot of bureaucrats passing papers back and forth while housing costs climb steadily during every delay.

And look what the Carter Administration has done to badly needed timber production from our national forests. Last year about 20% of the nation's softwood timber came from national forests. That percentage could be considerably increased without departing from sound timber management practices. But the Carter Administration's national forest timber program for the early 1980s at best maintains only the present production level. In addition, 47 million acres of national forest which could be producing timber for housing is tied up in lawsuits , even though the Carter Administration itself did not recommend that those acres be made into wilderness.

Congress could enact legislation releasing these lands for professional multiple use management that allows controlled timber harvesting. But the Carter Administration is unwilling to ask Congress for that release language, so those 47 million acres are simply not available to help meet the real needs of Americans seeking better housing.

The next President of this country must be a man who realizes that Americans really need new and better housing - lots of it. He must be a man who knows that behind today's statistics there are real people , real families, who are suffering and who need help.

The next President needs to understand the plight of the elderly faced with ever higher housing costs which may eat up more than half of their meager budgets. He needs to understand the problems faced by neighborhood improvement groups in many of our cities, groups working together to rebuild our neighborhoods. He needs to understand the plight of the construction worker on the unemployment line, and the home builder with a costly inventory of unsold homes.

In short, the next President must be a man who understands what American can become again, and what its people can achieve when their government gets off their back and out of their pocketbooks.

Well, I understand those problems. And when I'm elected, I'm going to start doing something about them.-

Starting next January, I will launch an economic revitalization program to undo the damage four years of Jimmy Carter has caused to this country.

I will ask Congress to cut individual income taxes across the board. I will ask for new depreciation rules for business, to spur new job-creating investment. I will root out wasteful government spending and bring inflation under control. I'll adopt policies which will bring interest rates down, so that the average family can once again afford to buy a home of their own.

There are eight millions Americans out of work, -Jimmy Carter's tragic gift to the people of his country. I'm going



to put millions of them back to work, bringing home decent paychecks they can cash in honest money.

The federal agencies which control the flow of housing credit have, in the Carter Administration, failed to agree on a consistent, predictable policy which would allow builders and materials suppliers to engage in rational planning for sustained production. As President, I will see to it that the key federal agencies get together and coordinate their policies.

A Reagan Administration will undertake a thorough review of all federal regulatory programs - particularly those which affect housing and housing finance - and those with little or no real value to the public will be rolled back. My appointees will move forward with deregulating lending institutions, but in a way that allows an orderly transition to new market conditions, not a sudden, desperate scramble that will disrupt the availability of credit to consumers.

Starting in January, the first \$200 of interest from a savings account - \$400 for joint returns - will be tax free. That's a step forward and I welcome it. I would ask Congress to increase those amounts/ as soon as fiscally possible. This will particularly benefit working people and retirees who have traditionally been the mainstay of savings and loans and mutual savings banks, the nation's principal home mortgage lenders.

I will name a Secretary of Housing and Urban Development who can and will straighten out the serious management problems in that federal agency, instead of travelling about the country threatening the nation's mayors with a cutoff of funds if they decline to publicly endorse the Carter/Mondale ticket.

These are things that can be done relatively soon by a new President and a new Administration. In the longer run, we have to search for a way to end the roller coaster nature of the housing industry. Exactly how to do this is not yet clear, but I intend to call upon some of the brightest minds in the lending industry, the home building industry, the construction trades, and the economic and public policy professions to come to grips with this question.

America is not fated to suffer the present housing crisis. We can overcome it by bringing back sound money - by providing real incentives for families to save - by reducing the tax burden that kills productivity and investment - by relaxing the grip of regulation upon our productive people.

But it will take an Administration that is committed to the proposition that the answer for America's problems is not higher taxes - higher inflation - higher unemployment - more regulation, and bigger government. That has been the Carter answer.

The Reagan answer is precisely the opposite: lower taxes, lower inflation, lower unemployment, less regulation, and smaller government. Come next January, I intend to get started with just that program. I hope you'll help me.

Together, with God's help, we can make America great again.

# # # # #

*Ed Gray's  
Draft*

HOUSING SPEECH DRAFT

1 Oct 1980

KEN, THIS IS A 3rd  
draft -  
FROM BOB GARRICK

From the very beginnings of this nation, the dream  
of owning a home has been the dream of all Americans.

Down through the years, we were so successful  
in turning that dream into a reality that it came to be  
more than a dream. It became the promise of America.

*Sent  
10/2  
4:56p  
M.M.*

Generations of families -- not all of course --  
but the overwhelming majority of our people came to indentify  
themselves as homeowners. Humble as the home may have been,  
it was their home and the centerpiece of their lives.

It gave ~~men and women~~ <sup>families</sup> shelter. But, more than that,  
it gave them a stake in the system, a stake in America, a  
stake in our way of life.

It was a source of pride. It represented for many  
an investment in the country, an investment in their future.  
Home ownership brought with it a deep sense of responsibility,  
personal responsibility -- to the community, to the neighborhood  
school, to the concept of theft, to the ethic of work and reward  
for one's labor.

It was a dream which could be realized. People set  
their sights on it and knew that if they worked hard enough and  
saved enough they could, indeed, sooner or later afford to buy  
their own house, and even move up to a better one in the years  
to follow.

Today, that dream has been shattered. It has turned  
into a nightmare for millions of Americans -- especially our  
young people. Young couples. Young families.

In Jimmy Carter's first year in office, the national median price of a home -- not a newly-built home but a used one, the kind many young families must turn to as first-time home buyers -- was \$48,500.

The typical mortgage rate at the time was eight and three quarter percent. After the down payment, the monthly mortgage payment was \$278 a month.

For many families at the time, that mortgage payment -- while substantial for many -- was nevertheless within their grasp.

