There is much to be said for a national competition of excellence in planning and programing the massive projects required in each city seeking to be selected for this national program. It will create great community spirit and awarenessc of the stakes. I might add parenthetically that in our city, Detroit, we have already begun just such a community organization effort. On February 8 a meeting of community leaders was held to mobilize our residents and business and labor and educational leadership. There was unanimous agreement to seek to be selected as one of the demonstration cities, and a resolution setting up an organization committee was passed on motion by Mr. Walker Cisler, chairman of the board of the Detroit Edison Co. And I think that indicates as well as anything I can mention the great community support which this idea has, because originally the suggestion to call such a meeting came from the very distinguished Walter Reuther, president of the United Automobile Workers. We had business labor leadership and management leadership represented at that meeting.

While we are organizing in this fashion to assure total community support and involvement, it may well be that other cities will find this gearing up phase more difficult. We have many qualified people in the public and private sector whom we can call upon for assistance in drafting the comprehensive Detroit blueprint for the demonstration city. But other cities may not be able to do so as readily. We feel that planning for this program can be started immediately, and, as we did in our preparation for the antipoverty program, we will be ready for action programs when the legislative process is completed.

We feel further that objective criteria can be included by legislative mandate and administrative determination. There is no need to set up a competition or a judging through panels of the merit of a city's submission. There will be the requirement of a comprehensive plan to right the ills of a major area within the community to assure that both physical and social renewal will take place.

I know the city of Detroit is prepared to meet such objective criteria, and I feel sure the other mayors who will testify on this proposal are in accord with the idea that a national competition is not a necessity.

Second, aside from the "first come, first served" view I have just expressed, there is the need to recognize the real possibility that existing Federal programs are not adequately funded to do the job. Thus, if urban renewal funds are to be further depleted by being allocated to demonstration cities, there will be an unfortunate "magnetizing" of existing funds to the detriment of other cities.

The inadequacy of funds available for urban renewal, neighborhood facilities, manpower retraining, antipoverty community action programs, Hill-Burton hospital construction and modernization funds, Elementary and Secondary Education Act funds, urban beautification and open space, water and sewer facilities—to name just a few—these funds will be inadequate to do what is proposed here.

The effect is twofold. Not only is there not enough money to fund existing programs to be used in the target areas of the demonstration cities, but there is not enough money for the complementary programs required to mount a comprehensive attack. To illustrate: In urban renewal today, as I am sure you gentlemen know, there is a backlog roughly estimated at $800 million. Assuming that an urban renewal

clearance project were to be part of the demonstration city program in Detroit, it would appear that the existing backlog would require us to wait over a year before the grant commitment would be received so that the project could begin. Similarly, if we were to require a grant for a neighborhood facility, there is not enough money in the authorization or the appropriation to be able to count on getting approval. The same sort of thing could happen in a number of Federal programs. And if we did receive the funds which had been allocated—or if the funds were to be diverted away from cities which had their urban renewal application in before the demonstration city concept was presented—there would be, justifiably, hard feelings on the part of the cities around America. And to turn the coin to the other side, I am sure Detroit would take umbrage at having some other city get its share of urban renewal funds if it were designated and Detroit was not selected, which I would hate to contemplate, Mr. Chairman.

So there is a need then, for a number of steps. First, it seems the full amount of $2.9 billion title I funds authorized by the Congress for urban renewal should be released instead of being programed over 4 years. I know there may be some objection to this form of financing; however, the demand is there and the very nature of the urban renewal process requires the release of these funds.

Second, it seems there should be a general look at the relationship of the financing of the demonstration cities program and other Federal programs to assure there is no draining of funds from existing programs. The moneys required for demonstration city should supplement those programs which are underfinanced now either due to inadequacy of funding or because of established priorities. The demonstration city program will call for immediate allocations from a number of Federal programs. It will not broach delay. But not only should there be 80 percent funding of the local share of Federal programs which can be committed to the demonstration program, as provided in the act, but there should also be 90-percent funding of the total cost for all other portions of the approved demonstration program for which Federal funds are not presently available. This would cover the total local program and include funds for those components which may not have a Federal program source but which are important to the success of the project.

To summarize this section: I don't think the Federal programs should not be diverted from their legislative objectives. Dilution's a real possibility, and diversion could create ill will. Urban renewal funds should be made available now to eliminate the backlog. Demonstration city program funds should be available to take up the slack where regular Federal program funds are not available. Demonstration city program funds should also be used for the non-Federal components which are needed for a comprehensive local program.

Third, it seems that not only is there a need to create a demonstration city program open on a first-come, first-served basis and with adequate funding for the full range of Federal programs to be employed in the target areas, but there is also a range—a need to provide proper funding for the demonstration cities' legislation itself.

Thse suggestion I have just made about 90 percent funding of the demonstration program components to avoid diluting existing Fed-

eral programs and to make the local program more realistic would require greater financial support than the $2.3 billion suggested by the President. The level of expenditures required for proper funding, even without the added burden previously suggested, is still inadequate, in my judgment.

I am sure other mayors in cities both large and small will echo these sentiments. In some cities the claim will be made—and rightfully—that they can use all the money. New York has its Harlem, its Bedford-Stuyvesant, its rundown and tired quarters. Watts entered the American vocabulary last summer, and we have not forgotten the terror of nights punctuated by fires and firing.

The demonstration cities proposal will enable all those who are concerned about America's future in her cities to come to grips with our destiny and to manage it. This is creative federalism in its most imaginative form. But it requires infusions of sums sufficient to do the job. The stimulus of Federal funding will be matched by private investments. The innovation and imagination of local groups will be harnessed as they vie to create the human environment in our cities.

For example, under the proposal there will be the need for rehabilitation, renewal, conservation, code enforcement, low-cost housing, urban beauty in design and arrangement of housing.

These things require much more than money. They demand skills and dedication, sensitivity and awareness. There will be the need to match physical renewal with social renewal on a scale never before attempted. New mechanisms will be created. The skills of the sociologist and the architect will have equal importance. Business and labor will toil side by side with government officials and neighborhood residents as we dream and plan for our cities.

These dreams will have substance and these plans will be capable of realization. But these dreams will be snuffed out if the funds will not permit the job to be done.

Care must be exercised not to build up anticipations beyond our capabilities to achieve. The antipoverty program is starting to run into trouble as it runs out of money for the Neighborhood Youth Corps, for wide-ranging community action programs, for expanding the Job Corps, for making Headstart a permanent project. To point to the increase in total funds, as sometimes is done, I think is to ignore the vast expansion of this program which is reaching into America's cities and rural areas, the Indian reservations, and the classrooms.

I urge you to recognize the dimensions of need and to give the same degree of support you have provided for space, for highways, for national defense. For surely the vitality of our cities is as important as the space walk and the concrete ribbons cutting across our Nation. If we fail to make our cities livable at home, how will we hold up our heads abroad?

The modest funds for planning will help a number of cities get started on their demonstration proposals. Others will not require much more time for planning and will be ready to go quickly. There is need for planning money and action money. The $2.3 billion should be made available on contract authority upon the passage of this law and should not await next year's submission. I think that should be reversed—$3.2.

We agree the job should be done. Then let it be done by setting it up so that it can be done. And we should recognize that $2.3 billion is a start—and nothing more. Planning could be speeded up by increasing the funds available under title I for urban renewal and making that money available right now or when the bill is passed. It is not uncommon that a single planning project, undertaken for urban renewal purposes, exceeds $1 million. It would seem clear that a total authorization of $12 million will not allow enough cities to undertake the broad planning activity required to participate in the program.

I realize that you will be interested in some idea as to how the program might be applied in specific communities. In Detroit there are a number of alternatives we will be considering. As I mentioned before, the community is mobilizing to involve the public sector and the private sector in a new and grand partnership. We have worked well together in the past in the United Foundation, which originated in Detroit, in the 1968 Olympic drive, in the antipoverty program, and in other ways. As I mentioned, a number of distinguished citizens are participating in this planning at the present time. Mr. Walter Reuther will chair the organization committee made up of distinguished citizens of Detroit. I anticipate that some sort of coordinating mechanism such as a nonprofit corporation or an authority will flow from the deliberations of that group.

The needs are present: we do have decay and blight and congestion. It seems to me that we will be able to work on about 10 percent of our city's housing. This will involve directly over 35,000 of residential units and over 100,000 people. I see new parks and open space where there is today an acute shortage of recreational areas. I see neighborhood family centers with a supermarket of facilities and services including library, recreation for young and old, health, mental health, neighborhood conservation, rehabilitation assistance, and like activities designed to help the residents to aid themselves. I see also in these centers antipoverty activities reaching out into the community to touch the lives of those who have lost hope. I see new street patterns to make our streets safer and to move traffic more swiftly. I see a new Detroit General Hospital replacing the old Receiving Hospital and serving the needs of all city residents with a modern facility. I can see this new community with an anchor of a community college so that the residents of the neighborhood and of the area in general will have a continuing education center right in their community. I see replacement of outmoded water and sewer facilities with a modern system. I see a place of beauty where urban design at its best will be exemplified in the finished product. I see, in other words, a new town within the old town. We will keep what is good, we will improve and rehabilitate what is salvageable, and we will replace where necessary.

This is a grand vision, a grand design, but if we think of a nation with the population of India by the end of the century and if we think of most of us living in cities, then we must not only dream grand dreams but we must also make them come true. With your help, your wisdom, your vision, these dreams can be fulfilled.

We have also reviewed the Urban Development Act of 1966, and I would request the Chair and the members of the committee that we be granted the liberty of filing additional views on this legislation after a more complete study of its provisions.

Mr. BARRETT. It may be done without objection.
Mr. CAVANAGH. Thank you, Mr. Chairman.
(The information referred to follows:)

JOINT STATEMENT BY THE U.S. CONFERENCE OF MAYORS AND NATIONAL LEAGUE OF CITIES ON THE URBAN DEVELOPMENT ACT OF 1966 (H.R. 12946) AND THE HOUSING AND URBAN DEVELOPMENT AMENDMENTS OF 1966 (H.R. 13064)

URBAN DEVELOPMENT ACT

Metropolitan development planning.—The U.S. Conference of Mayors, joined by the National League of Cities, advocates coordinated metropolitan area planning and development and favors the incentive grants program proposed under title I of the Urban Development Act.

We agree with the concept and purposes of title I—to encourage and assist local governments, through supplementary grants for certain Federal aid projects, in comprehensive metropolitan planning and programing undertakings.

We suggest one modification of section 102(b) of title I, however. Under section 102(b) supplementary grants may be made only for development projects in metropolitan areas for which it has been demonstrated that (1) there is metropolitanwide comprehensive planning and programing adequate for evaluating the location, financing, and scheduling of individual public facility projects, (2) adequate metropolitanwide institutional or other arrangements are in existence for coordinating local public policies and activities affecting the development of the area, and (3) public facility projects and others involving land development and use which have a major impact on the area are being carried out in accordance with metropolitanwide comprehensive planning and programing.

These prerequisites are consonant with the rationale for this legislation. They are sound. They will encourage implementation by local governments within a metropolitan area of plans that will guide the orderly development of the area and improve its living environment.

But in our view it is essential that organizations of local elected officials carry out the planning and coordination requirements of section 102(b). It is therefore suggested that language of this section be revised to make clear that such organizations of local elected officials are preferred as the metropolitan agencies responsible for carrying out the requirements.

It is significant that the value of councils of local elected officials in formulating regional planning and programing policies and goals and in cooperating in solutions to metropolitanwide problems was recognized by the 89th Congress in the Housing and Urban Development Act of 1965.

Section 1102(c) of that act authorized the Administrator—now the Secretary of Housing and Urban Development—to make grants to such organizations for such purposes. We endorsed this provision. Representing local governments within a metropolitan area, such organizations are the appropriate mechanism for determining metropolitan policies and goals. They are composed of the decisionmakers who must bear ultimate responsibilities. They not only provide the proper organizational structure. They maintain powers and prerogatives of local government within a metropolitan area which are vital in our scheme of creative federalism. They provide insurance that a metropolitanwide agency will not proceed in ways that are not responsive to needs of the local governments and electorates.

New communities.—It is an understatement that mayors are concerned about the patterns of urban growth, which since World War II have been characterized by the flight of more affluent citizens—along with industry and commerce—from central cities to suburbs, leaving the central cities as refuges for the poor and disadvantaged in areas of industrial plant obsolescence and retail business decline.

Mayors are preoccupied with trying to discover ways to redress this increasing imbalance—to counter the polarization of income groups and the segregation of minorities, to achieve and maintain a wide range of housing, employment, and educational opportunities in the central cities. They have been trying to make the renewal potential of older communities as attractive to people and investment as the development potential of outlying areas.

We must evaluate potentials of title II (land development and new communities) in these terms.

In our judgment a program designed to encourage creation of new communities should be tied closely to generally acceptable standards of desirable and achievable patterns of urban growth. It should stem from a well-defined national policy, established after full and detailed exploration of national housing and urban development needs. Such an urban growth policy can only be set after all concerned groups have had opportunities to advance their views of the problems and the proposed solutions. We have not had that kind of full and complete examination. Those among us who agree that a national urban growth policy is both desirable and needed have not all agreed on the shape and scope such a policy should take.

Mayors do not usually counsel more study—and hence delay—in any area of obvious national need, and they do put urban growth needs in that category. But in this instance they feel that more study and discussion is needed and is in order.

Mayors recognize their responsibility for developing and advocating constructive, meaningful roles for established communities in promoting the kind of urban development and expansion which can and will serve the best interests of all urban citizens.

The U.S. Conference of Mayors and National League of Cities are giving careful study to questions of public policy guidelines for more orderly urban growth. The studies should be completed within the year.

We would welcome—we would urge—similar studies under auspices of a blue ribbon commission organized by Congress.

The problems should get full review by all interested groups—public interest organizations, academicians, builders, realtors, trade unions. Only after that can we properly decide the course Federal, State, and local governments should follow in trying to shape the pattern of future urban expansion.

We submit that Congress should act on new towns legislation only after it is established that—

(1) The program would not discriminate against older central cities and would not promote further economic and social disparities between central cities and new growth areas.

(2) It would not serve to promote fringe area commercial and industrial growth and development to the detriment of the central city's tax base.

(3) It would not further promote economic and social segregation and the further flight of the middle class taxpayer to outlying areas.

(4) It would not further promote the undesirable proliferation of local government.

(5) It would not divert scarce Federal resources from areas of great and immediate need into support of enterprises which have not need of Government support.

(6) It would not serve to encourage real estate promotion ventures of questionable value in achieving more rational urban growth patterns.

The U.S. Conference of Mayors and the National League of Cities advocate legislation which encourages development of new communities within existing core cities and the transformation into new cities of existing smaller communities. Such development can be carried out in conjunction with well-defined community goals, in such areas as housing, education, and employment opportunities, for the entire city. Likewise, existing small cities can be made into new towns. The League of Cities and Conference of Mayors would support new towns legislation on those terms. But it cannot support new towns legislation which has the potential of accentuating urban-suburban social and economic disparities and developing outlying areas at public expense—and at the expense of established communities.

Urban mass transportation.—Title III extends the Urban Mass Transportation Act of 1964 for 1 year and increases its grant authorization by $95 million so that with existing funds $150 million would be available for fiscal 1968.

This proposed 1-year extension at the $150 million a year rate would not permit any serious planning by local governments for needed improvements of and additions to existing mass transit systems.

On the basis of current need figures from several larger metropolitan areas, we submit that the program level should approach $800 to $900 million a year. We also submit that the interests of the program and the localities would be served better if the grant-in-aid ratio were increased from two-thirds/one-third to 90 percent/10 percent, bringing it in line with the ratio applicable to the interstate highway program.

We fully endorse the amendment by Representative Henry S. Reuss, of Wisconsin, to expand a program for research, development, and demonstrations of new systems of urban transportation. We are convinced that a significantly expanded research effort is a crucial need. We also support the Urban Mass Transportation Act amendment offered by Representative Brock Adams, of Washington, which authorizes the use of grant funds to carry out feasibility, planning, and engineering studies for mass transit programs.

HOUSING AND URBAN DEVELOPMENT AMENDMENTS

Displaced families.—We support the provision in title I of the Housing and Urban Development Amendments of 1966 for low-rent housing for displaced families. It would permit local housing authorities to lease dwellings without regard to the 1- to 3-year limitation in the present law. This program is most important to the successful relocation of large families. The present maximum term is far too short and can result in working unnecessary hardships on relocated families.

New private housing.—We support the proposed amendment. It is important for public housing authorities to work with private builders in augmenting the supply of available housing for low- and middle-income groups. The amendment should prove most helpful in efforts to spur work by private enterprise in this area of urban need.

New technology.—The Federal Government has an extremely important role to play in assisting the housing industry in efforts to reduce costs and improve the quality of housing. The Federal Government should be engaged in extensive research to test and demonstrate new and improved techniques of housing construction, rehabilitation, maintenance, etc. We support any efforts to cast the Federal Government in a leadership role in this general area.

Rehabilitation and code enforcement.—We strongly support proposed repeal of the provisio in the Supplemental Appropriations Act of 1965 which limits the amount of urban renewal grant authority to be used for rehabilitation and code enforcement. This limiting proviso is inconsistent with the intent of the rehabilitation and code enforcement program. Every effort should be made to increase such activities—not curtail them.

NATIONAL LEAGUE OF CITIES,
Washington, D.C., April 6, 1966.

HON. WILLIAM A. BARRETT,
Chairman, Housing Subcommittee, House Banking and Currency Committee, Washington, D.C.

DEAR MR. BARRETT: It is my pleasure to transmit for your consideration a statement by Mayor Henry W. Maier, of Milwaukee, past president of the National League of Cities, concerning title IV of the Urban Development Act of 1966, H.R. 12946. Mayor Maier's views are tendered on behalf of the National League of Cities and its 13,500 member municipal governments as our official position on this section of the legislation currently before your subcommittee.

We offer these views in the belief that their adoption by the subcommittee would strengthen and improve the legislation before you. I would specifically draw to your attention the following suggestions contained in the statement:

"We specifically recommend that the defintion of 'metropolitan-area agency' in section 407(3) be amended by adding before the semicolon at the end of line 11 after the words 'metropolitan-area' the words 'or an entire State;'. This would definitely enable a statewide organization composed of public officials representative of cities or counties, for example, to qualify for aid in establishing urban information centers either for a specific metropolitan area or for general statewide utility or both.

"I believe that the language in part (b) of section 407(3) would qualify, in restricted circumstances, an urban observatory jointly established by a city and a university, but we recommend that the language of title IV be made clear that such a jointly established agency would be eligible to receive assistance as an urban information center in any event.

"We recommend that the 50 percent grant limitation in section 404(a) be changed to 75 percent, at least for the first 2 years, which would then conform to the grant arrangements available under title I of the Higher Education Act of 1965.

"The prohibition in section 404(B) is unfortunately stated. I surmise that it is intended to prohibit the use of data centers for payroll accounting, for example. We would certainly concur in this. On the other hand, it is frequently the day-to-day operation of city government which bears direct relationship to the quality for neighborhoods, the attitudes of people in blighted areas toward rehabilitation, law enforcement, and other programs to arrest deterioration. To limit the operation of such centers to conceptual research would be to permit analysis of only a part of the total job."

Sincerely,

PATRICK HEALY,
Executive Director.

URBAN OBSERVATORIES, TITLE IV, H.R. 12946

This subcommittee has received considerable testimony in recent weeks on the very exciting demonstration cities program. This administration, this Congress and this subcommittee have consistently demonstrated concern for the grave problems which confront America's urban centers. You have always been willing to consider with those of us who have the responsibility of governing the cities, new and revised programs of Federal cooperation designed to deal with the massive problems of physical deterioration and blight and the resulting human stress.

Certainly every city requires every tool, every resource and every encouragement which the mind of man can conceive and the Congress can provide to reverse the decline of the vital urban centers and to rebuild communities of a quality consistent with our American dream. To this end I join with my fellow mayors who have appeared before you earlier in these hearings in support of the demonstration cities program and related legislation.

My statement here is to focus attention on another critical need. I refer to the need for a quantity of readily available information which will help us to materially improve the effectiveness of our total urban effort. I, therefore, wish to discuss title IV of H.R. 12946 which authorizes grants for urban information centers.

Congress has made available an array of tools with which a variety of responsible agencies may attack the ills of our cities. Unlike a good surgeon, however, we have too frequently been compelled to operate without an adequate diagnosis of those ills. We have of necessity had to prescribe remedies which have no history of success or failure. Too often we are totally unaware of the side effects of these elixirs. We have tolerated too readily the errors of our experimentation—the social as well as the economic costs of those errors.

This committee now has before it the most comprehensive approach to treating the sick areas of our cities ever proposed. In complete honesty, we need to ask ourselves if we possess the skill to utilize the existing and the new tools in the most effective way. With such a massive approach the results can be monuments to the vision and perceptiveness of all those involved in this great cooperative venture. It could also be an economic, social, and political disaster which could set back the revitalization of our urban centers and the improvement of urban life for millions of our citizens for generations.

I would not for a moment suggest that the present tools be withdrawn or that we hesitate in our striving to design and manufacture new ones. The problems are too great and too pressing to tolerate delay.

I do emphasize the urgent need for complementing the legal and fiscal weapons with those which will aid us in using those weapons with skill and the greatest constructive results. The essential element is a greatly increased level of availability of information regarding our urban centers; a much more sophisticated analysis of that information; and a vastly improved method of comparing successes and failures in applying the various weapons available to us.

As I have reviewed the testimony received by this subcommittee beginning with Secretary Weaver's appearance on February 28, three dramatically consistent themes thread through the testimony.

First, the ills that plague our urban areas are extremely complex and therefore the remedies which must be applied are at least as complex.

Second, each remedy we prescribe only reveals its own inadequacy and the requirement for additional methods of overcoming the problem.

Third, while each community has what appears to be similar problems, the causes and the remedies are not sufficiently the same to make the use of a common treatment acceptable.

For many years those who sought to erase the image of American cities painted by Lincoln Steffens concentrated on improving the administrative aspects of the municipal institution. We have civil service to reduce spoils, we have supervised accounting and auditing procedures to assure fiscal integrity, we have required bidding and purchasing procedures to help guarantee the best use of the taxpayers' dollars.

I want to emphasize that the adaptation of most of these niceties of administration were readily transferable from business to government or from city to city. It did not prove very difficult for relatively unsophisticated technicians to transfer such new devices from one jurisdiction to another.

In contrast, the problems with which we now struggle in our urban centers are far more complex. They defy easy solution. We can readily identify that our patient is diseased, but we are not sure we know the cause, and we are not sure whether the remedy we prescribe will work in the long run. We can see that the child has swollen neck but we are not sure whether it is swollen glands resulting from a cold or the mumps.

We don't know because we have yet to devise the techniques of analysis to be able to diagnose the problem with a high degree of accuracy or to measure the results with an acceptable degree of accuracy and objectivity.

A few years ago the noted city planner, Victor Gruen, proposed a grand design for the city of Forth Worth. A vital element of that plan was the downtown pedestrian mall. I am sure that Mr. Gruen's recommendations were based upon a very careful and detailed analysis of Fort Worth. The downtown mall stirred the imagination of civic leaders all over the country. Main Streets sprouted trees, benches, entertainment, street cafes and grass areas. In some places the scheme worked. In others it was a dismal failure. If it worked in Atchison, Kans., why didn't it work in Grand Rapids, Mich? What conditions were different? What conditions were superficially different that modifications in the plan would have made it successful? Or, why should it not have been used at all?

That is only one example. There is no encyclopedia of experience for us to refer to. There isn't even an accepted research methodology to aid us in our efforts to find answers to determine whether the choice of alternatives we can select will produce the results intended.

I am firmly convinced that we must give considerably more attention to the development of more meaningful knowledge of our urban areas while we are adding to the chest of tools with which we attack the problems we can identify. The more refined the tools become, the more important it is that we are prepared to use them skillfully.

This concern is a universal one. It has been the subject of discussion in technical and policy committees of State leagues of municipalities, the National League of Cities and numerous professional municipal associations for some time. The magnitude of the tasks of exploring problems in major cities and metropolitan areas in depth, of evaluating the remedies attempted, of determining the ingredients of success or failure required much more than discussion. They require detailed statistics, analysis by sophisticated professionals, money, and institutional arrangements which do not now exist.

The intensity of the concern for the importance of attacking the "information gap" in this field can be demonstrated by the events of the last year.

In 1962 the new Under Secretary of the Department of Housing and Urban Development, Robert C. Wood, presented a paper as part of Washington University's faculty seminars on foundations of urban life and form,[1] in which he stressed the importance of recognizing the individuality of cities and the inappropriateness of concluding that remedies for their ills could be generally applied. Dr. Wood proposed the establishment of a network of urban observatories over the country which could assemble local government information, experiences, experiments, and results. This is similar to that now proposed in the bill before you. The unique aspect of the urban observatory proposal was that each observatory would agree to maintain and organize research programs based on an agenda of priorities, research subjects identified by city and cooperating university consultants. The result of work on these priority subjects would be comparably compiled data, research methods, and results. We could gradually develop a reservoir of experience based upon sound, reliable data and multiple experiments.

[1] "Contributions of Political Science to Urban Form," Robert C. Wood. Urban Life and Form, edited by Werner Z. Herach, 1963. Faculty seminar on foundations of urban life and form sponsored by the Institute for Urban and Regional Studies, Washington University, St. Louis, 1961–62.

At my invitation as the president of the National League of Cities a meeting of the NLC executive committee in Milwaukee was held together with representatives of a number of major urban oriented universities. The purpose of the meeting in June, 1965 was to explore the desirability and possibility of establishing a network of urban observatories cooperatively sponsored by the cities and interested, qualified universities.

The response was overwhelming. There was no doubt as to the need for such a program. Those attending not only identified the points I have stated but also went well beyond. The need to involve the best talent available in our universities in continuing interdisciplinary research on urban problems and of feeding their thought-provoking analyses of newly assembled data into the policy-making circuit of local government should be obvious.

The result of the Milwaukee conference was a unanimously adopted resolution calling for support of the approach by the National League of Cities and further development of this program.

On their own initiative a number of mayors have proceeded to develop city-university planning teams as a prelude to formalizing the urban observatory concept. The interest expressed by other cities and universities is beyond all expectation.

We believe that the urban information program provided for in this bill is definitely a move in the right direction. It clearly recognizes a need. It attacks the data compilation aspect of the problem.

The bill, as drafted, contains several weaknesses which we would urge be given careful consideration by this committee.

The bill is not clear as to whether the information centers will be permitted to engage in the assembly of original data. The Secretary, in his testimony on this section notes that this title would exclude proposals which involve collecting original data. This would be indeed unfortunate. Considerable data on urban areas are available and certainly should be assembled and made more readily available. Where sufficient data are lacking, such information centers should be urged to obtain them.

The prohibition in section 404(b) is unfortunately stated. I surmise that it is intended to prohibit the use of data centers for payroll accounting, for example. We would certainly concur in this. On the other hand, it is frequently the day-to-day operation of city government which bears direct relationship to the quality for neighborhoods, the attitudes of people in blighted areas toward rehabilitation, code enforcement, and other programs to arrest deterioration. To limit the operation of such centers to conceptual research would be to permit analysis of only a part of the total job.

I also want to emphasize concern for the management of the proposed centers. I would hope that the bill would be broad enough to permit the Secretary to enter into agreements with a variety of agents. In some States or metropolitan areas the logical sponsor might be a metropolitan council of local governments, as the bill appears to contemplate, while in others it might be a university, or a State league of municipalities. We are after results, and the legislation should permit that institutional arrangement which can produce the best results. We specifically recommend that the definition of "metropolitan-area agency" in section 407(3) be amended by adding before the semicolon at the end of line 11 after the words "metropolitan area" the words "or an entire State". This would definitely enable a statewide organization composed of public officials representative of cities or counties, for example, to qualify as sponsors of urban information centers either for a specific metropolitan area or for general statewide utility or both.

I believe that the language in part (B) of section 407(3) would qualify, in restricted circumstances, an urban observatory jointly established by a city and a university, but we recommend that the language of title IV make clear that such a jointly established agency would be eligible to receive assistance as an urban information center in any event.

Finally, we recommend that the 50-percent grant limitation in section 404(a) be changed to 75 percent, at least for the first 2 years, which would then conform to the grant arrangements available under title I of the Higher Education Act of 1965.

