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ID # 067345
MC 003

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING

☐ H - INTERNAL

☒ I - INCOMING

Date Correspondence
Received (YY/MM/DD) 82103 123

Name of Correspondent: Lloyd Benson

☐ MI Mail Report

User Codes: (A) _____ (B) _____ (C) _____

Subject: writes regarding the plight of the agricultural industry. urges the President to call a White House Conference on Agriculture at the earliest possible date to address same.

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Completion Date YY/MM/DD
<u>State</u>	ORIGINATOR	<u>82103124</u>	<u>KD</u>	<u>A 82 03 25</u>
<u>99 D O A</u>	Referral Note: <u>R</u>	<u>82103130</u>		<u>A 82 04 30</u>
	Referral Note:			
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	Referral Note:			

ACTION CODES:

A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet
to be used as Enclosure

I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:

A - Answered C - Completed
B - Non-Special Referral S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments: _____

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Prime Subject Code: MC 003 - _____ Secondary Subject Codes: AG _____

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Code	Date	Comment	Form
C		Time: _____	P- _____
DSP		Time: _____	Media: _____

SIGNATURE CODES:

CPn - Presidential Correspondence

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- n - 1 - Ronald Wilson Reagan
- n - 2 - Ronald Reagan
- n - 3 - Ron
- n - 4 - Dutch
- n - 5 - Ron Reagan
- n - 6 - Ronald
- n - 7 - Ronnie

CLn - First Lady's Correspondence

- n - 0 - Unknown
- n - 1 - Nancy Reagan
- n - 2 - Nancy
- n - 3 - Mrs. Ronald Reagan

CBn - Presidential & First Lady's Correspondence

- n - 1 - Ronald Reagan - Nancy Reagan
- n - 2 - Ron - Nancy

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- T - Telegram
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- X - Miscellaneous
- Y - Study



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

Honorable Lloyd Bentsen
United States Senate
Washington, D.C. 20510

APR 30 1982

Dear Senator Bentsen:

Your letter of March 18 to President Reagan has been shared with our Department.

The Department's position concerning your letter is similar to that of Mr. Kenneth Duberstein, who responded to you earlier. Record 1981 crop and livestock production in the U.S. and foreign countries, dampened growth of domestic and foreign demand and high interest rates have contributed to depressed prices in the farm sector. The Administration's policy efforts are geared toward assisting the agricultural sector, given the resources available, as it adjusts to these economic circumstances.

We share your concerns for agriculture, and we will continue to carefully appraise the various difficulties in the agricultural sector.

Sincerely,

John R. Block
Secretary

bcc: Sally Kelley
Director of Agency Liaison
Presidential Correspondence
Rm. 62, The White House
Washington, D.C. 20500

THE WHITE HOUSE OFFICE

REFERRAL

MARCH 30, 1982

TO: DEPARTMENT OF AGRICULTURE

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 067345

MEDIA: LETTER, DATED MARCH 18, 1982

TO: PRESIDENT REAGAN

FROM: THE HONORABLE LLOYD BENTSEN
UNITED STATES SENATE
WASHINGTON DC 20510

SUBJECT: ON "AGRICULTURE DAY," WRITES TO URGE YOU TO
RECOGNIZE THE SERIOUSNESS OF THE PROBLEMS
FACING THE NATION'S FARM INDUSTRY, AND THE
NEED FOR EFFECTIVE SOLUTIONS, BY CALLING A
WHITE HOUSE CONFERENCE ON AGRICULTURE AT THE
EARLIEST POSSIBLE DATE

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 62, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

March 25, 1982

Dear Senator Bentsen:

The President has asked me to thank you for your March 18 letter in which you expressed your interest in the establishment of a White House Conference on Agriculture.

As you know, the President is sympathetic to the problems of the agricultural industry and is very much aware that that sector has been hard hit by the cost-price squeeze. The Administration is working to stimulate foreign markets for American farmers to help ease the tough situation which confronts them.

Because of the President's concern in this regard, and your special interest in the problems of agricultural producers, I have shared your correspondence with the President's advisers in this area. You may be assured that your suggestion will receive their continuing attention.

With best wishes,

Sincerely,

Kenneth M. Duberstein
Assistant to the President

The Honorable Lloyd Bentsen
United States Senate
Washington, D.C. 20510

KMD:CMF:KIR:kir

cc: w/copy of inc to Secretary Block, Agriculture - for DIRECT
reply with copy to KMDuberstein
cc: w/copy of inc to Burleigh Leonard - FYI
cc: w/copy of inc to Ed Harper - FYI
cc: Elizabeth Dole - FYI

4
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United States Senate
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, D.C. 20510

March 18, 1982

067345

The Honorable Ronald Reagan
President
The White House
Washington, D.C. 20500

Dear Mr. President:

On today, which has officially been proclaimed "Agriculture Day", I urge you to take a close look at the problems besetting this nation's largest industry. Real net farm income for the last two years has been the lowest since the Great Depression. Forecasts for this year are that real farm income will be the lowest in history if policy changes or other circumstances do not intervene.

These are problems of historic significance, and they are of tremendous importance to the rest of our economy. I urge you to recognize the seriousness of these problems and the need for effective solutions by calling a White House Conference on Agriculture at the earliest possible date to address these issues.

Sincerely,


Lloyd Bentsen

SA C. Particelli 325-83

Thank you
C. Particelli

THE WHITE HOUSE

WASHINGTON

March 11, 1982

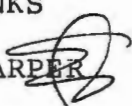
RD

067624PD

MC 003

FA 004

MEMORANDUM TO ANN FAIRBANKS

FROM: EDWIN L. HARPER 
SUBJECT: Realtors Recommendation

On March 5, Al Abrahams and Jack Carleson visited with Roger Porter and me to discuss some of their concerns. The sale of homes has been dramatically hit. During normal times they expect some 4 million resales a year, with the current rate at only 1.8 million. This 54% drop from the peak to the trough (November '78 - January '81) is approximately the same drop experienced from October 1929 - November 1933. Surprisingly home prices have not yet experienced a decline commensurate with the drop in sale mainly because there is a continuing demographic push on the demand side. Particularly hard hit are the north central and north east regions.

According to Carleson, the Board of Realtors voted unanimously to do everything they could to support the Administration's program in terms of its out year deficits but to do something for the short term on the tax expenditure side. Specifically they are pushing two ideas:

- Increase the use of state and local housing authority tax free bonds. There are miscellaneous administrative impediments to utilizing the 11 - 14 billion dollars of available budget authority. They feel that this could be targeted on first time homebuyers and might serve as many as 500,000 families this year and could be easily attached to a miscellaneous tax bill.
- Immediately terminate the all-savers certificate program with a new tax credit for first time homeowners. The tax credit would be limited to 3% a year for 3 years on a maximum 60,000 dollars mortgage. The maximum credit would be 5,400 dollars. The tax credit would actually go to the lender with the carry back provision. Al Abrahams indicated he has talked to Barber Conable who liked the idea of using this to get rid of the all-savers bill immediately. The realtors estimate that some 250,000 homesales could be serviced this way.

See also : 077228 PD

Page Two
March 10, 1982

The "due on sale" issue was not an issue as far as Carleson was concerned. Their policy is to let the Supreme Court take care of this although there may be some utility in having some legislation which would provide for an orderly phase out of the "due on sale" problem.

They also felt that the Administration's representatives and in particular the Housing Commission were so dedicated to the savings and loan industry that they couched every approach to helping the housing industry in terms of the savings and loan industry. Instead, while the realtors expressed appreciation for S&L's, they wanted to emphasize the pluralism of financing approaches and financing institutions and hope that we would not give the appearance of being completely captured by the S&L's.

Please give me a brief memo on the pros and cons and cost/benefits of the two suggestions made by the realtors.

Do you think that there would be merit in the President's speaking to the realtors at their annual meeting on the 29th - 30th of March, here in Washington? Is there anything constructive he could say about housing at such a meeting?

cc: Roger Porter

OFFICE OF POLICY DEVELOPMENT STAFFING MEMORANDUM

MC003
HS

FG006-01

DATE: 3/27/82 ACTION/CONCURRENCE/COMMENT DUE BY: File

SUBJECT: Realtors Briefing from Shannon Fairbanks 3/5

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input type="checkbox"/>
PORTER	<input type="checkbox"/>	<input type="checkbox"/>	UHLMANN	<input type="checkbox"/>	<input type="checkbox"/>
BANDOW	<input type="checkbox"/>	<input type="checkbox"/>	ADMINISTRATION	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	DRUG POLICY		
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
CARLESON	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	GRAY	<input type="checkbox"/>	<input type="checkbox"/>
FRANKUM	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
HEMEL	<input type="checkbox"/>	<input type="checkbox"/>	OTHER		
KASS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
MALOLEY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Biff -

Do you guys really want all this stuff?

E. Rock ^{yl}

EDWIN L. HARPER
ASSISTANT TO THE PRESIDENT
FOR POLICY DEVELOPMENT
(Y6515)

THE WHITE HOUSE
WASHINGTON

March 5, 1982

MEMORANDUM FOR: EDWIN L. HARPER
FROM: SHANNON FAIRBANKS *S.F.*
SUBJECT: Briefing For Meeting With Realtors

Today you are scheduled to meet with Jack Carleson and other members of the National Association of Realtors, (NAR), at 3:00 p.m.

GENERAL ISSUES

1. NAR is concerned about the immediate need to provide a "quick fix" stimulant for housing. The Realtors joined the US League, the Mortgage Bankers, and the Home Builders in sending a letter to the President last week. This letter was reprinted as a full page ad in Wednesday's Washington Post.
2. NAR is pressing the issue of "control of the deficit", a position notably inconsistent with the above.

