

functions, such as zoning and subdivision controls. Such matters are generally municipal functions which are already covered in comprehensive plans (whether or not federally assisted) in many communities.

Federal assistance to help communities perform well recognized local governmental functions is, in our view, completely distinguishable from direct loans (which would be authorized by title II of H.R. 12946) to induce State or municipalities to engage, for the first time, in the business of acquiring, developing, and selling land for residential and related uses. Up to now such activities have been, in this country, a function of private enterprise. We believe they should remain so.

Sincerely,

LARRY BLACKMON, *President.*

Mr. BARRETT. Thank you, Mr. Blackmon. Your testimony has been very splendid here this morning.

We appreciate your coming.

(The complete statement of Mr. Blackmon follows:)

STATEMENT OF LARRY BLACKMON, PRESIDENT, NATIONAL ASSOCIATION OF HOME BUILDERS

Mr. Chairman and members of the committee, since this is the first time I have had the pleasure of appearing before this committee as president of the National Association of Home Builders of the United States, let me introduce myself. I am Larry Blackmon of Fort Worth, Tex.; I build homes and apartments in several cities in Texas and elsewhere in the United States and in Latin America.

Appearing with me today are Leon N. Weiner, first vice president of the association; Dr. Nathaniel H. Rogg, our executive vice president; and Herbert S. Colton, our general counsel.

Through appearances before you of my predecessors in office, most of you know that NAHB is the trade association for the home building industry. It now has more than 45,000 members, organized in 396 local and State affiliated associations in all States and in Puerto Rico and in the Virgin Islands.

The several bills being considered in these hearings include a number of proposals. Therefore, for the convenience of the committee, we have summarized in attachment A, appended to my statement, our position with respect to each item including certain additional revisions to the National Housing Act which we recommend to the committee.

I shall limit my remarks this morning to comments on those particular aspects of these bills that the National Association of Home Builders believes require particular emphasis. I assume that the attachment will be included in the record to show our position in detail.

In general, we support H.R. 12341 (the Demonstration Cities Act) and H.R. 12946 (the Urban Development Act of 1966) with some suggestions or amendment but with the notable exception that, as we did last year on almost identical legislation and for the same reasons, we oppose the so-called new towns and State land agencies provisions which are title II of H.R. 12946.

However, before discussing these bills we believe it in order first to bring to your attention the increasingly difficult conditions facing the home building industry. Attached, as exhibits I-A and I-B, is material on housing, the national economy, and recent changes in the monetary market developed and written by our economics and builder services departments. The first, comparing housing starts and economic growth during the past few years, shows that although housing demand continues high, construction has declined while the overall economy has climbed to new records. It discusses briefly the flow of money from savings institutions to commercial banks as a result of the recent amendment to regulation Q.

The second of these exhibits is the latest issue of the "Economic News Notes" periodically issued by our economics department. The section headed "Home Building," which commences at page 3, is particularly pertinent.

While the legislation before you seeks, rightfully, to provide for the building of a better America in the years to come, the pool of savings capital on which our industry depends for its customer financing is being seriously depleted by the action of December 5, last, which allowed the maximum rate permitted to be charged by commercial banks on certificates of deposit to jump from 4 percent all