It would be a weak effort, indeed, if some assurance was not built into this program for an effective interchange between the proposed information centers. There should be a coordination of input, an agreement on certain areas of common investigation, interchange of information on research and analytical methods, and measures of results. It seems criminal to me that the extensive urban transportation studies carried on pursuant to the mandate of Congress in the

Highway Act of 1962 as a basis for urban qualification for Federal highway aid are prepared, analyzed, and concluded completely unreported and unrelated. A similar fault can be found with the utilization of community renewal plans. It is an unwarranted waste of valuable talent to have such detailed analysis of urban areas and other detailed studies, such as the economic analysis of the New York region prepared under the direction of Dr. Ray Vernon, produce such limited results because there is no device for comparing the research methods, data, or the conclusions with other related studies.

I wish to stress once more the importance of a program such as the urban observatory and urban information program as being essential to improving the certainty with which we identify our urban problems, the deftness with which we select our weapons of treatment and the skill with which we apply them.

Mr. CAVANAGH. It is, of course, our general policy to support coordinated metropolitan area development and, for that reason, it would appear to us that incentive grants made available to metropolitan area projects which conform to adequate development plans would be fully justified. We would like, however, to review these procedures set forth in more detail and provide the committee with further observations on this title.

Just as was the case in 1965, we do not wish to take the position that we took a year ago on the new community title in this legislation which I had the opportunity of discussing with you gentlemen a year ago.

Title III of the Urban Development Act of 1965 extends the Urban Mass Transportation Act for 1 year beyond its termination, and makes available an additional $95 million of authorization for grants under the terms of the act. This proposal would fall far short of the needs in this field. It is particularly appropriate that urban mass transportation projects benefit from long-term fund availability for at least a 3-year period. We would recommend that both the funds to be made available and the duration of the program be substantially increased. It is clear to us that this action is vital in order to assure those cities which are about to undertake heavy capital investment programs for mass transportation facility that funds will be available in the future.

We find title IV of the act, "Grants for Urban Information Centers," to be most intriguing. It would seem to us that this program could assist greatly in the development of adequate information programs locally on Federal and local governmental activities. We would welcome this proposed activity and we would believe that the funds would be appropriate to initiate in a modest program.

Let me conclude by saying, Mr. Chairman, that I think the President's message on demonstration cities and the proposed legislation pending before this committee at this time is really one of the most significant, and can be one of the most exciting and dramatic pieces of legislation which this or any other Congress has considered, because it holds out a great deal of hope for the American city. And I would strongly urge support of the legislation and the concept of the legislation with the changes that have been suggested.

Thank you, Mr. Chairman.

Mr. BARRETT. Mr. Mayor, I notice that you brought an associate with you.

Mr. CAVANAGH. Yes.

Mr. BARRETT. Would you introduce him for the record in case the members desire to ask him a question or two?

Mr. CAVANAGH. Excuse me, Mr. Chairman, for not having done so.

The gentleman on my right is Mr. Robert Knox, who is the director of our housing and urban development in the city of Detroit.

Mr. BARRETT. Mayor Cavanagh, I want to thank you on behalf of the subcommittee for a splendid and constructive statement. Your record of accomplishments in Detroit is well known to the Nation. And we know you can speak with authority on metropolitan and urban problems.

Mr. Mayor, some people seem to have the fear that the Federal coordinator which would be set up for each demonstration city program would be some sort of a Federal dictator or czar. Now, I don't believe this. And I think that the bill is clear that he would not have dictatorial powers. But I would like to ask you two questions. First, would the people who have such fear feel better, do you think, if we renamed the Federal official as a local coordinator or rather than a Federal coordinator, and second, what do you think of the idea of making the services of a coordinator optional to participating cities rather than mandatory as now provided in H.R. 12341?

Would you give your opinion on those two questions?

Mr. CAVANAGH. Yes, Mr. Chairman.

I think that during the last 4½ years I have been as active as any mayor in America in relationship with the Federal Establishment and various Federal agencies. And I can say, and I say it most sincerely and candidly, that at no time in any of those programs has there been a diminution of local control and an elimination of local responsibility. No Federal administrator has come to me or people under my direction and told me what I can or cannot do in relation to these Federal programs. And when people tell me this, I do not think they speak with any degree of experience, because it has not been my experience whatsoever.

The specific answer to both of your questions may well be that the name of a coordinator may better be changed to a local coordinator. I do not have any fear of a Federal coordinator, but if it would assuage the feelings of some people, then a local coordinator might be a better title or designation for such a person.

I think in response to the second question that one of the most important parts of this program is that not only does it propose to be a very comprehensive attack upon a certain neighborhood, but also a well coordinated attack. The only way that can be done, I think, is by making it mandatory that there be a local coordinator to coordinate both the Federal and local effort. I think, as Dr. Weaver has stated it so well, that the coordinator is really not the Federal coordinator as such, he is the city's coordinator. He is there to help that city with their problems, and help them pull together the various Federal agencies working in concert with the private and public sectors of the local community to achieve the great objectives of this program.

So it would seem to me, in answer to the second question, my personal opinion would be that not only would we welcome a Federal coordinator, but I think it should be mandatory.

Mr. BARRETT. You do think it should be mandatory?

Mr. CAVANAGH. Yes.

Mr. BARRETT. Thank you, Mr. Mayor.

Mr. Cavanagh, in view of the very fine urban renewal program in being in Detroit, I would like to ask you, if the demonstration city program is enacted into law, how long do you think it would take you

and Detroit to move from the planning stage to a demonstration program in action?

Mr. CAVANAGH. Let me say this, Mr. Chairman. Even prior to the President's message, sometime last fall, we had a proposal pending before several Federal agencies to designate Detroit as the demonstration or model city. That proposal, while not meeting all of the criteria as suggested or required by virtue of the language in this legislation, would only have to be slightly amended and recast to qualify it for submission under this program.

So, therefore I think it would take our city probably a little less time than maybe some of the other cities, but in response to your question, I would say that within 3 to 6 months we would be ready for an action program, using what the planning—using what planning facilities we presently have.

If I might just add one further word, in the poverty program what we did was use our local planning money, both public and private, to plan for the poverty program. So the minute that that legislation was enacted into law, we were prepared to submit application under that program, and didn't have to wait to plan it.

Mr. BARRETT. Thank you, Mr. Mayor.

I just want to lay the ground rules that we are going to operate under. We are going to operate under the 5-minute rule to give each member the opportunity to ask you some questions.

Mr. Widnall.

Mr. WIDNALL. Thank you, Mr. Chairman.

Mr. Mayor, I think your statement is a very fine one, challenging, and very important for the record.

You said that using one of the hats you are wearing that you represent cities over 30,000 population. Do you have any figures as to how many there are in that category?

Mr. CAVANAGH. There are 589, according to Mr. Gunther, who is the director of the Conference of Mayors.

Mr. WIDNALL. What is the total population of the 589 cities?

Mr. CAVANAGH. 105 million.

Mr. WIDNALL. Roughly a little over 50 percent of the total population of the country?

Mr. CAVANAGH. Yes.

Mr. WIDNALL. On page 2 you call attention to the President's message to 50 or 60 cities that will participate in the program. You say in your opinion there should be no fixed limit as to the number of cities that should qualify and participate in that program. Let me ask you, How many cities do you think could and should be included in the reasonable financial limitations in the first year of the program?

Mr. CAVANAGH. Mr. Widnall, I think if the program is funded on the basis which I suggest in my testimony, that the 60 or 70 cities would be a realistic figure. I think on the basis of the funding as suggested in the President's message that 60 or 70 might be highly optimistic, it would be something less than that figure.

Mr. WIDNALL. The figure that is submitted, would it realistically be about 10 to 15 cities rather than 60 or 70?

Mr. CAVANAGH. I think on the basis of the need as I know it in my city I would basically agree with you, Congressman, it would be 10 to 15 cities.

Mr. WIDNALL. You say on page 2:

> We feel further that objective criteria be included by legislative mandate and administrative determination.

Do you have any suggestions as to the criteria this committee should recommend be established by legislative mandate?

Mr. CAVANAGH. No, I do not. I think that as much flexibility as possible should be written into this legislation, giving the Department of Housing and Urban Development that degree of flexibility that really can make this, then, a demonstration city program. If we structure it so tightly or make it so rigid that there is very little flexibility in the act, I think it loses much of its force and effectiveness as far as administration by the Secretry. And therefore, I think most of the criteria should be developed by the administrator of the act, the Secretary himself. I don't have any specific suggestions as to any legislative mandates in relation to that point.

Mr. WIDNALL. In your statement you call for a release of the $2.9 billion authorized by the Congress last year for urban renewal. Are you asking us to pay out that money now, or merely authorize a new amount?

Mr. CAVANAGH. I think it should be authorized and used as needed, Mr. Widnall. I can conceive of the situation as I mentioned here in our testimony, that with this great backlog buildup in urban renewal, and maybe some of the urban programs with which we are familiar, that it would have a sort of diminution of effort on the part of the demonstration cities program, that it would in turn dilute some of the efforts there if we didn't have the availability of this money in the other Federal programs that form a most important part of the demonstration city program.

Mr. WIDNALL. You fully realize that $1½ billion have actually been paid out of $7 billion authorized for urban renewal, so that there is still $5.5 billion authorized that has not been paid out.

You state:

> Not only should there be 80-percent funding of the local share of Federal programs which can be committed to the demonstration program as provided in the act, but there should also be 90-percent funding of the total cost for all other portions of the approved demonstration program for which Federal funds are not available.

In that second recommendation, could you cite us a few examples of what this would entail, the types of programs, and what you would estimate the cost to be in this area in regard to Detroit?

Mr. CAVANAGH. If we had a specific area in my city that we had designated as the so-called target area for the purposes of this demonstration city legislation, and essential and component parts of the demonstration cities program were an urban renewal project, a new comunity hospital, let us say, a community college, and some other neighborhood facilities, let's assume that for various reasons there was no available funding for one of those major projects which was essential to the demonstration cities project, let's say it was an urban renewal project, or it was a neighborhood facilty of some kind, under the Hill-Burton Act. Therefore, I think if the normal Federal funds were depleted and were not available, and therefore, that demonstration city project could not go on, I think the demonstration city project ought to make allowances to fund in those instances up to 90 per-

cent of the cost. Otherwise, the whole demonstration city project would fail, because of the failure of the Federal funds being available in one of these other related programs. What the cost might be I am not sure.

Mr. BARRETT. The time of the gentleman has expired.

Mr. WIDNALL. Mr. Chairman, I didn't get the last part.

You say what the cost might be?

Mr. CAVANAGH. What the cost might be of a specific—well, let's say there would be a $30 million hospital, Mr. Widnall.

Mr. WIDNALL. That is the only cost I am talking about, as regards Detroit.

Mr. CAVANAGH. The total cost as we estimate it as this point would be about $2½ billion for a demonstration city.

Mr. ASHLEY. For Detroit?

Mr. CAVANAGH. For Detroit.

Mr. ASHLEY. $2½ billion?

Mr. CAVANAGH. Yes. That was the application which was filed with the Housing and Home Finance Agency?

Mr. ASHLEY. We are about $2½ million short in our bill, then?

Mr. CAVANAGH. That is right.

I assume that the committee wanted me to be candid in my response to the question.

Mr. BARRETT. Mrs. Sullivan?

Mrs. SULLIVAN. Mr. Chairman, before asking the mayor some questions, I would like to have permission to have placed in Monday's record some material regarding my bill, H.R. 13063, which I discussed with Secretary Brownstein.

Mr. BARRETT. Without objection, it is so ordered.

Mrs. SULLIVAN. Mr. Mayor, as President of the National League of Cities, do you think there is broad support among the cities' administrators for the President's proposal?

Mr. CAVANAGH. There is no question in my mind that the answer to that is "Yes," Mrs. Sullivan. There is very broad support in my conversations with the people, not just here in Washington, representatives of the organization, but all over the country there is a great deal of excitement about it. And I think that the number of applications is simply going to overwhelm the Department of Housing and Urban Development. And I think it is one of the most exciting things that has happened, because it is going to generate a lot of new and imaginative thinking in relation to meeting some of the needs of our cities, both large and small.

And if I might just add one further thing, Mrs. Sullivan, sometimes the larger cities, of course, have some greater capabilities and resources in the way of planning, and so on. But this is the sort of program that I am sure that in medium-sized and even small cities will spur the kind of imaginative thinking that most of us have long felt was badly needed.

Mrs. SULLIVAN. I would like to know, Mr. Mayor, how you see the demonstration cities program tieing in with the antipoverty program, the manpower retraining program, the urban renewal program and other Federal programs which might be part of the demonstration city project.

Mr. CAVANAGH. I think really what it does is—it is what I mean when I talk about putting together not only the physical renewal

aspects of a city, but the social renewal of a city. I have long felt that every city in America, or most cities, have a physical renewal plan. We know how to build streets and highways, and put up street lights and collect garbage, and so on. Our ability to do is only limited by the amount of money we have. But really what we don't know and have not done in America is how to renew what I call the human values of a city, how we lose the great impersonality that comes from living in a city, and how we take that single individual and relate him to the great mass of people in that great city in which he lives. And this all ties together in what we usually call, in Detroit, at least, a social renewal. And I think that this demonstration city program proposes to combine the best features of both physical and social renewal in order to make a city the kind of city that we want to live in. And I not only envision new urban renewal projects, and maybe new hospitals and open space, but I also envision neighborhood residents participating in the planning of their own destiny, and neighborhood residents help local officials decide on what neighborhood facilities are needed maybe in a family center, a medical or dental clinic.

And these are the sort of things that I think for the first time in our contemporary history will make living in a city much more attractive. Why is it that a lot of people prefer to live in small towns? The normal reason is that, they say, they know their neighbor, and it is not as cold and impersonal as living in a big city. Then if that is so, at least some flavor of that kind of character should be recaptured in these big cities. It is an extremely difficult thing to do. One way to do it, I think, is through the utilization of this demonstration city approach, this program of social renewal.

Mrs. SULLIVAN. The day before yesterday we asked for some examples of how this might all be tied together and meshed, not just in words, but in example. So I look forward to seeing some of that.

I just have one other short question, Mr. Mayor.

I am interested in your reference to the meeting that was held in Detroit to rally community support for the demonstration cities program. Could you give us just a little more detail on what took place in that meeting?

Mr. CAVANAGH. Yes. A number of years ago when urban renewal was taking some of its first faltering steps, I think the first major residential redevelopment project in America was in Detroit, the rather well-known Lafayette Park project. And that project was about to fail. At that point Walter Reuther and Henry Ford, and a number of other very distinguished people, put together a small citizens redevelopment corporation which in effect saved that Lafayette Park. They financed it for a period of time until urban renewal sort of came of age.

Well, it was long felt by many of us in our city that we needed the kind of massive support in the private community to make not only demonstration city a practical reality, but make the whole redevelopment of our community a practical reality, rather than having the Government do it itself, working with developers, why not mobilize all the resources of the community. And toward that end, we called together about a hundred of the leaders of the community, the heads of the great universities and the heads of all the automobile companies and the utilities and the great labor unions, and so on. And they

agreed to a man that it was necessary to first qualify Detroit as a demonstration city. One way to do it was to stimulate the great private sector of our community and spur greater private investment. If the Federal Government and local government proposed to spend x millions of dollars in a demonstration city area, well, then, the private community through this nonprofit development corporation should do likewise and probably do an even greater job. And I am very pleased with the very great response, because here we had some extremely politically conservative businessmen that recognized the need for this sort of thing. There was not a voice raised in dissent, I might add.

Mrs. SULLIVAN. Thank you very much.

That is all, Mr. Chairman.

Mr. BARRETT. Mr. Fino?

Mr. FINO. Thank you, Mr. Chairman.

Mr. Mayor, first I want to compliment you on your statement here this morning. It is very interesting and very enlightening.

I want to say for the record—and I said this to Dr. Weaver as well as others that have testified—that I favor and support this legislation, its purposes and objectives.

There are only two provisions in this bill that disturb me. The one the chairman has alluded to which provides for the creation of a Federal coordinator, which I consider a commissar. I am afraid that such a coordinator might interfere with the autonomous powers of the local government. I fear that he might have too much power and interfere with local government.

Yesterday, the mayor of Newark testified before this committee. And in connection with a similar question, he went on to say that he would be willing to have the local government make the recommendations or suggestions. I would like to read part of his testimony. He said—and this is Mayor Addonizio of Newark, in New Jersey—he said:

> I certainly would hope that the Secretary would check with the mayor of a particular city before anyone is appointed to that responsibility. And I would hope that it would be someone from the local areas.

He went on further to say:

> I would hope that you would write that into the law or into the bill. And I have no objections to it.

Now, as the Federal coordinator, do you think that we should write into the legislation that the communities concerned be charged with submitting nominations from which the Secretary of this Department could make his appointments?

Mr. CAVANAGH. My response to that, Mr. Congressman, would be a very emphatic "Yes." I think the local coordinator should be one sympathetic not only to the aims but the particular problems of a community. I think it might well be that that local coordinator could best be recruited from the local area rather than from the Federal Establishment maybe in some other area. And I truly believe that a coordinator is needed and badly needed in this program.

I also think that the point which you raise is well taken, that it should be a person who understands and is sympathetic to the local problems and the local aim. I would agree that the local—either the

mayor or the local agency—participate in the recommendation of names to be considered by the Secretary for eventual selection.

I believe, of course, that the Secretary should have the power to appoint whomever in his judgment is best qualified. But I think there should be something included to assist him in making that determination.

Mr. FINO. Now, the other provision in this bill that disturbs me is the requirement—and that is on page 3 of the bill—the requirement that demands that cities have a plan for social renovation before they can qualify for Federal aid. Now, under this provision the Secretary of this Department will have absolute power to deny assistance, financial support, if he determines that there is no provision for economic integration under this program. And I would like to have your comment on that.

Mr. CAVANAGH. Well, Mr. Congressman, I think during the course of my testimony I probably didn't make as clear as I would have desired to make it, the fact that I think one of the keystones to this legislation is the requirement of a social renewal program. I think this is the one great thing we are lacking in the American city today. Too many of us in the American cities have put great stress upon the physical recharacterization of a city, which is important, and upon the building of new and great buildings, commercial buildings, and new housing, and the like. At times the social or human aspects of the city have suffered.

Now, this is not an easy thing to do. We have been struggling, I think rather manually, with this program ourselves for the last couple of years in Detroit, attempting to put down what we call a social renewal plan. But I think it is most important that we start someplace. And I think this cities demonstration program is the logical place in which this requirement should be made.

Mr. FINO. I am not alluding to racial integration, I am alluding to economic integration.

Mr. CAVANAGH. By that, you mean what?

Mr. FINO. Putting people of low income in a higher bracket of housing and have the Government subsidize the difference between his rental and the amount he can afford to pay.

Mr. CAVANAGH. I think it is difficult, but I think it should be certainly something that we are hopeful of achieving.

Mr. BARRETT. The time of the gentleman has expired.

Mr. Ashley?

Mr. ASHLEY. Mr. Mayor, it is a pleasure to extend greetings to you. I must say that we in Toledo continue to watch with fascination and admiration the splendid strides that your city continues to make.

On page 2 of your testimony, Mayor Cavanagh, you say:

> There is much to be said for a national competition of excellence in planning and programing the massive projects required in each city to be selected for this national program.

And on this, I must certainly agree. The ingenuity, the imagination that might be representative in plans submitted, whether or not those plans would be selected for action program, could be of very constructive use. And I take it that this is one of the things that you meant in your statement.

In the preceding paragraph you say:

> It is important not to try to set up a national competition which might only stimulate envy and unhappiness among these cities not designated as "demonstration cities."

It seems to me that this is a very real problem. I must say that you seem to be encouraging competition in the planning, but you expressed misgivings, quite understandably, about the competition, the national competitive, as far as the action of other programs are concerned.

Mr. CAVANAGH. On selection.

Mr. ASHLEY. Yes.

Mr. CAVANAGH. I think the selection should come on a first-come, first-served basis as I have stated in my testimony.

Mr. ASHLEY. It is a little hard for me to understand why that should be, Mr. Mayor, because, after all, this is, at least in substantial measure, a demonstration program. And why would it be that if we are measuring the value of demonstration programs that the first that might qualify would be better in terms of a demonstration for the other cities of our county than plans from cities which have very difficult problems which might take longer in the planning stage.

Mr. CAVANAGH. There are several things to consider. One, in a way I see that as a bit of a penalty upon those cities—and there are many across the face of this country—that have done a considerable amount of rather new and imaginative planning in the last 3 or 4 years. And for them to fail to qualify on some other basis than a first-come, first-served basis seems to be in a way slightly unfair to me.

Mr. ASHLEY. Wouldn't you agree too that simply a first-come, first-served basis might tend to obviate the real hard core of problem areas that might require the longer planning? And do you not think that possibly this might be answered in part with an amendment which perhaps you are familiar with that has been suggested; namely, that the criteria contained in the bills be supplemented by two additional requirements for eligibility—first, that the sections or neighborhoods in question be subject to high priority, economic and social pressures, such as population density, crime rate, public welfare participation, delinquency rate, poverty level, unemployment rate, racial strife, and educational levels and disease characteristics; don't you think it might be well to make it incumbent upon the Secretary, who I presume will have the responsiblity of making the final decision or selection, to weigh carefuly these human considerations which are measurable, as we all know, and to take this into consideration in weighing a particular plan against others that might be proposed?

Mr. CAVANAGH. Let me say in response to that, Mr. Congressman, that I think that those are the sorts of areas that obviously are not only contemplated by the President, but those are the sorts of areas that a local official such as a mayor would automatically receive the obvious first priority in my community without having it rigidly spelled out in the act.

Mr. ASHLEY. That might be true of you, because of the kind of mayor you are. But it might not be true of other mayors in other communities.

Mr. CAVANAGH. Well, I could not conceive of the agency making a selection, other than making a selection on the basis of need. When

I say "the agency," I mean the Department of Housing and Urban Development.

Mr. ASHLEY. Then why should we not specifiy that? Why would not it be a good idea to say what we mean?

Mr. CAVANAGH. I think perhaps as a general statement as to a broad objective that you state, I might not have any specific objection. The only thing that I would like to suggest to the Congressman is that we consider making the program as flexible as possible, the administration of this act, to insure that it indeed is a Demonstration Act, and that we can demonstrate various techniques and procedures in various kinds of situations to show that the whole character of a city can be uplifted. I also think we have a great practical consideration too, Mr. Congressman, and that is that one of the reasons we have great community support in our city for this kind of a program that I just mentioned in response to Mrs. Sullivan's question was the fact that we try to relate how the upgrading of a target area neighborhood would indeed affect all the neighborhoods in the community, even the all-white neighborhoods that have no slums and no blight and no decay. I think it is important that we make it as broad as possible to insure that it has broad support. And if we limit it to just the Watts type of area, I would be afraid of the practical implications in relation to the support.

Mr. ASHLEY. I can answer that from a technical standpoint. On the other hand, while we would not want to so circumscribe the program, would you not agree that the Watts-type situation in terms of the social fabric of this country, and what we are really trying to achieve through this program, should receive some kind of priority consideration?

Mr. CAVANAGH. Yes. And I am sure that if Los Angeles was a demonstration city, one of those selected, the automatic place I would think would be a Watts type of neighborhood.

Mr. ASHLEY. I would like to ask you just one question in clarification. You made a very interesting point with respect to funding, suggesting that there might be instances in which a plan would involve a spectrum of Federal programs, some of which might not be able to be funded, and others of which could, and that this might cause considerable delays in implementation. And as I understood your point, it was that in a situation of this kind those programs which otherwise were not capable of being funded under the ordinary program could be funded out of the $2.3 billion, or whatever amount is decided upon.

The question that I think Mr. Widnall asked was with respect to how this might work out. You started to say, suppose there was a $30 million hospital project, and that Hill-Burton funds had run dry, normally under the operation of the program, without this kind of consideration there would be the Federal participation automatically of $15 million under a 50–50 formula, and there would also be 80 percent of the local, which would be an additional $12 million. So that would be $27 million out of the $30 million under the program as it is proposed here. Now, here that would be forthcoming from the Federal Government. Under your suggestion there would still be the $15 million directly available, which would be the situation in any event from the Federal Government——

Mr. CAVANAGH. Except that it would not be available.

Mr. ASHLEY. Well, it would not——

Mr. CAVANAGH. I mean, if we assume it was not available.

Mr. ASHLEY. Then it would be 90 percent rather than 80 percent; is that not so?

Mr. CAVANAGH. Ninety percent of the total. Let's assume that the Hill-Burton funds were totally depleted, and there was no money available, and yet that hospital was essential to making that demonstration city project.

Mr. ASHLEY. The point is that in terms of Federal dollars—we are talking about what is available and which is not available, but in terms of Federal dollars there would be no real difference at all, would there?

Mr. CAVANAGH. I think under that program, no, under that specific program, that is true.

Mr. BARRETT. The time of the gentleman has expired. Mrs. Dwyer?

Mrs. DWYER. Thank you, Mr. Chairman.

Mr. Mayor, you state that existing Federal programs were not adequately funded to do their jobs. And you also indicate you are worried that urban renewal funds will be eroded by allocations to demonstration cities which would dry up existing funds for cities unable to enter into the program. How much money do you think would be entailed in adequate funding to these programs?

Mr. CAVANAGH. For this program?

Mrs. DWYER. For the entire country.

Mr. CAVANAGH. I notice the distinguished mayor of Newark yesterday used a figure of $10 billion, which I think is a point of beginning.

Let me put it that way. I know that that sounds as though all I am doing is talking about money with my hand out. But as Americans, we don't seem to blink our eye at the Defense Establishment spending something like $65 billion—and rightfully, so, I am sure—and the amount of money spent on space, and so on. I think until such time as we mobilize these kinds of resources to attack the greatest domestic problems of our day, the great unfinished business being those urban problems, that we are not going to make the kind of dent that we really have to make. And that is why when the mayor of Newark said $10 billion, I agree that would be a good beginning.

Mrs. DWYER. Do you think we could afford the program this year with the war in Vietnam and our commitments around the world?

Mr. CAVANAGH. Yes. I think it is difficult, but we do have the kind of economy that will sustain both our commitments internationally as well as those things that have to be done domestically. I think we have the kind of viability as a nation to be able to come up with the kind of formula that will insure the our commitments are honored internationally, but at the same time that we honor our commitments to the people that are here at home. And we do have commitments to these people, whether they live in the cities or on the farms.

Mrs. DWYER. Mayor Cavanagh, you testified that the National League of Cities and the U.S. Conference of Mayors did not want to take a position on the position of the demonstration city with respect to the creation of new towns. Do you have a personal position on that matter? In other words, will the creation of new communities in the Detroit area help or harm this program?

Mr. CAVANAGH. I think the proliferation of new towns does not help any city. But I think the idea behind the new towns legislation is the fact that they are going to occur anyway in an ordinary plan and development. I have some personal opinions which I would be most happy to express. A couple are—and I was criticized last year for expressing them in front of this committee, I do not mean by the members of the committe, but there was a recent article in Harper's on this point, and they cited some testimony that I gave in response, I think, to Mr. Ashley's question. I don't think that those new towns should receive any greater Federal assistance or aid than the central cities, No. 1. And I think, No. 2, that both the National League of Cities and the U.S. Conference of Mayors are developing some rather interesting alternatives to new town legislation. And by that I am speaking about the idea of cities within cities, the new city within the old city, the new city within the old town, such as we are trying to do in the great Forest Park area in Detroit, which is literally creating a suburb inside the city.

Now, this is one reason why both the conference of mayors and the National League of Cities has asked for further opportunity to submit comments in relation to this. But those are some of my own personal feelings about new towns.

Mr. BARRETT. The time of the gentlewoman has expired.

Mr. Moorhead?

Mr. MOORHEAD. Thank you, Mr. Chairman.

Mr. Mayor, I want to commend you again for your excellent statement and for your eloquent words about human and social renewal. I think that is the most dramatic statement in support of this legislation that has been made before this committee.

Yesterday, Mayor Addonizio, of Newark, recognizing that for the action programs we have to limit the number of cities involved, suggested, however, that we increase the planning funds so that all cities desiring to do some planning of the type contemplated by this legislation could do so. Would you agree with Mayor Addonizio?

Mr. CAVANAGH. Yes, Mr. Moorhead; I would.

Mr. MOORHEAD. I notice in your statement in a couple of places that you refer to our efforts in space, and the walk in space, and so forth. Would you approve a proposed amendment that would direct the Secretary of Housing and Urban Development to set up a crash research program, systems research, for developing new techniques for bringing together in a comprehensive system existing techniques for mass transportation?