SPECIFIC ISSUE OF CONCERN

1. Due-on-Sale

A briefing paper on due-on-sale is attached.

Attachment

cc: Roger Porter

BACKGROUND PAPER ON DUE-ON-SALE

Due-on-sale clauses are a feature of most conventional mortgage contracts, but not of FHA or VA loans.

Efforts to invoke these clauses have provoked controversy and litigation.

17 States now restrict the full exercise of due-on-sale clauses in outstanding contracts.

HUD released a report in April, 1981: "An Economic Analysis of Due-on-Sale Clauses".

HUD's report concluded that "Restrictions on the exercise of due-on-sale clauses in mortgage contracts benefit home sellers at the expense of holders of mortgage contracts. Home buyers also may actually accrue little - if any - benefit in competitive markets."

On January 5, 1982, the President's Commission on Housing passed a recommendation that the Federal Government pre-empt state laws and judicial decisions that have negated due-on-sale clauses.

The REALTOR leadership has vehemently opposed this. A full page ad campaign nation-wide followed this action.

NAR argues that 62% of all existing real estate transactions are accounted for by "creative financing", and that most of these sales can be attributed to loan assumptions.

RECOMMENDED RESPONSES FOR DUE-ON-SALE DISCUSSION:

1. THE INABILITY TO ENFORCE DUE-ON-SALE CLAUSES IS CRIPPLING THE REAL ESTATE INDUSTRY:

Every mortgage assumption extends the length of time before lenders will be able to come back into the market.

2. DUE-ON-SALE UNDERMINES THE ABILITY TO ACCESS LARGE POOLS OF FUNDS FOR MORTGAGE INVESTING:

Institutional investors will not "trust" any investment where a third party can alter the contractual provisions of their investment after the fact.

Pension Fund managers will not be convinced that their fiduciary responsibility is being carried out by investment in mortgages subject to the risk of due-on-sale "type" decisions.

3. THE LACK OF DUE-ON-SALE ENFORCEMENT IS DESTROYING THE TRADITIONAL SYSTEM OF REFINANCE.

Lenders do not get repayments to relend. Buyers must resort to less prudent means of finance, and thrifts find that portfolio yields remain so low they can't compete for additional funds.

7

NATIONAL ASSOCIATION OF REALTORS®
HOUSING PROPOSALS

America's Housing Industry is in a Depression:

- The current slump in home sales is five times worse than at any time in the post-war period . . .
- Economic activity associated with housing construction and sales which has been lost in the last three years amounts to almost \$200 billion . . .
- Over two million housing and related jobs have been lost since 1980 . . .
- Only five percent of non-home owners can qualify for an 80 percent mortgage on a median-priced home, and lenders have effectively shut the window on mortgage lending activity

SUMMARY

The NATIONAL ASSOCIATION OF REALTORS® recommends consideration be given the following:

- Provide administrative and legislative changes to the Mortgage Revenue Bond program to increase the number of bonds that can be issued and make mortgages provided by the bonds more widely available. Necessary administrative changes would be to increase the number of areas nationwide that are targeted areas or areas of chronic economic distress and make minor revisions in the arbitrage limitation in order to increase bond security. Legislative changes would increase, through 1982, the price of homes that can be financed under this program, increase the total amount of mortgage bonds that can be issued, and increase the arbitrage limitation to 1.25%. 500,000 families could achieve homeownership under this program within one year of the date these changes are adopted.
- Allow first-time homebuyers a credit against Federal income taxes of up to \$5400 on the purchase of a home between March 1 and December 31, 1982. The result would be that more than 250,000 first-time homebuyers, who would not otherwise have been able to afford a home, could purchase a home in 1982.
- Allow mortgage lenders a credit against Federal income taxes of up to \$5400 if they make home mortgage loans during the period March-December 1982. In order to qualify for the credit, lenders would be required to use the amount of the credit to decrease the effective rate of interest on the mortgage by three percentage points for a three-year period. The result would be that homebuyers could more easily qualify for the loan at the reduced rate of interest and, more importantly, could afford monthly principal and interest payments on such a mortgage.

The means of recovery are at hand if Congress and the Administration will act:

On the statute books is the Mortgage Revenue Bond Tax Act of 1980, which expires December 31, 1983. With the correct stimulus from administrative and legislative changes, it could provide a basis for recovery before the end of 1982.

PROPOSAL NUMBER 1: MORTGAGE REVENUE BOND TAX ACT OF 1980: ADMINISTRATIVE CHANGES

First, based on a reading of the last year of experience with this program, two things are clear: while mortgage bond activity in 1981 was slow (totalling less than \$6.5 billion out of a potential \$15-20 billion) technical changes made by IRS in the last weeks of 1981 resulted in a surge of bond activity, as restraints on the program were relaxed somewhat. Those changes by IRS accounted for about 55 percent of total bond offerings being made in the last months of 1981.

Second, according to the Council of State Housing Agencies, further administrative changes could generate an additional \$7-8 billion in bond activity within the next six weeks and a further \$2-3 billion by June 1982 if the following changes are made in the program by the Administration:

- Increase the number of standard metropolitan statistical areas which are in "chronic economic distress" or targeted areas. In such areas, homes valued at 110% of the average sales price would qualify for the tax-exempt bonds. In non-chronic distress areas, homes qualify at or under 90 percent of the average sales price. This change has two practical effects. First, more homes qualify for the program, and more families with moderate incomes qualify, thus strengthening the loans made and accordingly strengthening the quality of the bond offering.

- Delete the provision in section 6a.103A-2(b)(5) of the mortgage bond regulations that limits to 20% the population of a State that can be considered to live in targeted areas. If this were done, many more areas could be designated as targeted areas, thus increasing to 110% from 90% the average purchase price of a home that can be financed under the bond program. The function of the Federal government, under the Mortgage Bond Act, is simply to approve or disapprove areas selected by a State as areas of chronic economic distress, based upon criteria set forth in the Act. If more than 20% of a State's population lives in areas of chronic economic distress according to these criteria, the Federal government should approve the designation and not artificially limit such areas by regulation.

- In order to remove resistance from state and municipal housing agencies, the following changes should be made with respect to arbitrage provisions of the Act in order to effectively raise the arbitrage rate:

1. Allow issuers to charge a 1% refundable origination fee, payable by mortgage holders, to protect the issuer against loss in the loan acquisition period subsequent to the issuance of the bonds. Assuming that the bond proceeds may

be temporarily invested at 12% (the bond yield being 14%), on a \$100 million issue the issuer would sustain a \$500,000 loss during the loan acquisition period assuming the mortgage loans are made evenly over the 12-month period immediately following issuance of the bonds. We would propose that any such origination funds not used be considered arbitrage earning to be refunded to borrowers under current law.

2. Allow prepayment penalties collected during the first six years of a bond issue to be excluded from the calculation of bond yield. This would provide security against earlier than anticipated prepayment of loans, but would only reimburse the issuer for the original cost of issuance.
3. Allow issuers to retain arbitrage profits, rather than rebate them to the federal government, in any case where the rebate would reduce the amount held by the issuer to less than 2 percent of bond outstanding. This is a security feature in that it protects the issuer against loss in the event that losses accumulate shortly after arbitrage profits have been rebated.
4. Allow arbitrage profits to be used to pay for unamortized costs of issuance on bonds called because of prepayments, but only to the extent such costs are not covered by a prepayment penalty.

RECOMMENDED LEGISLATIVE CHANGES IN THE MORTGAGE BOND PROGRAM

Once these changes are in place, the bond program will be moving further ahead, and will make it easier for Congress--if pushed by the Administration--to make further necessary changes. Specifically, the following changes are recommended for inclusion in legislation:

- Raise the qualifying limit (until January 1, 1983) from 90 to 110 percent of the average sales price in non-targeted areas, thus qualifying more homes for financing with revenue bonds and increasing the number of moderate income families who can acquire such financing.
- Increase to \$400 million from \$200 million the aggregate amount of bonds that can be issued by any state during any calendar year.
- Increase the arbitrage limit to at least 1.25% from 1%. The current limit is simply too low to allow issuers to recoup the costs of issuing the bonds and administering the program.
- Modify the current requirement that 20% of a multi-family housing project be occupied for the duration of the bond issuance by persons of low or moderate income so that this requirement extends only 10 years from the date the project is first occupied. In many cases, this requirement cannot be met for the duration of the bond issuance because of increasing costs as a building becomes older and because of changing neighborhoods.

By adopting these administrative and legislative changes and thereby removing current impediments to the issuance of mortgage bonds, an additional 500,000 families could achieve homeownership within one year.

Where's the Money Coming From?

When the Mortgage Revenue Bond Program was authorized, Treasury cost estimates were placed at \$15-20 billion. To date, \$6.5 billion has been "consumed", leaving \$9-14 billion available. No additional funds would be required for full implementation of the above recommended regulatory and legislative changes.

THE KEY TO ACHIEVING A SUCCESSFUL STIMULUS OF THE HOUSING INDUSTRY IS TO BUILD ON A PROGRAM THAT IS ON THE SHELF, AND NOT TO START FROM SCRATCH. CURRENTLY, CONGRESS IS IN CONFERENCE ON LEGISLATION, H.R.4717, THE MISCELLANEOUS REVENUE ACT OF 1981, WHICH CONTAINS CHANGES TO THE MORTGAGE BOND PROGRAM. THIS CONFERENCE COULD PROVIDE THE CONTEXT OF ENACTING THE LEGISLATIVE CHANGES ABOVE.