Since Jimmy Carter's first year, a disaster has set in.

Now that same house costs \$71,000. But, because of the high interest rates Mr. Carter's policies have brought on, the monthly mortgage payment is not \$278.

To buy that house after the normal down payment today, the monthly mortgage payment will be more than \$600. And, even if the couple has been fortunate enough to scrape up the down payment, it will take an annual income of nearly \$29,000 just to be able to qualify for the home loan to buy it.

With mortgage rates in the 14 percent range today, and moving upwards, there is every reason to expect that monthly payment to be even higher in the months ahead.

When you realize that the median family income in the country is only about \$18,000 a year -- far below what the family I cited makes -- it means only one thing. The average young family looking for that first home simply can't afford to buy. Home ownership for this family is simply out of the question.

The same economic policies which have brought us

the worst recession since the Great Depression; the same economic policies which have thrown two million Americans out of work this year alone; the same economic policies which have brought us the highest inflation rates in peacetime; and the same economic policies which have brought us the highest interest rates in memory; are the same economic policies which now have made it impossible for tens of millions of Americans to afford to buy a home.

The author of those economic policies is Jimmy Carter.

And, the blame must be placed squarely on the doorstep of the White House.

The fact is, today less than 10 percent of all American families can afford to buy a median priced home.

The policies which have produced this unprecedented housing crisis, if allowed to continue for another four years, will cause the fading dream all of us have clung to all this time to fade even further.

If there was ever a reason to reject another four years of Jimmy Carter, this is it.

During the decade of the 80s, 41 million Americans -- today's young people -- will reach the prime home buying age of 30. What this means is there will be a strong demand for housing.

The National Association of Home Builders estimates that housing starts this year will drop far below what they should be to meet America's shelter housing needs, 840 thousand housing units below the level we should have.

Failure to produce that additional housing means a net loss of \$95 billion to our economy this year alone.

It means a net loss in more than a million jobs. It means nearly \$24 billion in lost wages, and a loss of more than \$6 billion in federal, state and local revenues.

Today, more than a half million construction workers are out of work, not to mention many thousands more in industries related to housing.

Right here in Green Bay, the estimated median price of a home is around \$60,000. To buy that home, after the normal 20% down payment, a family must earn \$30,000 to be able to qualify for the home loan and make mortgage payments of \$640 a month.

What that means is that new homes aren't being built. It means that more and more of our young people are forced -- not because they want to, but because they must -- to rent. But, here too, across the country, we face a grave problem.

Because the production of rental housing also has dropped significantly, the rental vacancy rate is now below five percent nationwide -- considered to be a danger level itself.

Appointees of the Carter Administration have precipitously changed the rules in the name of deregulation to the extent that savings and loan institutions, the nation's major housing lenders, have not had time to make the adjustments they must make to provide the funds necessary for housing.

Funds appropriated by Congress to support housing for lower income families have been eaten up by mismanagement, waste and inflated program costs, instead of translating into the maximum number of housing units for the needy.

The federal agencies which control the flow of housing credit have failed to agree on a consistent, predictable policy

which would allow home builders and suppliers of housing materials to engage in the kind of planning necessary for sustained home construction.

Instead, the Carter Administration has made the housing roller coaster even rockier than ever.

Because Jimmy Carter's economic policies have dragged this country into this worst recession in a half century, it is the working man and woman, the senior citizen on a fixed income, members of our minority communities, as well as our young families who are suffering from the housing crisis.

They are paying the price. They are the ones who have to support the bureaucrats who pass papers back and forth while our housing costs climb out of sight.

The next President of the United States must be a man who appreciates the crying need for more housing and lower interest rates.

He needs to recognize the causes of inflation, the causes of economic stagnation. He needs to understand why it is that millions of men and women are out of work and how to get them back on the job.

After four years of on-the-job disaster training which has left our economy in shambles, does anyone here believe that that man is Jimmy Carter?

With mortgage rates again moving upwards, with the cost of food, clothing and shelter at unprecedented high levels, is there any reason to expect that this president can provide the answers to our problems with four more years of on-the-job training?

I don't pretend to have all the answers to our

housing problems. I can assure you that I will seek the advice and counsel of the brightest minds in the home building, home lending, building trades and related economic fields to get the answers so we can come to grips with the problem once and for all.

I do know this. America is not inevitably destined to a housing crisis. We cannot afford it. Our people cannot afford it.

The overall answer lies in making the dollar sound again, in controlling inflation, reducing the soaring rate of growth in government spending, and cutting tax rates to spur new investment and stimulate new investment and greater saving throughout the economy.

The result of such actions will be new jobs, lower interest rates and more affordable housing for us all.

Besides putting the breaks on federal spending, and rooting out waste, fraud and unnecessary government regulations, I will insist on effective policy coordination among the various federal agencies responsible for the regulation of housing credit.

More specifically, a Reagan Administration will immediately undertake a thorough review of all regulatory programs which affect housing and housing finance.

We will move as soon as it is fiscally possible to increase the portion of savings account income that is exempt from taxes to encourage Americans to increase their savings. The result will be a greater flow of mortgage money to home buyers and financing for home builders.

A Reagan Administration will reevaluate the management of the Department of Housing and Urban Development which has been a continuing problem under the Carter Administration.

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PAGE 666666

In addition, we will explore every alternative to traditional mortgage financing instruments and where such alternative instruments meet the test of financial soundness, we will urge federal regulatory boards to permit lending institutions to offer them to homebuyers. The creative use of a variety of home financing tools can be useful in opening up opportunities for home ownership to ~~some~~ <sup>Certain</sup> homebuyers.