Mr. CAVANAGH. Yes, Mr. Congressman; particularly if you added some additional funding to it. I would not want to see it done out of what I consider to be limited funding suggested here. But I think it is most important that we adopt some of the so-called space technology to the job of solving urban problems. I think the cities have been woefully deficient, mainly because of a lack of money, in utilizing many of the advances in technology which, let's say, our Defense Department has utilized, and applying them to the problems of the cities, particularly in the area of police and law enforcement, crime. And we in Detroit at the present time are attempting to develop with Wayne State University this very same thing a new demonstration project, using some of the great amount of research, principally Fed-

eral research in the new technology to apply it to the problems of urban areas.

Mr. MOORHEAD. Mr. Mayor, I was glad to hear your support for the Federal or local coordinator, whatever he is called. Would you find it helpful in Detroit to have a coordinator even if you did not have a demonstration project?

Mr. CAVANAGH. Yes.

Mr. MOORHEAD. Thank you Mr. Chairman.

Mr. BARRETT. Thank you, Mr. Moorhead.

Mr. St Germain?

Mr. ST GERMAIN. Thank you, Mr. Chairman.

Mr. Mayor, what is the population of Detroit?

Mr. CAVANAGH. 1,700,000.

Mr. ST GERMAIN. You are in the class—there are about 10 cities in that size in the Nation.

Mr. CAVANAGH. I think there are five cities of over a million population. Detroit is fifth.

Mr. ST GERMAIN. You know, Mr. Mayor, when I was looking at this legislation, No. 1, I actually—I think I have to agree with you that if this legislation were to pass, it could be wonderful. If nothing else were we able to fund it with a great deal more money that—than $2.3 billion. But to be on the practical side, we will be lucky to get the bill through, No. 1, and to get $2.3 billion for the 5- or 6-year period.

That being the case, you as the mayor of a city over a million—of which there are about 5 or 6 cities that size, we have about a hundred cities, I believe, in the category of 300,000, and then we go on to the small cities—now, if you follow this through, your first-come, first-served basis I have to disagree with you on, because you are very fortunate, Mr. Mayor, as New York and the larger cities, in contrast to a city like Providence in the State of Rhode Island, in having very competent staffs who can read the criteria set down in section 4 of the act and start coming up with a plan. And I imagine that your staff is already working on a plan for this particular act to ready it for submission to the Secretary. But take a poor city of 50,000 to 100,000 people. They don't have this type of staff. They don't have the high-caliber personnel. They are not going to be able to prepare a plan for 6 or 8 weeks, or 2 or 3 months probably and, when it is prepared, it probably won't be a very good one. And yet, when we look at the number of cities of this size throughout the Nation, I think that certainly we have to take care of these small cities. Would you agree, Mr. Mayor?

Mr. CAVANAGH. Yes, Mr. Congressman, I would agree. As a matter of fact, I do believe that in the long run, if there is a $2.3 billion in this program over a period of 5 or 6 years, that the principal beneficiaries of this program are going to be the medium and small cities, because if you take this so-called pot and spread it across America, 60 or 70 cities, I don't think it will have the kind of impact in the very large cities, New York and Chicago, Philadelphia, that it obviously can have in some of the medium and smaller cities. Therefore, as I understand it, the Secretary has indicated to this committee, and has publicly indicated, that he proposes to use several different categories of cities. I am sure he has no intention—whether I desired it or not,

which I don't—of exclusively selecting only the large cities with the ability to plan most immediately. All I am saying is that if there are, let's say, five major big cities to be selected, let us then select those five cities on a first-come, first-served basis. If there are 15 medium-sized cities and if there are 25 smaller cities, let's select them on the same basis.

Mr. ST GERMAIN. When considering the criteria, have you and your staff gone over the seven points—or eight points, rather—actually there are seven here, but there is an unknown factor in which it says that the program meet such additional requirements that the Secretary may establish, and the Secretary told this committee the other day that these will be prepared after the legislation is passed, if it is passed. And, therefore, we are left with section 4, the guidelines, so to speak, that you and your staff would have to follow in preparing a submission to the Secretary for consideration for your city or the other city. Have you and your staff gone over these criteria, these guidelines, Mr. Mayor? And if so, do you find them sufficiently clear, and do you feel that you can prepare a submission with these particular guidelines in mind?

Mr. CAVANAGH. Yes; we do.

Mr. ST GERMAIN. Do you feel that you will not face any problems on it?

Mr. CAVANAGH. I don't think that we will face any problems. That is not to say that maybe a smaller city with staffs that might be less sophisticated as far as the relationship with Federal agencies would face some kind of a problem. But I think the criteria, at least as I recollect reading them, were sufficiently clear to me and to our staff to be able to prepare and submit an application.

Mr. ST GERMAIN. And is it contemplated by the city of Detroit to submit a plan that would cover a portion or two portions of this city, or how extensive would that be?

Mr. CAVANAGH. It would cover a portion that would have to show that in treating that portion it had a relationship to the total community, and that it would have some salutory effect upon the total community, even though it was confined physically to one geographical area.

Mr. ST GERMAIN. My time has expired, but I would like to tell the gentleman, in case I don't get another chance, that I am really impressed by his testimony. He is doing a wonderful job before the committee.

Mr. CAVANAGH. Thank you.

Mr. BARRETT. Mr. Gonzalez?

Mr. GONZALEZ. I would like to compliment Mayor Cavanagh for appearing before us.

I notice on page 3 what I consider a significant thought on your part there about the desire to make sure that this program does not deplete or supplant rather than supplement existing Federal programs.

And in that section, I might say that I expressed this the other day to Dr. Weaver. I am very apprehensive about the public housing program. I notice consistently that nobody has any reference to the public housing program. And I am so afraid that the creation of this new Department has tended to downgrade public housing. Do you feel that public housing is still a vital program that could be utilized in this move to secure an upgrading in urban life?

Mr. CAVANAGH. In response to your question, Congressman Gonzalez, I would say very emphatically, yes, public housing is a most essential, most vital tool in the recharacterization of our cities large and small. Last year in my appearance before this committee in relation to the Housing and Urbanization Act of 1965 I understood this committee and the Congress to increase the number of authorized public housing units. We have under construction at the present time, I think, about 1,500 new public housing units principally to be used by senior citizens at scattered sites throughout the community, and we need far more. I think there are some new concepts in public housing that have to be adopted by these cities. The idea of the old institutionalized or ghettoized type of public housing, I don't think is a very viable tool in the arsenal which we are supposed to use. If we use public housing in a rather imaginative sort of way and spread it throughout the neighborhoods and make it architecturally designed to complement the neighborhood, then I think it is a most important tool, and I agree with you that it should be emphasized.

Mr. GONZALEZ. I am quite a bit concerned, because I believe a tendency has set in which amounts to a shuttling to one side of public housing, and last year I think we contemplated what I consider an imaginative approach of going into private dwelling through public housing criteria. I was just wondering if this new program would not actually mean the demise of public housing.

Mr. Chairman, I yield the balance of my time to Mr. St Germain if he has any more questions he would like to ask.

Mr. ST GERMAIN. Thank you, Mr. Gonzalez.

Mr. Mayor——

Mr. BARRETT. May I inform the gentleman that you have a minute and a half.

Mr. ST GERMAIN. Thank you, Mr. Chairman.

Mr. Mayor, among the stated objectives in the act, on the one hand we have a suggestion that new concepts of architecture will be utilized, and also that the type of construction of materials utilized would be of such a nature as to reduce costs. And yet on the other hand, they say, nevertheless we wish to preserve the old architecture, the historical aspect, and what have you. And I wonder if you have given any thought to this, and whether or not you have come to a decision on it, conclusion as to whether this can be done, to these which are in my mind are in juxtaposition. And I am wondering what your opinion is on this matter.

Mr. CAVANAGH. I think that it can be done. We have attempted in our city through the historical commission and the historical society, working with the local American Institute of Architects chapter, plus our city planning commission, to identify every building in the community that had any architectural of historical significance, and put it on a sort of an exempt list, except from redevelopment, or the bulldozer, and hopefully develop some rehabilitation in relations to some of these buildings. There is an interesting book that has just been published coming out sponsored by, under the auspices of the U.S. Conference of Mayors, called "The Heritage So Rich." There are a few pictures in it that I disagree with. But it is a most interesting book. They show our old city hall as having some great architectural beauty, which it had not. But other than that, the book is most

interesting, and addresses itself to this point that you make, Mr. Congressman.

Mr. ST GERMAIN. Following up my previous question, as to your contemplated plan for the city of Detroit, have you formulated or come to a cost, a projected cost for what your particular program would cost for the city of Detroit under this act?

Mr. CAVANAGH. Well, the cost of our original model city program, which was submitted last fall before this message of the President, was about $2.5 billion.

Mr. ST GERMAIN. Billion?

Mr. CAVANAGH. Yes; $2.5 billion. Of course that would be programed over a period of 5 years. And I think that the new proposal would not be substantially different from that.

Mr. ST GERMAIN. Tell me, Mr. Mayor, would that be for everything or just the Federal share?

Mr. CAVANAGH. That is the total share, including local contributions.

Mr. ST GERMAIN. I wonder if you could submit to us later on for the record what the Federal cost would be?

Mr. CAVANAGH. Yes; I would be most happy to.

Mr. ST GERMAIN. Thank you, Mr. Chairman.

(The information follows:)

INFORMATION ABOUT THE FEDERAL COST OF DETROIT'S MODEL CITY PROPOSAL

The city of Detroit submitted a proposal to the Department of Housing and Urban Development in November of 1965 before President Johnson's city demonstration proposal was made public. Our proposals for the city of Detroit will need to be reworked in line with these guidelines, and we are now in the process of doing so. We are anxious to give the greatest emphasis in our proposal to social renewal and the needs of neighborhoods.

Our original proposal would call for a total expenditure of $982,036,000. This total was broken down roughly as follows: $550 million for water and sewer improvements, $204 million for freeway construction, $50 million for industrial renewal, $27 million for a cultural center, $38 million for various park projects, $8.9 million for the construction and initial operation of family centers, and $9 million for various demonstration grants, including central business district improvements, regional libraries, strip commercial development, rapid transit, traffic control, and the application of scientific technology to the solution of urban problems. These total expenditure figures do not include the school systems educational proposals, and I must emphasize that they do not represent the amount of Federal contribution we are seeking for the city of Detroit. The amount of the Federal contribution would, as you know, vary for each of the projects involved in our proposal according to existing grant-in-aid formulas.

Again, I want to emphasize that I have described our preliminary proposal, submitted to HUD last November and that we are now in the process of revising the proposal so that it will conform to the guidelines established by the President's message and the requirements of the legislation before you today.

Mr. BARRETT. The gentleman's time has expired.

Mr. Reuss?

Mr. REUSS. Thank you, Mr. Chairman.

I want to add my thanks to those of my colleagues for your marvelous testimony. And most of the questions I wanted to ask have been asked, so I will be brief.

I am glad Mrs. Dwyer brought up the question of new towns. And I was glad to hear you say in response to Mrs. Dwyer's question that the Conference of Mayors was working on the problem and it would have a position. I call your attention to the fact that Secretary

Weaver testified here on Monday that the new towns proposal would apply to new communities within the cities, such as the one in Detroit you are talking about. And I would hope that that might make it something that the mayors would want to consider.

I know the problem that you are faced with. You, like most cities, have suburbs around you, and they don't cooperate with you. Sometimes they steal your industries, and sometimes they want you to sell them water at a subsidized rate. But I ask you, is it not a fact that every year some 50,000 new human beings put in an appearance in the greater Detroit region, something like that?

Mr. CAVANAGH. Yes. And incidentally, Mr. Congressman, some of those people are being reattracted to the central city, according to studies that have been made. The population in the city of Detroit, which decreased by some 160,000 or 170,000 from 1950 to 1960, has increased by 70,000 since 1960, some of whom are people that returned from the suburbs. Interesting enough, a study that was done in one of our redevelopment areas several years ago, Lafayette Park, showed that about 24 percent of the residents in that Lafayette Park were people that had returned from the suburbs to live in the city.

Mr. REUSS. So the return would be due in no small measure to the efforts of yourself and your predecessors in making Detroit livable.

My question, though, was this. It won't do to have all the new people who appear on the scene in your region each year either slum up the central city or be the source of new unplanned sprawling suburbs. Somehow or other the idea of planning new towns, whether out in the country in a river basin or right in the center of your central city, is, it seems to me, a constructive one. And I would hope that, consistently with the particular problems of the central city, your group would see fit to reevaluate the problems of new towns, because it really seems to me in the longrun interest of the central city to have good healthy satellite cities, new communities that are self-sufficient, but nevertheless use Detroit for all the things which only Detroit can provide. That would be good for Detroit too.

Mr. CAVANAGH. Yes. We recognize the validity of the statements which you have just made, Mr. Congressman. We also recognize that the position which we had taken was one that was principally a defensive position. So toward this end both these organizations really are in the process of restudying their nonpositions, so to speak.

Mr. REUSS. Where does Detroit get its water?

Mr. CAVANAGH. From the Great Lakes, from both the Detroit River and Lake St. Clair. We provide over half the population of the State, the city of Detroit provides over half the population of the entire State with water. About 50 communities contract with the city of Detroit for water.

Mr. REUSS. Thank you, Mr. Chairman.

Mr. BARRETT. The time of the gentleman has expired. And all time has expired.

Mr. Mayor, we certainly appreciate your very excellent statement and your appearance here this morning. And we want to now call another very distinguished mayor and former colleague John Lindsay.

Mr. CAVANAGH. May I just conclude by again expressing my appreciation to all of you.

I was reminded last night that one of the greatst demonstration projects is at TVA in this country. There is really nothing new in

demonstration concepts in the Federal Government. That is why I think this program is so important. I urge your consideration of it.

Mr. BARRETT. Thank you, Mr. Mayor.

Good morning, Mr. Lindsay.

We are certainly glad to have our former colleague here, and such a distinguished mayor from the city of New York.

We will give the opportunity to the dean of the New York delegation on this committee to introduce the mayor of the city of New York. And I am going to recognize now Mr. Fino, who is the dean of the New York delegation.

Mr. FINO. Mr. Chairman, it is my distinct pleasure and honor to present to this committee a former distinguished Member of Congress, who, because of his outstanding ability, keen knowledge, and enlightening and forcible crusade last year, became the mayor of the greatest city in the world.

During his 7 years in Congress he distinguished himself as an able, outstanding, and dedicated legislator. Our loss in Washington was certainly a tremendous gain for the people of the city of New York.

And I am indeed happy to present to this committee our home mayor of the city of New York, John Lindsay.

Mr. BARRETT. Mr. Mayor, as I am quite sure you know, we have one of your former colleagues here who is with the Republican delegation with the State of New Jersey.

Mr. Widnall, would you like to welcome the mayor?

Mr. WIDNALL. Mr. Chairman, we have more deans here than we have in a university.

John, we are very pleased to have you here before us today and see you back in Washington, although I know it is for a very brief appearance. We do miss you in the Congress. You made a great contribution there. And we are very pleased that you have seen fit to bring your talent and your great leadership to the city of New York.

Mr. LINDSAY. Thank you.

Mr. BARRETT. Mayor, I note that you have an associate with you this morning. Would you introduce him for the record so that we may ask questions of him?

STATEMENT OF HON. JOHN V. LINDSAY, MAYOR OF NEW YORK CITY; ACCOMPANIED BY EDWARD J. LOGUE, CHAIRMAN, TASK FORCE ON HOUSING

Mr. LINDSAY. First of all, I should like to thank you and your colleagues on the subcommittee for giving me this chance to appear before you.

And as a personal note, I wish to say that it is a great statisfaction to me to be back in the Halls of Congress. I look upon it from a distance of 235 miles with some nostalgia from time to time. And it is good to be back. And I should like to thank all members of the subcommittee for their kindness in being here this morning. And, of course, to the dean of the New York delegation on the minority side, Mr. Fino, for his kind introduction, and Mr. Widnall, the dean of the New Jersey delegation on the minority side for his kind introduction. I appreciate it very much.

I have with me Mr. Ed Logue, who is known to many of you. Mr. Logue is the chairman of the task force that I put together on the

broad subject of development in New York City, including, of course, planning, housing, and other aspects of city life. He heads a team assembled across the country of experts in the field. He is spending a very substantial amount of his time with me in New York in making a survey of our whole structure of government, and the procedures and methods that have been followed in the past, in preparation for making recommendations for reorganization of our whole approach to the development and planning of New York City.

He is prepared, of course, to answer questions at the conclusion of the statement.

Mr. BARRETT. Thank you, Mr. Mayor.

Mr. Mayor, we certainly want you to feel at home here this morning, and I am quite sure I speak for everyone on this committee. If you desire to read your statement in full, you may do so, and we will ask you questions after you finish. But if you feel that you would like to be interrupted, you may indicate that, and we will abide by your desires.

Mr. LINDSAY. I do not mind being interrupted at all, if that is your wish. Maybe some of the questions you have will be contained in the statement.

Mr. BARRETT. I think then it would be the committee's desire to extend the further courtesy to you to complete your statement, and then we will come back and ask you questions.

Mr. LINDSAY. Fine, Mr. Chairman.

I am here today in support of the proposed Demonstration Cities Act of 1966—legislation of substantial importance to the Nation at large and to New York City in particular. For it is my belief that this legislation, if adequately funded could represent the dramatic breakthrough that we have long sought in dealing with our urban ills. Despite some concerns I have about the bill, which I will outline below, I want to emphasize that it does indeed offer a real opportunity to meet the great challenge of improving the quality of life in urban America.

We are all familiar with the programs and policies upon which this legislation builds. The Federal Government's involvement in the cities has long emphasized physical renewal with a continual broadening and expanding of programs. Public housing was the start. Then came slum clearance and urban renewal and most recently an increasing emphasis on the rehabilitation of existing structures.

Gradually, we have learned that these building programs do not of themselves attack the hard core causes of urban poverty and blight. Over time, it has become painfully clear that much more than physical renewal is needed.

Out of this heightened awareness, the Congress has shaped new programs of social renewal, with such legislation as the Economic Opportunity Act, which have stimulated new approaches to the problems of discrimination, illiteracy, and inadequate job training.

By means of the Demonstration Cities Act, these two components of Federal involvement in our cities will be integrated and coordinated in a comprehensive effort. Social renewal programs will go hand in hand with projects for physical renewal. In one sense, this legislation is a culmination of all that has gone before—it could call upon the full arsenal of Federal programs for urban areas. Yet it also constitutes

a most important beginning—it views ultimately all these programs as working toward the goal of improvement of a physical environment combined with the promise of a new life for its residents.

The adoption of the legislation before us today should enable an interaction of programs which has been sadly lacking. We at the local level, could select blighted sections as demonstration areas in which truly integrated programs could be mounted for the first time. In the President's words, this effort must be "large in scope, more comprehensive, more concentrated than any that has gone before."

Physical renewal would emphasize rehabilitation and conservation, the preservation and indeed rejuvenation of existing neighborhoods. Demolition, as a tool, would be used where existing structures are beyond repair. Housing would be provided within the financial reach of those displaced. Space would be provided for schools, libraries, parks and playgrounds, health clinics, and other community facilities.

This would be accompanied by intensive programs for social renewal: preschool programs for the very young; health assistance to eliminate dietary deficiencies; welfare guidance aimed at improved housekeeping and better budgeting; and, most important, to those who have been hampered, for one reason or another, from attaining meaningful employment. Here lies the capstone of the social renewal effort and, for that matter, the entire program. The completion of new buildings and facilities should be accompanied by the emergence of the neighborhoods' residents as self-supporting citizens able to sustain their revitalized neighborhood and to contribute constructively to the growth of our society.

The legislation, quite properly, places the principal responsibility for this physical and social change on local government. In doing so, it provides an important stimulus for improved coordination by city governments. Recognizing that responsibility for administration of these programs is usually divided at the local level, the President has recommended that the demonstration should be managed in each demonstration city by a single authority with adequate powers to carry out and coordinate all phases of the program. We are now moving to streamline the structure and operations of government in New York City to enable us to meet this challenge.

Experience has taught us some of the complexities and problems of large-scale Federal aid programs. Programs for physical revitalization, particularly urban renewal and public housing, have too often suffered from inadequate Federal funding and a lack of long-term financial commitment. Above all, lack of coordination in administration at both Federal and local levels has reduced the impact that some of the most farsighted programs might have attained.

It is my hope that in launching this new effort, the Congress will make very effort to insure that difficulties of administration do not handicap this program. At the same time, because the success of the demonstration cities program will depend on the effectiveness of the numerous underlying programs, I hope that the Congress will take this opportunity to remove some of the most grievous impediments from existing urban programs. My principal reservations about the proposed legislation will illustrate these concerns.

The President's message and budget call for $2.3 billion to be made available over a 5-year period beginning in fiscal 1968. In fiscal 1967,

a total of $17 million is to be made available for planning the demonstration.

These sums will limit sharply both the number of cities that may participate in the program and the scale and impact it can have on the individual communities which do, in fact, participate. It is of the utmost importance that the program be large enough and so apparent that our people will readily perceive its value.

I would urge that you amend the survey and planning provisions of the urban renewal program to have funds available as planning grants from that source. This would mean that a much larger amount of money could be made available and that the number of demonstration cities could be enlarged. A competition among America's cities with the fate of the poor at stake, is not a very attractive prospect for local officials.

I would further suggest that the entire $2.3 billion be made available in fiscal 1967 by contract authority. As you know, this means that the budgetary impact would be spread over the 6 years designated in the President's proposal. But it would give those communities which are prepared to move ahead more quickly the long-term commitment and necessary resources to do so. I would hope that in its report your committee would express its intent that the Secretary of Housing and Urban Development set as an objective the execution of contractual commitments for the entire $2.3 billion in fiscal 1967. This would give the sense of priority and urgency which I believe the program needs if it is to get the running start it must have to succeed.

When the entire amount has been committed and applications have been reviewed from additional communities, it would then be appropriate for the legislative and executive branches of the Government to decide whether to authorize more demonstration or wait until the results of the first round were in before beginning a larger program. I would certainly hope that the answer would be to authorize more demonstrations.

Many of us with local elected responsibility are concerned about the very real possibility that operating programs will not be able to start until fiscal 1968. This would be a disaster.

The poor in the troubled areas of our cities have heard about planning for too long. We are now witnessing a new and justified impatience. Action now is what they want and I think they should have it.

While we can all agree that a fully developed plan and program is desirable, it seems to me that there are many programs which can begin immediately; for example, intensive education programs and the early acquisition of sites for schools and for relocation housing.

I would urge that you consider amending the legislation to permit an early start on elements of the total program if the Secretary is satisfied that these elements will fit into the final plan and that the community has set up the proper administrative machinery to carry out and coordinate the overall program.

I urge that the Congress make a maximum effort to achieve administrative simplicity so that the high expectations we all hold for this program will not be frustrated in a bureaucratic tangle. The special 80-percent demonstration grant is the product of an extremely complex procedure because it is based on the local contribution to a

great variety of federally aided local programs. Although these many programs will constitute the components of the demonstration program, it is not necessary that the demonstration grant formula be tied to the computation of each individual program. I can see a hazard for communities, both large and small, not only in calculating these local shares, but, more importantly, in obtaining commitments for them from the many Federal agencies involved.

Let me suggest an alternative approach that would be considerably simpler and faster. A community would be given the option of waiving available Federal grants by submitting a single overall demonstration application which, if approved, would receive a Federal grant of 90 percent of the total cost. The city would have then to negotiate with only one Federal agency, permitting a rapid start and prompt followthrough. The 90-percent figure is somewhat less than I understand is expected to be the average grant under the complicated formula in the legislation.

Another alternative with similar advantages could require that a community seek all relevant grants that could be obtained quickly from Federal agencies, and then seek 90-percent Federal assistance for carrying out the rest of the demonstration, as approved by the new Department.

An effective demonstration cities program will quickly expand and accelerate the demand for Federal funds for existing aid programs, especially urban renewal, public housing, and community action. This will restrict the amount of funds available to those cities which are not conducting demonstrations while, at the same time, it is likely to heighten interest in and demand for these established programs by these same nonparticipating cities. As we are all aware, the demand for urban renewal and community action programs, in particular, far exceeds the supply.

According to the best information available to us, more than $800 million of urban renewal applications are now pending with the new Department. This enormous backlog should be funded without further delay. If these urban renewal projects could move forward in the hundreds of cities and towns where they are located they would make a substantial impact on housing and the physical condition of those cities. I would hope that early in this session of the Congress you would consider removing the annual limitations on the urban renewal program, restoring it to the contract authority approach and making it available for cities which need it as soon as they effectively demonstrate their needs. The informal "rationing" which has existed for many years has been a most important reason why urban renewal has not achieved its full potential.

In the past, in urban renewal and other programs, quotas have been set to limit the amount of aid given to New York City. While the concern of others that New York not gobble up entire programs is understandable, it seems fairer to me that the Congress provide programs as large as the problems—and in the case of New York City, the problems are of unparalleled magnitude.

It might be useful if I sketched for you the dimensions of our problem. We have a population of 8 million people; 24 percent of our city's 2,655,000 households have an annual income under $3,000 making them eligible for consideration for poverty program activities;

1,600,000 people live in these poverty-stricken households. New York City has 2,758,000 housing units, of which 276,000 are to a significant degree substandard. Over half a million people received various forms of public welfare at an annual cost to the Federal, State, and local governments of more than half a billion dollars.

If Manhattan, Brooklyn, and the Bronx were separate cities, they could constitute three of the five largest cities in the Nation and you would not hesitate to provide for them accordingly. The blighted areas of each of our boroughs are tragically large and unhappily famous—central Harlem, and east Harlem, the lower East Side in Manhattan; Bedford-Stuyvesant, Brownsville, and East New York in Brooklyn; the south Bronx and south Jamaica.

A massive demonstration program would be a major impetus to our efforts to revitalize these areas. The President appears to contemplate demonstration projects involving 10 percent of the total population of a city. Such a program, adequately funded, would have a profound impact on our city, though it would be far short of reaching all the areas of critical need.

It would be a disaster for the morale of New Yorkers if, after all the publicity, we were to learn suddenly that New York City would again be restricted to a relatively modest program. The President's message refers to programs in our largest cities that would provide decent housing for approximately 5,000 families, rehabilitate other marginal housing for 50,000 people, and involve a total of 35,000 units for 100,000 people. If this were to be taken as a limit on a demonstration for New York City, it would involve little more than 1 percent of our population and little more than 1 percent of our housing stock.

Such a limitation would be an outright discrimination against our city solely because of its size. It would mean that a vast number of the poor, the badly housed, and the socially disadvantaged of New York would be denied the opportunity to participate in this and other Federal programs merely because they live in the largest city in the Nation.

I hope that you will make clear in the legislation and in the committee report that these illustrations in the President's message are not to be taken as applying a ceiling for New York City.

The demonstration cities program must offer solutions to New York on the same relative scale as they are offered to any other community in this Nation. We should not be put in the position of choosing Harlem over Bedford-Stuyvesant or Bedford-Stuyvesant over the south Bronx. It must be clear that the largest cities, certainly New York, may have more than one demonstration area.

Our very size compounds our problems; it does not simplify them. The President has recommended to Congress that it "set in motion forces of change in great urban areas." But if we are to demonstrate by this legislation that poverty and blight can be overcome by comprehensive, concentrated programs, then we cannot ignore the areas of greatest urban paralysis. For this demonstration to make its point, it must supply dramatic and apparent solutions for the vast slums of our largest city.

If the demonstration cities program is to accomplish this goal, it must be given a vastly increased appropriation. We are all aware of the difficult fiscal pressures on the Federal Government. The Con-

gress is being asked to provide the funds that are necessary to finance the war in Vietnam. But it must also provide the funds for a critical domestic program which is needed to create a measure of stability and a better life in our own urban centers.

We now have two study groups at work in New York City preparing comprehensive programs of physical and human renewal. And we are preparing our response to the specifices of the demonstration cities approach of concentration and coordination. However, there is so much to do, and our accumulation of urban ills is so great—over so many years, that it becomes ever more clear that we must look to the Federal Government for assistance on a nondiscriminatory basis. We should not be prejudiced simply because our city is big and our problems proportionately larger. All the more reason to tackle them. For these are the new years of the city. The city must be at long last recognized. The city in this country can no longer be shortchanged in the establishment of national priorities and needs.