PROPOSAL NUMBER 2: TAX CREDIT FOR FIRST TIME HOMEBUYERS

The NATIONAL ASSOCIATION OF REALTORS® proposes that first-time homebuyers be entitled to a credit against Federal income taxes on the purchase of a home from March 1, 1982 to December 31, 1982. The result would be that more than 250,000 first-time homebuyers could purchase a home this year.

Essential Elements of the Proposal Are:

- The credit would be equal to 9 percent of the amount of the first trust mortgage (up to a maximum credit of \$5400) on the home originated on or after March 1, 1982.
- The purchaser, in order to have the credit immediately available for downpayment purposes or to "buy-down" the interest rate on the mortgage, could claim the credit against taxes due or paid in the preceding three years by filing amended tax returns for those years or it could be used to offset taxes due for 1982.
- A first-time homebuyer would be defined as an individual who has not owned a home in the preceding three-year period.

Where's the Money Coming From?

Much, if not all, of the cost of such a program could be recouped through a curtailment of the existing All-Savers program as of March 31, 1982, instead of its current ending date of December 31, 1982.

Revenue loss estimates for the All-Savers program, at the time of enactment, were \$3.3 billion. As of this date, some \$700 million of that amount has been "consumed" by the issuance of All-Savers Certificates, leaving \$2.6 billion unused by the program. Current estimates are that the program will not be significantly expanded between now and March 31.

By curtailing the All-Savers program as of March 31, and transferring the remaining unused revenues, some 500,000 first-time homebuyers could obtain the maximum tax credit without further impacting the estimated deficit. By requiring recapture of the credit for homes sold within three years, revenues would be generated which would provide an additional 100,000 first-time homebuyers the maximum credit. Further, because not every first-time homebuyer will purchase a home with the maximum allowable mortgage amount, revenue losses will not total the absolute maximum projected.

MAXIMUM REVENUE LOSS FROM TAX CREDIT TO FIRST
TIME HOMEBUYERS

	TOTAL	LAST HALF FY '82	1st QTR FY '83	REMAINDER OF FY '83-FY '85
Projected Qualifying Sales	700,000	450,000	250,000	0
Maximum Revenue Loss (in billions)	\$3.78	\$2.43	\$1.35	\$0
Recapture (in billions)	0.38	0.12	0.12	0.14
Net Loss (in billions)	3.40	2.31	1.23	(.14)
Offset through curtailment of All-Savers program	<u>2.61</u>	<u>1.74</u>	<u>0.87</u>	<u>0</u>
Net Revenue Loss (in billions)	0.79	0.57	0.36	(.14)
Revenue Gain From Additional Home Sales and Employment	<u>1.40</u>	<u>0.90</u>	<u>0.50</u>	<u>0</u>
Revenue Gain From Tax Credit As Substitute For All-Savers Certificates and With Improved Home Sales and Employment	0.61	0.33	0.14	0.14

Advantages of this proposal are:

1. Provides direct benefit to every first-time homebuyer who purchases a home during the period March-December 1982.
2. Allows the homebuyer immediate access to the benefit by allowing the credit to be carried back to 1981 and 1980 taxes rather than forcing the homebuyer to wait and receive the benefit when 1982 tax returns are due.
3. Gives the homebuyer the option to use the tax credit as part of the downpayment on the home or to "buy-down" the interest rate on the mortgage.

4. Applicable to home purchases involving both institutional and non-institutional lenders. This is important because over 70% of home sales currently involve non-institutional or "creative" financing. The tax credit program should not discriminate against any type of financing.
5. Benefits both the new and existing home market. A first-time homebuyer could choose to purchase new or existing homes under the proposal. Both purchases create jobs. An existing homesale stimulates fix-up purchases and jobs; services at the time of transfer; and remodeling or purchases of appliances, drapes and carpets after the purchase. New homesales stimulate construction jobs and purchases of durable goods. First-time homeowners typically buy existing homes but the ripple effect would result in new home sales initially stimulated by the purchase of the existing home.

The following table shows how the tax credit would be computed for various mortgage amounts.

TAX CREDIT AVAILABLE TO FIRST-TIME HOMEBUYERS
ACCORDING TO MORTGAGE AMOUNT

<u>Mortgage Amount</u>	<u>Tax Credit</u>
\$20,000	\$1,800
30,000	2,700
40,000	3,600
50,000	4,500
60,000	5,400

Homebuyers would benefit because the credit could be used to increase the downpayment or reduce the effective interest paid as the result of a "buy-down" of the rate with the lending institution. The following tables illustrate the reduction in monthly mortgage payments that could be possible if the credit were so used.

POSSIBLE REDUCTIONS IN MONTHLY MORTGAGE PRINCIPAL AND INTEREST PAYMENT
ASSUMING TAX CREDIT IS USED TO INCREASE DOWNPAYMENT

(\$60,000 MORTGAGE, 30 YEARS)

<u>INTEREST RATES</u>	<u>AMOUNT OF TAX CREDIT AVAILABLE</u>	<u>MONTHLY PRINCIPAL AND MORTGAGE INTEREST PAYMENT WITHOUT CREDIT</u>	<u>MONTHLY MORTGAGE PRINCIPAL AND INTEREST PAYMENT IF CREDIT IS USED TO INCREASE DOWNPAYMENT</u>	<u>MONTHLY DOLLAR SAVINGS IN PRINCIPAL AND INTEREST PAYMENTS</u>	<u>YEARLY DOLLAR SAVINGS ON PRINCIPAL AND INTEREST PAYMENTS</u>
17%	\$5400	\$855	\$778	\$77	\$924
16	5400	806	734	72	864
15	5400	758	690	68	816

POSSIBLE DOLLAR SAVINGS TO HOMEBUYER IF TAX CREDIT WERE USED TO "BUY DOWN"
INTEREST RATE FOR THREE YEARS

(\$60,000 MORTGAGE, 30 YEARS)

INTEREST RATE	TAX CREDIT	MONTHLY MORTGAGE PRINCIPAL AND INTEREST PAYMENT WITHOUT BUYDOWN	MONTHLY MORTGAGE PRINCIPAL AND INTEREST PAYMENT FOR THREE YEARS WITH THREE PERCENT BUYDOWN OF RATE	DOLLAR SAVINGS PER MONTH	DOLLAR SAVINGS PER YEAR
17%	\$5400	\$855	\$710	\$145	\$1740
16	5400	806	663	143	1716
15	5400	758	617	141	1692

PROPOSAL NUMBER 3: TAX CREDIT FOR MORTGAGE LENDERS

The NATIONAL ASSOCIATION OF REALTORS® proposes that mortgage lenders be entitled to a tax credit if they make home mortgage loans to first-time homebuyers during the period of March through December 1982. In order to qualify for the credit, lenders would be required to use the amount of the credit to decrease the effective rate of interest on the mortgage by three percentage points for a three-year period. The result would be that homebuyers could more easily qualify for the loan at the reduced rate of interest and, more importantly, could afford monthly principal and interest payments on such a mortgage.

ESSENTIAL ELEMENTS OF THE PROPOSAL:

- The credit would be calculated based upon the amount necessary (up to \$5,400) to reduce the effective interest rate on the first \$60,000 principal amount of the mortgage by three percentage points for a three-year period. This would greatly reduce revenue losses as the Administration's interest rate targets are achieved.

- To help assure that the entire benefit of the reduction in effective rates is passed on to consumers, the credit would be determined based upon the amount necessary to reduce market rates by the required percentage rather than the mortgage in question. The market rate would be the published FHA average first trust mortgage rate.

- The credit could be carried-back and carried forward by the lender under current investment tax credit rules. In addition, although the total amount of the credit would be determined at the time the loan was made, the lender would be required to use the credit against income over a three-year period, the same period during which the interest rate on the mortgage was reduced. Thus, one third of the credit could be used each year.

Below is the projected revenue loss from this tax credit proposal.
It should be noted that two-thirds of the loss fall within FY 1982.

MAXIMUM REVENUE LOSS FROM TAX CREDIT TO
FINANCIAL INSTITUTIONS

	<u>Total</u>	<u>FY 82</u>	<u>FY 83</u> <u>1st Qtr</u>	<u>Remainder</u> <u>FY 83-FY 84</u>	<u>FY 85</u>
Projected Qualifying Sales	700,000	450,000	250,000	0	0
Maximum Revenue loss (in billions)	3.78	.80	1.25	1.25	.48
Recapture (in billions)	.38	.12	.12	.10	.04
Net loss (in billions)	3.40	.68	1.13	1.15	.44
Offset through curtailment of All-Savers program	2.61	1.74	.87	0	0
Net loss with All Savers Certificates	<u>0.79</u>	<u>(1.06)</u>	<u>0.26</u>	<u>1.15</u>	<u>0.44</u>
Gain in tax receipts from resulting higher employment, sales and income	<u>1.40</u>	<u>0.90</u>	<u>0.50</u>	<u>0</u>	<u>0</u>
Net revenue gains	0.61	1.96	0.24	(1.15)	(0.44)

The following tables show how the credit would be calculated on a \$60,000 mortgage at various levels and the dollar savings to homebuyers.