Most important of all, as we pull the country's economy up out of the economic mess the Carter Administration has gotten us into, we again will give housing the top national priority it requires so that more and more of our our citizens can achieve the dream of owning their own home.

Let there be no misunderstanding. The task will not be easy. Four years of economic failure, four years of increasing momentum in the wrong direction cannot be reversed **over-**night. It will take time. It will take commitment. It will require discipline and determination.

But a story I came across the other day says better than I ever could why it must be done.

A young husband was describing the hopelessness he and his wife shared after months of searching in vain for a home they could somehow afford. He said:

"Here my wife and I sit in our rented apartment, as do thousands of other young couples. We have accepted most of the responsibilities that go with being adults: We pay taxes, register to vote, hold demanding jobs and try to contribute positively to society. Why then must we be denied the simple satisfactions that accompany that most fundamental of adult privileges -- owning our own home?"

The dream his parents and their parents once knew has become a bad dream for not just thousands, but millions, just like him and his wife.

Working to restore the dream of home ownership will be a challenge of the first magnitude. But it is one which is so much a part of what has made our nation great that it demands our earnest attention and firm commitment to make it a new dream come true.

TO: Marty Anderson, Jim Brady, Lyn Nafziger  
FROM: Bob GARRICK  
Mike Weaver

1 OCT RR Green Bay housing speech 10/2 Draft 2 JMc 10/1 1200

Time:

note: major rewrite -

Sent  
10/11/80  
4:30P.  
H.M.

From the earliest days of this nation, home ownership has been among the foremost values of the American people. Owning one's own home means far more than merely having shelter. It is a concept deeply rooted in the hearts of our people, for it carries with it a whole constellation of values -- family, neighborhood, community, independence, self-reliance, citizenship, faith in our country and its future.

Home ownership meant that a family had a real stake in the American system. It was a source of personal pride to be a homeowner. But it was also a source of responsibility. For in every community those with the deepest and most permanent roots, those with the greatest investment, naturally tended to give greater service to their community. It was not only in their self-interest to do so, but it was a fulfillment of their duty to a society which had given them the chance to work, save, invest, build, grow, to live the fullest and freest kind of life in a great and proud country.

And throughout our history the dream of home ownership has been within reach. It has not always been easy, but it has always been possible. A young family would live with relatives for a while, or find the cheapest quarters possible. They would save as much as they could of their earnings, putting it aside in a savings institution at interest, until they had enough to make a down payment. And it was a great and exciting day when they first set foot in a real home of their own.

But today that dream of home ownership has receded beyond the reach of millions of Americans. - especially our young couples, young families. And the reason is clear; soaring costs, high interest rates, gross mismanagement of the economy by the administration of Jimmy Carter.

In January 1977, when Jimmy Carter took office, the average new house sold for \$51,300. With a \$50,000 mortgage loan for 30 years at the current FHA rate - 8% - a homebuyer would pay \$367 a month.

Three and a half years later, in June 1980, the cost of that house had soared to \$77,900. With a \$75,000 mortgage for 30 years at the June FHA rate, - 13% - a homebuyer would have to pay \$830 a month just to pay off the mortgage. That's a 126% increase in cost in less than four years of Carter economic policies.

Right here in Green Bay, your Board of Realtors estimates that the median home price is on the order of \$60,000. With 20% down, at the current 13 1/2% FHA rate, that home will cost \$640 a month - not counting taxes, insurance, and utilities. Your local lending institutions require a family income in excess of \$30,000 before they'll make that home loan. But the median family income in Green Bay is only \$18,136. Maybe that explains why there are some 250 homes under construction in Brown County for which work has been stopped because there is little prospect of finding buyers who can afford them.

Even Jimmy Carter's Secretary of Housing and Urban Development was moved to observe earlier this year, that "for many hardworking

people, the American dream is denied because housing is growing beyond their reach."

The rental housing situation is even worse, if that is possible. There is strong demand for rental housing, in no small measure because young couples are being forced by rising prices and interest rates to put off buying a new home of their own.

In 1980, despite this demand, the National Association of Home Builders estimates that only 460,000 rental units will be built - a 16 1/2% drop from the 550,000 produced in 1979. Jimmy Carter's Secretary of Housing and Urban Development has testified that only 50,000 of these rental units will be built and financed conventionally, that is, without government insurance or subsidies. The rental vacancy rate in this country has slipped below 5%, the traditional danger level.

This critical housing shortage comes on us at the worst possible time. During the 1980s an estimated 41 million Americans will reach the prime home buying age of 30. That's almost a third more than the 31 million who reached age 30 during the 1970s. Many of these young people will face a really desperate housing situation. Many will have to make really heroic sacrifices to become home owners - sacrifices which would have been unthinkable over the last thirty years.

The same economic policies that have plunged the nation into the worst recession since World War II; the same economic policies that have put two million Americans out of work this year alone; the same economic policies that have

brought us the highest peacetime inflation rates in living memory; the same economic policies that have driven home mortgage rates as high as 16% - these are the economic policies which have produced this explosive crisis in American housing.

The author of these policies is Jimmy Carter , and no amount of rhetoric from his campaign organization can obscure the disaster those policies have inflicted upon the American people.

**Look at what the collapse of the homebuilding industry** alone means to the American economy. In 1979 the housing industry built 1.7 million homes and apartment units. This year the National Association of Home Builders estimates that housing starts will drop to 1.2 million, a level some 840,000 below projected demand.

Our failure to build those 840,000 additional units means, according to the NAHB, a net loss of \$95 billion to the economy - a loss of 1.3 million jobs - \$23.8 billion in lost wages - \$6.3 billion in lost revenues to federal, state and local governments.

That's the price our economy is paying in the housing area alone, for having Jimmy Carter in the White House. I ask you, in all seriousness, whether this country can go on paying such a price for four more years.