We all recognize that the sense of despair in slum and blighted areas of New York and other cities, in the midst of rising national affluence, has led to alienation from society on the part of many, to total apathy for others, and to a serious threat of violence for still others.

But when one walks the streets of our city he sees another, very different, side of the slum. The Harlem residents who are at work on the dramatic project rehabilitating buildings on 114th Street express a deep sense of the pride in their own accomplishment. They seek and are ready for increasing responsibility and expending opportunity.

In the Bedford-Stuyvesant section of Brooklyn, the determination of homeowners and tenants to improve their neighborhood, over the most desperate odds, deserves our deep respect and our wholehearted support. We cannot afford the loss of this impetus.

We will continue to hear cries of despair and anger from the tragic ghettos of our cities. But I believe that the loudest voices cry out for the resources, the programs and the training for self-approvement. It is my hope that this legislation will lead us in that direction.

I would hope that this committee and the Congress would support this proposal, not out of a sense of fear, but out of a profound feeling of hope.

The stirring in the troubled areas of our great cities should be regarded as an opportunity for this Nation. We can reach out our hand in partnership. We have learned that the helping hand of the dole is not the answer. This bill would make it possible for people to help themselves to make their own way in the world. We in New York City will await its early passage, determined to demonstrate what it can mean to the great cities of the North.

Thank you, Mr. Chairman.

Mr. BARRETT. Thank you, Mr. Mayor.

Mayor Lindsay, I certainly want to thank you on behalf of the subcommittee for an excellent and informative statement.

Mr. Mayor, I am going to ask you the same question that I asked Mayor Cavanagh. Some people seem to have a fear that the Federal coordinator which the bill would set up for each demonstration city program would be some sort of a Federal dictator—there are two or

three names for him, some call him a commissar, and some call him a czar. Now, I don't believe this. And I think that the bill is clear that he would not have dictatorial powers. But I would like to ask you these two questions: First, would the people who have such fears feel better, do you think, if we renamed this Federal official a local coordinator rather than a Federal coordinator?

Second, what do you think of the idea of making the services of the coordinator optional to participating cities rather than mandatory as now provided in the bill, H.R. 12341?

Mr. LINDSAY. Mr. Chairman, my answer to your first question would be that I do not think it makes any difference at all what you call him. If a locality is geared up properly, is moving quickly and with sound planning, and executes its programs after careful planning, and executes them with skill and determination, you probably do not need any coordinator. If a community is weak in this regard, a coordinator can be of great service and help. It may come down, in the last analysis, as to how expert he is, how good he is. If he is simply a shuffler of papers in the line of bureaucracy, it won't add a thing. If he is a powerful fellow that knows the community deeply, that knows its complexities and its pressures, and is a mover and doer himself, it can be of great value to a community that needs that kind of assistance.

As to the second question, I would think that option would be desirable.

Perhaps Mr. Logue would like to add something to this.

Mr. LOGUE. I agree with those comments. The role is still largely undefined, and its significance will be determined by the grant formula you finally adopt, and the extent to which the Secretary requires commitments. So if he is too extensive in his requirements for commitments you might need several coordinators.

I think the biggest thing that I have concern about here is the need for more simplicity in the legislation.

Mr. BARRETT. May I just conclude on this. On the basis that the locality has the need of a coordinator, what would be your answer on an optional basis, or mandatory?

Mr. LINDSAY. I would say optional.

Mr. ST GERMAN. Mr. Chairman, would you yield?

Mr. BARRETT. I have a half minute.

Mr. ST GERMAIN. I was just going to ask this.

Mr. Mayor, in your testimony one of the concerns you express is the fact that 90 percent of all Federal programs should be paid for, using that formula, in order to do away with this bureaucracy and redtape. By the same token a Federal coordinator, if they read Secretary Weaver's testimony on Monday, his function would be to expedite the approval of these programs. And I am wondering if the mayor and his assistant had this in mind in answering your question, Mr. Chairman.

Mr. LINDSAY. I would say, as I originally said, that if the locality is geared up, and is working well with the Washington administrators, you may not need it. There is no point in adding an additional person just for the sake of adding an additional person. I think it depends on each area as to whether or not a coordinator could be really effective. And it also depends on the coordinator.

Mr. BARRETT. My time has expired.

Mr. Widnall?

Mr. WIDNALL. Thank you, Mr. Chairman.

Mr. Mayor, I want to commend you for the emphasis that you have placed on slum clearance and in aiding the poor and low-income people in New York City. Because this is a major concern and should be.

Now, on Monday of this week, Secretary Weaver admitted that the urban renewal program and other vast Federal urban programs had not lived up to their original promise. With that, I agree. And Secretary Weaver is the first high administration official who has ever admitted this obvious fact. Had these billions been allocated for the relief of truly low-income slums and ghettos during the past 20 years, perhaps there would not have been the Watts or the potential Watts here in this country.

The statements of intent in H.R. 12341 are fine, but largely without legal support.

Would you support an amendment to this bill that would prohibit outright continued Federal urban renewal funds for construction of luxury type $500-per-month penthouses and materially restrict the commercial—that in the last 5 years has eaten up 50 percent of the urban renewal program? Fifty percent. And that is a higher figure than Secretary Weaver admitted to, but these are figures obtained from the Reference Service of the Library of Congress.

I think if we are to do the job with the emphasis that you have placed on it for the low-income people, and in clearing the slums, we have certainly got to tie down the use of urban renewal funds more to that purpose than to permit the absolute leeway we have had in the past.

Mr. LINDSAY. Mr. Widnall, I think my answer to that will have to be a careful one.

In New York City gradually the city has gotten away from the use of any Federal moneys in urban renewal to build high-rent housing. They have had in the past a list of horrible examples of where this has happened. And as you know full well, some of the work we did on title I about fund disclosures were as a result of that. I don't think Federal money ought to be used to build luxury housing. And I support the purpose of such an amendment in principle that you have just outlined.

However, you can head into other troubles if you should write this into a flat national law, I would think. What you need in laws of this kind is maximum flexibility. And sometimes if you are attempting to integrate a neighborhood racially and economically you can head into difficulty if you write flat statements in a national statute which may come back to haunt you.

As you know, we have had to introduce flexibility in public housing in order to get away from some of the economic rigidities which were put in there.

So I would hesitate before I would endorse flatly an introduction by way of national law of a measure which in principle no one could be against, but in practice, if you put it into the bill, I can see might create some difficulties.

Mr. WIDNALL. I think your reaction is a just one, and certainly a sound comment on the proposal that I make.

I am terribly bothered, though, by the past experience and the way we have gotten away from the original purpose of urban renewal, particularly in some areas. And I think that we have not even kept up with the deterioration of the cities in the way that urban renewal has been used in a number of instances.

Now, in the previous testimony by the mayor of Detroit, with the broad scale uses permitted under the cities demonstration project, I am afraid that a very small percentage of this would be used for actually slum clearance, and for new housing. And I think it could be very well utilized under the broad scope permitted under the city demonstration project.

An even further use on a large scale would only complicate the problems of the new slums. When you are talking about the many other facilities that you want to provide and you have to provide, I just don't see how you can do the job for the poor in the way that you would like to with the small amount of money that is going to be provided in this bill over a 6-year period.

What do you estimate you would need for New York City to actually start the job?

Mr. LINDSAY. That is a hard question. But I am prepared to give you a rough estimate on that.

First, you must understand that in the areas that we are talking about in New York City for demonstration programs, we have no place to go but up. We start from scratch. This map [exhibiting map]—I don't know whether all of you can see it—but the red indicates communities in New York City that are at the rockbottom. These are the high hazard, high slum areas, central ghetto communities that are of first priority. Our demonstration programs must obviously be concentrated in those areas. We could use up the entire authorization and appropriation in these areas alone for the whole Nation and then not just begin to make a real dent.

Mr. ASHLEY. Could you just identify those, Mayor?

Mr. LINDSAY. Here is Manhattan here, and here is Harlem and east Harlem.

Here is the Bronx and south Bronx. Brooklyn, Bedford-Stuyvesant, and southeast Brooklyn through here.

The Jamaica area of Queens, along in through here.

And this is a chunk of Brooklyn and Queens down here in this portion on the bottom.

Each of these areas in through here—here is the Lower East Side in Manhattan which I failed to point to.

The Williamsburg section in Brooklyn, moving south into the Bedford-Stuyvesant area in Brooklyn.

In the first place, as I mentioned in my main testimony, it is not a very attractive proposition to have to choose between these areas in setting up a demonstration cities program. In any one of them you could use up all the full allocation, and you would have a dent, and an important one. But our problem is a massive one. The red areas are completely substandard. The dark brown areas we could designate as demonstration cities areas and go no place but up. But they are slightly better than the high hazard, central ghetto, slum areas that are marked in red.

So whatever we do here, it will be an important demonstration, but under the present legislation, of course, it is minimum.

Mr. FINO. These are residential areas that you are pointing out?

Mr. LINDSAY. Yes.

Mr. WIDNALL. If the funds were distributed to about 60 cities, it would only be a flea bite that you are getting toward what you have to do in New York City?

Mr. LINDSAY. That is correct.

Mr. BARRETT. The gentleman's time has expired. Mrs. Sullivan?

Mrs. SULLIVAN. No questions, Mr. Chairman.

Mr. BARRETT. Mr. Fino?

Mr. FINO. Mr. Mayor, getting back to the Federal coordinator, this is a problem that has disturbed me. And I was very happy to hear the testimony of Mayor Addonizio of Newark, and the testimony here this morning of the mayor of Detroit, that they would rather see the local government have a say in the designation and the appointment of the Federal coordinator. How do you feel about that?

Mr. LINDSAY. I think that is right and proper.

Mr. FINO. You and I know that we have had experience in New York City with a city construction coordinator who became a czar, and we had a lot of trouble with him on slum clearance, if you recall. And this is the thing that bothers me. I would like to see the city officials and government have control rather than the Federal Government have control over the large government program.

Mr. LINDSAY. I don't care how he gets there as long as he is good. Naturally I would like to have a say in how good he is.

Mr. FINO. John, certainly you would not want a coordinator that was oriented here in Washington coming into New York City and not knowing where Bedford-Stuyvesant was or south Bronx or Williamsburg or any other section?

Mr. LINDSAY. That is true. A coordinator who has a degree of power ought to be a person who is deeply familiar with the problems of the neighborhood.

Mr. FINO. And the only person or the only agency that would be able to furnish that information would be the local government. It could say, Mr. X and Mr. Y and Mr. Z are capable men who could undertake this responsibility, Mr. Secretary, make your choice. Would you be in favor of writing into the law some provision which would give the city local governments an opportunity to express themselves in the selection?

Mr. LINDSAY. I think there ought to be a consultation on that. Of course, the Federal Government has a massively large stake in this. And of course, it also has the right to have a voice.

Mr. BARRETT. Mr. Ashley?

Mr. ASHLEY. First, I want to join with my colleagues in the warmest greetings to a colleague who is certainly highly respected and loved be Members on both sides of the aisle. It is so fine to have you back.

Mr. LINDSAY. Thank you, Mr. Ashley.

Mr. ASHLEY. The bill, of course, calls for $2.3 billion over a 6-year period for what has been approximated to be about 60 cities. And you suggested that the amount of money provided for this bill, $2.3 billion, be made available in effect in the first year, isn't that correct, Mr. Mayor?

Mr. LINDSAY. In the first year, how much?

Mr. ASHLEY. The full amount.

Mr. LINDSAY. Yes. I think that that commitment ought to be made. Obviously, you have got a pipeline problem, and the expenditures would spread out.

Mr. ASHLEY. So if there weren't additional appropriations, which you suggest might be the case, the problem would in effect be over when selection was made presumably during the first year of the program, with the submission of the project plans from the various cities?

Mr. LINDSAY. Yes, it could be, the commitments could be made.

Mr. ASHLEY. Now, you suggest $2.3 billion the first year. Do you find fault, or do you have any question about the number of cities that has been proposed by the administration, or proposed in the administration bill?

Mr. LINDSAY. Here again there is a problem of balancing out. I think I commented on this in the main testimony.

Mr. ASHLEY. What I am getting at, Mr. Mayor, is that if we have 60 cities, if we don't disturb that, even if we would allocate or make available the $2.3 billion the first year, this really would not—if New York were one of the 60 cities, you would still be in serious trouble. I don't see that this has answered your question.

Mr. LINDSAY. We would be in serious trouble, there is no doubt about that. I am urging the widest and deepest beginning that can be made on this. And one way to begin is to permit, as I suggested, communities under the demonstration cities program to go ahead and receive their commitments from the Federal Government for the full amount and let the pipeline get started, authorized and approved, and the commitments made.

Mr. ASHLEY. And New York would simply, in that situation, be 1 of 60 cities whose plan if approved, or plans if approved, would share in the $2.3 billion?

Mr. LINDSAY. We would still be short—a rough guess on my part would be that demonstration cities program here to be meaningful, really meaningful in New York, will cost us a billion for the bare bones of the renewal aspects on the physical side and a billion on the human side. So there is $2 billion right there.

Mr. ASHLEY. You are $2 billion short of Mayor Cavanagh right now.

Mr. LINDSAY. His is a comprehensive for all city development. I am talking purely about a single demonstration cities project in New York City that would be meaningful.

Mr. ASHLEY. It is a single one in one of these areas that you have delineated, is that correct? For example, in Bedford-Stuyvesant are you talking about a $2 billion program for that area?

Mr. LINDSAY. No, I am talking about our submission that we would make under the demonstration cities program that we think would be a meaningful one for the city of New York, and would allow us to make a dent and would not put us in the position of having to make impossible choices between areas that are desperately in need of attention.

Mr. ASHLEY. But the bill does call for a particular section or neighborhood on a broader scale than hitherto possible under any Federal program. Now, I am not asking you to make the selection, which might be embarrassing for you. But let's just say that one of

the five or six critical areas that you pointed out a few moments ago were to be your first demonstration city program. Can you put a price tag on that?

Mr. LINDSAY. It is hard. Mr. Logue and I figure that if you took one sliver of it—supposing you took just one aspect, take one piece that is marked in red and designated as much of that as you can to come within the specifications, I suppose you are talking about $300,000 on the physical side and $300,000 human renewal.

Mr. ASHLEY. $300,000 or $300 million?

Mr. LINDSAY. $300 million for physical development and $300 million on human development. Again I say, I hesitate to give you figures, because it is very difficult to make those kinds of cash estimates. But as a rough guess, I would say that might be it for just one portion of the red that you see on that map that I showed you.

Mr. ASHLEY. I just want to get clear in my mind your attitude with respect to the Federal coordinator. Inasmuch as this is the most massive Federal city program to date, does it strike you as unreasonable that there should be the effort that has been written into the bill to upgrade the level of coordination both on the local level and certainly with respect to the interagency coordination and cooperation that would be essential here in Washington to make the program achieve its maximum effectiveness?

Mr. LINDSAY. No; I don't think it is unreasonable. Again it depends on how it is done.

Mr. ASHLEY. Finally, do you think with your experience as a legislator that this might not pose a rather difficult problem? After all, who should make the determination? You say that you favor the optional approach. Who should make the approach as to whether or not a Federal coordinator is necessary in a particular locality where there has been approved a demonstration of cities program? Should it be the mayor, the local community that makes that determination?

Mr. LINDSAY. Yes.

Mr. ASHLEY. And they can exclude——

Mr. LINDSAY. He is the man with the responsibility ultimately.

Mr. ASHLEY. He is not the one that is responsible for the 90 percent of the Federal funds, though, is he?

Mr. LINDSAY. No. But he has the responsibility for developing the community ultimately. And he carries that on his shoulders and answers to the people.

Mr. BARRETT. The time of the gentleman has expired.

Mrs. Dwyer?

Mrs. DWYER. Mr. Mayor, it is a great pleasure to have you back.

I want to compliment you on your very fine statement, and your constructive observations. I would like to ask this question. How should the cities demonstration program be chosen?

Mr. LINDSAY. How should the cities demonstration program be chosen?

Mrs. DWYER. How should the cities demonstration program be chosen? How do you go about choosing the cities in the program?

Mr. LINDSAY. Choosing the cities in the program?

Mrs. DWYER. Right.

Mr. LINDSAY. Well, I would choose New York No. 1.

Mrs. DWYER. And what about small cities like Elizabeth, how would you go about on the breakdown on size; large, medium, and small?

Mr. LINDSAY. That is a very difficult question. I think it is possible to designate those areas that have the most severe problems. And it does work out now that the cities that have the most severe problems today are the biggest cities. There is almost a relationship between size and the dimensions of the problem that they are faced with. That is why I said in my main testimony that it is time that the Congress recognize this high priority. And it has also been true in the past that in order to do anything for the big cities you had to eat away at their share in order to get something through. Perhaps reapportionment will help us in this regard. Ultimately, the decision has to be made that the area of greatest shortcoming in the Nation today are the big cities.

Of course, one also has to consider the proposals that are submitted. How good are they? How deep is the problem that they are prepared to tackle? Priority can be made on that basis.

We have to do this through intracity considerations. We have to make the determination based on everything as to what should be the priorities in renewal, human, and physical. And we do that on the basis of a whole collection of information, the looks of it, the age of it, the people who live there, their age and condition, family life, the size of the neighborhood and its quality, and the general depression. And in doing that we have to decide what impact the renewal of that area will have on a neighborhood area. And undoubtedly the Federal Government will have to examine that in the big cities, too.

Mrs. DWYER. Thank you, Mr. Chairman.

Mr. BARRETT. Thank you, Mrs. Dwyer.

Mr. Moorhead?

Mr. MOORHEAD. Mr. Chairman, I would like particularly to welcome the mayor to this committee room. He is an old friend and valued former colleague. We were in college together, and we came to Congress together.

I am sorry you have left us, John, but congratulations on your election as mayor of New York.

I also commend you on your choice of Mr. Logue. He has done great work in New Haven and in Boston. I commend you on that.

Mayor Cavanagh spoke about the envy and unhappiness among the cities that will not be designated as demonstration cities. And you spoke about the damage to the morale of New York if the program was not big enough. You recognize that under this legislation it is possible that New York might not even be selected for a demonstration cities program. If so, would you still support this legislation?

Mr. LINDSAY. Well, I am quite sure that the Congress and the executive branch of the Government will never permit a program of this kind to go forward without New York City being included.

Mr. MOORHEAD. We have the problem, however——

Mr. BARRETT. Will the gentleman yield to me?

Mr. MOOREHEAD. Yes.

Mr. BARRETT. Mr. Mayor, we are going to try to make this as convenient for you as we possibly can. There is a quorum call now. We are going to give the other members an opportunity to ask questions so that we won't have to bring you back this afternoon. So we are going to stay with you as long as we can.

60-878—66—pt. 1——16

Mr. LINDSAY. Whatever is most convenient to the committe I am prepared to do.

Mr. MOOREHEAD. Just one more question, Mr. Chairman.

An amendment has been proposed which would further define and refine the criteria which would be used by the Secretary in determining what cities to select for demonstration grants. And the criterion we propose would be the following, which I am going to ask you to comment on whether you favor or propose this type of amendment. The amendment would direct HUD to consider population density, crime rate, public welfare participation, delinquency rate, poverty level, unemployment rate, racial strife, educational levels, health and disease characteristics, and degree of substandard and dilapidated housing—would you think that this amendment would be a helpful one for the legislation or not.

Mr. LINDSAY. As a general guideline, if you wrote in rough criteria of that kind, I think there would be no objection to it at all, and it may be helpful. You know very well, since you have been doing it successfully for a long time now, how difficult it is to write in the statute criteria. And there are some questions as to whether it should be done in a nonstatutory fashion. But I would think a general guideline of that kind might be helpful; yes.

Mr. MOOREHEAD. Thank you, Mr. Chairman.

Mr. BARRETT. Mr. St Germain?

Mr. ST GERMAIN. Thank you, Mr. Chairman.

I would like to make a general observation here. We are certainly happy to have the mayor of New York here, because of his experience both as a Member here and as mayor of this great city. And then we had Mayor Cavanagh, and Mayor Addonizio. And we are going to have Mayor Tate. This is all very well, Mr. Chairman. But we have perhaps 100 cities in this large category. And I think we are forgetting the little cities.

And this brings up another point. The little cities—the mayors of these little cities are not even aware, I am afraid, of this legislation. And they don't have anyone whom they can assign to study this type legislation.

Mr. BARRETT. I wonder if the gentleman will yield to me.

Mr. ST GERMAIN. Certainly.

Mr. BARRETT. The mayor of New York now is representing the U.S. Conference of Mayors.

Mr. ST GERMAIN. I read that, Mr. Chairman.

Mr. BARRETT. And they agree on the statement that you have given, Mr. Mayor, would you say that is correct?

Mr. LINDSAY. I understand that I am sort of representing them. There is not anything official about it. And any other mayor who is a member of that conference would have a right to disagree with anything that I say here.

Mr. BARRETT. But they would not disagree?

Mr. LINDSAY. I am sure that there might be some members at the conference who would disagree with what I say. But I was asked whether I would in my text be speaking for the conference also. And I said I didn't think that was my role really, but if the conference wanted to support what I stated, why that would be fine with me.

Mr. BARRETT. May I just ask the gentleman to yield a little further.

We will have a number of mayors from the small cities testifying also.

Mr. ST GERMAIN. I hope so, Mr. Chairman, because I think it is quite important in the testimony being given by the mayor of New York; I think we could say that 75 percent of testimony tells us about the city of New York, and rightfully so, because it is his city.

In answer to your question, Mr. Chairman, on the desirability of a Federal coordinator, I am afraid that I must say that the answer given by the mayor of New York I disagree with, and by the same token, subjectively I have to agree with him, because he has seated with him one of the very high powered and effective and efficient individuals in the field of community development whose experience is well known to a great many of us. The city of New York can afford to have this man sitting down with Mayor Lindsay at this table. But you take the city of "Squeedunk" with a population of fifty to seventy-five or a hundred thousand people, as I say, the poor man there has not even time to prepare a statement or read this legislation, nor any staff who are competent to read this legislation. So I think the mayor should give consideration, when answering a question as to the desirability of a Federal coordinator, to the fact that the smaller cities don't have——

Mr. LINDSAY. I will ask Mr. Logue to comment on that.

Mr. LOGUE. Congressman, I would begin by suggesting that New Haven is a rather small place.

Mr. ST GERMAIN. I have been to New Haven, too; it has the highway, and it has Yale University, and we are putting a great deal of money in its complex. It may be small, comparatively speaking, in comparison to New York. But they were able to afford you, and you paid your way.

Mr. LOGUE. I would like to suggest, Congressman, that you have a very energetic new mayor in Providence who is very concerned about this, and who has asked me and others for advice about how he might reorganize the city government more effectively to do this job. And I think he will make progress.

It does, however, if I may, lead me to call your attention to a sentence in Dr. Weaver's testimony Monday which would cause me great concern. It says on page 3:

> Let me emphasize that it will not be easy to qualify for this assistance.

And I agree with your concern wholeheartedly. I think it should be made easy to qualify for this assistance, and easy as possible. And if you are suggesting that one of the roles of the Federal coordinator in the smaller city is to provide this technique and know-how and experience, I would agree with that wholeheartedly. I think what Mayor Lindsay has been concerned about and what I have been concerned about in New York is the absolute enormity of the problem. I don't think that the disadvantaged in the south Bronx should be discriminated against in favor of the ones in Providence, or New Haven, or Boston.

Mr. ST GERMAIN. I agree with that.

Mr. LOGUE. I do think you should try to make this easy. And I am personally greatly concerned about the grant formula as one that invites complexity.

Mr. ST GERMAIN. I see that my time has expired. But I do hope that I might ask him some questions later.

Mr. BARRETT. We will try to come back for some short questions, and you will be entitled to some time.

Mr. Reuss?

Mr. REUSS. Mayor Lindsay, we are proud of the work that you are doing in New York.

I think you made a splendid statement.

In one particular matter on page 4, item 3, you talk about reducing administrative complexity, and suggest what seems to me a very constructive and simple alternative of giving localities the option of a 90-percent grant rather than adopting the rather complicated 80-percent of-what-is-left formula of the administration bill. I would like to ask unanimous consent, Mr. Chairman, that the staff present that proposal of Mayor Lindsay's to the Department of Housing and Urban Development and get their comments on it.

Mr. BARRETT. Without objection it is so ordered.

(The information referred to follows:)

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., March 21, 1966.

HON. WILLIAM A. BARRETT,
Chairman, Subcommittee on Housing,
Banking and Currency Committee,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BARRETT: I am pleased to have this opportunity to respond to the suggestions made to your subcommittee by Mayor Lindsay of New York for alternative methods of financing the demonstration cities program and of computing the amount of supplemental grants a city may receive under the demonstration cities legislation to help carry out its demonstration program.

The demonstration cities legislation contemplates that the major part of the total Federal contribution to all of the projects or activities undertaken as part of the demonstration program will come from the financial assistance available under existing Federal grant-in-aid programs. These existing Federal grant-in-aid programs—and funds now available for those programs—will be utilized, where feasible, in carrying out projects or activities which, though part of a comprehensive city demonstration program, are eligible for assistance under existing grant-in-aid programs.

The administration's proposal ties the amount of the supplemental grants available under the demonstration cities legislation to the aggregate amount of non-Federal contributions required to be made to all projects or activities assisted by Federal grant-in-aid programs undertaken in connection with the demonstration program.

The supplemental grants provided under the demonstration cities legislation will supplement the assistance available under these existing grant-in-aid programs to (1) assist cities to provide their required share of the cost of projects or activities which are part of the demonstration program and are funded under existing Federal grant-in-aid programs, and (2) provide funds to carry out other, nonfederally assisted projects or activities (including projects or activities of the type eligible for Federal assistance under existing Federal grant-in-aid programs) undertaken as part of the demonstration program.

Mayor Lindsay suggested, as an alternative to the administration's method of financing the demonstration programs, giving a demonstration city the option of waiving its right to participate in existing grant-in-aid programs, and having the grant fund authorized by the demonstration cities legislation cover 90 percent of the total cost of all the projects or activities carried out as part of the demonstration program. Mayor Lindsay's proposal is apparently based on one of two assumptions: (1) all the projects and activities which are part of a demonstration program can be funded out of the special—supplemental—grant funds authorized by the demonstration cities legislation; or (2) Congress should, with respect to the demonstration cities, establish a single fund—several times as

large as the amount earmarked for the supplementary funds in the demonstration cities bill—to finance all the activities carried out as part of the demonstration programs—this fund to be administered by a single department and not subject to all the limitations now required by law and regulations with respect to the use of existing grant-in-aid programs. Neither assumption is valid.

An effective national demonstration cities program requires participation by a large number of cities of different size, type, and geographic location. It is only by using a wide sampling of cities with different types of major urban problems that the demonstration cities program can produce results useful to all of the cities in the country. A national program with a sufficiently broad sampling of cities can be financed only by combining the assistance available under existing Federal programs with the special—supplemental—grants provided by the demonstration cities legislation.

If the total Federal share of all the activities carried out under the demonstration cities programs were financed solely from the special—supplemental—funds, earmarked for the demonstration cities proposal, the number of cities which could participate would have to be very drastically curtailed or the size and scope of the demonstration programs contemplated would have to be reduced to something far less than a total attack on major urban problems. Severely limiting the number of cities, or drastically reducing the scope of the demonstration program that the city undertakes, would seriously limit the value of the proposal as a national program.

Financing all the projects and activities carried out as part of the demonstration programs out of a vastly increased single fund provided for the purposes of the demonstration cities legislation also has very serious defects. It would make the Department of Housing and Urban Development responsible for funding and administering projects and activities that are now administered by other executive branch departments and agencies under existing grant-in-aid programs. This would be undesirable.

The fact that a particular project or activity eligible for assistance under an existing Federal grant-in-aid program is undertaken as part of a demonstration cities program should not cause a breach in the existing relationships between the people who will carry out the project or activity and those responsible for administering the existing grant-in-aid program. The experience in the various departments and agencies in assisting these projects and activties ought not to be disregarded, and their longstanding relationships with the normal sponsors of these projects and activities ought not to be disrupted.

There exists also in the legislative branch a close relationship between particular existing grant-in-aid programs and particular substantive and appropriation committees. These committees would rightly feel that their fiscal control and oversight of the particular Federal grant-in-aid programs for which they are responsible would be disrupted if, in demonstration cities, projects and activities usually approved by the executive branch agencies charged by law with administering these programs are approved by a different executive branch agency—and financed out of funds authorized and appropriated by different lgislative substantive and appropriation committees.