POSSIBLE DOLLAR SAVINGS TO HOMEBUYER
ON MONTHLY MORTGAGE PAYMENT FOR PRINCIPAL AND INTEREST

<u>MORTGAGE INTEREST RATE WITHOUT CREDIT</u>	<u>MORTGAGE INTEREST RATE WITH CREDIT</u>	<u>MONTHLY PAYMENT FOR PRINCIPAL AND INTEREST WITHOUT CREDIT</u>	<u>MONTHLY PAYMENT FOR PRINCIPAL AND INTEREST WITH CREDIT</u>	<u>DOLLAR SAVINGS PER MONTH</u>	<u>DOLLAR SAVINGS PER YEAR</u>
17%	14%	\$855	\$710	\$145	\$1740
16	13	806	663	143	1716
15	12	758	617	141	1692

The advantages of this proposal are:

1. Provides an immediate direct benefit to every first-time homebuyer who purchases a home during the period March-December 1982.
2. Allows the homebuyer to immediately receive the benefit of the credit through reduced monthly payments.
3. Allows more first-time homebuyers to qualify for a mortgage on a home and makes the homebuyer better able to meet the monthly principal and interest.
4. Applicable to any mortgage lender providing a mortgage on a home. In this way this proposal does not discriminate against non-institutional lenders. This so-called people-to-people financing is involved in over 70% of home sales in the current market.
5. Benefits both the new and existing home market. Homebuyers could choose to purchase new or existing homes under the proposal. New home sales would be particularly stimulated because owners of existing homes, who are ready to improve their housing, will be able to find buyers for their homes and will therefore be able to purchase new homes.

mc003

OFFICE OF POLICY DEVELOPMENT STAFFING MEMORANDUM

DATE: 3/31/82 ACTION/CONCURRENCE/COMMENT DUE BY: FYI

SUBJECT: BOB TEETOR POLICY BRIEFING - 3/30/82

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input type="checkbox"/>
✓ PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	✓ UHLMANN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BANDOW	<input type="checkbox"/>	<input type="checkbox"/>	ADMINISTRATION	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	DRUG POLICY		
✓ BOGGS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
✓ CARLESON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	OFFICE OF POLICY INFORMATION		
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	✓ GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FRANKUM	<input type="checkbox"/>	<input type="checkbox"/>	✓ HOPKINS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HEMEL	<input type="checkbox"/>	<input type="checkbox"/>	OTHER		
✓ KASS	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
MALOLEY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

EDWIN L. HARPER
ASSISTANT TO THE PRESIDENT
FOR POLICY DEVELOPMENT
(X6515)

THE WHITE HOUSE

WASHINGTON

March 31, 1982

MEMORANDUM FOR ASSISTANT DIRECTORS
OFFICE OF POLICY DEVELOPMENT

FROM: EDWIN L. HARPER

SUBJECT: Bob Teetor Policy Briefing - 3/30/82

Summary

- o Rich-Poor fairness - cuts more against GOP than at any time in the last 15 years.
- o President's general economic program has support BUT specifics is where we run into fairness problem.
- o Congressional campaign will hopefully not start for another 60 days, i.e. we have 60 days to set the ground for the future.
- o Congressional vote of RR's approval rating and right track wrong track poll.
- o Most important issues: TODAY
 - Unemployment most important since 1975; Nov. 23 - 43
 - Inflation has not gone down that much; Nov. 28 - 32
- o Economic Situation Better or Worse Off

	<u>Econ.</u>	<u>Personal \$</u>
- Compared to a year ago- worse off	65%	38
- Compared to a year from now-better	35%	33
- o How important is the issue
 - Individiaul's view of national economy overwhelms social and other issues.
- o President's Approval
 - Cutting spending is a key reason for supporting RR
 - President's leadership--strong leader--is a key advantage--the people did not see last year's victories as nasty fights.
 - Disapprovers are concerned about the rich-poor issues and then budget cuts.

What is the President's Economic Program

- 1) Reduce inflation
- 2) Balance budget
- 3) Strengthen the Market

(Tax cut not mentioned as response)

Blame for recession

- o 2 or 3 to 1 people blame past Democratic Administrations.

Fair Judgement of Programs

- o 60% say 1 year plus from now
- o This is eroding quickly

Budget Cuts

- o Show reluctance to cut Social Security and Health. Need to get a copy of this table.

What does a better job - Republican or Democratic

- o We are losing our advantage, but we still do better handling all key economic issues except employment.

But new ideas for running the country

- o We are losing ground here.

Congressional vote

- o In January we were tied and then the bottom dropped out.
- o Problem causes - Budget, loss of confidence that the economy will get better, more confusion about what the Reagan Economic Program is.

Suggested Actions: We must get changed political perceptions in 60 days.

- 1) Economic situation is hopeful.
- 2) Blame the Democrats.
- 3) Emphasize that people will be better off - DO NOT push the idea that a little self denial is good for you. Refocus on bottom line. Everybody will be better off.
- 4) Attack rich/poor split.
- 5) Reach a compromise on the budget. It would be an error for it to look like the Congress dragged the President into a compromise.

Our biggest loss

- o Soft Democrats in the middle
- o Social Security cut hurt by Senior Citizens groups
- o "Blacks are polarized against the Administration worse than I've ever seen it." This will begin to erode our white support. (Not one black female supports the President.)

Lead/Lag Problems

- o Caring and sympathetic and compassionate RR is a long lead problem.

MARKET OPINION RESEARCH

Here is a list of the major areas where the federal government spends money. Next to each is the amount that is being spent on them out of every \$1,000 spent by the federal government. Now, if you had to cut \$100 from this list in order to balance the budget, how much and from where would you cut to get the \$100.

	Survey Results		Budget Extrapolation	
	Dollars Cut	Percentage Cut	1983 Budget Outlays (In Billions of Dollars)	Cuts (In Billions of Dollars)
Foreign aid (\$15)	\$7.12	-47.5%	\$ 12.0	\$- 5.7
Space program (\$10)	3.25	-37.5	7.6	- 2.9
Community/Regional development (\$9)	2.44	-27.1	7.3	- 2.0
Transportation (\$25)	6.60	-26.4	19.6	- 5.2
Food Stamps (\$17)	4.16	-24.5	13.8	- 3.4
Job training/Social services (\$11)	2.36	-21.4	8.5	- 1.8
Environmental protection (\$13)	2.71	-20.8	9.9	- 2.1
Subsidy to farmers (\$6)	1.24	-20.7	4.5	- 0.9
National defense (\$280)	44.40	-15.8	221.1	-34.9
Aid to education (\$17)	2.63	-15.5	13.1	- 2.0
Energy (\$5)	0.66	-13.2	4.2	- 0.6
Other income assistance:				
unemployment, housing (\$65)	7.97	-12.3	51.3	- 6.3
Law enforcement (\$6)	0.50	- 8.3	4.6	- 0.4
Health care: Medicaid (\$22)	1.66	- 7.5	17.1	- 1.3
Veterans benefits (\$31)	1.92	- 6.2	24.4	- 1.5
Health care: Medicare/Other health (\$77)	3.45	- 4.5	61.1	- 2.7
Social Security/Other retirement (\$249)	3.88	- 1.6	196.7	- 3.1
Interest on debt (\$142)	can't cut	--	112.5	--
			\$789.1(a)	

(a) Excluded from the total and not listed in the survey were: Commerce and housing credit (\$1.6 billion), General government (\$5.0 billion), General purpose fiscal assistance (\$6.7 billion), allowances, undistributed offsetting receipts, and off-budget outlays.

Poll Done Early March 1982
for RNC

OFFICE OF POLICY DEVELOPMENT STAFFING MEMORANDUM

DD MC 003
SP400
FG 006-01
30 003

DATE: 4/1/82 ACTION/CONCURRENCE/COMMENT DUE BY: FYI
SUBJECT: Luch with Heavy Hitters from the New York Partnership

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input type="checkbox"/>
PORTER	<input type="checkbox"/>	<input type="checkbox"/>	UHLMANN	<input type="checkbox"/>	<input type="checkbox"/>
BANDOW	<input type="checkbox"/>	<input type="checkbox"/>	ADMINISTRATION	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	DRUG POLICY		
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
CARLESON	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	GRAY	<input type="checkbox"/>	<input type="checkbox"/>
FRANKUM	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
HEMEL	<input type="checkbox"/>	<input type="checkbox"/>	OTHER		
KASS	<input type="checkbox"/>	<input type="checkbox"/>	✓ James A. Baker III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
MALOLEY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

including Jimmy Robinson, David Rockefeller, and Walter Krivitsky


EDWIN L. HARPER
ASSISTANT TO THE PRESIDENT
FOR POLICY DEVELOPMENT
(X6515)

THE WHITE HOUSE

WASHINGTON

April 1, 1982

MEMORANDUM FOR JAMES A. BAKER III

FROM: EDWIN L. HARPER 

SUBJECT: Lunch with Heavy Hitters from the New York Partnership

This is just to urge you to accept a luncheon invitation you have received from the New York Partnership for June 23. The group of course includes Jimmy Robinson, David Rockefeller, and Walter Wriston. It's part of the Partnership's annual visit to Washington.

MC003

OFFICE OF POLICY DEVELOPMENT STAFFING MEMORANDUM

FG006-07
FG006-01

DATE: 4/6/82

ACTION/CONCURRENCE/COMMENT DUE BY: 4/15/82

SUBJECT: Business Roundtable's Proposal for Regular Meeting

Jack Post

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input type="checkbox"/>
PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UHLMANN	<input type="checkbox"/>	<input type="checkbox"/>
BANDOW	<input type="checkbox"/>	<input type="checkbox"/>	ADMINISTRATION	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	DRUG POLICY		
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
CARLESON	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	GRAY	<input type="checkbox"/>	<input type="checkbox"/>
FRANKUM	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
HEMEL	<input type="checkbox"/>	<input type="checkbox"/>	OTHER		
KASS	<input type="checkbox"/>	<input type="checkbox"/>	Wayne Valis	<input checked="" type="checkbox"/>	<input type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
MALOLEY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:


EDWIN L. HARPER
ASSISTANT TO THE PRESIDENT
FOR POLICY DEVELOPMENT
(X6515)

THE WHITE HOUSE

WASHINGTON

April 6, 1982

MEMORANDUM FOR WAYNE VALIS

FROM: EDWIN L. HARPER 
SUBJECT: BRT's Proposal for Regular Meetings

In thinking further about Jack Post's request that we have regular meetings, I realize that we are again bumping up against the Federal Advisory Committee's Act.

