The original documents are located in Box D13, folder "House Speech Cooperative Housing Bill, March 22, 1950" of the Ford Congressional Papers: Press Secretary and Speech File at the Gerald R. Ford Presidential Library.

Speech by Representative Gerald R. Ford Jr during debate on Cooperative Housing bill.

March 22, 1950

MR. CHAIRMAN, before any member of the House votes for or against the controversial Title I of H.R.7402 I firmly believe a thorough and complete examination should be made of the precise situation in each Representative's respective district. Although we are legislating for the benefit of the nation as a whole, none of us should forget that we also represent limited geographical areas. We have a responsibility to reflect the views, understand th problems and seek answers for the citizens who live in our own congressional districts.

No one denies that our nation still needs additional housing particularly in certain areas where the shortage of homes is still acute. The problem is how to remedy the situation. Should we enact Title I, the Cooperative Housing Act, or should we rely on a continuation of legislation such as our existing F.H.A. statute which has worked rather effectively for a number of years.

Under the controversial Title I of H.R.7402 approximately 250,000 homes can be constructed. A new federal agency, the Cooperative Housing Administration, will handle the job if Title I is approved. Interest rates will be 3% and the amortization period for the mortgages will range between

50 and 60 years. Down payments will be required. The group seeking to set up a cooperative project must buy an amount of stock in the Cooperative Housing Administration equal to 2½% of the total cost of their project at the time the contract for mortgage financing is signed. At the time each family is ready to move in it must put up another 2½%. In other words, the total down payment is 5%. This would amount to $40 on a home costing $8,000 or $300 on a $6,000 home.

With these facts in mind, will Title I aid in solving the housing problem in Kent and Ottawa Counties of Michigan, my district. The proposal might be helpful in some instances but let's examine the record to see whether or not it might have discriminatory or harmful results. Further, will the co-op provision provide a solution which is not already on the statute books.

Titles II and VI of the previous F.H.A. legislation have proved extremely helpful in Kent and Ottawa Counties. I believe we can point with pride to the job done by our local office in Grand Rapids. From various sources and after considerable digging for the facts, I have prepared the following table. Here is the record from January 1, 1946 through December 31, 1949.

Type of Loan	Committed 1946--1949	Amount of Guaranty	Insured	Amount
		KENT COUNTY		
Titles II and VI	3,670	$23,845,000	2,621	$17,032,000
Sec. 203 2(b)(D)	257		124	
		OTTAWA COUNTY		
Titles II & VI	475	$ 3,087,500	340	$ 2,205,300
Sec. 203 2(b)(D)	10		6	

I am particularly interested in the Sec. 203 2(b)(D) loans for I was somewhat instrumental in initiating the use of this provision among Grand Rapids loaning institutions. This provision provides for mortgages up to $6,000, at 4½% with a maximum term of 30 years. The above chart indicates 257 loans of this type are committed in Kent County and 10 in Ottawa County.

In other words, a person, veteran or otherwise, under this provision can buy his own home with a down payment of $300 to $400 and monthly charges of approximately $41 including payment on principal, interest, taxes and insurance. These homes must meet F.H.A. specifications. They include 2 bedrooms, a living room, a kitchen and dinette, full basement, gas furnace, plastered walls, and a reasonably sized lot.

In addition I would like to mention homes that are being constructed in a slightly higher price range. Here is the copy of an advertisement in the

Grand Rapids Herald of March 19, 1950 -

"THIS HOME ON YOUR LOT $6,800
"Only Cash Required $150 for Mortgage Costs.

2 Large Bedrooms
Spacious Living Room
Large Kitchen and Dinette
Full Basement 32'x24'
Gas Furnace and Hot Water Heater
Plastered Walls
Not Prefabricated.

$43 Monthly payments Includes Taxes and Insurance. All This On Your Lot If Acceptable to FHA or Veterans Administration.

Public Water Supply Must be Available.

N O L O T ?

