We also recommend that the Congress clarify section 7 of H.R. 12341 to make more effective the Office of Federal Coordinator established thereby. We believe an office of this kind is necessary if the manifold Federal programs available to localities are to be kept from complete confusion in action. We see nothing in the bill which would give the Coordinator any duties or powers other than to advise local governments how most effectively to work with Federal grant-in-aid programs. We suggest that this be elaborated and clarified by comment in your committee report in the bill.

In this connection, the title "Federal Coordinator" may be unfortunate. Perhaps the true function of this office could be better expressed by use of a name such as "Demonstration Coordinator" or "Urban Program Coordinator."

URBAN DEVELOPMENT BILL (H.R. 12946)

As I indicated at the outset of my remarks, we vigorously oppose title II of this bill but support titles I and III. Title II again brings before the Congress two proposals which it has already rejected. These are (*a*) mortgage insurance for so-called new communities and (*b*) direct Federal loans to encourage formation of State and local governmental agencies to engage in the business of land development for housing.

(*a*) *Mortgage insurance for new communities*

This is the third year in succession this proposal has been advanced. It was rejected 2 years ago. In 1965, a limited version became title X of the National Housing Act with originally proposed $25 million limit on the maximum loan, for any one project at any one time, reduced to $10 million. The bill before you again attempts to increase that maximum limit to $25 million. Further, it would grant special benefits to the larger projects, not available even to a proect as large as $10 million, in the form of a longer loan maturity and access to FNMA special assistance. With those exceptions, title X already provides everything proposed by this bill. In opposing the higher limit last year, we testified:

"This could mean total credit in any one 'new town' of several times that dollar amount. As stated, we believe there are so many unknown and potential high risks in insurance of this type that, if enacted at all, it should be on a limited experimental basis.

"Land prices throughout our history have shown extreme fluctuations. Land speculation excesses have both brought on business recession and intensified them. If this program of FHA land insurance gets underway in the framework proposed, it could generate a huge flow of capital into what has always been a volatile economic area.

"It is certainly not inconceivable that a future economic downturn could cause a dumping into Government hands of very large landholdings * * *. The basic insurance principle of diversity used so successfully in FHA's owner-occupied home mortgage insurance program and less in its multifamily housing financing would be utterly lacking."

We believe these reasons are even more cogent today since the Congress last year provided, in sufficient form for very substantial experiment, what is here asked in expanded form even before that experiment can get started. Everything requested in this proposal can be done under the existing legsilation except possibly to put Federal credit behind a few projects of huge corporations. We believe this better deferred at least until the results of operations under last year's $10 million ceiling can be evaluated.

(*b*) *Land development agencies*

This proposal, as we urged last year, would inject Government deeply, irrevocably, and on an inevitably expanding scale, into the business of land development as distinguished from the present system of private development of land under local community regulation.

The proposal raises fundamental questions of the philosophy of Government in relation to private business. Last year we made crystal clear the attitude of the homebuilding industry. At at time we said:

"The homebuilding industry is firmly dedicated to the proposition that government should never do what industry can do as well or better for itself; that governmental action is needed only where there exists a private enterprise vacuum or serious abuse; and that government action, when determined neces-