Would you give me a recommendation approved by our council in terms of what we can and can't do with respect to having regular sessions with the Business Roundtable, Chamber, NAM, etc.

One thing which I would be willing to do, if we are going to have regular meetings with the Roundtable, would be to have regular meetings with organized labor or other groups which you think are appropriate.

Please advise.

OFFICE OF POLICY DEVELOPMENT STAFFING MEMORANDUM

MC 003
FI 002
ST 032
FG 012
FYI

DATE: 4/6/82

ACTION/CONCURRENCE/COMMENT DUE BY:

SUBJECT: New York Superintendent of bank's request for Meeting

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input type="checkbox"/>
PORTER	<input type="checkbox"/>	<input type="checkbox"/>	UHLMANN	<input type="checkbox"/>	<input type="checkbox"/>
BANDOW	<input type="checkbox"/>	<input type="checkbox"/>	ADMINISTRATION	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	DRUG POLICY		
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
CARLESON	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	GRAY	<input type="checkbox"/>	<input type="checkbox"/>
FRANKUM	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
HEMEL	<input type="checkbox"/>	<input type="checkbox"/>	OTHER		
KASS	<input type="checkbox"/>	<input type="checkbox"/>	✓ Secretary Donald Regan 3330 Dept. of Treasury	<input type="checkbox"/>	<input checked="" type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>	✓ David Stockman	<input type="checkbox"/>	<input checked="" type="checkbox"/>
MALOLEY	<input type="checkbox"/>	<input type="checkbox"/>	✓ Edwin Meese III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
			✓ Craig Fuller		<input checked="" type="checkbox"/>

REMARKS:

Mickey Liebert

EDWIN L. HARPER
ASSISTANT TO THE PRESIDENT
FOR POLICY DEVELOPMENT
(X6515)

THE WHITE HOUSE

WASHINGTON

April 6, 1982

INFORMATION

MEMORANDUM FOR EDWIN MEESE III

FROM: EDWIN L. HARPER

SUBJECT: New York Superintendent of Banks Request for Meeting

Micky Siebert, New York State Superintendent of Banks, said she heard that we were going to have a meeting for a number of the S & L's on Monday and requested that we have a similar meeting with State Bank Supervisors including herself and those from California and several other states to make sure that we had the advantage of their knowledge before making policy decisions.

I discussed the idea with Tim McNamar. As a result of our conversation, Treasury is going to prepare a proposal for the meeting which presumably would be held next week and would include key federal regulators and well as state regulators of S & L's and commercial banks.

cc: Secretary Donald Regan
Director David Stockman
Craig Fuller

06 7825 PD
MC003

The Deputy Secretary of the Treasury

April 14, 1982

Ed,

I hope this memorandum is helpful
background prior to the meeting with
Muriel Siebert tomorrow morning.

Tim

Attachment

OFFICE OF
POLICY DEVELOPMENT
1982 APR 14 P 5:51

Room 3326

Ext. 2801

Date:

MEMORANDUM FOR: Deputy Secretary McNamar

From: Roger W. Mehle

Subject: New York State Mutual Savings Bank Industry

ISSUE

The mutual savings banks (MSBs) in New York state have more severe operating problems than those in other areas of the country. Some of the problems are due to New York's position as the money market capital of the country which makes investors more interest rate sensitive; but the industry's problems have been aggravated by state tax, merger, usury ceiling and branching policies and laws.

Existing State Restrictions

State Taxes

Table I indicates the negative impact on earnings of New York state and city franchise taxes which are based on assets, not income, and thus must be paid even when institutions are experiencing losses. Large (over \$500 million in assets) New York City MSBs, for example, paid \$57.7 million in state and city franchise taxes in 1981 even though they experienced losses equal to \$846 million. These New York City MSBs received \$47.2 million in Federal tax rebates due to their losses which did not even cover the state taxes due. Since the high franchise taxes reduced their payments of Federal income taxes in the past, many New York City MSBs had not paid enough Federal tax to receive Federal tax rebates in 1981. Thus Federal tax reimbursements as a percent of assets were only 9 percent for New York City MSBs compared to 16 percent for the industry as a whole and 20 percent for New England MSBs.

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Ex. Sec.
Surname	Robinson	Eastburn				
Initials / Date	JR / 4/12/82	G.E. / 4.13	/ /	/ /	/ /	/ /

In January of 1982, franchise taxes paid by large New York city MSBs equalled \$4.5 million even though the losses for the month amounted to \$105 million. The Federal tax rebate to large New York MSBs fell to \$600 thousand while a total of \$8.7 million was given to all the large MSBs. Since large New York city MSBs have half the assets of the group of large MSBs, their small share of the rebates can only be explained by the impact the franchise taxes have had in the past on the amount of taxes paid.

Merger Policies

The New York State constitution requires all thrift institutions to be mutual in form. Therefore, a MSB may not change to stock form in order to be bought by a commercial bank. In addition, the New York State Banking Department's current policy regarding mergers requires MSBs to merge with either S&Ls or other MSBs. At this time, when most of the New York MSBs are experiencing losses and cannot come to each other's assistance, New York State should have a flexible merger policy that would allow commercial banks to merge with savings banks in order to provide more merger partners. The FDIC, of course, can close an MSB and authorize a commercial bank to purchase the assets but in many cases it is preferable to merge open institutions.

Previous State Restrictions

State Usury Ceilings

New York State's below mortgage market usury ceiling was not raised until the passage of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P.L. 96-221). As a result of the mortgage usury ceiling the rate of return on mortgages in New York MSBs has been below the national average and considerably below the average in New England states since 1960. (See Table II).

One illustration of the impact of the state usury ceilings on New York MSBs is shown in Table III. This table illustrates that the net interest margins for large MSBs in New York City were considerably more negative as a percentage of assets than the margins for MSBs in the country as a whole in January of 1982. In New England the net interest margins were positive in January. Although interest expense as a percent of assets was quite similar for New England, New York City and New York State, interest income was much higher in New England since there were either no usury ceilings or higher usury ceilings in the New England states.

Previous Restrictions on Branching

Prior to 1981, all financial institutions in New York State were limited to branching within their "home" banking districts. In 1971, statewide branching was permitted, but mutual savings banks, unlike commercial banks, were limited to opening one branch per year. This branching restriction, which was only lifted in late 1980, prevented MSBs from following their customers to the suburbs where savings and mortgage activities were growing the fastest. Now MSBs can, with the approval of the banking superintendent, open more than one branch a year and have no in-state geographic restrictions but the previous restrictions have had a lasting effect on their competitive position.

TABLE I
Mutual Savings Banks with Total Assets
of \$500 Billion or More
Year end 1981

	Federal Taxes*		State Taxes		Net Income	
	<u>\$ Millions</u>	<u>% of Assets</u>	<u>\$ Millions</u>	<u>% of Assets</u>	<u>\$ Millions</u>	<u>% of Assets</u>
United States	-162.0	- .16	71.4	.07	-1,165.0	-1.15
New York State	- 66.6	- .11	63.4	.10	- 933.7	-1.52
New York City	- 47.2	- .09	57.7	.11	- 846.4	-1.66
Upper N.Y. State	- 19.3	- .19	5.7	.06	- 87.3	- .84
New England	- 26.5	- .20	7.5	.06	- 18.40	- .14

* The negative sign used here indicates reimbursement to institutions.

SOURCE: Federal Deposit Insurance Corporation internal memorandum.

Table II

Rates of Return on Assets Held by Mutual Savings Banks,
by States, Selected Years, 1960-1980
(in percent)

Year	Total	New York	Mass.	Conn.	Pa.	N.J.	Wash.	Me.	N.H.	R.I.	Md.
Mortgages											
1960	4.75	4.71	4.77	4.88	4.86	4.88	5.14	4.91	4.82	4.85	4.63
1965	5.22	5.19	5.04	5.30	5.23	5.26	5.79	5.34	5.36	5.32	5.45
1970	5.97	5.89	6.08	6.38	5.75	6.01	6.80	6.31	6.26	6.08	5.85
1975	7.16	7.00	7.32	7.59	7.11	7.32	7.83	7.77	7.71	7.51	7.17
1978	7.92	7.66	8.29	8.33	7.98	7.98	9.22	8.55	8.59	8.24	7.99
1979	8.26	7.97	8.40	8.78	8.37	8.27	9.60	8.96	9.13	8.66	8.16
1980	8.64	8.34	9.39	9.24	8.73	8.64	9.67	9.35	9.44	9.08	8.97

Source: National Association of Mutual Savings Banks

TABLE III
Mutual Savings Banks with Total Assets
of \$500 Million or More
(Jan. 1982 Data)

	<u>Total</u>	<u>Number in the Red</u>	<u>Net Interest Margin</u>		<u>Net Income</u>		<u>Total Assets \$Bill.</u>
			<u>\$ Million</u>	<u>% of Assets</u>	<u>\$ Million</u>	<u>% of Assets</u>	
United States	73	66	-72.8	- .76	-155.1	-1.61	115.54
New York State	42	39	-61.5	-1.00	-117.2	-1.90	73.94
New York City	29	27	-54.0	-1.14	-105.6	-2.23	56.80
Upper N.Y. State	13	12	- 7.5	- .52	- 11.6	- .81	17.14
New England	15	13	1.9	.16	- 5.3	- .45	14.16

SOURCE: Federal Deposit Insurance Corporation internal memorandum.