If we are going to have decent housing for our people - particularly the young families yearning for homes of their own - we are going to have to elect a new President on November 4

who will act wisely, promptly, and decisively to bring inflation under control.

The next President will have to act to sharply increase incentives for people to save once again - to put their money to work through their local banks, savings and loans, and credit unions, for these are the institutions that supply the mortgage loans that Americans so badly need.

The next President will have to act effectively to roll back the excessive regulation that drives up housing costs unnecessarily. Two years ago Professor Stephen Seidel of Rutgers University completed a comprehensive study of the cost of federal, state, and local regulation in the home building industry. He found that regulatory requirements added nearly - believe it or not - ten thousand dollars to the cost of the average new home. Some of those costs are necessary to public safety and environmental protection, but few seriously believe that regulatory costs of nearly \$10,000 per home is necessary to serve the real interest of the public.

A task force of Jimmy Carter's Department of Housing and Urban Development studied the problem in 1978 and concluded that "the entire multilevel system of regulating residential land development is becoming extremely complex and time consuming. This has measurably increased holding costs, the costs of risk, and the potential for unfair treatment." The Task Force said that top government officials had to get a handle on this problem. I can promise you that the top officials of a Reagan/Bush Administration will do just that. The home buyers of this country have far better uses for their money

than to support a lot of bureaucrats passing papers back and forth while housing costs climb steadily during every delay.

And look what the Carter Administration has done to badly needed timber production from our national forests. Last year about 20% of the nation's softwood timber came from national forests. That percentage could be considerably increased without departing from sound timber management practices. But the Carter Administration's national forest timber program for the early 1980s at best maintains only the present production level. In addition, 47 million acres of national forest which could be producing timber for housing is tied up in lawsuits , even though the Carter Administration itself did not recommend that those acres be made into wilderness.

Congress could enact legislation releasing these lands for professional multiple use management that allows controlled timber harvesting. But the Carter Administration is unwilling to ask Congress for that release language, so those 47 million acres are simply not available to help meet the real needs of Americans seeking better housing.

The next President of this country must be a man who realizes that Americans really need new and better housing - lots of it. He must be a man who knows that behind today's statistics there are real people , real families, who are suffering and who need help.



The next President needs to understand the plight of the elderly faced with ever higher housing costs which may eat up more than half of their meager budgets. He needs to understand the problems faced by neighborhood improvement groups in many of our cities, groups working together to rebuild our neighborhoods. He needs to understand the plight of the construction worker on the unemployment line, and the home builder with a costly inventory of unsold homes.

In short, the next President must be a man who understands what American can become again, and what its people can achieve when their government gets off their back and out of their pocketbooks.

Well, I understand those problems. And when I'm elected, I'm going to start doing something about them.-

Starting next January, I will launch an economic revitalization program to undo the damage four years of Jimmy Carter has caused to this country.

I will ask Congress to cut individual income taxes across the board. I will ask for new depreciation rules for business, to spur new job-creating investment. I will root out wasteful government spending and bring inflation under control. I'll adopt policies which will bring interest rates down, so that the average family can once again afford to buy a home of their own.

There are eight millions Americans out of work. -Jimmy Carter's tragic gift to the people of his country. I'm going

to put millions of them back to work, bringing home decent paychecks they can cash in honest money.

The federal agencies which control the flow of housing credit have, in the Carter Administration, failed to agree on a consistent, predictable policy which would allow builders and materials suppliers to engage in rational planning for sustained production. As President, I will see to it that the key federal agencies get together and coordinate their policies.

A Reagan Administration will undertake a thorough review of all federal regulatory programs - particularly those which affect housing and housing finance - and those with little or no real value to the public will be rolled back. My appointees will move forward with deregulating lending institutions, but in a way that allows an orderly transition to new market conditions, not a sudden, desperate scramble that will disrupt the availability of credit to consumers.

Starting in January, the first \$200 of interest from a savings account - \$400 for joint returns - will be tax free. That's a step forward and I welcome it. I would ask Congress to increase those amounts/ as soon as fiscally possible. This will particularly benefit working people and retirees who have traditionally been the mainstay of savings and loans and mutual savings banks, the nation's principal home mortgage lenders.

I will name a Secretary of Housing and Urban Development who can and will straighten out the serious management problems in that federal agency, instead of travelling about the country threatening the nation's mayors with a cutoff of funds if they decline to publicly endorse the Carter/Mondale ticket.

These are things that can be done relatively soon by a new President and a new Administration. In the longer run, we have to search for a way to end the roller coaster nature of the housing industry. Exactly how to do this is not yet clear, but I intend to call upon some of the brightest minds in the lending industry, the home building industry, the construction trades, and the economic and public policy professions to come to grips with this question.

America is not fated to suffer the present housing crisis. We can overcome it by bringing back sound money - by providing real incentives for families to save - by reducing the tax burden that kills productivity and investment - by relaxing the grip of regulation upon our productive people.

But it will take an Administration that is committed to the proposition that the answer for America's problems is not higher taxes - higher inflation - higher unemployment - more regulation, and bigger government. That has been the Carter answer.

The Reagan answer is precisely the opposite: lower taxes, lower inflation, lower unemployment, less regulation, and smaller government. Come next January, I intend to get started with just that program. I hope you'll help me.

Together, with God's help, we can make America great again.