"To veterans only. Call us anyway. If you have $300 to $400 cash it may be possible to build this house on a lot of your own choice. We have several lots available or perhaps you have a lot which you would like us to byy for you."

I ask in all sincerity, isn't this the kind of housing which is needed, at the right price and on fair terms? The local newspapers include other rather similar advertisements. Another "ad" reads as follows: "No down payment to a veteran. $43 per month (including taxes and insurance)." Here is another advertisement:

"Two-bedroom, 1½-story bungalow. Room for third bedroom. Full basement 32'x24'. Gas furnace, automatic water heater. Large living room, combination kitchen and dinette. Near schools. Can be purchased on FHA terms or GI loan.

"$250 down to veterans covers all mortgage costs; $56 monthly payment includes taxes and insurance."

One of the most perplexing problems to low cost home purchasers is the down payment whether it be $100 or $1,000. Under a combination of Title II loans and GI financing homes can be financed with no down payment. I believe under Title I a 5% down payment in two installments is mandatory with some very limited qualification. In other words, Title I will not help the person in the low income group who cannot acquire sufficient funds for the down payment. In contrast, as I have said before, a combination F.H.A.-G.I. Loan will obviate the necessity of a down payment.

There is justification to the argument that Title I is discriminatory, particularly as regards G.I.s of World War II who have already purchased homes with the help of a G.I. loan guaranty. In Ottawa County 938 G.I.s as of February 25, 1950 are now buying homes at 4% on a 20 year term. In Kent County as of February 25, 1950, there are 3,085 G.I.s in the same category. These veterans would be discriminated against by the enactment of Title I. There is no 3% interest rate for them. They have no 50 to 60 year term for the repayment of their loan.

I recently compiled some facts and figures on the situation in Kent and Ottawa Counties, which should be included in the record.

	KENT COUNTY	OTTAWA COUNTY
W.W.I Veterans	7,759	1,551
W.W.II Veterans	29,472	6,488
Total	37,231	8,039

KENT COUNTY G.I. LOAN DATA AS OF FEBRUARY 25,1950

Type of Loan	Number of Loans	Amt. of guaranty and/or Insurance	Total Dollar Amounts of Loans
Home	3,085	$8,627,290.00	$17,388,418.00
Farm	18	43,182.00	90,344.00
Business	137	179,023.00	394,054.00
Total	3,240	$8,849,495.00	$17,872,816.00

OTTAWA COUNTY G.I. LOAN DATA AS OF FEBRUARY 25,1950

Type of Loan	Number of Loans	Amt. of guaranty and/or Insurance	Total Dollar Amounts of Loans
Home	938	$2,359,920.00	$4,748,253.00
Farm	6	15,900.00	31,800.00
Business	60	78,257.00	161,305.00
Total	1,004	$2,454,077.00	$4,941,358.00

If the 3% rate in Title I is raised to 4% there will be no discrimination against those veterans of World War II in Kent and Ottawa Counties who haven't yet purchased a home with a G.I. loan but there will be an everlasting bias against the 4023 who have already bought or constructed their homes. This injustice can never be corrected unless the 50 to 60 year loan term provision is corrected.

The gentleman from Michigan, Mr. Wolcott, ably showed how ridiculous the 5o to 60 year amortization schedule is under Title I. A veteran who is now 25 years old will finish paying for his home at the age of 75 or 85. Obviously this is unsound on its face.

The advocates of Title I claim there will be no additional cost to the federal government. What about the new agency with the tremendous staff that will be required to handle the "co-op" loan applications. It will undoubtedly require at least 5000 new federal employees plus a director at $15,000 per year. The federal treasury can't stand this additional burden.

In conclusion, I wish to emphasize my opposition to Title I for the following reasons: 1) it will discriminate against G.I.s who have already purchased homes, some 4023 in my district; 2) the Administrative cost burdens will be excessive; the federal treasury can't afford a new federal agency with some 5000 additional employees; 3) existing F.H.A.-G.I. loan programs can and will provide an ample supply of low cost and middle income homes.