OFFICE OF POLICY DEVELOPMENT STAFFING MEMORANDUM FG 038DATE: 4/10/82 ACTION/CONCURRENCE/COMMENT DUE BY: FYI/FileSUBJECT: S&L Meetings/attendance of Marcella D. Perry

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input type="checkbox"/>	SMITH	<input type="checkbox"/>	<input type="checkbox"/>
✓ PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UHLMANN	<input type="checkbox"/>	<input type="checkbox"/>
BANDOW	<input type="checkbox"/>	<input type="checkbox"/>	ADMINISTRATION	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	DRUG POLICY		
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
CARLESON	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>	GRAY	<input type="checkbox"/>	<input type="checkbox"/>
FRANKUM	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
✓ HEMEL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	OTHER		
KASS	<input type="checkbox"/>	<input type="checkbox"/>	✓ Dick Pratt	<input type="checkbox"/>	<input checked="" type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
MALOLEY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Dear Mr. Pratt:

Ed Harper asked that I send the attached to you for your information.

Sincerely,



Emily H. Rock
Assistant to Ed Harper

EDWIN L. HARPER
ASSISTANT TO THE PRESIDENT
FOR POLICY DEVELOPMENT
(X6515)

MEMORANDUM

OFFICE OF THE VICE PRESIDENT
WASHINGTON

OFFICE OF
POLICY DEVELOPMENT
1982 APR -8 P 4: 45

8 April 1982

To: Mr. Edwin Harper,
Assistant to the President for Policy Development

From: Chase Untermeyer

Re: SAVINGS & LOAN ASSOCIATIONS

Mrs. Marcella D. Perry, president of Heights Savings Association in Houston and member of the Houston Port Commission, would like to be included in any future meetings at which the views of S&L executives around the country are solicited.

Mrs. Perry is one of the key leaders of the Houston business community and at her own expense has made public messages in support of the President's economic principles.

She can be reached at P.O. Box 7483, Houston 77008, telephone: (713) 869-3411.

Thanks,

Chase

Executive Assistant
to the Vice President

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

central files ⁴⁵¹ action
OFFICE OF
POLICY DEVELOPMENT
1982 MAR 18 P 5:03

Dennis Kass
TO: Ed Harper
John Rogers
George Keyworth
FROM: Richard S. Beal
SUBJECT: White House AFIPS Briefing
DATE: March 17, 1982

Any suggestions?

Ed H
069158 PD
MC003

As has been the custom for the last five years, the White House has held a briefing for senior officials of AFIPS (American Federation of Information Processing Societies). My office has been asked to coordinate the briefing this year.

The topic of the briefing is "Information Technology Policy of the Reagan Administration" and has been scheduled for April 26, in Room 450 of the Old Executive Office Building. It is a three-hour briefing, beginning at 1:00 p.m. My responsibility is to invite the participating speakers. Speakers I have agreed to include and their topics are as follows:

James Buckley, Department of State
International issues relating to information policy and security

Admiral Robert Inman, CIA
Perspective on the role of information processing research and development in meeting national needs

George Keyworth, Science and Technology, White House
Alternative sources of support for information technology R&D

Edward Zimmerman, National Computer Graphics
Study of long range planning for White House information handling

William O. Baker, Bell Laboratories
Science and application of computer/communications technologies in balancing national security and the marketplace interests

William E. Brock, U.S. Trade Representative
International trade issues related to computer and communications services and equipment

If you have any suggestions, please let me know immediately in order for us to extend the invitations as soon as possible. *←*

Thank you.

129
MEMORANDUM

069158 PD
MC003
THE WHITE HOUSE
WASHINGTON

action
OFFICE OF
POLICY DEVELOPMENT
1982 MAR 18 P 5:03

TO: *Dennis Kass*
Ed Harper
John Rogers
George Keyworth
FROM: Richard S. Beal
SUBJECT: White House AFIPS Briefing
DATE: March 17, 1982

Any suggestions?
Ed/H

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William E. Brock, U.S. Trade Representative
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Thank you.

THE WHITE HOUSE
WASHINGTON
OFFICE OF
POLICY DEVELOPMENT

1982 MAR 25 A 10.37^{3/24}

TO: ED HARPER

FROM: DENNIS KASS *DK*

None, except that Lionel Olmer is especially qualified to address international trade issues related to computer and communications services and equipment.

2
I called Beal
days ago & told him
no comment from OPD.
2

March 29, 1982

069285

ATTN

MC003

PP005-01

HE006-01

PROV1

Dear Carlton:

Just a short note to let you know how thankful I was to have you close at hand on Monday. I truly feel we made wonderful progress at the White House drug briefing and I know what a major role you played in that success. As a matter of fact, I'd be lost without you!

Having you in the West Wing directing our drug policy gives me a great feeling of confidence and I know everyone in the East Wing shares that feeling.

Thank you from the bottom of my heart.

Sincerely,

X

Dr. Carlton Turner
Director
Drug Abuse Policy Office
Room 218
Executive Office Building

6cc: NINA / ANN

820331

March 29, 1982

Dear Tom:

I wanted you to know how very much I enjoyed having you with us on Monday. A special thanks to you for all you did to put the conference together. It was a most informative session and I think of great benefit to all of those in attendance.

We have a long road ahead of us in combating the serious drug problem facing the youth in our country, but I feel that Monday's briefing was a giant step in the right direction.

I look forward to seeing you again and continuing our work with both the Foster Grandparents program and the programs to fight this critical drug situation.

Again, my thanks to you and your staff for your great assistance.

Sincerely,

Mr. Tom Pauken
Director, ACTION
806 Connecticut Avenue, N.W.
Washington, D.C. 20525

bec: ANN/NINA ✓

820381

White House Conference on drugs

069286

4000

MC003

PP005-01

HE 006-01

PR001

March 29, 1982

Dear Dr. Mayer:

It was a pleasure to see you again at the WHITE HOUSE drug briefing on Monday and have a chance to renew our friendship. I wanted to thank you also for sharing the very informative statistics on drug use among our youth.

The heightened awareness which will come out of this session can only serve the public interest in a positive manner and your talk can be a big help. This critical problem should be a common concern of everyone and we must all work together if we are to save our young people.

Again, my thanks for your help in making the briefing such a successful one. I look forward to working with the Alcohol, Drug Abuse and Mental Health Administration on a public service campaign.

Sincerely,

NANCY DEAGAN

X
Dr. William Mayer
Director, Alcohol, Drug Abuse
and Mental Health Administration
5600 Fisher Lane
Rockville, Maryland 20857

bcc: Ann / nira

069287

2600

MC 003

PP 005-01

HE 006-01

PR 001

2033

902/

069288.

4000

MC003

PP005-01

HE 006-01

PR001

March 29, 1982

Dear Dr. McDonald:

Thank you so much for taking part in the White House briefing and sharing your experience on how pediatricians can take part in combating the critical drugs problem that exists among the youth of our country. It is important, I believe, to have everyone involved in this fight. As I have said on many occasions, this is an issue that crosses all lines and can destroy families that least expect it to touch their lives.

I know that the PRIDE conference in Atlanta will be another stimulating experience for all of us and I look forward to seeing you there.

Again, my thanks for being with us on Monday.

Sincerely,

NANCY REAGAN

X

Dr. Donald McDonald
1215 Lakeview Road
Clearwater, Florida 33516

bcc: NINA /ANA ✓

820331

March 29, 1982

Dear Dr. Schuchard:

Thank you so much for taking part in the White House drug briefing and sharing with us your experiences in organizing the first parents group in the country. I know we will continue to make progress and see more and more parents involved as they become aware of the vital part they play in combating this critical problem.

I look forward to seeing you in Atlanta for the PRIDE conference, which I am sure will be a very stimulating experience for all of those that are involved.

Again, my thanks for being with us on Monday.

Sincerely,

NANCY REAGAN

X
Dr. Keith Schuchard
1423 Cornell Road, N.E.
Atlanta, Georgia 30306

bcc: ANN/NINA ✓

069289

4000

MC003

PP005-01

HE 006-01

PR001

02088

069291

4000

MC003

PP005-01

HE006-01

PR001

March 29, 1982

Dear Miss Lowe:

It was nice to see you at the White House *briefing on drugs* on Monday and I wanted to thank you for telling us about your efforts in organizing parents groups in California. I am confident that more and more parents will become involved as public awareness of this critical problem is heightened.

X
I am looking forward to the PRIDE conference in Atlanta and know it will prove to be another giant step toward our goal to help the youth of our nation in their battle against drug use.

Again, my thanks for being with us at the briefing.

Sincerely,

NANCY REAGAN

X
Miss Carla Lowe
4241 Rio Monte Court
Carmichael, California 95608

bcc: NINA/ANN ✓

20331

069292

4000

MC 003

PP 005-01

HE 006-01

PR 001

March 29, 1982

Dear Ms. Pettigrew:

It was nice to see you again at the White House briefing and I wanted to thank you on drugs for sharing your experience with parents groups with us. As I have said on many occasions, this issue is one that crosses all lines and knows no color, religious, economic or political barriers. As more and more parents become involved, I believe we will be closer to solving a problem that could destroy an entire generation of our young people.