# # # # #

Master

FROM: BOB GARRICK

OUT AT: 11:00 AM.  
30 Sept. Tuesday

✓ Senator Paul Laxalt  
✓ Ambassador Anne Armstrong  
✓ Bill Casey  
✓ Ed Meese  
✓ Jim Baker  
✓ Bill Brock  
✓ Dean Burch  
(For Ambassador Bush)  
✓ Peter Dailey  
✓ Mike Deaver  
✓ Drew Lewis  
✓ Lyn Nofziger  
✓ Verne Orr  
✓ Bill Timmons  
✓ Dick Wirthlin  
✓ Congressman Tom Evans

INFORMATION

Herewith, for your review a  
speech on housing to be given  
in Green Bay, Wis. by RR on  
Thursday, 2 October. Please  
return to me by 12 Noon, Wed.  
1 October. Thank you.

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✓ Richard Allen  
✓ Martin Anderson  
✓ Jim Brady  
✓ Ed Gray

---

Others ✓ Ray Bell  
✓ Bob Gray  
✓ Bill Morris

To: Jim Brady, Lyn Notzger, Martin Anderson,  
Mike Deaver

From: R. M. Garrick

Box - 1000-1100 30 Sept 80  
RR Plane (Jason King)  
515-227-4241  
JW

RR GREEN BAY 10/2 Draft 1 JMc (9/29 2100)

I'm really pleased to be here in Green Bay, and I'm honored by the size of the crowd. You know, having an audience this large relieves me of the problem faced by a minister who, legend has it, once went on a revival tour of the Wisconsin dairy country.

One Sunday morning he appeared at a small country church to find only one parishioner present, an old dairy farmer.

"Well sir," said the minister, "if you're the only person here to hear me, I wonder if I ought to go through with the sermon."

"Reverend," replied the farmer, "if I take a load of hay down to the pasture and only one cow shows up, I still feed her."

"Very well," replied the minister, and proceeded to deliver a stem winding two hour sermon to this one solitary listener. When he concluded, he walked back to the door of the church and prepared to greet the farmer on his way out.

"I hope you liked the sermon," said the minister hopefully.

"Well," said the farmer, "if I take a load of hay down to the pasture, and only one cow shows up, I sure as hell don't feed her the whole load!"

With an audience this size, I feel emboldened to unload on a subject of great importance to the people of this country. That subject is housing. And I am here to tell you that the American people are facing a critical and explosive housing crisis.

Let me illustrate that housing crisis by telling you about a young couple I read about recently. They happened to live in Baltimore, but I'm sure their case is not much different from young couples right here in Green Bay.

The husband, Doug, had a job as manager of an apartment house. The job didn't pay very well, but it gave Doug and Susan free rent. But they wanted more than free rent. They wanted what so many millions of Americans have wanted and achieved - home ownership. And so they set out to achieve their dream.

But it sure wasn't easy. There was the matter of making the down payment. Doug quit as the apartment house manager and got a better paying job installing air conditioners. Even so, he couldn't make enough to meet the down payment, so Susan, despite being a new mother, decided to go back to work too. She got a job at a contact lens company. Together they were able to make \$350 a week - about \$18,000 a year - before taxes.

But they couldn't save enough of their income to buy the home while they were renting. So they moved in with relatives, small baby and all. First they lived with Doug's aunt - then with his parents - finally with Susan's mother. This went on for eight long months.

Finally they got enough together for a down payment and they located a modest town house for \$39,500. The down payment and closing costs - which alone can come to as much as 10% of the purchase price in Maryland - ate up all their savings. Then they found out what the mortgage would cost them. The best they could do was 12 1/4%, and that meant \$441 a month just to pay the mortgage. On top of that, they had to pay insurance, property taxes, utilities, and maintenance. That brought their monthly housing cost up to around \$800. Doug and Susan got the house they wanted - but had to pay more

than half of their family income to keep it.

Doug and Susan's struggle to become home owners illustrates a serious national problem. Fewer and fewer Americans - particularly young couples - can afford to buy a new house. And the problem has gotten seriously worse during the Carter Administration.

In 1977, when Jimmy Carter took office, the inflation rate was 4.7% and a median-priced new house sold for ~~\$25,000~~<sup>43,400</sup>. The mortgage cost for that house, excluding points, was typically about ~~\$300~~<sup>306</sup> per month. Today, only three years later, that same house would have a mortgage cost of ~~\$500~~<sup>556</sup> per month - an increase of ~~100%~~<sup>81%</sup> in cost in just three years. Using the traditional standard of 25% of gross income for housing, ~~only 15%~~<sup>less than 10%</sup> of all American families can possibly afford to buy a ~~new~~<sup>a median-priced</sup> home. No wonder Jimmy Carter's Secretary of Housing and Urban Development was moved to observe " For many hardworking people, the American dream is denied because housing is growing beyond their reach."

The situation for rental housing may be even worse, if that is possible. There is very strong demand for rental housing, in no small measure because young couples are being forced by rising prices to put off buying a home of their own. In fact, the rental vacancy rate in this country has dipped below 5%, a level so low that it threatens people's ability to move from job to job.

But in 1980, despite this demand, builders will produce only an estimated 365,000 rental units - a 23% drop from the 475,000 produced in 1979. Because of the shortage of supply, the price is high - so high that, again, many Americans simply cannot afford housing without government assistance. Last year 43% of all rental housing starts were governmentally subsidized. This

year subsidized units could account for as much as 60% of total rental starts.

This critical housing shortage comes upon us at the worst possible time. During the 1980s an estimated 41 million Americans will reach the prime home buying age of 30. That's almost a third more than the 31 million who reached age 30 during the 1970s. Many of them will face a desperate situation. Many ~~will~~, like Doug and Susan in Baltimore, <sup>will</sup> get a home of their own only by really heroic sacrifice of other budget essentials. Many more will pay ever higher prices for hard to find rental housing. <sup>They will have to</sup> ~~compete~~ in many cases with poor people, senior citizens with fixed incomes, minority group members - all people who have traditionally suffered the most in tight housing markets.