A key goal of the administration's demonstration cities proposal is to show the effectiveness of using existing grant-in-aid programs on a concentrated and coordinated basis in a total attack on major urban problems. The very considerable benefits that could be obtained from locally developed comprehensive programs utilizing existing Federal grant-in-aid programs in a concentrated and coordinated fashion would be lost if these existing programs were bypassed.

There is one additional advantage in tying the amount of the supplemental grant available under the demonstration cities legislation to the aggregate amount of non-Federal contributions required to be made to projects or activities assisted by Federal grant-in-aid programs undertaken in connection with the demonstration program. It serves to give the Congress assurance that there will be a desirable balance in each city demonstration program between the benefits of innovation made possible by the supplemental grants and the lessons of experience already gained from the operation of existing Federal grant-in-aid programs.

A variation of the alternative proposed by Mayor Lindsay would "require that a community seek all relevant grants that could be obtained quickly from Federal agencies and then seek 90-percent Federal assistance for carrying out the rest of the demonstration."

Under this proposal no additional assistance would be provided for projects and activties included as part of a demonstration program and financed under existing grant-in-aid programs. This formula would, therefore, tend to penalize cities which did utilize existing grant-in-aid programs and offer far less total Federal assistance for a demonstration program than does the administration's proposal.

The incentive would be very strong for cities to stress in their demonstration programs activities which are not assisted under existing Federal grant-in-aid programs; and the demonstration programs proposed would tend to lose the desirable balance between innovation and the benefits that can be derived from long experience with these existing programs.

In addition, of course, to the extent that this alternative results in increased use of supplemental grant funds to finance the total Federal contribution to projects and activities which are part of a demonstration program and could be assisted under existing grant-in-aid programs, it will tend to (1) limit the number of cities which can participate by draining off supplemental funds, and (2) lose the benefits that can be derived from a more concentrated, and coordinated, use of existing grant-in-aid programs.

For these reasons, we believe that the administration's formula for financing the demonstration program activities and computing the amount of supplemental grants a city may receive is better suited to carrying out the demonstration program than the alternatives suggested by Mayor Lindsay.

Sincerely yours,

ROBERT C. WEAVER, *Secretary.*

Mr. REUSS. I have just one other question, Mr. Mayor. While your statement this morning did not have to do with urban transport, I know you are intensely interested in that. And I would like to call your attention to an amendment proposed by Mr. Ashley, Mr. Moorhead, and myself and some others, which I will read, because it is very short, and I think self-explanatory. This would set up an expedited program for research and development of new systems of urban transport. Under it, the Secretary would be directed to:

* * * prepare and submit to the President and the Congress no later than January 1, 1967, a draft program for research, development, and demonstration of new systems of coordinated urban transportation that will carry people and goods within metropolitan areas speedily, safely, without polluting the air, and in a matter that will contribute to sound city planning. The program shall aim at breakthrough results within 5 years of its approval by the Congress; it shall concern itself with all aspects of new systems of urban transport, for metropolitan areas of various sizes, including technological, financial, economic, governmental, and social aspects; it shall provide national leadership to efforts of States, localities, private industry, universities, and foundations.

I think you are familiar with the general sense of it. And we welcome your views on that.

Mr. LINDSAY. Congressman Reuss, I know about your proposed amendment. I have had a chance to examine it in its general terms, and now to hear its specific language. And I would endorse it and support it wholeheartedly. I think it is a constructive step forward, and it would undoubtedly be of assistance to us in New York City and I am sure in every other city of the country.

Mr. REUSS. Thank you very much.

Mr. BARRETT. Mr. Reuss' time has expired.

The gentleman from New Jersey has a short question.

Mr. WIDNALL. Mr. Chairman, I would like to make a little statement first to you as the chairman of the committee.

In view of the magnitude of the problems in New York City, and the fact that they are probably greater than any city in the United States, I think this committee ought to go up—not have hearings in

New York, but take a look firsthand at some of the sections that have been pointed out to us on that map.

Mr. LINDSAY. That is a most welcome suggestion.

Mr. WIDNALL. To see exactly what the problems are.

Mr. LINDSAY. Congressman, that is a most welcome suggestion to me. You are all very welcome. I would be delighted if the Committee should come to New York City to be our guests. And we will be your guide and show you around.

Mr. WIDNALL. Thank you.

Just one more question. You said that you thought just in one section you could take $300 million for urban renewal and $300 million for social welfare. Three hundred million for urban renewal. What percentage of that would you use for residential and what for commercial development?

Mr. LINDSAY. I think it is impossible to break that down at this moment. I think it is safe to say that the majority of it would be residential. That is our most critical need.

Mr. WIDNALL. Would it be well over 50 percent?

Mr. LINDSAY. Yes.

Mr. WIDNALL. I still have that concern, that these areas are primarily residential today, with small stores. And I realize that you are going to have to have park space, open space in connection with redevelopment. And I would hope that the great emphasis would be on residential, redevelopment, particularly of housing for the poor.

Mr. LINDSAY. I think my answer would have to be "Yes," that that is the great emphasis. And when you say you would hope that the great emphasis would be residential, as far as New York is concerned, the answer is "Yes," it would be.

Mr. WIDNALL. Thank you.

Mr. BARRETT. Mr. St Germain has a short question.

And I would also advise that Mr. Ashley desires to rush back here after he answers his name to ask you some questions. I am sure Mr. St Germain will keep you entertained until that time. Mr. St Germain.

Mr. ST GERMAIN. Thank you, Mr. Chairman.

Perhaps this question would be better directed to Mr. Logue, whom I presume has been working on the programs for the city of New York.

In section 4, where the criteria are mentioned, the third part refers—I will quote it for you—"The program provides for educational and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities," et cetera. I want to ask you, how do you interpret this particular wording, "Widespread citizen participation in the program"?

Would you interpret it as some sections of the war on poverty are interpreted, where those people whom we seek to help are asked to be part of the administration of the program?

Mr. LOGUE. Congressman, most respectfully, we were engaged in planning with people in project areas long before the poverty program was made into law. In Wooster Square in New Haven, in the Dixwell area in New Haven, and the various neighborhood projects in Boston, we have always reached out and dealt with the communities and sought out their views, walked the streets of the neighborhood

with them, asked them for what they thought was strong and what they thought was weak, and what needed to be improved, and what needed to be destroyed, and what needed to be kept. And in this way we have developed what we consider a very effective device. It may be of some interest to you that in each of the project areas that I have responsibility for this mechanism has ben somewhat different, evolved in a different way. But the testimony that comes at our critical public hearings in these two cities has been the determinant. And I may say that I think in recent years there has been a beginning in this direction in the city of New York.

Mr. ST GERMAIN. You are talking about seeking their advice and counsel, et cetera?

Mr. LOGUE. We go beyond that.

Mr. ST GERMAIN. But as to your interpretation of this particular section in this act, do you feel that that would do it? Or does this require that the citizens from the area be made part of the administration of the program?

Mr. LOGUE. I think that is covered Mr. Congressman, in another phase in another way, where it suggests that improvement opportunities for residents of the area be maximized.

Mr. ST GERMAIN. It is right here, it follows, and I will agree with you there, Mr. Logue.

Mr. LOGUE. It directly follows.

Mr. ST GERMAIN. I do not think that this is the same thing.

Mr. LOGUE. It is not.

Mr. ST GERMAIN. This, I would say, has to do with the physical, building, let's say, construction. But I still have trouble as to the interpretation of the meaning that should be given to this "widespread citizens participation in the program."

Mr. LOGUE. I would say that that is missing a verb, it should be "widespread citizen participation in the preparation of the program." It is a matter of seeking advice, and I would say seeking consent. But in an informal way, I think that my personal opinion, for which I accept only personal responsibility, is that the OEO has overstructured this.

Mr. ST GERMAIN. In other words, this can present real difficulties, can it not, in that oftentimes you are looking for technical people, with technical qualifications, who are not available, it is unfortunate, but these are the facts of life, and yet the people from the area insist that they should be employed, or participate.

Mr. LOGUE. We have not had this difficulty. It has been recognized as the responsibility of the professional staff to choose the material, but it is the content of that material which is reviewed and discussed with the community.

Mr. BARRETT. The time of the gentleman has expired.

Mr. Mayor, we do not want to place an imposition on you. We realize that you are a very busy man. But Mr. Ashley wants to ask you some questions. And I was wondering if you could not make your staff convenient to him, to communicate with him and answer any questions which might be necessary to help formulate this bill?

Mr. LINDSAY. I should be delighted to do that, Mr. Chairman, either that or to return—I have an engagement with another committee today at 2 o'clock to testify, at least subject to the floor action, and

other witnesses. And so I would be pleased either to come back or meet informally or have the staff check with his staff.

Mr. BARRETT. I think that, rather than creating an imposition on you, your staff could answer these questions for Mr. Ashley.

Mr. St Germain, do you have a quick question?

Mr. ST GERMAIN. I do have some more questions, but I can—he can answer them in writing.

The sixth criterion, the relocation plan in section 9, I am wondering if you people are having any problem there, or can you foresee a problem in relocation, should you be working on, say, in two of the New York areas at the same time.

Mr. LINDSAY. It is an excellent question, and a proper one. We always have problems with relocation, and they are big ones. We are reorganizing and changing our approaches in this area as rapidly as we can. Relocation is part of the task force study that is going on at this point.

Mr. ST GERMAIN. I might ask you, perhaps you might offer the committee or submit to the committee a suggestion as to perhaps a rewording of this requirement that would make it more feasible for you to comply.

Mr. LINDSAY. Of course, this bill is a critically important one. In its provision on page 10 of the bill, which includes grants to cover the full cost of relocation payments, that makes this program a lot easier to move ahead. Central to any plan anywhere at any time is the problem of relocation and this particular provision in the bill, section 9(b), is critically important. I think it is one of the most significant parts of this piece of legislation myself.

On the other hand, in addition to the headache of cost, which we always have in the big city because of its congestion——

Mr. ST GERMAIN. That is, do you have the physical facilities?

Mr. LINDSAY. And our demonstration program plan will be submitted in detail as soon as this act is passed by the Congress and signed into law, as I hope it will be. And it will, of course, outline as closely as we must our plans for that particular demonstration area on relocation.

Mr. ST GERMAIN. Thank you.

Mr. BARRETT. Thank you, Mr. Mayor.

Thank you, Mr. Logue.

We certainly appreciate your coming today.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 12:50 p.m., the subcommittee adjourned, to reconvene at 10 a.m., Thursday, March 3, 1966.)

DEMONSTRATION CITIES AND URBAN DEVELOPMENT

THURSDAY, MARCH 3, 1966

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING OF THE
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 2128, Rayburn House Office Building, Hon. William A. Barrett (chairman of the subcommittee) presiding.

Present: Representatives Barrett, Mrs. Sullivan, Ashley, Moorhead, Stephens, St Germain, Gonzalez, Reuss, Widnall, and Fino.

Also present: Representatives Gettys and Mize of the full committee.

Mr. BARRETT. The committee will come to order.

This morning, we have as our first witness Mr. Boris Shishkin, representing the AFL-CIO.

STATEMENT OF BORIS SHISHKIN, SECRETARY, HOUSING COMMITTEE, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Mr. SHISHKIN. Mr. President, I appreciate the opportunity to be here before your committee and to testify on these bills which are before you now, which deal with what I call America's urban revival. We have been talking about renewal and redevelopment, but I think that what is involved here in response to President Johnson's proposals and other bills that the chairman of this committee has presented, taken together, represents the broad revival of our urban centers, both large and small. And I want to emphasize this today, because I think it goes all the way across the board.

Mr. BARRETT. Mr. Shishkin, the committee is glad to have you here this morning because your statement is always edifying and informative. And if you desire to complete your statement before we ask you any questions, you may do so. And at the end of your statement, we will use our regular procedure under the 5-minute rule, and each of the members will have an opportunity to ask you any questions.

You may proceed.

Mr. SHISHKIN. I thank you very much.

I have a statement here. I don't want to take the time of the committee to read the entire statement. I would like to have it inserted in the record as if presented, please.

Mr. BARRETT. That may be done, without objection, it is so ordered.

Mr. SHISHKIN. I will try to summarize the essential points in this presentation of mine.

Let me say at the outset that the enactment last August of the Housing and Urban Development Act of 1965 was a historic step toward translating into positive action the Nation's concern with the plight of our cities and with the plight of the people forced to live in city slums.

But this one step, important though it was, was not enough to enable us to come to grips with the enormous, urgent, and deep-seated problems confronting our Nation's cities and towns.

Much more remains to be done, and labor welcomes further initiative reflected in the new legislative proposals before you, to carry forward this vital task. I have some facts here to emphasize the point that our cities are really bursting at the seams, but the population is growing by leaps and bounds, and the impact of this population growth concentrated in the urban centers must be taken into account and provided for if any sound planning for future growth is to take place.

And I would like to stress especially that this problem is immediate and urgent, and the immediacy and urgency of this problem is underscored by the developments that are upon us now.

Modern America must assure the provision of modern living conditions for its people. The need is for better cities and towns, better neighborhoods, and above all, for more and better housing.

Housing construction has been out of step with the rest of the U.S. economy. The AFL–CIO has estimated that, in the face of the present backlog of past deficiencies and increasing current needs for adequate housing of a growing population, the volume of residential construction should be maintained at the minimum of 2½ million dwelling units a year over 10 years.

Yet, in the first 6 years of the present decade, the total of private and public housing starts (including farm) has been far below this minimum.

In 1965, these housing starts totaled only 1,542,400 units, and in January 1966, the seasonally adjusted annual rate of these starts was still at about that level.

The accompanying table I shows in perspective our performance as shown by housing starts since 1960.

TABLE I.—*Housing starts*

[In thousands of units]

Period	Total private and public	Total private (including farm)	Private nonfarm
1960	1,296.0	1,252.1	1,230.1
1961	1,365.0	1,313.0	1,284.8
1962	1,492.4	1,462.8	1,439.1
1963	1,640.9	1,609.2	1,581.7
1964	1,590.8	1,557.4	1,530.4
1965	1,542.4	1,504.7	1,482.4

Source: U.S. Department of Commerce.

This performance has been deficient. It has been far from dynamic. For 2 years in a row, residential building has failed to keep pace with our Nation's economic progress.

Added to the previous shortfalls in the volume of new housing built within the reach of moderate- and low-income families, this deficiency has resulted in a far-reaching imbalance in America's economic development.

Consider this performance against these basic facts of urban life confronting us today:

Our population is growing by about 2½ million or more per year. And each year, hundreds of thousands of people move off the farms and out of the rural areas, seeking homes and jobs in the cities.

From a largely rural country of fewer than 36 million people less than 100 years ago, America is now a nation of 194½ million. In the past 20 years since the end of World War II, the population grew by 55 million.

Approximately 70 percent of all Americans now live in 212 metropolitan areas that occupy less than 10 percent of the surface of the country. By 1985, only 20 years from now, the population is expected to reach 250 million, and about 80 percent will live in metropolitan areas.

The rapid growth of our increasingly urban population has been developing great pressures on available facilities. The cities have exploded into unplanned metropolitan areas with water shortages, air and water pollution, and inadequate mass transit, as well as shortages of schools, health-care facilities, recreational areas, and cultural facilities.

The central cities have increasingly become slum ghettos and decaying areas with concentrated populations of the poor, the elderly, and minority groups. At the same time, the spread of sprawling suburbs and highways is gobbling up millions of acres, with little, if any, planning for metropolitan areawide needs.

Close to 15 million dwelling units—most of them in urban areas—are still substandard. With an annual residential construction rate of only 1½ million units a year—including the annual construction of merely some 30,000 low-cost public housing units—it is clear that the Nation's housing needs are not being met. Moreover, the continuing rapid growth of our urban population in the next 20 years will require millions of new housing units, supplemented by improved and expanded community facilities and public services.

The immediacy and the urgency of this problem is underscored by the developments that are right upon us. In the fiscal year 1967, starting next July 1, according to a census estimate, basic population factors should increase the rate of household formation by 180,000. This increase alone calls for a corresponding increase in housing starts. A much greater step-up in starts is necessary not only to redress the accumulated deficits of previous years, but also to make possible the rehousing of families living in slums and substandard homes and those doubled up in overcrowded tenements. This relates to the fact that we have had a lag in housing construction, and this has persisted during the past 2 years. Even this last January the 1,700,000 rate is far below the minimum rate of 2½ million housing units a year that we should be building right now. That is the unit we should aim at. And we have a deficit of housing at the moment.

I would like now to turn to the major legislation before you, the Demonstration Cities Act of 1966.

It is against this background of hard, incontrovertible, facts that I am here to state that the AFL-CIO gives its stout support to the Demonstration Cities Act of 1966, proposed by President Johnson in his special message to Congress on January 26, and embodied in the two identical bills introduced on that same day, H.R. 12341, by the distinguished chairman of the Banking and Currency Committee, Mr. Patman, and H.R. 12342, by the distinguished chairman of its Subcommittee on Housing, Mr. Barrett.

We regard this legislative proposal as an important and auspicious step in the right direction.

At the same time, we believe that the specific recommendations proposed to carry out this program are unduly modest in magnitude. It is our view that their scope should be enlarged to make possible a truly effective onslaught on urban blight in cities and towns large and small.

This program is of strategic importance not only because it will help eradicate and help cure the festering sore spots in our cities and towns, not only because it would generate activity which would help redress a serious imbalance in the Nation's economic growth, but also, and most important of all, because it would represent a social investment assuring a large return to the whole community by rebuilding people's lives and regenerating their capacity to contribute to the common wealth.

The effectiveness of this approach is enhanced by the fact that it would bring together our resources for housing, urban renewal, employment, education, training, and social help, in one combined, concentrated attack on the most acute public needs of the community.

Slum clearance is indispensable in that it eliminates the breeding grounds for disease, crime, and deterioration of human values and human resources. But slum clearance by itself, is no guarantee against future slums.

Even new housing developments, well intended and well built, can deteriorate unless the people living in them have access to jobs, educational opportunities, medical care and hospitalization, recreational facilities, and social services.

To deal effectively with the problem of poverty, we must direct the most effective remedies against both its causes and its consequences.

Basic long-term economic programs, such as the establishment of realistic minimum wage standards, unemployment compensation standards, social security, medical care, equitable progressive tax policies, and the allocation of economic resources to employment-generating and socially useful, productive activity, provide the approach to the eradication of the causes of poverty.

On the other hand, the most immediate practical way for America to treat poverty is to make every attempt to eradicate it when and where it is found. We know that impoverished generations have, since the 1930's tended to produce subsequent impoverished generations. Therefore, as a practical matter, it is much more economical to make every effort to assist the impoverished family in the first place. Apart from all other considerations, it should be recognized that the cost of such assistance serves to offset the far greater costs to the community of relief and welfare loads to care for those of its disadvantaged citizens who are unable to help themselves.

One great merit of the proposed Demonstration Cities Act of 1966 is that this program is directed toward remedying both the causes and the consequences of poverty. For it will help direct the allocation of economic resources, both public and private, to a priority area of public need, helping in time, to eliminate the causes of poverty. At the same time, it is also designed to deal effectively with the consequences of poverty, by making slums and blighted areas its direct priority target.

The proposed Demonstration Cities Act of 1966 is soundly conceived and carefully drafted. We are strongly in accord with its objectives.

Let me comment on some of its specific provisions of particular concern to us.

One of these is section 9, dealing with relocation requirements and payments.

This provides for relocation payments by a comprehensive city demonstration agency to a displaced individual, family business concern, or nonprofit organization, in the amount and in the circumstances authorized by sections 114 (b), (c), (d), and (e) of the Housing Act of 1949.

We ask that the language of this section of the proposed 1966 act be amended to bring it up to date. Surely, the amount that may have been reasonable and adequate 17 years ago is far from sufficient to make a reasonable and adequate provision for this need in the coming year.

The very least that can be done—and that is not enough—is to relate the language of section 9 to section 114 of the Housing Act of 1949 as amended.

While the 1949 Housing Act recognized that the National Government considered relocation a public responsibility and an essential feature of slum clearance, important revisions in the relocation program have since been enacted into law.

The Housing Act of 1954 shifted the entire emphasis from individual redevelopment projects to a broader program of attacking the entire problem of urban decay. The 1954 act also gave the HHFA Administrator the nondelegable responsibility of approving a local public agency's relocation plan. In addition, the 1954 law authorized Federal Housing Administration loan insurance on liberal terms for low-cost private housing for displaced families in eligible localities.

In the Housing Act of 1956, Congress decided for the first time that people displaced by urban renewal could receive financial help as a matter of right rather than as a device for facilitating slum clearance. Local public agencies receiving Federal funds were authorized to make payments to all dislocated families, individuals, and businesses for "reasonable and necessary moving expenses and any actual direct losses of property" up to a specified maximum amount. The 1956 act provided for such relocation payments to be covered by 100 percent Federal grant.

The maximum limits of relocation payments were raised by the Housing Act of 1957, while the 1961 act removed completely the statutory ceiling on relocation payments to businesses, leaving them to the discretion of the HHFA Administrator.

The 1964 Housing Act also authorized, for the first time, additional relocation adjustment payments of up to $500 to families and elderly individuals, 62 years of age and over, who are eligible but unable to secure public housing. The 1964 law also included an important requirement that relocation regulations include provisions to assure that relocation payments are made as promptly as possible. And I think that the language in the bill before us should take account of those enactments and the language should be related to this legislation and brought up to date. That is the recommendation, Mr. Chairman, on this.

Related to the whole problem of relocation is the fundamental question of the avilability of housing to which people can relocate. Most displaced families will find it impossible to find decent housing within their financial reach in the existing housing supply in the community. It is therefore imperative that an adequate supply of suitable new housing which displaced families can afford be made available for occupancy by them before these families are compelled to move.

An important point in this connection is that the location of such housing to be provided for relocation need not be confined to the sections or neighborhoods of the city or town which are being rebuilt or restored in the course of the demonstration under this act.

It may be even wise not to confine the building of such housing for relocation purposes to the city or town itself. Finding land suitable for such building may present insurmountable difficulties. Yet suitable and desirable sites for such building may, in particular instances, be available just outside the community. It may well serve the purposes of this legislation, in particular situations, to permit construction of new housing suitable for such relocation in the areas surrounding the community involved in demonstrations.

To deal effectively with the complex and difficult problems of displacement and relocation, there must be a maximum of teamwork on the part of all agencies concerned, public as well as private.

A private agency with a notable record as a pathfinder in this vital area has been the United Housing Foundation, the New York cooperative housing development organization working with labor organizations there in this field.

The United Housing Foundation has not only devised model programs of relocation in connection with site clearance for cooperative housing sponsored by a number of our unions, but was able to enlist the necessary help from the State and city agencies concerned.

As a significant example of success with a difficult relocation problem, let me cite the effort guided by the United Housing Foundation in the congested Penn Station South area, the site of the outstanding ILGWU housing project in midtown Manhattan.

In this experience, each dwelling to which the families would relocate, found either by the sponsor or the tenant, was inspected and certified by the department of real estate as qualifying as a standard unit. The methods used by the department in inspecting apartments expedited the relocation process. The housing authority cooperation resulted in placing more than 100 families in public housing projects.

Responsive cooperation of a vast majority of site tenants resulted in the job being completed in a little more than a year's time. The fact that nearly two-thirds of the families were self-relocated is indicative of their cooperative participation in the program.

Before the relocation program got underway on July 1, 1959, there were 2,646 families and more than 900 single transients living in rooming houses on the site. Almost two-thirds of the families, or 1,686, found their own new dwellings. Each such unit, when located in New York City, was inspected by the department of real estate. Families which rehoused themselves were paid bonus allowances based on the number of rooms in their old residences. These bonuses included moving expenses.

Of the remainder, 595 families, or 22.4 percent were sponsor relocated; that is, they were rehoused in dwellings found for them by the sponsor and inspected by the department of real estate. Many of these units were found through real estate brokers who were paid finders' fees. The fees were $150 for apartments of up to three rooms and $250 for four rooms or more. These fees included redecorating costs. If the landlord did not assume responsibility for redecorating, the sponsor had the work done. Each family moved into an apartment which was freshly painted.

There were 106 families on the site, or 4 percent, who were rehoused in public housing projects. Their moving expenses were also paid. Relocation cost per family averaged $280 at that time. I am detailing this experience, Mr. Chairman, for the committee to know that this job is going along a trail that has already been blazed, and that there has been accumulated experience, and I hope it is the intention of Congress to use all the agencies that have had experience and can help. Because relocation is the whole problem in this whole approach. This is the problem of our own American DP's—the displaced families who happened to be by accident in the path of this progress we are trying to accomplish.

The proposed Demonstration Cities Act of 1966 is a sound, forward-looking, and exciting program responsive to President Johnson's challenging proposal for the social and physical restoration of American cities. As the President has said, the enactment of this program into law could transform the cities of the present into "the masterpieces of our civilization."

The achievement of this objective through the enactment of the proposed Demonstration Cities Act of 1966 has the solid support of labor in America.

We regard the execution of this program as an urgent task, of high priority. To the end that its realization may be expedited, we ask that all renewal title I funds be made available immediately under this act.

At the same time, let me again emphasize our view that the specific recommendations proposed to carry out this program are unduly modest in magnitude. Their scope should be enlarged.

If "massive additions to the supply of low- and moderate-cost housing," proposed by the President, are to be realized, additional legislation is needed.

We ask particularly that provision be made to step up construction of low-rent public housing to a yearly rate of at least 125,000 dwelling units a year. We also urge that adequate funds be made promptly available to implement the rent supplement program for disadvantaged people, enacted by the Housing and Urban Development Act of 1965.

60-878—66—pt. 1——17

I realize, Mr. Chairman, that the appropriations are not in your hands. You did provide this authorization, and we are grateful for it, but we want to do a little following up on that to see that it is implemented; it is urgent and it has been delayed.

Let me turn to the problem of new communities. As I have already pointed out, it is imperative that a sufficient additional housing supply be provided to meet the needs of our growing population and to provide good homes for those who would be displaced in the course of carrying out the demonstration cities program as well as other urban renewal and governmental programs, and who cannot be adequately housed within these cities and towns.

To produce this additional supply of housing, particularly for moderate-income and low-income families, it is necessary to utilize large areas of vacant and undeveloped land which can be acquired at reasonable prices. This includes housing in the undeveloped areas around cities and housing in new communities which would be developed and located far enough from existing cities to become largely independent and self-sufficient communities.

Such new communities should be planned, developed, and operated to accommodate a cross section of families, both in terms of their income and their racial composition.

So conceived, new communities would not siphon out of the cities just the higher income families, as the suburbs now do, leaving behind the increasing proportions of low-income people in the central city. Instead, new communities would provide a balanced outlet for the massive growth of our urban population. They would afford a means for an orderly dispersal of population to relieve the congestion of existing cities.

The instrument appropriate to undertake necessary land acquisition and carry out their development would be a public authority. It should be empowered to carry out the development either directly or through long-term leasing of its land to private enterprise or to other appropriate public agencies. Vesting the responsibility in a separate public corporate authority for land acquisition and disposition is an important safeguard against land speculation and profiteering. As far as land acquisition, Mr. Chairman, is concerned, I think that some thought and exploration should be given to the possibility of adding to our highway construction program a provision that would enable those who are planning and developing new highways to go beyond the right-of-way limit and, in connection with that acquisition, to acquire the land adjacent to these highways and work with the local public agencies in connection with that land acquisition to provide new opportunities in the strategic areas and at points where the public transit authorities can best use it.

We recommend the enactment of such a new communities program containing these safeguards and prescribing other necessary and appropriate standards, as title II of the proposed Urban Development Act, and also its inclusion, either substantively or by reference, in the proposed demonstration cities program. This enactment should include authorization of the necessary Federal grants for planning and preliminary work and Federal long-term loans at low interest rates for land acquisition and improvement.

Let me turn to the problem of urban mass transportation. The AFL–CIO strongly supported the enactment of the Urban Mass

Transportation Act of 1964 and supports with equal vigor title III of the proposed Urban Development Act of 1966.

We regard the proposed $150 million level to carry forward this program in fiscal 1968 as the absolute minimum, just barely meeting the pressing and mounting need for mass transit facilities of our urban communities. The proposed additional authorization of $95 million is just enough to carry forward the program at that level.