X
I am certain that the PRIDE conference in Atlanta will be another stimulating experience for all those involved and I look forward to being a part of it.

Again, thank you for being with us on Monday.

Sincerely,

NANCY REAGAN

X
Ms. Vonneva Pettigrew
1501 Benning Road, N.E.
Lower Level
Washington, D.C. 20002

Dec: NINA / ANN ✓

820831

069396
ML003
F2004-02
BE003-05
FG006-11
HS

3/25/82
omib
briefing
CP

ANALYSIS OF HOMEBUILDER ESTIMATES

1. Analysis of homebuilder estimates indicates that the incremental 1982 housing starts range from 100,000-216,000--substantially less than homebuilder estimate of 330,000.
2. Net incremental starts over 1982 and 1983 are estimated to be only 15,000-33,000 units, reflecting substitution of 1982 starts for 1983 starts.
3. Estimates of the impact on the federal deficit are substantially less than home builder estimates as shown in table below.

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Cume.</u>
Change in Deficit (dollars in billions)							
Homebuilder	-4.0	-12.3	-5.2	-1.6	- .1	+.9	-22.1
Alternative	(-1.1/ -2.2)	(+1.9/ +2.2)	+1.0	+1.0	+1.0	+.8	+3.8/ +4.6

4. Attached tables provide details.

Analysis of Homebuilders
Estimates of Housing Stimulus

- I. Homebuilder estimates of stimulus effects on housing market activity and housing market effects on economic activity and Federal budget deficit are based on a number of critical assumptions that are suspect.

Most critical assumptions are:

- 1) substitution effects of subsidized units;
- 2) level of baseline housing starts forcecast;
- 3) additional employment and income effects;
- 4) revenue changes derived from income changes;
- 5) expenditure savings resulting from changes in unemployment, and
- 6) net effect on federal deficit from stimulus

II. Substitution effects

Table 1 compares initial homebuilder estimates of incremental housing starts with alternative estimates.

- Alternative estimates use different methodology and different baseline starts to estimate gross and net incremental effects.
- Base for substitution is number of 1982 starts estimated to be eligible for proposed interest rate subsidy.
- All four alternative estimates are larger than initial homebuilder estimate of 245,000 units.
- Alternative estimates assume 85% substitution rate consistent with previous econometric estimates.
- Gross incremental units reflect additional starts estimated to occur in 1982, and estimates are substantially below homebuilder estimated 330,000 units.
- Homebuilder methodology ignores transfer of housing starts between 1982 and 1983.
- Net incremental units reflect estimated additional housing starts over combined 1982 and 1983 time period.

Alternative methodology also assumes all eligible units in 1982 will take advantage of subsidy (pure windfall for those who plan to purchase anyway) and that substitution occurs as eligible, homebuyers who would have purchased in 1983, purchase in 1982

to obtain subsidy.

- Table 2 shows decrease in 1983 starts resulting from substitution effect.

III. Economic effects

- Table 3 shows economic effects of alternative estimates of incremental housing starts.
- Homebuilder methodology used to estimate employment and value added effects.
- In each case 1982 employment and value added impacts are lower than homebuilders estimates of 158,000 and \$7.2 billion respectively.
- Estimates in Table 3 are overstated because they ignore substitution effect between housing and other economic sectors.
- Homebuilder assumption of zero opportunity cost in reallocating credit resources from other sectors to housing is not valid.
- While unemployment levels reflect underutilized labor resources, there is no evidence to support assumption of underutilized credit resources.
- Credit reallocation will force some reductions in economic activity from other sectors that give up credit resources at margin.
- Depending upon sectors losing credit resources, net economic effect could be zero.

IV. Effects on Deficit

- Estimates on deficit also shown in Table 3.
- Alternative estimates on revenue effects are lower than homebuilder estimates because of:
 - 1) lower incremental starts estimates;
 - 2) homebuilder estimate of social security marginal tax rate too high;
 - 3) estimates of business tax revenues by homebuilders ignore losses that are assumed to exist in construction industry.
- Alternative estimates also estimate separately effects of expenditure reduction for unemployment insurance.
- Homebuilder assumptions of \$25 billion reduction in deficit for every 1 percentage point reduction in unemployment rate is inappropriate. Unemployment expenditure savings are only \$7 billion per percentage point change in unemployment rate.
- Homebuilder estimates ignore decline in 1983 activity and the resulting increase in deficit.

V. Additional tables are provided showing details on substitution estimates.

Table 1: Program Substitution Effect, Calendar Year 1982
(units in thousands)

	Original NAHB Estimates of Base, Methodology, and Forecast	Different Estimates of Base			
		NAHB Methodology		Alternative Methodology	
		NAHB Forecast	Midpoint Forecast	NAHB Forecast	Midpoint Forecast
Single-family Starts	700	700	782	700	782
Ineligible Starts - NAHB Estimate	-455	N/A	N/A	N/A	N/A
Ineligible Starts - Different Estimate					
Homes Priced Over \$75,000 (42.9%)	--	-300	-335	-300	-335
Homes Priced Under \$75,000					
Purchased for Cash (7.2%)	--	-50	-56	-50	-56
Base for Substitution	<u>245</u>	<u>350</u>	<u>391</u>	<u>350</u>	<u>391</u>
Units Assisted With \$5.12 Billion in BA	450	450	608	450	608
Units Assisted That Would Have Been Purchased Anyway	-120 <u>1/</u>	-298 <u>2/</u>	-332 <u>2/</u>	-350	-391
Gross Incremental Starts	<u>330</u>	<u>152</u>	<u>276</u>	<u>100</u>	<u>217</u>
Net Incremental Starts	330	152	276	15 <u>3/</u>	33 <u>3/</u>

1/ Base for substitution X 50%.

2/ Base for substitution X 85%.

3/ Gross incremental starts X 15%.

Table 2: Program Substitution Effect, 1982 and 1983 - Quarterly

(Change in single-family starts, units in thousands)

Estimate of Substitution Effect	1982				1983			
	I	II	III	IV	I	II	III	IV
- Using NAHB Original Base	--	+116	+116	+98	--	--	--	--
- Using Different Estimate of Base								
-- NAHB Methodology								
• NAHB Forecast	--	+53	+53	+46	--	--	--	--
• Midpoint Forecast	--	+97	+97	+82	--	--	--	--
-- Alternate Methodology <u>1/</u>								
• NAHB Forecast	--	+35	+35	+30	-21	-21	-21	-22
• Midpoint Forecast	--	+76	+76	+65	-46	-46	-46	-46

Midpoint Forecasts (Seasonally Adjusted Annual Rates)

- Single-family Starts	608	728	896	876	976	1,156	1,308	1,268
- Total Starts	910	1,112	1,301	1,303	1,424	1,641	1,806	1,724

1/ Assumes that the portion of gross incremental starts that are "borrowed" from future time periods are all borrowed from CY 1983.

Table 3: DIRECT ECONOMIC IMPACTS
(Jobs in Thousands, Dollars in Billions)

<u>Alternate Methodology</u>	<u>Mid Range</u>	<u>Assumptions</u>	<u>NAHB</u>	<u>Assumptions</u>
	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1983</u>
Construction and supplier jobs.....	221	-106	102	-47
Total Construction put in place.....	10.4	-5.0	4.8	-2.3
Wage Bill.....	4.1	-2.0	1.9	-0.9
Personal Tax Payments (13%).....	.5	- .3	.3	-.1
Social Security Taxes (12%).....	.5	- .2	.2	-.1
Construction Non-Wage Earnings.....	5.7	-2.8	2.7	-1.2
Business Federal Taxes.....	0	0	0	0
Savings on Unemployment	1.4	- .7	.7	- .7
Direct Tax Revenues.....	1.0	- .5	.5	- .2
Government Support Cost.....	.2	1.0	.2	1.0
Reductions in Federal Deficit.....	2.2	-2.2	1.1	-1.9

<u>NAHB Methodology</u>	<u>NAHB</u>	<u>Assumptions</u>	<u>Mid Range</u>	<u>Assumptions</u>
	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1983</u>
Construction and supplier jobs.....	281	119	153	66
Total Construction put in place.....	13.3	5.6	7.3	3.2
Wage Bill.....	5.3	2.2	2.9	1.3
Personal Tax Payments (13%).....	.7	.3	.4	.2
Social Security Taxes (12%).....	.6	.3	.4	.2
Construction Non-Wage Earnings.....	7.4	3.0	4.1	1.8
Business Federal Taxes.....	0	0	0	0
Savings on unemployment outlays	2.1	.7	.7	0
Direct Tax Revenues.....	1.3	.6	.8	.4
Government Support Cost.....	.2	1.0	.2	1.0
Reductions in Federal Deficit.....	3.2	.3	1.3	.6

Table 4: Estimates of the Substitution Rate for the
Brooke-Cranston Program 1 /

<u>Source</u>	<u>Program</u> <u>Long Run Estimates</u>	<u>Rate 2/</u>
General Accounting Office		88.3%
Von Furstenburg		86.8%
 <u>Short Run Estimates 3/</u>		
General Accounting Office		84.2%
Hendershott		85.2%
Jaffee-Rosen		79.3%
Swan		85 to 88%
Von Furstenburg		83 to 89%

- 1/ Estimates of the substitution rate for the Lugar program were made in the fact sheet that accompanied the Lugar bill and in testimony before the Senate Housing and Urban Affairs Subcommittee on March 24. These estimates ranged from 82 to 90%. They are not listed in this table because it is not clear whether they were long run or short run estimates.
- 2/ Percent of total new units assisted that do not result in additional new starts.
- 3/ These estimates do not take into account declines in housing starts that may occur in subsequent years.