The reason for this crisis is not hard to discover. It's Jimmy Carter. Interest rates have soared as high as 16% for home mortgages, thanks to the inflationary policies of the Carter Administration and a Congress that has proven itself utterly unable to deliver a balanced budget.

At the same time, the Carter inflation has severely dampened the desire of Americans to save - particularly in the savings institutions that provide the great bulk of the nation's mortgage credit. And why wouldn't people lose the desire to save? If the inflation rate is 12% and the interest rate for their savings is 6%, instead of earning \$60 on their \$1000 each year, they are actually suffering a loss of \$60 in real purchasing power. And to make it worse, the same inflation is pushing people into ever-higher tax brackets, so the government will claim an ever higher share of the \$60 they do earn.



5

If we are going to have decent housing for our people - particularly the young people yearning for a home of their own and the people who must rent - the next President must act decisively to bring inflation under control. And he will have to act to sharply increase incentives for people to save - to put their money to work through their banks, savings and loans, and credit unions, for these are the institutions that provide the badly needed mortgage money for the housing America needs.

But that's not all of it. The next President will have to act effectively to roll back the excessive federal regulation that drives up housing costs. Two years ago professor Stephen Seidel of the Center for Urban Policy Research at Rutgers University completed a comprehensive study of the cost of regulation in the development and home building industry. He found that regulatory requirements added nearly - believe it or not - nearly ten thousand dollars to the price of the average new home! Some of those costs are necessary in the name of public safety and environmental protection, but no one seriously believes that regulatory costs of \$10,000 per house serves any real interest of the public. A Task Force of Jimmy Carter's Department of Housing and Urban Development studied the problem in 1978 and concluded that "the entire multilevel system of regulating residential land development is becoming extremely complex and time consuming. This has measurably increased holding

costs, the costs of risk, and the potential for unfair treatment." The Task Force said that top government officials had to get a handle on this problem. The top officials in a Reagan administration will do just that. The homebuyers of this country have a better use for their money than to support a lot of bureaucrats passing papers back and forth while housing costs climb steadily during every delay.

And remember something else: it takes a lot of timber to build the homes America needs. 80% of all single family homes in this country are built with wood frame construction. Where does it come from? Well, most of it comes from this country's public and private forest lands, but the supply is falling far below demand, and the result is sharply higher prices. Over the last decade the wholesale price index for softwood timber rose twice as fast as the index for all construction materials. In 1970 timber from national forest lands sold for an average price of \$21 per thousand board feet. Last year the price hit \$174. Douglas Fir from the Northwest hit an amazing \$446 per thousand board feet. This phenomenal rise translates directly into higher housing costs for millions of Americans.

Last year <sup>about 20</sup> <sub>A</sub> % of the nation's softwood timber came from our national forests. That percentage can be considerably increased. But the Carter Administration's national forest timber program for the early 1980s maintains the status quo or even reduces timber sales. In addition, Jimmy Carter's so-called RARE II study locked up some 62 million acres of national forest for three years. Now the study is over and only 15 million acres have been recommended for new wilderness. What about the remaining 47 million acres? It is tied up in lawsuits while the timber on much of it grows gracefully old instead of becoming homes for Americans to live in.

This problem can be solved if the Democratic-controlled Congress would enact legislation releasing the non-wilderness lands for multiple use management that allows controlled timber harvesting. But the Carter Administration doesn't dare push for the release language, so there those 47 million acres sit.

The next President of this country must be a man who realizes that Americans really need new and better housing - lots of it. He needs to know that behind the statistics of housing construction there are real people like Doug and Susan , struggling to achieve a dream that many of us in years past simply took for granted. He needs to understand the plight of the elderly faced with the ever higher costs of housing which may eat up 50-60-70% of their meager fixed incomes. He needs to understand the problems faced by the neighborhood improvement groups in many of our cities, groups working together to rebuild their neighborhoods.

Well, I understand those problems. And when I'm elected , I'm going to start doing something about them.

I will launch an economic revitalization program for this country which will cut taxes across the board, spur new investment that creates new jobs, and bring inflation under control at last. That means that interest rates will come back down where the average family can once again afford to get a mortgage.

New housing starts this year should have numbered over 2 million. Instead they are hovering in the <sup>1.2 million range</sup> ~~700,000~~ . That means over a million workers in housing and housing-related industries aren't bringing home paychecks, and the homes they could be building aren't being built. It's time those people went back to work.

The federal agencies which control the flow of housing credit have failed to agree on a consistent, predictable policy which would allow builders and materials suppliers to engage in rational planning for sustained production. As President , I will see to it that the key federal agencies get together and coordinate their policies.

We badly need to increase our savings rate. During the Carter inflation, individual savings in this country has sagged to around 3% of personal income, the lowest rate in any major industrialized country. Compare that with the 20% savings rate in Japan and you can see why we are faced with a major economic challenge.

Starting in January, the first \$200 of interest from a savings account will be tax free - \$400 for joint returns. That's a step forward and I welcome it. As soon as fiscal responsibility permits, I would ask Congress to increase those amounts. This will particularly benefit ordinary working people and retirees who have traditionally been the mainstay of savings and loans and mutual savings banks, the nation's principal home mortgage lenders.

These are things that can be done relatively soon by a new President and a new Administration. There are also some longer range issues that the next Administration must address. Chief among them is the traditional use of housing as a counter cyclical economic tool. That is to say, when inflation starts up, interest rates soon follow. This discourages investment, and dampens the boom cycle in the economy. But it also tends to destroy the housing industry, which is so critically dependent upon mortgage interest rates. Somehow we have to find a way to stop throwing the burden of cooling an overheated, inflationary economy on the housing industry.

Exactly how to do this is not yet clear, but I intend to call upon some of the brightest minds in the lending industry, in the home building industry, from the construction trades, and from the economics and public policy profession to come to grips with this question.

