

Undated: Drafts: Protest vs. dissent

Senator Daniel K. Inouye Papers
Speeches, Undated, Box SP1, Folder 12
<https://hdl.handle.net/10524/71465>

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OMNIBUS HOUSING LEGISLATION

THE LARGEST HOUSING BILL IN THE HISTORY OF THIS NATION CLEARED THE HOUSE AND SENATE CONFERENCE COMMITTEE THIS PAST WEEKEND. IT CALLS FOR THE CONSTRUCTION OF 26 MILLION HOUSING UNITS OVER A TEN YEAR PERIOD, INCLUDING THE CONSTRUCTION AND/OR REHABILITATION OF SIX MILLION LOW AND MODERATE INCOME HOUSING. THIS GOAL REPRESENTS AN INCREASE OF NEARLY 12 MILLION UNITS OVER THE PAST DECADE.

THIS IS AN AUTHORIZATION BILL AND IF ALL FUNDS ARE LATER APPROPRIATED THE ESTIMATED COST IS \$5.3 BILLION OVER A THREE-YEAR PERIOD. SUCH A PROGRAM WOULD REPLACE SUBSTANTIALLY ALL SUBSTANDARD DWELLINGS IN THIS COUNTRY.

WITH SOME 20 MILLION AMERICANS NOW LIVING IN WHAT CAN ONLY BE TERMED WRETCHED HOUSING, WE CANNOT UNDERESTIMATE THE IMPORTANCE OF THIS LEGISLATION TO OUR NATIONAL

life. One of the key

LIFE.

ONE OF THE KEY FEATURES OF THE BILL WILL PLACE HOME OWNERSHIP WITHIN THE REACH OF MANY THOUSANDS OF AMERICANS FOR THE FIRST TIME. WE ALL KNOW FROM EXPERIENCE THAT HOME OWNERSHIP BRINGS WITH IT A SENSE OF PRIDE AND PURPOSE AND THAT IT IS THE GOAL OF MOST AMERICAN FAMILIES. WE WILL MAKE THIS POSSIBLE FOR MANY FAMILIES BY UNDERWRITING ALL BUT ONE PER CENT OF THE MORTGAGE INTEREST COSTS. THIS MEANS THAT A FAMILY WITH A \$3,500 INCOME WILL BE ABLE TO AFFORD A \$12,000 HOME.

A SIMILAR PROGRAM TO CREATE RENTAL HOUSING FOR LOW-INCOME FAMILIES IS ALSO IN THE BILL. STILL ANOTHER FEATURE CALLS FOR INSURED MORTGAGES AT THREE (3) PER CENT INTEREST TO NON-PROFIT CORPORATIONS, SUCH AS CHURCH GROUPS OR LABOR

unions which acquire

UNIONS WHICH ACQUIRE AND REHABILITATE SUBSTANDARD HOUSING FOR RESALE TO LOW-INCOME FAMILIES.

FAMILIES WITH IRREGULAR CREDIT HISTORIES WHICH PREVIOUSLY PREVENTED THEM FROM OBTAINING FHA MORTGAGE INSURANCE WILL GET HELP UNDER THE NEW BILL. MANY OF THEM WILL BE ABLE TO OBTAIN MORTGAGES AND THEY WILL RECEIVE SPECIAL COUNSELING SERVICES ON DEBT MANAGEMENT AND THE PROPER CARE OF A HOME.

IN THE PAST, MANY OLDER NEIGHBORHOODS HAVE BEEN CONDEMNED TO A SLOW DEATH WHEN THEY WERE DENIED CREDIT BY THE FHA AND PRIVATE FINANCIAL INSTITUTIONS. THIS NEW HOUSING LEGISLATION PERMITS THE FHA TO WAIVE THE ECONOMIC SOUNDNESS REQUIREMENTS NECESSARY FOR FHA INSURANCE WHEN THE PROPERTY IS IN AN OLDER, DECLINING NEIGHBORHOOD.

Recognizing that many

RECOGNIZING THAT MANY OF THESE PROGRAMS WILL HAVE HIGHER RISKS THAN OTHER TYPES OF MORTGAGES, THE CONGRESS HAS CREATED A SPECIAL RISK INSURANCE FUND TO COVER LOSSES IN EXCESS OF INSURANCE PREMIUM RESERVES. THESE DEFICITS WILL BE MADE UP BY ANNUAL APPROPRIATIONS.

THE BILL ALSO INCLUDED A PROPOSAL INTRODUCED BY MYSELF AND SENATOR FONG WHICH WILL AUTHORIZE FHA-INSURED LOANS FOR THE PURCHASE OF FEE SIMPLE TITLES TO LEASED LANDS USED FOR RESIDENTIAL PURPOSES IN HAWAII. THIS PROVISION SHOULD HELP TO REDUCE THE FINANCING COSTS ON LEASEHOLD PROPERTY PURCHASES.

STILL ANOTHER FEATURE OF THE BILL ESTABLISHES A PROGRAM TO ASSIST DEVELOPERS OF NEW COMMUNITIES TO COVER THE LARGE CAPITAL INVESTMENT NECESSARY AND THE CONSIDERABLE

length of time

LENGTH OF TIME BEFORE THERE ARE RETURNS ON THIS INVESTMENT. THIS WOULD ENTAIL A GUARANTEE OF BONDS AND OBLIGATIONS ISSUED BY THE NEW TOWN DEVELOPER TO COVER THE COST OF LAND DEVELOPMENT. TO BE ELIGIBLE FOR SUCH ASSISTANCE, THE DEVELOPER MUST INCLUDE SOME PROVISION FOR LOW AND MODERATE INCOME HOUSING IN HIS PLANS.

A MORE FLEXIBLE URBAN RENEWAL PROGRAM, ALSO PROVIDED FOR IN THE BILL, WILL GIVE COMMUNITIES MORE OPTIONS IN DETERMINING WHAT ACTIVITIES THEY WISH TO CONDUCT IN A GIVEN YEAR.

ALTHOUGH WE HAVE BEEN FORTUNATE IN AVOIDING RIOTS IN HAWAII, THE BILL SETS UP A FEDERAL REINSURANCE PROGRAM FOR EXCESS LOSSES DUE TO RIOTS AND CIVIL DISORDERS. AFTER THE RECENT DISTURBANCES IN WASHINGTON, FOR EXAMPLE, A NUMBER OF BUSINESSMEN RECEIVED INSURANCE CANCELLATION notices in their mail.

NOTICES IN THEIR MAIL. WITHOUT INSURANCE, THEY COULD NOT
CONTINUE IN BUSINESS. FEDERAL ASSISTANCE IN THIS AREA IS
ESSENTIAL. A FEDERAL-PRIVATE FLOOD INSURANCE PROGRAM IS
ALSO INCLUDED.