But it is not enough to help plan and develop mass transportation such as bus services needed by many smaller communities. Consideration should be given to an increase in this additional authorization, sufficient to meet this very real need. And let me also say in connection with the mass transit title that in extending and enlarging it, there is no substantial change in its provision. The provisions in the present statute safeguarding labor standards in this connection must be retained and carried forward and effectively applied.

Enactment of the proposed Urban Development Act will make an important contribution toward sound planning of orderly and balanced metropolitan development. But its adoption should be reinforced by full and candid recognition of the fact that plans are useless unless they are backed by resources making it possible to carry them out.

The plain truth is that not enough resources are available now to meet the known requirements and to carry out the already completed urban renewal programs of communities eligible for Federal aid.

The policy resolution on urban America, unanimously adopted by the Sixth Constitutional Convention of the AFL–CIO, held last December, succinctly states our views and recommendations in this regard:

> In reaffirming support for the urban renewal program, we note that the authorization of the 1965 act for this effort was inadequate to meet the needs of communities seeking to clear their slums and rejuvenate their blighted and deteriorating areas. We, therefore, ask that the capital grant authorizations be increased by $1 billion per year for a 3-year period. This increase is essential for urban renewal to bring new life to the decaying central cities and towns, in accordance with their requirements. We also ask for an amendment which would increase the Federal grant from two-thirds to three-quarters of the net project cost.

This is our recommendation that I submit for the consideration of the committee.

GROUP PRACTICE FACILITIES

We support the group practice facilities bill providing for FHA mortgage insurance and for loans to assist in the construction of group practice facilities for medical or dental care. We believe that the adoption of this measure will help relieve the shortage of these much needed facilities. Loans maturing in 25 years, up to 90 percent of estimated value of such facilities, at the maximum title X interest rate, plus title X premium charge, would constitute a safe, sound, and socially useful public investment.

It is widely recognized that the greatest deficiency in this country's health services system lies in the way that medical services are organized and delivered. As the President's Commission on Health Needs of the Nation said in its landmark report more than a decade ago:

> The genius for organization, so characteristic of American life in general, is conspicuous in health service in its absence.

Better organization is the key to making the benefits of medical research and modern medical care more readily accessible to all.

Among the most promising developments in the improved organization of medical care is the group practice of medicine. Group practice, to quote the President's Commission once more—

*** * * not only can be an efficient, economical method of organizing health service but also may provide an invaluable setting for continued improvement of the quality of care * * *.**

From the patient's point of view, group practice is a great boon. The family can obtain the entire spectrum of health services in one place. Continuity and quality of care are maximized—along with economy. The patient is cared for by doctors working in cooperation with each other to maintain his health, rather than in competition for his fee.

The encouragement of group practice provided by this bill would, therefore, be most beneficial.

Now I turn to technical amendments and other recommendations.

While the primary purpose of the "technical amendments" bill, the Housing and Urban Development Amendments of 1966, is to reconcile and coordinate the provisions of the several measures, newly proposed in this session, with each other and with the existing law, some of the provisions of this bill, are, in fact, substantive and of public concern.

One of these amendments would change the provisions of the present law with respect to title I home improvement loans to let the borrower pay the one-half of 1-percent premium on such loans.

In January 1966, title I loans were running substantially below the level of the corresponding month in 1965, continuing the downward trend of the past 8 years. Evidently the intent here is to sweeten up the yield on these loans at the expense of the borrower, as an inducement to the bankers to make title I loans to homeowners in need of repairs on their homes, instead of charging even higher rates on their "own" loans for this purpose.

This change recognizes, in effect, the tendency on the part of the bankers to put interest ahead of principle—and I am spelling it p-l-e. But, in our view, the remedy lies in more and better information being made available to the public about the advantages of title I home improvement loans, their availability, and the responsibility of the bankers to do their part in serving the public interest. Soaking the consumer may be the easy, but not the right answer to this bit of blackmail against the less well-to-do people on the part of the lenders. As a matter of fact, I have had an opportunity to check the record on this in six cities, which may not be representative, but are at least an indication. And the banks, at least in connection with checking accounts including the so-called special accounts for small accounts, have the custom of sending out enclosures as to the availability of their lending services. And those mentioned include not only Christmas savings clubs and automobile loans, but the title I home improvement loans. So I am not quite sure whether this gimmick that has been used here in order to get the higher yield is actually based on fact. I think it was just a story that was told to everybody, including the Secretary, about the way they do things when actually they are trying to get a higher yield. And if you compare, of course, the yield on it, say, with auto loans, the title I yield already is higher. So I do not think

there is any excuse for giving in on that and raising the interest rate on that again.

We support the proposed increase in the mortgage maximum on 221(d)(3) sales of homes for moderate income and displaced families from $11,000 to $12,500 on single family homes and from $18,000 to $20,000 on two-family dwellings. An increase in mortgage limits was authorized by the Housing and Urban Development Act of 1965 for the comparable section 203(i) program for low-income families in outlying areas and small communities. This change is also needed in the section 221(d)(3) program for increased mortgage limits to meet increased construction costs.

We also favor the amendment authorizing the transfer of all outstanding insurance on management type cooperative housing projects to the management fund.

The perfecting amendment with respect to land development serves to clarify the nature of improvements permitted under title X of the National Housing Act, and, likewise, has our support.

Our support is also given to the amendment permitting local housing authorities to lease housing for longer than the present 3-year limit. This change makes such leasing more serviceable in the relocation of displaced families and thus answers a real need. We also favor the extension of such leasing to housing to be constructed, as well as that already existing.

We believe that the proposals relating to new techniques, methods, and materials in housing construction, rehabilitation, and urban development should be confined to research and study. Any authority to the Secretary to intervene in the competitive workings of a free market with his encouragement of, and assistance to, specific new materials or techniques, should be deferred until the results of such research and study are made available and subjected to public review.

We recommend that additional provision be made to permit the inclusion of nursing facilities in section 231 elderly housing projects. These provisions regarding nursing facilities are extremely important, and we hope they do not get overlooked.

We also ask an amendment clarifying the program of buying homes of employees affected by the closing of Defense Department and other Federal installations. Homeowners of houses in the vicinity of such installations, forced to relocate because of the closing of such installations in which they are employed find themselves in great distress because there is no market, subsequent to the closing, for the homes they have been buying with their hard-earned wages. Mr. Chairman, there is a real problem in this, if you have an installation that has been cut down or eliminated completely, particularly those that have been closed, and there is an employee who has been getting his earnings from employment in that installation who has been buying a house in that area. Sometimes it is an out-of-the-way area in the middle of nowhere. If there is nothing but that installation as a source of activity and employment, and this is suddenly closed, this is a real problem. I would like to have an opportunity to submit subsequently as a supplement to my statement an example of this. And I want to point out that this example is not the only situation; there are others, but it is a good example of what kind of problem you are facing.

Mr. BARRETT. You may without objection.

Mr. SHISHKIN. Thank you.
(The material referred to follows:)

SUPPLEMENTARY STATEMENT BY BORIS SHISHKIN, SECRETARY, HOUSING COMMITTEE, AFL–CIO

In my testimony before the subcommittee on March 3, 1966, I made the following recommendation:

"We also ask an amendment clarifying the program of buying homes of employees affected by the closing of Defense Department and other Federal installations. Homeowners of houses in the vicinity of such installations, forced to relocate because of the closing of such installations in which they are employed, find themselves in great distress because there is no market, subsequent to the closing, for the homes they have been buying with their hard-earned wages."

In support of this recommendation, I cite just one specific example of the many situations of distress to which Federal employees and their families have been subjected in connection with the closing of Defense Department and other Federal installations, forcing them to move to another location, and to abandon their homes at the location of such installations.

The following is an excerpt from a letter addressed to George Meany, president of the AFL–CIO, by C. E. Berger, president of the Utah State AFL–CIO:

"A great number of people working at Hill Field Airbase have contacted our office in regards to being transferred to Hill Field, Utah, after other military installations were closed down.

"These people find they are now in a position of not being able to rent or sell their homes at the locations they moved from and a good many find they must maintain two homes. As you know, when bases are shut down, no one wants to buy or rent this property; and, if they do so, it is at a tremendous financial loss or the rent is very inadequate. Also, no building can stand vacant without vandalism destroying it.

"Many of these people likely would not have made the transfer had they thought there would be no relief forthcoming. Many have had to continue payments on vacant homes, in addition to taxes, insurance and other incidental expenses. When one has life's savings tied up in a home, it is very disheartening to be faced with this type of predicament.

"A good many felt the phasing-out of these military installations would be over a period of 3 to 4 years, providing for a gradual transition, but it seems the transition has been very rapid and has created hardships on most all people involved who were required to move to hold their jobs at a much lesser pay.

"There must be some way to help these people with their housing problem. I hope you can supply some answers to this problem which will make these people happy to be in Utah and satisfied, contented employees at the airebase."

In view of the extremely serious character of this problem, its effect on the welfare of Federal employees and their families, and the adverse effect of this problem on the morale of this key personnel in our defense effort, I hope the subcommittee will amend the proposed bill entitled "Housing and Urban Development Amendments of 1966," to provide the necessary relief through orderly and expeditious acquisition by the Federal Government, of such homes, as part of the cost of the closing of such Federal installations.

Mr. SHISHKIN. And let me state again that, to protect labor standards, the AFL–CIO urges that prevailing wage and other labor standards should be maintained for all employees engaged in construction in any program involving Federal financial assistance or mortgage insurance. And that, of course, would apply to leasing as well in which there is Federal money, as other types of financial assistance.

Let me say in conclusion that there is a pressing need for prompt enactment into law of the legislation now before you. The need to make our cities and towns habitable is extremely urgent.

As Walter Lippmann has said:

This work is not postponable as mere "butter" which we can do without while we make the "guns." There are, as New York and Los Angeles have learned, explosive urban problems underneath our glittering affluence.

As reported by the Wall Street Journal for January 5, 1966, a recent survey showed that there are at least 21 cities in which resentment is rising against inadequate housing, overcrowding, and insufferable living conditions.

The legislation before you is not only remedial but also preventive. Let Congress act now to remedy these underlying conditions and at the same time prevent the costly explosive disruptions of community life in America's cities and towns.

I thank you.

I have a statement adopted by the executive council of the AFL–CIO on February 28 at their last meeting just concluded. And I would like to have an opportunity to insert that at the conclusion of my testimony.

Mr. BARRETT. Without objection, it may be done.

Mr. SHISHKIN. Thank you, Mr. Chairman. You are very generous.

There is a statement inserted in the record that is based on the figures supplied by the Department of Commerce, Government figures on housing starts showing total private and public, including farm and private nonfarm, housing from 1960 to 1965.

Mr. BARRETT. The statement has been inserted in the record.

Mr. SHISHKIN. Thank you very much. I will be glad to answer any questions.

Mr. BARRETT. As I said before, Mr. Shishkin, it is always a pleasure to welcome an—we hate to use the word "old" friend, we mean old in friendship, but young in your makeup.

Mr. SHISHKIN. Let me say, though, that I am not so touchy about it because I actually can tell you that the first chairman before whom I testified in this committee was Henry B. Steagall. And you can figure that out.

Mr. BARRETT. Of course, we always consider you one who gives the subcommittee experienced testimony with the weight of a great organization which represents millions and millions of working American men and women behind it.

Mr. Shishkin, so far in our hearings there is one aspect of the demonstration cities bill which has not been touched upon. And I think it is very important. As I understand it, as to these large city areas which are to be built and rehabilitated, the plan indicates that much of the labor would be performed by people living in the area. And as we know, in an area of this kind there are large pockets of unemployment. In other words, one big benefit from the bill would be to bring work to the unemployed in these areas.

Do you agree with this, Mr. Shishkin?

Mr. SHISHKIN. Yes, I do. And let me say, Mr. Chairman, that in that connection in the present implementation of the economic opportunity program, the so-called poverty program, labor is one of the most active participants. President C. J. Haggerty of the building and construction trades department is working with them and serving on their committee to deal with that particular program of utilizing and training the young people in the community for job opportunities and giving them, providing them with employment. So it is working out very well with our close cooperation both nationally and locally.

Mr. BARRETT. Do you think this would be a great stimulation to those pockets of unemployment throughout the various cities that will participate in the city demonstration program?

Mr. SHISHKIN. I agree.

Mr. BARRETT. Thank you.

Mr. Fino?

Mr. FINO. Thank you, Mr. Chairman and Mr. Shishkin.

It is always a pleasure to have you before this committee. We enjoy your intelligent and forthright statement. And we always feel that we get somewhat of an education when you are here before this committee.

Just a quick question. Do you know—if you don't well maybe you can furnish us the information—do you know how many units of public housing have been placed under management since the passage of the 1965 Housing Act?

Mr. SHISHKIN. I only have the figure for 1965 as a whole, the annual figure. And that is pretty close to about 30,000 units completely built and placed under management.

Mr. FINO. What was it in 1965?

Mr. SHISHKIN. 30,000 units in 1965.

Mr. FINO. You state on page 3 of your testimony that "specific recommendations proposed to carry out this program are unduly modest in magnitude." Now, what is your recommendation as to the amount of appropriations needed, bearing in mind that Mayor Addonizio of Newark in his testimony here on Tuesday, suggested $200,000 for the city of Newark. And Mayor Cavanagh who testified here yesterday suggested $2.5 billion for the city of Detroit. And Mayor Lindsay, who also testified here yesterday, felt that the city of New York would require at least $2 million, for a total of over $4.7 billion for these three cities alone, as against the $2.3 billion that has been recommended or suggested by Secretary Weaver.

Now, how do you feel about this?

Mr. SHISHKIN. Well, I am not in a position to really answer that question specifically, because it requires a great deal of very close study, arithmetic, and also policy determination as to the standards of eligibility and priorities to be given to the areas. And I think that priorities of urgency are especially important in this consideration. But I think that the general area of this is indicated by the testimony of Mayors Cavanagh and Lindsay and other who testified that they need it in their particular communities. I know considerably more is required than is indicated in this bill. I cannot give a recommendation of that, but I will advise further study of that with regard to the requirements of an adequate effectuation of this program.

Mr. FINO. It is quite obvious at this point, after listening to only three mayors, that the amount of money that is suggested is just an infinitesimal part of what is required to do this job, because we have maybe 60 or 70 cities that are in desperate need of a crash program of this sort. We have not come to the city of Philadelphia yet. And Mayor Tate, who is scheduled to testify on Monday, will probably say that he needs $3 billion to do a right job in the city of Philadelphia. So it looks like the amount of money that has been suggested, this $2.3 billion, is just a drop in the bucket in this program that we are contemplating.

Mr. SHISHKIN. Well, Mr. Fino, I have asserted that this is not enough, and much more is needed. But let me emphasize the fact that the President's message emphasizes that this is a demonstration pro-

gram. This is the first test. And this is really a testing ground to see how much of the community is willing to allocate in the way of funds, resources, people, and institutions in its own community to contribute to this program. And I think if the maximum contribution is made by the community itself in response to the initial demonstration, that we will find that the first step may be the hardest. And it needs to be larger than it is now indicated. But I don't think it is going to be out of the reach of the feasible. And I think that the beginning of this will be a very important and vital testing ground of the need of the cities, of towns, and of the Nation to see how much needs to be done.

Mr. FINO. In section 105 of H.R. 13064, there is a provision having to do with the use of newly constructed private housing for use in the public housing program. Dr. Weaver in his testimony before the subcommittee on Monday stated in discussing housing that is constructed by private enterprise independently that this results in costs substantially higher—lower than can be achieved when the authorities plan and construct the housing themselves. I have heard that in some cases this amounts to as much as $3,000 per unit. Do you know of anything that can account for this large difference in cost? Do you think that these costs could be ascribed to excessive administrative charges?

Mr. SHISHKIN. No. I think that the difference really lies in the fact that you are utilizing the existing facility instead of providing a new one. And I think that in that connection the important thing to bear in mind is when we deal here with a problem of such tremendous magnitude as the housing need, that utilization of existing housing, the rehab on which so much emphasis has been placed recently, and on which so much emphasis is being placed now, does not provide an additional supply of housing. And therefore, the great need is to supply that additional supply, instead of making do with what we have and making it a little better.

And also in connection with rehab, some of these costs are not fully reflected. And I think that another look should be taken at the kind of a thing that the city has to deal with when they are doing their rehabilitation.

First, there is going to be a general survey of what is available, how good is it, and is it suitable for rehabilitation.

Second, there is going to be another test, the engineering survey.

Mr. BARRETT. Will the gentleman yield.

I am wondering if we could possibly construe the question put by Mr. Fino. I think he was talking about the cost of new housing, not the reconstruction and rehabilitation.

Am I not right, Mr. Fino?

Mr. FINO. That is right. Having to do with the use of new construction.

Mr. SHISHKIN. Let me just finish this point——

Mr. BARRETT. I wanted to make sure that you are clear.

Mr. SHISHKIN. You have the engineering survey which goes into the structural soundness of the building, and that costs money too which is not reflected in this.

If you are dealing only with the housing newly constructed which is built by private funds, I think that if you separate that out com-

pletely the difference will greatly diminish. And if there is a difference of that sort, it may be ascribed to a number of differences in the problem, including the location, land acquisition related to it, and other factors that I think can be generally, no doubt, ascertained if a careful sifting of the facts is done on this comparison.

Mr. FINO. Mr. Shishkin, do you think that there is a possibility that the failure to abide by the Davis-Bacon provisions would be responsible for this difference in privately constructed housing and administratively constructed public housing? Isn't there this possibility that that might be the reason for the difference?

Mr. SHISHKIN. I do not think that the cost of the actual on-site labor here is large enough to account for any substantial difference in this. I think that the costs involved, particularly the cost of land and materials and other elements that go into this, the total costs are so large that I do not think that this element would be substantial.

Mr. BARRETT. The time of the gentleman has expired.

Mrs. Sullivan.

Mrs. SULLIVAN. I am going to pass, Mr. Chairman.

I am sorry that I was delayed in my office and missed much of your testimony, Mr. Shishkin. We have problems back in my district, and I had to handle them over the long distance telephone. But I will read your testimony carefully.

Mr. SHISHKIN. Thank you, Mrs. Sullivan.

Mr. BARRETT. Mr. Moorhead?

Mr. MOORHEAD. Thank you, Mr. Chairman.

Mr. Shishkin, I enjoyed your testimony very much, particularly your story about the ILGWU housing project in New York City. I think if we could handle all relocations the way they did that one we would not have the trouble we have had in different parts of the country in relocation.

The next thing I would like to discuss with you, Mr. Shishkin, is this new community proposal, particularly your suggestion, as I get it, on page 8, that the new communities could be used for major relocation work in connection with a demonstration downtown city project. Do you think that if we are going to do a fairly big job of relocation in a city that a substantial part of that could be handled in a new community situation which is private enterprise where they have to have to make a profit, do you think it can work that way? Because I believe that maybe the mayors of the cities that are not very much in favor of this might be persuaded to support it if we can prove this to them.

Mr. SHISHKIN. I think they should. And I think the experience in the new towns that have been initiated nearby, here and in California, by private interests for profit have demonstrated that there is not only feasibility, but also a need. Because here you have a new community springing up with some industrial facilities in it, and middle-income, high middle-income and high-income housing in that community, and yet if there are any of the service people in the low-income bracket that are working in that community, there is no housing for them, even domestic servants have to commute back and forth from the nearby cities, at great expense and a burden on them, and so their availability just isn't there.

So in order to provide a proper mix in the new town I think there ought to be housing provided at all levels of income distribution, and it has got to be a good mix. That will make for a sound community and also provide an outlet for the pressures in the downtown city with its disproportionate growth in low-income population which is not contributing its full share of the taxload. And therefore, I think the mayors should support this proposal very strongly and much more strongly than they do now.

Mr. MOORHEAD. Mr. Shishkin, I will read to you the portion of the bill which attempts to do just what you are saying and ask you if you think the language is strong enough, or should we make it stronger. On page 13 it says:

> Such plan shall wherever feasible in the light of current conditions encourage the provision of sites providing a proper balance of types of housing to serve families having a broad range of incomes.

Do you think that language is strong enough?

Mr. SHISHKIN. Well, I know that you have—I think Mr. Reuss proposed some language that would strengthen this. And I think it would probably be good. And I think basically it is sound. But I think it might be strengthened in accordance with your recommendations.

Mr. MOORHEAD. Thank you, Mr. Chairman, Mr. Shishkin.

Mr. BARRETT. Mr. Stephens?

Mr. STEPHENS. Mr. Shishkin, how do the provisions for the demonstration cities differ from what we have had in the past called urban renewal? Is there any real difference between the demonstration cities' objectives and urban renewal?

Mr. SHISHKIN. Well, the objective is very closely related. But I think this provides clearly for the kind of acquisition of land that would make it possible for a development of an entirely independent new community in which you would provide housing accommodations as well as a basis for industrial growth in the new community and in the new town that is built in an area that would make it possible for people to live, work, and serve in that community and yet be within reach of a nearby metropolitan area.

Mr. STEPHENS. In other words, you feel like the demonstration city covers a much wider area of urban development than urban renewal would?

Mr. SHISHKIN. Well, the demonstration city proposal deals with a neighborhood or a section, segment of a city, rather than an entire city. And when it is applied to that area, you have a problem of dislocation. When there is slum clearance, people have to be moved out. In the new commuities, in addition to the suburbs or any land that may be available in the city itself, it would provide a way to build houses to allocate those people. And that is what I have been addressing myself to. And I think that is the very crucial problem in this whole approach. You can't just shuffle people out of the slums and leave them on their own; they have no place to go; there is no way for them to get housing. You have got to provide housing for them beforehand.

Mr. STEPHENS. Isn't that done now under urban renewal?

Mr. SHISHKIN. Well, there is some provision for relocation. But the real problem is that if you do it in the location that you redevelop,

or in the city, there just isn't land available within the city to build that additional housing and to relocate. That has been the problem that everybody has been up against. Ask any of the local housing authorities.

Mr. STEPHENS. You believe, then, that a proposal for the demonstration cities would be more adequate and take better care of the housing problem of removed people than is done under the present urban renewal program?

Mr. SHISHKIN. Well, I think that the two are very closely related. And as a matter of fact, my recommendation here was to relate those two titles substantively in the language of those two bills. I think they ought to be tied together here. And that is my recommendation. In other words, the relocation section of the Urban Renewal Act of 1966 which is proposed here should be either substantively or by reference included elsewhere in the city demonstration program so that the provision made for displaced families in the urban demonstration act be brought up to date, and adequately provided for in both programs.

Mr. STEPHENS. Isn't the proposal of a Demonstration Cities Act an acknowledgment by us that we have not had adequate planning in urban renewal if we make a difference between demonstration cities and urban renewal? Isn't that an acknowledgment that we have not properly planned our urban renewal program in many of the places?

Mr. SHISHKIN. Well, I think that the planning has been there. And I think that the provision for planning has not been sufficient, when it comes to the funding of these programs they have always been less than has been asked or recommended. And I think in that sense that there has not been adequate provision for planning. Every year, I come here and talk about the need for research, for example. And yet prior to the establishment of the new program the Housing and Home Finance Agency has not got any money for planning. And there is a need for that. And those things ought to be provided in the future. And that is what I am looking to, the proper planning and renewal program as well as the planning for the people that are going to be affected by slum clearance.

Mr. STEPHENS. Would you say that under the demonstration cities proposal there would be a better way of planning to take care of people who have been required to move out of these areas that have been renewed that would be better than what we have done under the existing program?

Mr. SHISHKIN. That is right. And therefore I think we ought to enlist the resources of the community to a much greater extent than we have before in assuring this relocation and freedom of movement on the part of the people that want suitable housing.

I have testified before this committee in past years about the special problem that is presented in this respect by the elderly. And if you take old people, they are very fussy about where they are being taken and how they are being moved and what kind of accommodations they get. But apart from that, they have real special needs. And just to have them locate anywhere is not good enough; it is not humane. And therefore proper provision needs to be made for them to have some freedom of choice, and at the same time to enable them

to find suitable, decent quarters elsewhere that they otherwise would not be able to find, and as I pointed out before—and I believe ours was one of the earliest recommendations for rent supplementation in the case of the elderly, to provide for rent supplements after the relocation for a period of time, if they are eligible, in connection with finding decent quarters for them after they have been moved out of the area in which they live. But these situations involve human tragedies, it is uprooting, and it is delocation. And there is a public responsibility in that area that we need to recognize.

Mr. BARRETT. Mr. St Germain?

Mr. ST GERMAIN. Mr. Shishkin, you have me confused. A demonstration city, under the Demonstration Cities Act, should stay within a city. And you are talking about a new city—I agree with you, relocation is one of the biggest problems we are going to face in section 9. And I also agree with you that relocation payments should be brought up to date, updated. However, I think the problem still remains as to where are we going to put the people. And I cannot buy your suggestion that you put them without the city, because the whole purpose, the whole theory behind this is to renew a city and the people and to improve the social, economic conditions of the citizens within the community.

Now, let's forget New York or Philadelphia, or Detroit or Newark, where you are going to a portion of a city. But let's remember, we have had 100 large cities and we have thousands of smaller cities, and we have to think about them.

Now, what do you do in these smaller communities, Mr. Shishkin, if you are going to have a demonstration city plan within that particular community? How, then, do you reconcile your suggestion that you take these people of varying incomes and put them outside the city limits? Will the city fathers go for that, and the citizens of the city itself, the fact that they are going to be pushed out of town?

Mr. SHISHKIN. Well, Mr. St Germain, let me say that you may forget New York and Philadelphia but I am sure you are not forgetting Providence.

But I think that what I am saying here is a matter of simple arithmetic. If you look at the slum area that is being subject to the demonstration cities program, you are dealing with substantial quantities of housing in which people are now doubled up, in which there are two or three families and sometimes four families——

Mr. ST GERMAIN. I do not disagree with you. But answer this question for me. Do you feel that these people will buy the concept—perhaps this is the solution—but do you really feel that they will buy the concept of being told, you are going to go outside the town, you are going to go outside the community?

Mr. SHISHKIN. If proper and decent housing is provided for them in the suburbs and the new town or outside the community, I think they will certainly go for it. And I think for a great many of them it will be a real escape from very, very unhappy existence.

But as far as the asseptance by the city of it is concerned I think the pressures within the city and the burdens on its relief rolls, lack of tax contribution, and so forth, are so great that the city ought to support that.

Mr. ST GERMAIN. How about the area you are going to put them into? Then the implication is that the relief rolls of the adjoining communities would then have to take over.

Mr. SHISHKIN. No. I think that what is proposed here is a total program in which you do have in one package not only the rehousing but also the welfare service, the training, and all the elements that are needed to put these people on their feet to enable them to help themselves; to do a total job of that kind would not require further relief rolls. The objective here is to reduce the relief rolls and eventually eliminate the problem.

Mr. ST GERMAIN. Mr. Shishkin, what would you think of this committee giving thought to a concept whereby we would have a two-section or two-stage demonstration cities act? One for the larger cities and one for the smaller cities? It is my information that we have approximately 100 cities of 300,000 population or above. We have approximately 5 cities whose population is 1 million or above. If we have a Demonstration Cities Act the mere title indicates that the purpose behind this is to find or conceive a plan which will cure the ills of our cities and help the citizens within our cities. And if we are going to do that, certainly I think we ought to start thinking of—If we have 100 cities whose population is 300,000 or above, and 5 or 6 cities with the population of a million, then the demonstration, I think the important demonstration will be in those cities of 300,000 or below where their problems are entirely different from a city like New York, Detroit, or Los Angeles, or San Francisco, where, because of size alone there is such a magnitude of problems.

Mr. SHISHKIN. Mr. St Germain, the whole burden of my testimony was that this ought to be a problem across the board, including middle-sized cities and smaller cities. And I think that that is the intent of this proposal, that is the intent of the entire message by the President, and that is the intent of this legislation.

Now, you are asking me to specify a line in which you would separate this into class I and class II, the big cities and the small cities. I am not willing to do that. I think this ought to include both. But I am not going to be put in a position where we are going to get under the Shishkin wire; I will leave that to the committee. You have the evidence.

Mr. ST GERMAIN. On page 3 of your statement, I was happy to see that you agree that in addition to the mere development of new housing and improvements in existing housing that we should also see to it that an effort is made to provide more job opportunties. Now, I am not talking about just those opportunities that will be provided by the rebuilding, but I am talking of those of a permanent nature.

Mr. SHISHKIN. Industrial development, too.

Mr. ST GERMAIN. That is correct. Don't you feel that the committee should give some thought to industrial development within this particular Demonstration Cities Act, and also to see to it that once we have improved or made the supreme attempt to improve a lot of these cities, that it will be a lasting effect, and in order to be lasting we must provide or see that they provide employment on a permanent basis?