America does not have to have a housing crisis. We can overcome our present problems by bringing back sound money - by providing real incentives for families to save again - by lessening the tax burden that kills productivity - by relaxing the grip of federal regulation.

But it will take an Administration that is committed to the proposition that the answer for America's problems is not higher taxes, higher inflation, higher unemployment, more regulation, and big government. That has been the Carter answer, and Americans have paid dearly for it over the past four years.

The Reagan answer is precisely the opposite: lower taxes, lower inflation, lower unemployment, less regulation, and smaller government. Come next January, I intend to get started with just that program. I hope you'll help me. Together, with God's help, we can make America great again.

# # # # #

FROM: BOB GARRICK

OUT AT: 5:00 pm.

Senator Paul Laxalt

Ambassador Anne Armstrong

Bill Casey

~~Ed Meese~~

Jim Baker

Bill Brock

Dean Burch  
(For Ambassador Bush)

Peter Dailey

Mike Deaver

Drew Lewis

Lyn Nofziger

Verne Orr

Bill Timmons

Dick Wirthlin

Congressman Tom Evans

---

Richard Allen

Martin Anderson

Jim Brady

Ed Gray

---

Others

*Ray Bell*  
*Bob Gary*  
*Bill Morris*

INFORMATION

Enclosed is the 2nd Draft of the Green Bay speech that RR will give tomorrow at 12:00 p.m. in Green Bay. Please return comments by 8:00 a.m. tomorrow, Oct. 2, 1980. Thank you.

TO: *Madeline Anderson,*  
FROM: Bob GARRICK

*Mike Reader*

RR Green Bay housing speech 10/2 Draft 2 JMc 10/1 1200

1 OCT  
Time:

*note: major rewrite —*

From the earliest days of this nation, home ownership has been among the foremost values of the American people. Owning one's own home means far more than merely having shelter. It is a concept deeply rooted in the hearts of our people, for it carries with it a whole constellation of values -- family, neighborhood, community, independence, self-reliance, citizenship, faith in our country and its future.

Home ownership meant that a family had a real stake in the American system. It was a source of personal pride to be a homeowner. But it was also a source of responsibility. For in every community those with the deepest and most permanent roots, those with the greatest investment, naturally tended to give greater service to their community. It was not only in their self-interest to do so, but it was a fulfillment of their duty to a society which had given them the chance to work, save, invest, build, grow, to live the fullest and freest kind of life in a great and proud country.

And throughout our history the dream of home ownership has been within reach. It has not always been easy, but it has always been possible. A young family would live with relatives for a while, or find the cheapest quarters possible. They would save as much as they could of their earnings, putting it aside in a savings institution at interest, until they had enough to make a down payment. And it was a great and exciting day when they first set foot in a real home of their own.

But today that dream of home ownership has receded beyond the reach of millions of Americans. - especially our young couples, young families. And the reason is clear; soaring costs, high interest rates, gross mismanagement of the economy by the administration of Jimmy Carter.

In January 1977, when Jimmy Carter took office, the average new house sold for \$51,300. With a \$50,000 mortgage loan for 30 years at the current FHA rate - 8% - a homebuyer would pay \$367 a month.

Three and a half years later, in June 1980, the cost of that house had soared to \$77,900. With a \$75,000 mortgage for 30 years at the June FHA rate, - 13% - a homebuyer would have to pay \$830 a month just to pay off the mortgage. That's a 126% increase in cost in less than four years of Carter economic policies.

Right here in Green Bay, your Board of Realtors estimates that the median home price is on the order of \$60,000. With 20% down, at the current 13 1/2% FHA rate, that home will cost \$640 a month - not counting taxes, insurance, and utilities. Your local lending institutions require a family income in excess of \$30,000 before they'll make that home loan. But the median family income in Green Bay is only \$18,136. Maybe that explains why there are some 250 homes under construction in Brown County for which work has been stopped because there is little prospect of finding buyers who can afford them.

Even Jimmy Carter's Secretary of Housing and Urban Development was moved to observe earlier this year, that "for many hardworking



people, the American dream is denied because housing is growing beyond their reach."

The rental housing situation is even worse, if that is possible. There is strong demand for rental housing, in no small measure because young couples are being forced by rising prices and interest rates to put off buying a new home of their own.

In 1980, despite this demand, the National Association of Home Builders estimates that only 460,000 rental units will be built - a 16 1/2% drop from the 550,000 produced in 1979. Jimmy Carter's Secretary of Housing and Urban Development has testified that only 50,000 of these rental units will be built and financed conventionally, that is, without government insurance or subsidies. The rental vacancy rate in this country has slipped below 5%, the traditional danger level.

This critical housing shortage comes on us at the worst possible time. During the 1980s an estimated 41 million Americans will reach the prime home buying age of 30. That's almost a third more than the 31 million who reached age 30 during the 1970s. Many of these young people will face a really desperate housing situation. Many will have to make really heroic sacrifices to become home owners - sacrifices which would have been unthinkable over the last thirty years.

The same economic policies that have plunged the nation into the worst recession since World War II ; the same economic policies that have put two million Americans out of work this year alone; the same economic policies that have

brought us the highest peacetime inflation rates in living memory; the same economic policies that have driven home mortgage rates as high as 16% - these are the economic policies which have produced this explosive crisis in American housing.

The author of these policies is Jimmy Carter , and no amount of rhetoric from his campaign organization can obscure the disaster those policies have inflicted upon the American people.

**Look at what the collapse of the homebuilding industry** alone means to the American economy. In 1979 the housing industry built 1.7 million homes and apartment units. This year the National Association of Home Builders estimates that housing starts will drop to 1.2 million, a level some 840,000 below projected demand.