Table 5: Percent of New Home Buyers Who Utilize Mortgage Financing

	<u>1979</u>	<u>1980</u>
Houses Built for Sale	94	94
Contractor-Built Houses	80	78
Owner-Built Houses	<u>60</u>	<u>53</u>
TOTAL	85	82

Source: Census, Construction Report-Series C25. Total includes houses built for rent.

March 30, 1982

069421

4610

MC003

HE 001-05

Dear Mr. Ruopp:

I want to thank you for your thoughtful letter suggesting a White House Conference on the Disabled in 1983. We appreciate your interest and are glad to know about Bank Street College's efforts to improve the quality of education for the handicapped.

I have passed your worthy suggestion on to Mrs. Virginia Knauer whom the President has asked to be Special Assistant for Public Liaison. She will give your request careful consideration, and I'm sure you will be hearing from her soon.

With all best wishes,

Sincerely,

Sheryl Eberly
Deputy Director of Correspondence
Office of the First Lady

Mr. Richard R. Ruopp^X
President
Bank Street College of Education
610 West 112th Street
New York, NY 10025

cc: Virginia Knauer w/incoming for reply

4



February 24, 1982

610 WEST 112TH ST
NEW YORK, N. Y. 104
PHONE: (212) 663-7

Ms. Cheryl Eberle
Deputy Director of Special Projects
for Mrs. Ronald Reagan
White House
Washington, D.C. 20500

Dear Ms. Eberle:

Mrs. Henry Hyde of President Reagan's staff recommended we write to you concerning a White House Conference on the Disabled. The year 1983 would seem like a perfect time. After the International Year of the Disabled, this is an event of national concern which should be of interest to the First Lady.

Bank Street College has had a long history of leadership in the education of children and in working closely with the community of people who affect them. Bank Street's divisions collectively focus on issues in child development, special education, supervision and administration and parent education.

Bank Street College has had three leadership programs with school superintendents, who represent large segments of the population, regarding issues they face in providing education for all handicapped children: one in 1979-80, another in 1980-81, and one currently in progress for 1981-82. The responses to each have been profound. For your careful review we are enclosing three project statements issued in the form of published documents; "Superintendents' Recommendations," "A Statement of Competencies," and "New York City School Superintendents' Recommendations Related to Implementation of P.L. 94-142, The Education for All Handicapped Children Act of 1975."

We are most appreciative of your expressed interest in the education of our nation's handicapped children. We look forward to hearing from you

Most sincerely,

A handwritten signature in cursive script that reads "Richard R. Ruopp".

Richard R. Ruopp
President

RRR:po

Enclosures

WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☒ I - INCOMING
Date Correspondence
Received (YY/MM/DD) 820402

IA/Holm

Name of Correspondent: Robert J. Rohack

☒ MI Mail Report User Codes: (A) (B) (C)

Subject: Support the recommendations of the 1981 White House Conference on Aging.

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
IA/Holm	ORIGINATOR	8210405			820512
HHS	Referral Note:	B 82104113			A 82104129
Files	Referral Note:	A 8205112			1 1
	Referral Note:	1 1			1 1
	Referral Note:	1 1			1 1
	Referral Note:	1 1			1 1

ACTION CODES:

A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet
to be used as Enclosure

I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:

A - Answered
B - Non-Special Referral
C - Completed
S - Suspended

FOR OUTGOING CORRESPONDENCE:

Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments:

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

RECORDS MANAGEMENT ONLY

CLASSIFICATION SECTION

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Prime Subject Code: MC 003 _____ Secondary Subject Codes: WE 005 _____
LE _____
ST 0321 _____

PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

SIGNATURE CODES:

CPn - Presidential Correspondence
 n - 0 - Unknown
 n - 1 - Ronald Wilson Reagan
 n - 2 - Ronald Reagan
 n - 3 - Ron
 n - 4 - Dutch
 n - 5 - Ron Reagan
 n - 6 - Ronald
 n - 7 - Ronnie

CLn - First Lady's Correspondence
 n - 0 - Unknown
 n - 1 - Nancy Reagan
 n - 2 - Nancy
 n - 3 - Mrs. Ronald Reagan

CBn - Presidential & First Lady's Correspondence
 n - 1 - Ronald Reagan - Nancy Reagan
 n - 2 - Ron - Nancy

MEDIA CODES:

B - Box/package
 C - Copy
 D - Official document
 G - Message
 H - Handcarried
 L - Letter
 M - Mailgram
 O - Memo
 P - Photo
 R - Report
 S - Sealed
 T - Telegram
 V - Telephone
 X - Miscellaneous
 Y - Study

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20491

29

The Honorable Roger J. Robach
Assemblyman
New York State Assembly
Monroe County
Room 284 - L.O.B.
Albany, New York 12248

Dear Mr. Robach:


Thank you for your letter to President Reagan regarding your support of specific recommendations of the 1981 White House Conference on Aging.

Many of the recommendations you highlighted in your letter were also highly endorsed by the Conference delegates in their evaluations of the recommendations.

Please be assured that these views will be reflected in the final report of the White House Conference on Aging.

I appreciate your concern for the varied needs of Aging Americans.

Sincerely,



Robert J. Rubin, M.D.
Assistant Secretary for
Planning and Evaluation

THE WHITE HOUSE OFFICE

REFERRAL

APRIL 13, 1982

HHS 0

APR 13 1 00 PM '82

TO: DEPARTMENT OF HEALTH AND HUMAN SERVICES

ACTION REQUESTED:

DIRECT REPLY, FURNISH INFO COPY

DESCRIPTION OF INCOMING:

ID: 069557

MEDIA: LETTER, DATED MARCH 29, 1982

TO: PRESIDENT REAGAN

FROM: THE HONORABLE ROGER J. ROBACH
ASSEMBLYMAN
NEW YORK STATE ASSEMBLY
MONROE COUNTY
ROOM 284 - L.O.B.
ALBANY NY 12248

SUBJECT: SUPPORT THE RECOMMENDATIONS OF THE 1981
WHITE HOUSE CONFERENCE ON AGING

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE
(OR DRAFT) TO:
AGENCY LIAISON, ROOM 62, THE WHITE HOUSE

SALLY KELLEY
DIRECTOR OF AGENCY LIAISON
PRESIDENTIAL CORRESPONDENCE

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THE ASSEMBLY
STATE OF NEW YORK
ALBANY

ROGER J. ROBACH
134TH DISTRICT
MONROE COUNTY
ROOM 824-L.O.B.
ALBANY, NEW YORK 12248
(518) 455-4664

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ROCHESTER, NEW YORK 14626

March 29, 1982

CHAIRMAN, COMMITTEE ON
COMMERCE, INDUSTRY & ECONOMIC DEVELOPMENT

MEMBER
STANDING COMMITTEES ON
ETHICS
TRANSPORTATION
WAYS & MEANS
SUBCOMMITTEE ON MOTION PICTURE INDUSTRY
SUBCOMMITTEE ON PORTS & TERMINALS
SUBCOMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON VETERANS AFFAIRS

069557

President Ronald Reagan
The White House
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear President Reagan:

I am writing to you to voice my support to the recommendations of the 1981 White House Conference on Aging. As you are aware, these recommendations will form the basis for national legislation dealing with senior citizen issues for the remainder of the decade.

Historically, the White House Conferences on Aging have been critical forums for new ideas and new programs. The 1961 Conference on Aging has been given credit for the enactment of the Medicare program, which provides much-needed medical assistance for many of our nation's elderly. Similarly, the 1971 Conference was instrumental in the passage of the Older Americans Act, which consolidated and expanded many valuable service programs for senior citizens.

Hopefully, the Federal Government will continue implementing the valuable recommendations of the White House Conference on Aging. I wholeheartedly support the following recommendations of the Conference on Aging:

A BILL OF RIGHTS FOR OLDER AMERICANS

The Right to be heard.
The Right to economic well-being.
The Right to function in the mainstream of American life to their fullest potential.
The Right to freedom from discrimination because of age, race, sex, creed or marital status.
The Right to freedom of choice in housing, working, volunteering, health care and social lifestyle.

THE ECONOMY AND TAXATION

A tax incentive should be provided for individuals or families who provide a home for their elderly relatives, rather than placing them in institutions.

HEALTH AND SOCIAL SERVICES

Federal, State and local governments should plan, finance, and facilitate the implementation of a continuum of services to meet the needs of the elderly including both those who live in the community and those who are institutionalized. These services should be tailored to individual needs and delivered without regard to race, religion, sex, national origin, physical or mental disability, or source of payment.

MISCELLANEOUS

Professional licensing authorities should require training in gerontology for doctors, nurses, therapists and pharmacists.

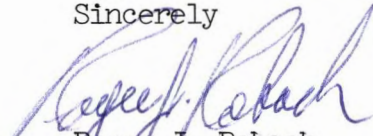
Older people displaced by conversions of apartments into condominiums should get preference in obtaining federally assisted housing.

A cabinet-level Department of Aging should be created to centralize the planning, financing, coordination and evaluation of service delivery programs for the elderly.

Legislation should be enacted to convene a national conference in 1986 to review the status of the recommendations adopted at the 1981 White House Conference on Aging.

Please review and consider these recommendations as to ensure a healthy, secure and happy life for our elderly.

Sincerely



Roger J. Robach
Member of Assembly

RJR:F

Name	Date
K. K. K.	7/17/18