Mr. SHISHKIN. That is right. And in land acquisition for these communities that provision should be made for sites for industrial de-

velopment, and I think the rest should be left to the free enterprise system.

Mr. BARRETT. The time of the gentleman has expired.

Mr. Reuss?

Mr. REUSS. Thank you, Mr. Chairman.

Mr. Shishkin, I too want to express our gratitude for your very searching testimony today.

In connection with your remarks on urban mass transportation, particularly the fact that though you, of course, endorse the continuation of the Urban Mass Transit Act of 1964, you added on page 9:

> But it is not enough to help plan and develop mass transportation such as bus services needed by many smaller communities—

Mr. Moorhead and Mr. Ashley and I and some others have proposed an addition to the mass transportation sections which would look to an expedited program of research and development into new systems of solving our cities' transportation problems. Specifically, our amendment would ask the Secretary of Housing and Urban Development to prepare by next January for the Congress—

> a draft program of research, development, and demonstration of new systems of coordinated urban transportation that will carry people and goods within metropolitan areas speedily, safely, without polluting the air, and in a manner that will contribute to sound city planning.

And it goes on to say that the program should aim at breakthrough results within 5 years of its submission to Congress, that it should concern itself with all aspects of new systems of urban transport, including the technological, financial, economic, governmental, and social aspects, and that it should provide national leadership to efforts of States, localities, private industries, universities, and foundations.

Yesterday, Mayors Cavanagh of Detroit and Lindsay of New York both endorsed that proposal. And we would be very interested in your views on that.

Mr. SHISHKIN. I would support your proposal, Mr. Reuss, with this comment. As you know, the President of the United States has sent up another special message proposing the establishment of the Department of Transportation to be headed by a Secretary, a member of the Cabinet. I think that the proposal you make here despite that is very sound. And I think that the Secretary of Housing and Urban Development ought to be authorized to conduct this research in urban terms, in terms of cities and towns as well, including small towns, in all aspects of the transportation problem, and coordinate this effort with the work of the Transportation Agency to be established, so that when the new Secretary of Transportation comes in he will find that all his work has not been done and he has some basic work to do in terms also of the transportation elements themselves, beyond the urban need. And the housing and urban population and the relationship between dwelling and employment residence and employment, and all those aspects ought to be looked into by the Secretary of Housing and Urban Development.

Mr. REUSS. I think that is an excellent suggestion. As you recall from having looked at the President's message, the President would place in the Department of Housing and Urban Development the whole question of urban transportation. But I nevertheless think your suggestion that it be coordinated by the Secretary of HUD with

the new Secretary of Transportation as soon as he is set up is a good one. Obviously we don't want to wait until perhaps years from now, when the Department of Transportation might acquire jurisdiction over urban transportation, too.

Mr. SHISHKIN. That is right, I agree with that.

Mr. REUSS. Thank you.

Mr. BARRETT. Thank you, Mr. Reuss.

Mr. Fino?

Mr. FINO. Thank you, Mr. Chairman.

Mr. Shishkin, I want to repeat myself, because, based on some questions I have asked, I might have created some wrong impressions. I favor and I support the aims, the objectives, and the purposes of this legislation.

There is one section of this bill which disturbs me, and apparently it has disturbed members of this subcommittee, and apparently based on the testimony of the three mayors, it has created some question. And that is the section which refers or provides for the creation of a Federal coordinator, which I have referred to as a commissar. Now, I am afraid that such a coordinator might unduly interfere with the autonomous powers of the local government. We have had an experience in New York City with a gentleman whom I am sure you are familiar with, Mr. Moses. He was the city construction coordinator under the slum clearance program. And he was the king in that program, and he could do wrong as far as he himself was concerned. He handled that program autonomously and did everything without regard to anyone. He picked his sponsors without regard for ability and that created a mess up there. And, of course, this is the thing that bothers me, that this might happen again.

Now, all three mayors have expressed some interest in how the coordinator would be nominated and appointed. And they have indicated by their testimony that they would be interested in seeing that in this legislation we write something that would permit the mayors of local governments to make recommendations or suggestions as to who the coordinator might be. I brought out yesterday in the testimony of Mr. Lindsay that it would not help in New York City if the Secretary of Housing and Urban Development should pick someone from Washington, D.C., who didn't know anything about New York City except that he visited the city to see some of the areas there. He wouldn't know where the Bronx was or where Bedford-Stuyvesant or Harlem were located. Now, how do you feel about having something in the law, in the legislation that would charge the Secretary to consult with the mayors of the localities on the question of selecting and picking these coordinators?

Mr. SHISHKIN. Well, Mr. Fino, I would like to say first of all that I am familiar to some extent with the problems of the city of New York. And I sympathize with them, and as I think everybody in this country does. And I think the fact is that Bob Moses is not a Federal agent, he is a locally appointed agent.

Mr. FINO. And we had a lot of trouble with him.

Mr. SHISHKIN. He is a locally appointed coordinator, czar if you will. And you are defeating your own purpose by citing that example, because even with having a local coordinator appointed you still have the same problem.

Mr. FINO. Mr. Shishkin, maybe the trouble was because he had that fancy title of coordinator. It made him feel that important.

Maybe if he were only an informational officer he would not have felt so important. Sometimes the title makes these people feel that they are above everyone else.

Mr. SHISHKIN. When the critical problem arises a coordinator may not be so bad. Mr. Eastman did quite a job of coordination of railroads back in the last war. And I think a coordinator may be a good position to hold in this program, also.

But as to the Federal responsibility to consult, I think that the whole intent of this legislation is to place the responsibility on the Secretary to consult with the local agencies in all respects. And I think this is one in which there certainly should be consultation and cooperative relationship, and in addition to that, I think there ought to be done as a matter of congressional intent, I think that is a sufficient expression of the need to provide for the maximum local participation in the city demonstration programs so that you will not be confronted with the problem of just somebody's whim or fiat imposing upon the people something that they are not ready for and are not willing to accept.

Mr. FINO. Am I correct in understanding you that the Secretary should consult with the local officials in making the selection?

Mr. SHISHKIN. I think that that should be the intent of the law. I do not think it is necessary to write a special requirement of that sort in the statute. I think that the whole basis of his performance as Secretary in the act establishing that agency plus this legislation will—have already conveyed that sufficiently, and I don't think it is necessary to have additional language to carry it out.

Mr. FINO. We have that experience in the interpretations of the law, and that is why I am always concerned about spelling it out in the law, so that there would be no question as to the power of the Administrator or the Secretary.

Thank you, Mr. Shishkin.

Mr. SHISHKIN. Thank you, Mr. Fino.

Mr. BARRETT. Mr. Widnall?

Mr. WIDNALL. It is good to see you, Mr. Shishkin.

You have given us a considerable fund of information on the pending bill. We know of your knowledge in the field and your expertise over many years. And we appreciate your testimony.

You speak of matching funds in the city demonstration program. As the bill now stands—and just using urban renewal as an example—the municipalities share of the matching funds has been cut by over three-fourths without increasing the amount of funds for the area concerned. Do you think this is going to improve the present situation, or just relieve the cities outlook?

Mr. SHISHKIN. I have dealt with that in my statement here, Mr. Widnall. And I have asked that the share of the Federal contribution be stepped up. And that is our recommendation. I think that the immediate, urgent problem now is that the urban development program authorized back in 1965 has not been adequate, that additional funds are needed, and that additional help in that area is certainly desperately required.

Mr. WIDNALL. But stepping up the funds, the amount of Federal funds, this just relieves the municipality of the share that they have

been contributing. In the end won't you just have the same trouble with funds?

Mr. SHISHKIN. Of course, if they don't provide them you have trouble with funds.

But I have a recommendation here in my statement on that that I want to call your attention to in dealing with the Urban Renewal Act of 1966.

On page 9, you will note that our convention has asked for an amendment to the bill that would "increase the Federal grant from two-thirds to three-quarters of net project cost."

And that is the recommendation I have submitted.

Mr. WIDNALL. The great labor organizations that you represent has had a long and oftentimes the originating interest in low-income housing legislation. And this is clearly on the record, and you have done everything you could to endorse and enforce that type of legislation. Now, isn't it a matter of concern to you that in cities demonstration program legislation there are added so many other new programs that can claim part of the money in connection with improvements within the city, and possibly to the detriment of low-income housing? Do you think that the money that will be made available to the cities will be distributed so widely that you won't have an effective attack on real slums and get the low-income housing that you so badly need?

Mr. SHISHKIN. No, Mr. Widnall; I think that these two programs were not in conflict, and I don't think they are even competitive. I think the cities demonstration is a demonstration of the need for clearing up these very dire situations, these very critical situations, and that the President's message has called for mass attack on housing needs. And I think that it is elementary that such an attack will not be successful unless new housing is provided, including public housing.

Mr. BARRETT. If you move people you have to give them good, safe, and sound housing.

Mr. SHISHKIN. That is correct. And not only that, but even in the public housing program itself, you know, there have been problems of various kinds, and these can be remedied if there is attention paid not only to the physical shelter, but also to the health of the people who are disadvantaged and who are in need of help and training and finding employment, and problems of that kind.

So I think these two are harmonious and go together. I don't think they are in conflict.

Mr. WIDNALL. Do you have any views on how many cities can be effectively helped with the amount of funds proposed in this program? It is quite apparent that not every city in the United States is going to get money for a demonstration program. And it is quite apparent that three or four of the big cities could use all of the money that is presently in this program. Do you have in mind any numbers as to cities that could be helped? I am inclined to feel that if an attempt is made to help 60 or 70, you are going to water down the program so much that you can't do an effective job in any community.

Mr. SHISHKIN. Well, I think, as I have told Mr. St Germain just a minute ago, I think that the important thing here is to establish priorities of need, where the need is most critical, urgent and pressing, and address ourselves to that first, and which ones are found to be in

that particular category will determine to a large extent how effective the distribution will be and how many will be in the total program covered by the first demonstrations. But these are demonstrations. And I think that the initial demonstrations are important, and should include a cross-section of the type of communities by size, as well as character of a program. And I think if that is done we will have a representative first-type demonstration which will be followed later by other programs and other approaches.

But I am not in a position to give you a figure on this, Mr. Widnall. I think that the Secretary's testimony will throw some light on it. And I think that the decisions that will be made will be made in the Department.

Mr. WIDNALL. And can you give us criteria to be used in selecting the demonstration cities?

Mr. SHISHKIN. I think the basic criteria that are written in the law are adequate. I think that some improvement can be made. I think that the proposals made by Mr. Reuss and Mr. Moorhead in the amendments proposed might be given some consideration as additional criteria. But I think basically the proposed statute is adequate.

Mr. WIDNALL. Just one more question. Several witnesses suggested that at least the program be broadened as to the number of cities with respect to the planning assistance. And I think this has some very definite appeal. And you could include many of our cities under a broad umbrella giving them the planning assistance that is necessary so that they could try to come in under some future program. Do you think that is wise?

Mr. SHISHKIN. I think that attention should be paid to that and provision should be made. And let me say also in this connection, Mr. Widnall, that we are most appreciative of the leadership and help that you have presented in carrying out of the programs both last year and the year before, and the present consideration, with your knowledge, and your ability to come to grips not only with the general principles but also with the real problems that involve people and local situations. We want to thank you for it.

Mr. WIDNALL. Thank you.

Mr. BARRETT. Mr. Shishkin, thank you very much for your very fine presentation here this morning.

It appears to me now that Mr. St Germain on the other end has a very short question. We wanted to give Mr. Townsend an opportunity to testify,too.

Mr. ST GERMAIN. I will be very brief.

On page 9 you mentioned the group practice facilities. Is it your understanding, as was given to us earlier this week, that this would be limited to medical doctors licensed to practice in the State, and dentists, or do you feel—would you care to perhaps later on submit this for the record and answer this question—if we should give any consideration to ophthalmologists, chiropractors, and osteopaths in this regard as to eligibility?

Mr. SHISHKIN. No. I think that Under Secretary Cohen has covered that adequately. I think that we are primarily concerned with the group practice by the licensed and standard categories of medical care, including nursing and internship, and all that is involved in the group practice facilities. And dentists. And I think we will stand

on that. I think that is all we have in mind on this. I don't think there is any need for me to elaborate on this. I think the record is clear.

Mr. ST GERMAIN. No need for what?

Mr. SHISHKIN. I don't think there is any need for me to elaborate that. I think our position is clear.

Mr. ST GERMAIN. You agree with the definition given by Mr. Cohen?

Mr. SHISHKIN. That is correct. The only thing I think Mr. Cohen should have emphasized more, and he has not done so in his testimony, is that the real benefit here is to the user of this service, to the patient. It is not a program for the doctors; it is a program for the patients. It is a very important consumer program. It is a very important public program. It meets the need of the people.

Mr. ST GERMAIN. And lastly, on page 11 "provision should also be made for permitting inclusion of nursing facilities in section 231 of Elderly Housing Projects." Do I take that literally to mean actual nursing facilities within a unit? Say it is a high-rise apartment for the elderly: in that particular unit would you have some nursing facilities, or a unit that would be taken up entirely with nursing facilities?

Mr. SHISHKIN. Well, it depends on the local situation. But wherever possible I think that there should be provision for nursing facilities where the elderly are housed, in housing for the elderly, I am not particularly in sympathy with the concept of separating them in one unit, but if housing is provided I think it is well to provide the necessary facilities on the premises.

But there have been other problems involving similar facilities. Take, for example, a project in which those who are housed include working mothers. And there has been some question about having provision made in that housing project for day care for children. Well, if the working mother has no one to sit with the baby, she is deprived of an opportunity for employment. So day care centers should also be permitted. And that should be also indicated as well as nursing care for the elderly who are in need of it.

Mr. ST GERMAIN. Thank you.

Mr. BARRETT. Thank you, Mr. Shishkin, for your testimony this morning. We are certainly glad to have you.

Mr. SHISHKIN. I appreciate greatly your courtesy and hospitality. And I am very glad to have this opportunity to be heard.

Mr. BARRETT. Thank you, sir.

(The statement of the AFL–CIO Executive Council on Urban America follows:)

STATEMENT BY THE AFL–CIO EXECUTIVE COUNCIL ON URBAN AMERICA, FEBRUARY 28, 1966, BAL HARBOUR, FLA.

For 2 years in a row, residential building has been out of step with the rest of the U.S. economy. Added to the previous deficits in the volume of new housing built within the reach of moderate- and low-income families, this lag has resulted in a far-reaching imbalance in America's economic development.

Urban action is needed to deal with this fundamental economic problem. In the fiscal year 1967, starting next July 1, according to a census estimate, basic population factors should increase the rate of household formation by 180,000. This increase alone calls for a corresponding increase in housing starts. A much greater step-up in starts is necessary to redress the accumulated deficits of previous years to make possible the rehousing of families living in slums and substandard homes and those doubled up in overcrowded tenements.

We support the Demonstration Cities Act of 1966, proposed by President Johnson in his special message to Congress on January 26. This is an important and auspicious step in the right direction.

At the same time, we believe that the specific recommendations proposed to carry out this program are unduly modest. Their scope should be enlarged to make possible a truly effective onslaught on urban blight in cities and towns, large and small.

If massive additions to the supply of low- and moderate-cost housing, proposed by the President, are to be realized, additional legislation is needed.

We believe provision must be made to step up construction of low-rent public housing to a yearly rate of at least 125,000 dwelling units a year. We also urge that adequate funds be made promptly available to implement the rent supplement program for disadvantaged people, enacted by the Housing and Urban Development Act of 1965.

The authorization of the 1965 act for urban renewal was inadequate to meet the needs of communities seeking to clear their slums and rejuvenate their blighted and deteriorated areas. We therefore urge that the capital grant authorizations be increased by $1 billion per year for a 3-year period.

America's urban problems are of foremost importance to the Nation's future welfare and growth. Now is the time to begin with vision and courage, the necessary long-term effort that measures up to their complexity and their size.

Mr. BARRETT. We now have Mr. Dwight Townsend, director, Washington office of the Cooperative League of the United States.

Mr. SHISHKIN. As a word of departure, Mr. Chairman, let me say that I endorse everything Mr. Townsend will provide, I have had an opportunity to examine his statement in advance, and it is a good one, and I hope you will give him all the attention you can.

Mr. BARRETT. Thank you.

Mr. Townsend, we are certainly glad to have you. We have had some of your excellent testimony before. And I am quite sure what you offer today is going to be very helpful.

We will give you a chance to complete your statement, and then if it is agreeable to you, some of the members will want to ask you some questions.

STATEMENT OF DWIGHT D. TOWNSEND, DIRECTOR, WASHINGTON OFFICE, COOPERATIVE LEAGUE OF THE UNITED STATES

Mr. TOWNSEND. I have a statement, and I have it in brief form. And I also have a backup statement that I would like to put in the record that will further explain the materials that are contained in it, because some of them are technical in nature.

Mr. BARRETT. That may be done without objection.

Mr. TOWNSEND. I would like to make the morning unanimous by saying also that I have a very great regard for Boris Shishkin. It has been my pleasure to work with him on the board of the National Housing Conference, and other civic activities, and I respect his judgment a great deal.

I am pleased to have this opportunity to present the views of the Cooperative League of the United States concerning some aspects of the legislation pending before your committee.

We are in favor of the enactment of the four bills before your committee; namely, the demonstration cities bill, the urban development bill, the Housing and Urban Development Amendments of 1966, and the group practices facilities bill. We believe the enactment of these bills will provide necessary additional tools to help meet urgent housing needs and eliminate slum and blighted conditions in our cities. In

supporting this legislation, we recommend certain amendments which we believe will better accomplish the purposes of the program and serve the public interest.

I will briefly comment on some of the special features of the legislation which relate to the cooperative program and indicate the reasons for our support of these provisions. In addition, I will describe briefly the amendments which we propose:

1. The demonstration cities program should help rebuild or restore entire city neighborhoods through the combination of Federal aids and local resources. Our major concern is to assure that an adequate additional housing supply is provided for our growing population and for those who would be displaced in carrying out this and other governmental programs. To produce this additional supply of housing for moderate-income and low-income families, substantial increases are required in the authorizations for these programs. Moreover, it is necessary to utilize vacant land outside of the cities, as well as the land within the cities. These requirements should be added as conditions which a city must meet to qualify for the additional Federal aid contemplated by the demonstration cities program.

2. We wholeheartedly support the amendments contained in section 102 of the Housing and Urban Development Amendments which will remove technical obstacles in transferring management-type cooperative mortgages to the mutual insurance fund.

3. We strongly oppose the repealer which is listed among the technical amendments in nomenclature in title II of the housing and urban amendments bill. This would abolish the FHA position of Special Assistant for Cooperative Housing which Congress established in section 102(h) of the Housing Amendments of 1955. Certainly such a repeal is not a technical amendment or change in nomenclature. It is a matter of major importance and substance. The Cooperative League of the U.S.A. urges and recommends that this provision in the present law should not be repealed. Instead, it should be strengthened and reaffirmed for the following reasons:

(*a*) In enacting the existing law 11 years ago, the Congress carefully considered the need for such legislation which was supported by cooperative, consumer, and public interest groups. It therefore provided for a special assistant and staff on cooperative housing to provide necessary assistance, guidance, and expediting in order to carry out the laws and mandates of the Congress relating to the encouragement of the cooperative housing program.

(*b*) The need for that law not only continues today, but is even more urgent. New programs have since been enacted by the Congress, such as the rent-supplement program and the below-market-interest-rate program, which include projects undertaken by housing cooperatives. To implement and effectuate this program it is necessary to have the skills and experience of those who have specialized in cooperative housing.

(*c*) There is a need for the special assistant and supporting staff which will have the responsibility (under the Commission's supervision) to devise uniform policies, procedures, and documents for use in the cooperative housing program. Cooperative housing is different from single-family homes and multifamily rental projects. The differences must be recognized and reflected in policies, procedures,

and documents which are prepared by those who have a special knowledge and experience with this program.

(*d*) It is necessary to update section 102(h) of the housing amendments so that it will refer not only to cooperative housing which is to be insured by FHA under section 213, but also cooperative housing to be insured under section 221(d)(3) or under the rent supplement provisions contained in section 101 of the Housing and Urban Development Act of 1965. Instead of repealing section 102(h) of the Housing Amendments of 1965, we urge that this provision be retained in the law and amended and strengthened by referring to other laws subsequently enacted by the Congress relating to cooperative housing.

4. With the recent increase in interest rates in the private financial market, it is becoming increasingly difficult to obtain construction financing at reasonable interest rates and reasonable service charges. This poses a serious threat to the housing programs under section 221(d)(3), including the below-market-interest-rate program to serve moderate-income families and the rent supplement program to serve low-income families.

It is necessary that affirmative measures be taken which will assure the availability of construction financing for such projects at reasonable interest rates and reasonable servicing charges. In those cases where FNMA is issuing a commitment for the purchase of an FHA-insured mortgage under section 221(d)(3), the law should be amended to provide that FNMA can also make FHA-insured advances during construction pursuant to such a commitment. We propose that FNMA's advances be limited to a participation of not more than 95 percent in the construction financing, so that there will be a mortgagee which would participate in the advances for the balance and which will have the responsibility of providing the necessary servicing and processing of advances during construction.

5. In the rent supplement program, overcrowding should be recognized as a substandard housing condition which would qualify a low-income family for housing. This is done in public housing. It should also be done in the rent-supplement program.

6. In the below-market interest rate program under section 221(d)(3), we recommend an amendment to permit occupancy by individuals who qualify as to income. Under the 1964 amendment, such eligibility of individuals was limited to those who were elderly or handicapped.

7. In the section 213 program under FHA, we recommend an amendment which would remove an obstacle to the conversion of existing rental housing to cooperative ownership. Present FHA appraisal formulas are appropriate for rental property operated on a profit basis, but they are not workable for property operated on a nonprofit basis by a cooperative which seeks to produce only enough income to cover its costs.

8. Another amendment required in section 213 is to increase the supplementary financing to enable necessary improvements to be made in existing cooperative housing so it can keep pace with the requirements of modernization; also, to permit the addition of community facilities when experience has demonstrated their need.

9. To help provide adequate housing for lower income families under the below-market program of section 221(d)(3) and the rent

supplement program, amendments are necessary to enable self-help programs in certain areas. This would apply to projects where the payment for services is not in cash wages, but in a reduction of housing charges for those who participate in the self-help.

10. We are in favor of the urban development bill, except that the FHA-insured loans under the new communities program should be for a 40-year term. Loans for 15 years are inadequate, particularly under a program where the land would be leased for redevelopment and the rentals would be utilized to repay the loans.

11. In the rural housing legislation of the Department of Agriculture, amendments are required to expand the purposes of direct loans to private nonprofit organizations and consumer cooperatives to include rental or cooperative housing for moderate-income families in rural areas who are not elderly. The law now permits such loans only for the elderly. In addition, a rent supplement program should be made available for low-income families who will live in such housing developments of nonprofit and cooperative organizations financed under this program for rural areas.

12. The Cooperative League supports with enthusiasm the proposed group practice facilities bill. This will meet a critical need for insured financing of facilities for cooperative medical and dental groups who operate on a nonprofit basis. Many communities require such facilities to protect the health of their residents. We understand more detailed hearings will be held on this bill, and our president, Mr. Jerry Voorhis, with whom I am sure most of the committee is acquainted, who is also secretary of Group Health Association of America, will be before you with testimony March 11.

13. Since management-type cooperatives have the best repayment record on FHA-insured mortgages, we approve the proposal in H.R. 12766 to reduce the FHA mortgage insurance premium on such cooperative mortgages.

To save the time of the committee, I am not explaining our proposed amendments in detail. However, I would like the opportunity to introduce into the record, with my statement, a fuller explanation of these amendments and some supplementary materials.

Mr. BARRETT. That may be done, without objection.

Mr. TOWNSEND. Thank you, sir.

Interest rates on multifamily housing. We are pleased that the FHA did not increase the 5¼-percent interest rate on cooperative and other mortgages on multifamily projects. This establishes a differential of one-fourth of 1 percent between the mortgage rate on multifamily housing and on individual homes. Such a differential accords with the policy statement in your report last year. It reflects the lower servicing charges and greater attraction of multifamily mortgages.

When funds are not available in the private mortgage market to purchase cooperative mortgages or urban renewal mortgages at par, plus a reasonable commitment and purchasing fee, there are special assistance funds available in FNMA, pursuant to your congressional authorization, for the purchase of these mortgages on such terms in order to protect the consumer and public interests involved in these programs. We wanted to make this observation.

In conclusion, we support the enactment of the bills before this committee and believe that our proposed amendments will better enable the fulfillment of their objectives.

(The amendments and supplementary statement referred to follow:)

AMENDMENTS PROPOSED BY COOPERATIVE LEAGUE OF THE U.S.A.

We are in favor of the enactment of the four bills before your committee: the demonstration cities bill, the urban development bill, the Housing and Urban Development Amendments of 1966, and the group practice facilities bill. In supporting this legislation, we recommend the following amendments which we believe will better accomplish the purposes of the program and serve the public interests:

1. In the demonstration cities program, amendments are required to assure that an adequate additional housing supply is provided for our growing population and for those who would be displaced in carrying out this and other governmental programs. To produce this additional supply of housing for moderate and low-income families, substantial increases are required in the authorizations for these programs. Moreover, it is necessary to utilize vacant land outside of the cities, as well as the land within the cities. These requirements should be added as conditions which a city must meet to qualify for the additional Federal aid contemplated by the demonstration cities program.

2. We wholeheartedly support the amendments contained in section 102 of the housing and urban development amendments which will remove technical obstacles in transferring management-type cooperative mortgages to the mutual insurance fund. The amendments would permit mortgagees to use the FHA general insurance fund debentures for paying the mortgage insurance premiums on mortgages covering cooperative housing where the mortgages have been transferred to the cooperative housing mutual fund. Likewise, the mortgagees should be permitted to use a mutual fund debenture (issued in connection with the mortgage transferred to the mutual fund) to pay mortgage insurance premiums on mortgages under the general insurance fund. Since these changes remove the basis for objections by mortgagees to a transfer of mortgages to the mutual fund, the present law would be amended to remove the requirement that the mortgagee consent before FHA can transfer insurance of cooperative housing mortgages to the mutual fund.

3. We strongly oppose the repealer which is listed among the technical amendments in nomenclature in title II of the housing and urban amendments bill. This would abolish the FHA position of special assistant for cooperative housing which Congress established in section 102(b) of the Housing Amendments of 1955. Certainly such a repeal is not a technical amendment or change in nomenclature. It is a matter of major importance and substance. The Cooperative League of the U.S.A. urges and recommends that this provision in the present law should not be repealed. Instead, it should be strengthened and reaffirmed for the following reasons:

(*a*) In enacting the existing law 11 years ago, the Congress carefully considered the need for such legislation which was supported by cooperative, consumer, and public interest groups. That need not only continues today, but is even more urgent.

(*b*) There is a need for the special assistant and supporting staff which will have the responsibility (under the Commissioner's supervision) to devise uniform policies, procedures, and documents for use in the cooperative housing program. Cooperative housing is different from single-family homes and multifamily rental projects. The differences must be recognized and reflected in policies, procedures, and documents which are prepared by those who have a special knowledge and experience with this program.

(*c*) The retention of such a special assistant and staff on cooperative housing is necessary to avoid the establishment of different policies and different methods that would result if there was a diffusion and scattering of responsibility for policies among the insuring, zone, or other offices of FHA instead of the present concentration of responsibility therefor in the special assistant for cooperative housing.

(*d*) In certain insuring offices there is an unfamiliarity with cooperatives and a lack of sympathy with them because they are new in the particular area. There

is a tendency to put aside such unfamiliar matters and work on other cases, particularly since the offices have more than enough to do. In 1955, Congress recognized the need for a special assistant and staff on cooperative housing to provide necessary assistance, guidance, and expediting in order to carry out the laws and mandates of the Congress relating to the encouragement of the cooperative housing program. The law wisely provide that the person appointed special assistant for cooperative housing should be fully sympathetic with the purposes of the cooperative program.

(*e*) Through the years Congress has recognized the great benefits and advantages of cooperative housing to the consumer. This is a program which enables people to help themselves through downpayments toward the financing of the program; through sharing responsibility for the maintenance and upkeep of the property; and through democratic control over their community and its activities. Cooperative housing has resulted in producing better housing at lower monthly cost for the consumer. At the same time, the people in cooperatives work together in providing education, recreational, and other community services.