Our failure to build those 840,000 additional units means, according to the NAHB, a net loss of \$95 billion to the economy - a loss of 1.3 million jobs - \$23.8 billion in lost wages - \$6.3 billion in lost revenues to federal, state and local governments.

That's the price our economy is paying in the housing area alone, for having Jimmy Carter in the White House. I ask you, in all seriousness, whether this country can go on paying such a price for four more years.

If we are going to have decent housing for our people - particularly the young families yearning for homes of their own - we are going to have to elect a new President on November 4

who will act wisely, promptly, and decisively to bring inflation under control.

The next President will have to act to sharply increase incentives for people to save once again - to put their money to work through their local banks, savings and loans, and credit unions, for these are the institutions that supply the mortgage loans that Americans so badly need.

The next President will have to act effectively to roll back the excessive regulation that drives up housing costs unnecessarily. Two years ago Professor Stephen Seidel of Rutgers University completed a comprehensive study of the cost of federal, state, and local regulation in the home building industry. He found that regulatory requirements added nearly - believe it or not - ten thousand dollars to the cost of the average new home. Some of those costs are necessary to public safety and environmental protection, but few seriously believe that regulatory costs of nearly \$10,000 per home is necessary to serve the real interest of the public.

A task force of Jimmy Carter's Department of Housing and Urban Development studied the problem in 1978 and concluded that "the entire multilevel system of regulating residential land development is becoming extremely complex and time consuming. This has measurably increased holding costs, the costs of risk, and the potential for unfair treatment." The Task Force said that top government officials had to get a handle on this problem. I can promise you that the top officials of a Reagan/Bush Administration will do just that. The home buyers of this country have far better uses for their money

than to support a lot of bureaucrats passing papers back and forth while housing costs climb steadily during every delay.

And look what the Carter Administration has done to badly needed timber production from our national forests. Last year about 20% of the nation's softwood timber came from national forests. That percentage could be considerably increased without departing from sound timber management practices. But the Carter Administration's national forest timber program for the early 1980s at best maintains only the present production level. In addition, 47 million acres of national forest which could be producing timber for housing is tied up in lawsuits , even though the Carter Administration itself did not recommend that those acres be made into wilderness.

Congress could enact legislation releasing these lands for professional multiple use management that allows controlled timber harvesting. But the Carter Administration is unwilling to ask Congress for that release language, so those 47 million acres are simply not available to help meet the real needs of Americans seeking better housing.

The next President of this country must be a man who realizes that Americans really need new and better housing - lots of it. He must be a man who knows that behind today's statistics there are real people , real families, who are suffering and who need help.

The next President needs to understand the plight of the elderly faced with ever higher housing costs which may eat up more than half of their meager budgets. He needs to understand the problems faced by neighborhood improvement groups in many of our cities, groups working together to rebuild our neighborhoods. He needs to understand the plight of the construction worker on the unemployment line, and the home builder with a costly inventory of unsold homes.

In short, the next President must be a man who understands what American can become again, and what its people can achieve when their government gets off their back and out of their pocketbooks.

Well, I understand those problems. And when I'm elected, I'm going to start doing something about them.-

Starting next January, I will launch an economic revitalization program to undo the damage four years of Jimmy Carter has caused to this country.

I will ask Congress to cut individual income taxes across the board. I will ask for new depreciation rules for business, to spur new job-creating investment. I will root out wasteful government spending and bring inflation under control. I'll adopt policies which will bring interest rates down, so that the average family can once again afford to buy a home of their own.

There are eight millions Americans out of work. -Jimmy Carter's tragic gift to the people of his country. I'm going

to put millions of them back to work, bringing home decent paychecks they can cash in honest money.

The federal agencies which control the flow of housing credit have, in the Carter Administration, failed to agree on a consistent, predictable policy which would allow builders and materials suppliers to engage in rational planning for sustained production. As President, I will see to it that the key federal agencies get together and coordinate their policies.

A Reagan Administration will undertake a thorough review of all federal regulatory programs - particularly those which affect housing and housing finance - and those with little or no real value to the public will be rolled back. My appointees will move forward with deregulating lending institutions, but in a way that allows an orderly transition to new market conditions, not a sudden, desperate scramble that will disrupt the availability of credit to consumers.

Starting in January, the first \$200 of interest from a savings account - \$400 for joint returns - will be tax free. That's a step forward and I welcome it. I would ask Congress to increase those amounts/ as soon as fiscally possible. This will particularly benefit working people and retirees who have traditionally been the mainstay of savings and loans and mutual savings banks, the nation's principal home mortgage lenders.

I will name a Secretary of Housing and Urban Development who can and will straighten out the serious management problems in that federal agency, instead of travelling about the country threatening the nation's mayors with a cutoff of funds if they decline to publicly endorse the Carter/Mondale ticket.

These are things that can be done relatively soon by a new President and a new Administration. In the longer run, we have to search for a way to end the roller coaster nature of the housing industry. Exactly how to do this is not yet clear, but I intend to call upon some of the brightest minds in the lending industry, the home building industry, the construction trades, and the economic and public policy professions to come to grips with this question.

America is not fated to suffer the present housing crisis. We can overcome it by bringing back sound money - by providing real incentives for families to save - by reducing the tax burden that kills productivity and investment - by relaxing the grip of regulation upon our productive people.

But it will take an Administration that is committed to the proposition that the answer for America's problems is not higher taxes - higher inflation - higher unemployment - more regulation, and bigger government. That has been the Carter answer.

The Reagan answer is precisely the opposite: lower taxes, lower inflation, lower unemployment, less regulation, and smaller government. Come next January, I intend to get started with just that program. I hope you'll help me.

Together, with God's help, we can make America great again.

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