(*f*) As to the law enacted by the Congress in 1955, there is an even greater need and urgency for it today. New programs have been enacted by the Congress, such as the rent supplement program and the below-market-interest rate program, which include projects undertaken by housing cooperatives. To implement and effectuate these programs, it is necessary to have the skills and experience of those who have specialized in cooperative housing. Otherwise, we will lose the benefits that cooperative can bring to these programs. As quoted elsewhere in my testimony, an independent survey of 221(d)(3) projects concluded that cooperative projects produced housing at lower monthly charges than rental projects similarly financed; also, that cooperative housing developments produced communities which had a better upkeep and a better atmosphere of mutual respect.

(*g*) Since new legislation has been enacted since this law was passed in 1955, it is necessary to update the provision to that it will refer not only to cooperative housing which is to be insured by FHA under section 213, but also cooperative housing to be insured under section 221(d)(3) or under the rent supplement provisions contained in section 101 of the Housing and Urban Development Act of 1965. Accordingly, we propose that instead of repealing section 102(h) of the Housing Amendments of 1955, this provision should be retained in the law and should be amended and strengthened by the following amendments which would update it to refer to other sections subsequently enacted by the Congress relating to cooperative housing:

H.R. 13064 is amended by deleting subsection (b) of section 212 (at p. 23, lines 3 and 4) and inserting in lieu thereof:

"Section 102(h) of such amendments is amended—

"(1) by inserting after the words "section 213": and section 221(d)(3);

"(2) by inserting after the words "as amended": "and by section 101 of the Housing and Urban Development Act of 1965, insofar as such sections relate to cooperative housing"; and

"(3) by striking out the words "such section" wherever they appear and inserting in lieu thereof "such provisions relating to cooperative housing."

4. With the recent increases in interest rates in the private financial market, it is becoming increasingly difficult to obtain construction financing at reasonable interest rates and reasonable service charges. This poses a serious threat to the housing programs under section 221(d)(3), including the below market interest rate program to serve moderate income families and the rent supplement program to serve low-income families.

It is necessary that affirmative measures be taken which will assure the availability of construction financing for such projects at reasonable interest rates and reasonable servicing charges. In those cases where FNMA is issuing a commitment for the purchase of an FHA-insured mortgage under section 221(d)(3), we recommend an amendment which would provide that FNMA can also make FHA-insured advances during construction pursuant to such a commitment. Since FNMA will ultimately purchase the FHA-insured mortgage on the completed project and there is an urgent need to meet the problem of construction financing, FNMA should be authorized to make advances prior to the completion of the project, so long as each advance is insured by FHA.

We propose that FNMA's advances be limited to a participation of not more than 95 percent in the construction financing, so that there will be a mortgagee which would participate in the advances for the balance and which will have the responsibility of providing the necessary servicing during construction.

Thus, FNMA would not be required to take on the additional administrative work of processing and approving advances during construction, since this work would be done by the mortgagee which will be participating in the construction loan.

At the present time FNMA charges a commitment fee equal to 1 percent of the mortgage to cover its commitment and purchase of the mortgage insured by FHA under section 221(d)(3). This same commitment fee should cover the advances during construction pursuant to its 95-percent participation in the construction loan, with each advance to be insured by FHA in accordance with the established procedures.

The interest rate on the construction-loan advances would be at the prevailing rate on FHA-insured loans during the construction period. Currently this rate is 5¼ percent. On commitments issued under the below market interest rate program, the rate is reduced to 3 percent after the completion of the project. Since the FHA-insured advances would be at the prevailing interest rate of 5¼ percent, FNMA would be called upon for a participation in the construction loan only when this is necessary because of the absence of adequate private financing at reasonable interest rates and reasonable service charges.

The amendment which we recommend is as follows:

Section 305(h) of the National Housing Act, as amended, is hereby amended by adding the following at the end thereof:

"In cases where the Association makes such a commitment to purchase a mortgage insured under the provisions of section 221(d)(3) of this Act, the commitment may provide for the participation by the Association, to the extent of not more than 95 per centum, in the making of FHA-insured loan advances under the mortgage at the interest rate prevailing during the construction period on the project involved (with the mortgagee participating for the balance of said loan and providing necessary servicing and processing of advances until the project is completed and there is a final FHA-insurance endorsement of the mortgage). In cases involving such a commitment and advances and purchases pursuant to this subsection, the Association shall collect a commitment fee of not to exceed 1 per centum of the principal amount of the mortgage."

5. The eligibility for rent supplements is too limited under the present law. Apart from families who are displaced and apart from the elderly and physically handicapped, the law limits rent supplements to those lower income families who are living in substandard housing. The law should be amended to make it clear that overcrowding is a substandard housing condition which would qualify a low-income family for housing. This is done in public housing. It should also be done in the rent supplement program.

The proposed amendment is as follows:

"H.R. 13064 is amended by inserting the following new section:

" 'SEC. . Section 101(c)(2) of the Housing and Urban Development Act of 1965 is amended by deleting the period at the end of subparagraph (E) thereof and inserting a semicolon and the word "or"; and by adding the following after clause (E):

" ' "(F) Living under overcrowded conditions." ' "

6. In the below market interest rate program under section 221(d)(3), an amendment is needed to permit occupancy by otherwise eligible individuals of all ages. The 1964 amendment limited this eligibility to elderly and handicapped individuals. We recommend an amendment to permit occupancy by individuals of all ages who qualify as to income.

The proposed amendment is as follows:

"H.R. 13064 is amended by inserting the following new section:

" 'SEC. . The last sentence of section 221(f) of the National Housing Act is amended by striking out: "person who is sixty-two years of age or over, or who is a handicapped person within the meaning of section 202 of the Housing Act of 1959" ' and inserting in lieu thereof: "single person".' "

7. In the section 213 program under FHA, we recommend an amendment which would remove an obstacle to the conversion of existing rental housing to cooperative ownership. We are frankly disappointed with the progress in converting existing housing to cooperative ownership under amendments adopted by Congress over 6 years ago. While a few FHA offices have issued satisfactory insurance commitments under this legislation, most of them have failed to do so. We are convinced that this program will never operate on a national basis unless the law is amended to assure that the amount of the FHA-insured mortagage is adequate to finance the acquisition of an existing property by a consumer cooperative. FHA should insure the mortgage of a cooperative on such property in the

amount which can be carried by its income when the property is operated on a nonprofit basis. Present FHA appraisal formulas which capitalize income are appropriate for property operated on a profit basis. They are not workable for property operated on a nonprofit basis by a cooperative which seeks to produce only enough income to cover its costs.

The proposed amendment is as follows:

"H.R. 13064 is amended by inserting the following new section:

"'SEC. . Section 213(i) of the National Housing Act is amended by inserting after the second sentence thereof:

"'"As used in this subsection, 'appraised value of the property for continued use as a cooperative' means a value which, when established for purposes of determining the insurable mortgage of a cooperative, will result in a mortgage amount on which the debt service can be met from the income from the property, after the payment of all operating expenses, when it is operated by a cooperative on a nonprofit basis."'"

8. Another amendment required in section 213 is to increase the supplementary financing to enable necessary improvements to be made in existing cooperative housing so it can keep pace with the requirements of modernization; also, to permit the addition of community facilities when experience has demonstrated their need. In 1961, by adding subsection (j) to section 213, Congress wisely amended the cooperative housing provisions to permit supplementary financing in order to provide for necessary improvements in cooperative housing so that it can keep pace with requirements of modernization; also to permit the addition of community facilities when experience demonstrated their need. However, that legislation included a limitation that the supplementary financing could only be provided to the extent that the original loan had been reduced through principal amortization. We have found this legislation unworkable. To make necessary improvements and community facilities, financing is required in a larger amount than would be available under the present ceiling. A supplementary loan cannot now be made in an amount which, when added to the present mortgage balance, would increase the indebtedness above the original mortgage debt. Since these additional facilities will add to the value of the property beyond what was covered by the original mortgage, it is reasonable and proper that the mortgage be increased to recognize the increased cost and value involved in the new improvements and betterments. Accordingly, we recommend the removal of the present unworkable ceiling as a statutory limitation on the amount of a supplementary loan.

The proposed amendment is as follows:

"H.R. 13064 is amended by inserting the following new section:

"'SEC. . Section 213(j) of the National Housing Act is amended by inserting at the end of subparagraph (2)(A) thereof: "*Provided*, That in the case of improvements or additional community facilities, the total outstanding indebtedness may exceed the original principal obligation of the mortgage by an amount equal to 97 per centum of the amount which the Commissioner estimates will be the cost of such improvements and community facilities;"'".

9. To help provide adequate housing for lower income families under the below market program of section 221(d)(3) and the rent supplement program, amendments are necessary to enable self-help programs in certain areas. This would apply to projects where the payment for services is not in cash wages, but in reduction of housing charges for those who participate in the self-help. As provided on elderly housing under section 202(c)(3) of the National Housing Act, there should be an amendment to section 221(d)(3) which provides that the FHA may waive the prevailing wage requirement in cases where laborers or mechanics (not otherwise emloyed in the construction of such housing), voluntarily donate their services without compensation for the purpose of lowering the cost of construction and the FHA determines that any amounts saved thereby are fully credited to the cooperative or other nonprofit corporations undertaking the construction.

The proposed amendment is as follows:

"H.R. 13064 is amended by inserting the following new section:

"'SEC. . Section 212(a) of the National Housing Act is amended by deleting the period after the third sentence thereof and inserting the following:

"but the Commissioner may waive the application of this section in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construction of such housing) voluntarily donate their services without compenstion for the purpose of lowering their housing costs

in a cooperative housing project and the Commissioner determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction." ' ".

10. The urban development bill should be amended to provide that the FHA-insured loans under the new communities program should be for a 40-year term. Loans for 15 years are inadequate, particularly under a program where the land would be leased for redevelopment and the rentals would be utilized to repay the loans.

11. In the rural housing legislation of the Department of Agriculture, amendments are required to expand the purposes of direct loans to private nonprofit organizations and consumer cooperatives to include rental or cooperative housing for moderate-income families who are not elderly. These loans should be at the same rate of inteerst as is now provided on loans by the Department of Agriculture to provide housing for the elderly. The law now permits such loans only for the elderly. In addition, a rent supplement program should be made available for the low-income families who will live in such housing developments of nonprofit and cooperative organizations financed under this program for rural areas. There are other amendments required in the housing legislation of the Department of Agriculture (which others are submitting) which would enable cooperatives and nonprofit corporations to provide housing for low and moderate-income rural residents who lack sufficient income and resources to obtain such housing.

12. Since management-type cooperatives have the best repayment record on FHA-insured mortgages, we approve the proposal in H.R. 12766 to reduce the FHA mortgage insurance premium on such cooperative mortgages.

13. When funds are not available in the private mortgage market to purchase cooperative mortgages or urban renewal mortgages at par plus a reasonable commitment and purchasing fee, there are special assistance funds available in FNMA, pursunt to congressional authorizations for the purchase of these mortgages on such terms in order to protect the consumer and public interests involved in these programs. To the extent that additional authorizations are required, they should be provided in order to assure that adequate special assistance funds are made available to FNMA for its purchase of such mortgages on cooperative projects or housing projects located in urban renewal areas when the mortgages are insured by FHA.

SUPPLEMENTARY STATEMENT OF COOPERATIVE LEAGUE OF U.S.A. ON ADVANTAGES OF COOPERATIVES UNDER SECTION 221(d)(3)

A. Summary of cooperative experience

A growing number of cooperatives are utilizing the financing available under section 221(d)(3) in order to provide housing for persons of moderate income. The cooperatives built with such financing had been outstandingly successful. They have demonstrated that cooperatives are often better suited to meet the needs of moderate-income families than nonprofit rental projects or limited dividend projects. Moreover, cooperatives have been able to operate effectively under the income limitations and special restrictions of section 221(d)(3). Inspections confirmed that those who have moved into cooperative projects have incomes which conform to the limits established by FHA.

B. Special advantages and attributes of cooperative housing

Properly organized cooperatives under section 221(d)(3) have the following advantages over rental projects with the same financing:

1. Cooperative monthly charges average about 10 percent less than rents for comparable properties because of lower vacancy and collection losses and reserve requirements; lower administration and maintenance costs; and better care of the property by the resident owners.

2. Cooperative homeowners can exercise democratic control over their community and its activities, creating a more stable neighborhood and home environment.

3. Cooperative homeownership continues to exert pressure to keep costs down and achieve high standards for maintenance and for the character of the membership.

4. There are built-in protections in a cooperative, including operating reserves, in addition to the FHA requirements for vacancies and replacement reserves.

Moreover, due to lower vacancy and collection losses, the reserves for these items accumulate as additional assets for the cooperative.

5. Cooperatives require compliance with income limits and preferences for persons displaced by urban renewal or other governmental activities. However, cooperatives also have credit requirements and downpayments. This tends to attract membership from those lower and moderate-income families who are more industrious and frugal and who take pride in maintaining their credit rating.

6. There is greater stability in cooperative housing since it is a form of homeownership. Residents do not regard themselves as transient occupants. However, there is a normal turnover among families who improve their economic status to the point where they want larger and better homes. This makes it possible to use the housing as a continuing source for other lower and moderate-income families. At the same time it is important to maintain a permanent community environment, so that families whose incomes increase (after initial occupancy) are permitted to remain, but they are required to pay higher monthly charges commensurate with their increased incomes.

7. Under the cooperative program financed with below-market interest rates of section 221(d)(3), initial occupancy and admission to the project is limited to those whose income limits do not exceed the amounts prescribed by FHA, with a preference to persons who are displaced by urban renewal or other governmental actions. When on periodic reexamination of income after initial occupancy it is disclosed that incomes of member residents increase, they are required to make increased payments commensurate with the increases in their incomes up to the point where they would pay the full economic monthly charge. Since a cooperative program involves downpayments and credit approvals and a form of homeownership, it has always been recognized that cooperative members would be permitted to remain in occupancy if their incomes rose after initial admission, if they paid increases in monthly charges which were commensurate with their increases in incomes, as provided in an FHA-approved cooperative plan. This policy and practice is sound as a matter of national housing policy and accords with the provisions and objectives of the cooperative program as approved in existing legislation.

8. To carry out these purposes of the cooperative program, cooperatives have adopted FHA-approved plans which provide for the reexamination of income of cooperative residents at the intervals for renewal of their occupancy agreements (unless required earlier by FHA) and which further provide that families whose incomes increase may either vacate or pay proportionately higher occupancy charges. If upon such a periodic reexamination of income the member's income has increased, he is required to pay a surcharge representing a stated proportion of the increase in his income (except for increases in income which do not exceed 5 percent). In no event is the total amount of the surcharge to exceed an amount equal to (i) the regular monthly carrying charges for the unit, plus (ii) the additional carrying charges which would be attributable to the unit if the interest on the FHA-insured mortgage balance on the project was recomputed at the market rate of 5¼ percent, plus an FHA insurance premium of one-half of 1 percent. This maximum monthly carrying charge is regarded as the "economic occupancy charge." The surcharges are paid into a special reserve, with expenditures permited only for such purposes as are approved by FHA. If upon reexamination there has been a change in family composition after initial occupancy, the FHA income limits and surcharges which are applicable are based upon the revised family composition at the time of reexamination.

9. Every cooperative member is required to make a downpayment so that he will have a financial stake in his cooperative home and community. The downpayments are kept within the financial reach of the lower- and moderate-income families. Generally, such downpayments do not exceed 2 percent of the mortgage amount and these funds are used as working capital, which constitutes an additional reserve for the cooperative. By having an investment in the cooperative project, the residents develop a sense of pride of ownership and take better care of the property.

10. Cooperative members develop a feeling of self-respect and self-reliance in contrast to the paternalism that sometimes characterizes rental operations by churches or other institutions.

11. When people work together in the cooperative ownership of housing, they tend to work together in undertaking other cooperative activities, including nursery schools, kindergartens, adult education, recreational and community

services. These attributes of a cooperative community produce economic savings and social benefits, which enrich the lives of the people and the community.

C. Conclusions of independent survey

The Peoples Gas Light & Coke Co., made an independent survey of housing financing under section 221(d)(3) of the National Housing Act of 1961. The officials of that company wanted to learn whether housing so financed "can help stem the migration of moderate income families from Chicago to the suburbs." The survey covered 29 projects, including 15 rentals and 14 cooperatives in eight cities. In the survey, there was a comparison between cooperatives and rental housing projects. It is significant that the survey contained the following impressions or conclusions:

1. On the average, cooperative housing was available at a lower monthly charge than rental housing under section 221(d)(3). The average figures were as follows for different size units:

	Cooperative monthly charge (average)	Rental monthly charge (average)
1 bedroom	$63	$86
2 bedroom	83	99
3 bedroom	91	107
4 bedroom	103	105

In the cooperatives the survey found there was an average downpayment of $258, while there was no downpayment involved in the rental projects which are not owned by residents.

2. On the subject of community contributions, the survey states:

"The cooperative housing developments appear not to have experienced the upkeep and behavioral problems faced by some of the rental projects. Perhaps the element of ownership and the self-governing management arrangement which involves members of the cooperative have tended to create an atmosphere of mutual respect."

Mr. TOWNSEND. Thank you, Mr. Chairman.

Mr. BARRETT. Thank you, Mr. Townsend, for your excellent statement in support of the bills under consideration.

I have noted carefully the amendments that you have recommended. And we certainly will study them carefully and do what we can to include them in the bill when we mark it up and report it. Thanks very much for coming here this morning and giving us the benefit of your testimony.

Mr. Fino?

Mr. FINO. Mr. Townsend, you heard the questions that I asked Mr. Shishkin, and more particularly, the question regarding the Federal coordinator. Did you hear the colloquy between myself and Mr. Shishkin?

Mr. TOWNSEND. Yes, I did.

Mr. FINO. Can we have the benefit of your comment on this part of the bill that provides for a Federal coordinator?

Mr. TOWNSEND. I have read it, but I have no fixed opinion, Mr. Fino, on this particular point. It seems to me that it follows that the Secretary, who has the overall responsibility, would want to be most cooperative and selective of the type and kind of persons that would fulfill and be responsive to the needs of the community that he was supposed to serve.

Mr. FINO. Do you feel that the cities or local government officials should have a say in the selection of such a coordinator?

Mr. TOWNSEND. I would suspect that there would be no objection on the part of the Secretary to doing this. And I would presume that he would take all those things into account. But it is still his responsibility to administer this program.

Mr. FINO. Thank you.

Mr. BARRETT. Thank you, Mr. Fino.

Mrs. Sullivan?

Mrs. SULLIVAN. I have one question that I don't know whether you can answer. But it has been disturbing to me. We found this true in my own area.

Whenever we tried to find some other housing for people who were being displaced through urban renewal, we found unscrupulous real estate salesmen trying to sell property to families which had never owned property before, and misleading them about the details, talking them into buying a house that they really can't afford, by saying, "Well, you can pay for this house in just a few years by filling it up with other families to share it with you." These were areas zoned for single families, and the real estate people knew it. This happened in many instances when we had one of our big urban renewal programs which displaced quite a number of people. And what it did was to create a very undesirable part of the city with overcrowding. The people who bought houses were not able to carry the payment on the houses if they had to conform with the regulations in the city's zoning code.

Do you feel that there is any way that we could recommend or enact legislation against such practice by real estate operators?

Mr. TOWNSEND. Mrs. Sullivan, this has been a sore point with a lot of us who have had anything to do with housing for a long time. Because so many times we have had—we have found real estate people who, without regard to whether it was urban renewal or whether it was cooperative housing or something else, didn't hesitate at all to exploit the deal to their private benefit. And the people who had the long-term responsibility of debt repayment were not given too fair a break. It is one of those cases where it seems to me that many times in the past our housing programs have been exploited through an economy of scarcity, rather than an economy of plenty. And this is the place where this legislation will further and, I think, will strengthen FHA's hand to qualify those people who would be eligible to take housing in places that they can pay out, and where they won't be taken advantage of. Sometimes we hear realtors objecting to the domination of agencies, regulatory agencies of this kind. But God pity the poor people if we didn't have this kind of protection for them.

Mrs. SULLIVAN. In the complaints which were brought before the real estate board in my own city there was no action against these operators. I realize that it is largely a local problem, and a State problem. But because there is so much of this going on, not only in my own city but all over the country, it is difficult to stop it unless there is a Federal law that they have got to comply with. There are rules and regulations set up in the cities and States, but they are not adhering to them.

Give it thought. I know that you can't answer something like that right now, but I think the practices that have been used have been

extremely bad. And it is still going on. I don't think it is as prevalent today as it was perhaps 10 years ago in my own area, but it still continues.

Mr. TOWNSEND. May I suggest in that connection that cooperative housing has made a real contribution in this field, because the people who make up a project come in as a group, and they get the kind of counseling and guidance from FHA that will afford them protection from this kind of exploitation.

Mrs. SULLIVAN. Only you are not getting this type of people in the cooperative housing. These are the kinds of people that have never bought a piece of real estate in their lives, and they really don't know how to investigate or question, they simply take what someone says for granted.

Thank you.

Mr. BARRETT. Mr. St Germain?

Mr. ST GERMAIN. Thank you, Mr. Chairman.

Mr. Townsend, on page 2 under your first point you mention, moreover—

> it is necessary to utilize vacant land outside the city, as well as the land within the cities. These requirements should be added as conditions which a city must meet to qualify for the additional Federal aid contemplated by the demonstration cities program.

Do you feel that this should be an amendment to section 9, or the criteria for the approval of a plan by the Secretary as far as relocation is concerned?

Mr. TOWNSEND. I am not quite sure that it would apply in all cases alike. But I would think that there needs to be a clarification of legislation sufficient to enable those cities where a demonstration project is put on, that they are not limited by lack of ability to annex or acquire properties outside of the present corporate limits.

Mr. ST GERMAIN. You mean there would be permissive legislation included to allow them to go beyond the city limits to acquire the necessary land to relocate and house these displaced people?

Mr. TOWNSEND. Yes.

Mr. ST GERMAIN. Do you contemplate that most of the funds should be provided for the acquisition of said real estate outside the city limits?

Mr. TOWNSEND. Again within the limitations and within certain defined areas, I am sure it would want to be properly safeguarded. But cities should not be prohibited from doing this simply because of too strict limitations on the use of funds for that purpose, development funds.

Mr. ST GERMAIN. Would you put it this way: If it were necessary to the implementation of a program, and if there is no other way to relocate the people, that they should be permitted to purchase land outside the city for the relocation of these families?

Mr. TOWNSEND. Yes, sir.

Mr. ST GERMAIN. In your point No. 3 with reference to the rent supplement program, overcrowding, with reference to overcrowding, do you mean that in addition to the criteria of income there should be also added that of overcrowding?

Mr. TOWNSEND. Yes, sir; I do. It seems to me that this is a major matter of a criterion that sometimes has been unattended simply because it is hard to define. But I suspect that it does more damage and makes bad housing simply because there is not available to people a place to live.

Mr. ST GERMAIN. How would you reconcile this, Mr. Townsend, with the new provisional regulation—unless I am mistaken it states that there shall be but one bathroom or one bath in each one of these apartments. Does that not limit the number of bedrooms, and, therefore, does not this fly in the face of providing housing under the rent supplement program for larger families who are overcrowded?

Mr. TOWNSEND. Well, the physical requirements for the number of persons to be accommodated by the number of bedrooms has been generally the criteria in the past. Whether or not this will answer the problem of overcrowding I am not quite sure in this new legislation. But I think that the overcrowding element as such should be identified as one of the criteria or one of the reasons why additional space should be provided.

Mr. ST GERMAIN. In view of that, then, I imagine you would recommend also that this regulation be changed as to the limitation?

Mr. TOWNSEND. Yes, sir.

Mr. ST GERMAIN. Because they would have to be hand in hand; would they not?

Mr. TOWNSEND. Yes, indeed.

Mr. ST GERMAIN. Nothing further, Mr. Chairman.

We thank you, Mr. Townsend.

Mr. BARRETT. Thank you, Mr. St Germain.

And Mr. Townsend, I think Mr. Fino has one other short question.

Mr. FINO. Mr. Townsend, in line with the question that Mr. St Germain asked, you and I know that this rent supplement program is not yet in operation, and it probably will not be in operation for another 2 years. This is an experimental program. And what you are suggesting is that we increase the categories eligible before we even test the program as we enacted it. Don't you think you are going a little too fast?

Mr. TOWNSEND. Well, I would presume that some of these things have been proven in other programs, and that in those places where proof has been obvious it seems to me that they ought to be naturally incorporated in this new legislation so that we don't have to come along and propose the same amendments again next year.

Mr. FINO. As I understand it, under the new rules and regulations it will be three bedrooms and one bath, so you are not going to take care of this overcrowded condition.

But I think you ought to wait on that and let's see how this program works out, once we get it rolling. And then we can come in with added recommendations, and maybe we can have room to have some Congressmen admitted to the program.

Mr. BARRETT. Mr. Townsend, all we are worried about is the lack of proper and adequate housing. We hope we can do what Mr. Shishkin has pointed out this morning, get the starts up to about 2 million a year, and then we will be on our way to take care of everybody who

needs decent and sanitary housing. This is our aim. And this is what we are trying to do.

Mr. Townsend, thanks very much for your very splendid testimony this morning.

The committee will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 11:50 a.m., the subcommittee adjourned to reconvene at 10 a.m., Friday, March 4, 1966.)

DEMONSTRATION CITIES AND URBAN DEVELOPMENT

FRIDAY, MARCH 4, 1966

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING OF THE
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10 a.m., in room 2128, Rayburn House Office Building, Hon. William A. Barrett (chairman of the subcommittee) presiding.

Present: Representatives Barrett, Mrs. Sullivan, Ashley, Moorhead, Stephens, St Germain, Reuss, and Harvey.

Also present: Representative Annunzio of the full committee.

Mr. BARRETT. The committee will come to order.

Our first witness this morning is the Honorable Richard J. Daley, mayor of Chicago, representing the U.S. Conference of Mayors.

Mr. Mayor, we are very pleased to have you with us this morning. If you desire to complete your statement before any questions are asked you may do so. We do want to make you feel at home this morning.

And we have very capable and knowledgeable representatives from the city of Chicago. We have here Mr. Annunzio, a very capable member of the Banking and Currency Committee. And I am sure he would like to welcome you here this morning.

And, therefore, I recognize Mr. Annunzio.

Mr. ANNUNZIO. Thank you, Chairman Barrett.

I am indeed grateful for the privilege extended to me to welcome one of Chicago's outstanding citizens today appearing before the Subcommittee on Housing of the Banking and Currency Committee. I would like the record to show that all of the Chicago Congressmen are especially proud of the record that Mayor Daley has made as mayor of the city of Chicago.

I have been pleased to know Mayor Daley for the past 25 years. And he brings to the committee this morning a wealth of experience and know-how in administering in the public interest.

He served as minority leader of the Illinois State Senate in the early forties.

In 1949 he was appointed director of revenue by Governor Stevenson. At the same time I was director of labor in 1949 under Governor Stevenson.

He left State government in 1951 to become county clerk of Cook County as well as comptroller of Cook County.

In 1955 he was elected mayor.

In 1959 he was relected.

In 1963 he was reelected for a second time.

In 1965 he became a member of one of the outstanding clubs of America, the Grandfathers Club. He became the grandfather of a bouncing baby boy.

So, on behalf of my colleagues, Republicans and Democrats, I am honored that you are with us this morning. And I am sure that your contribution will be a very effective contribution in the public interest, because all of us are sincerly concerned with the problems of large cities. And we feel that you are an expert in administering large cities because of the outstanding job that you have done as mayor of the third largest city of America.

Mr. BARRETT. Thank you, Mr. Annunzio.

Mr. Mayor, if you desire now, you may proceed with your statement and complete it. And we may ask you some questions after it.

I want to say, too, that this other distinguished gentleman from Illinois has something to add. And we will be glad to recognize our distinguished colleague, Mr. Pucinski.

STATEMENT OF HON. ROMAN C. PUCINSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. PUCINSKI. I am Congressman Pucinski from Chicago. We are glad to welcome the mayor.

We all have a very deep interest in this legislation. We believe the mayor of Chicago, one of America's most outstanding municipal administrators, can give guidelines in drafting this legislation so that it will be the most effective piece of legislation that Congress can enact to deal with this problem.

We are very glad that the mayor can be with us this morning.

STATEMENT OF HON. RICHARD J. DALEY, MAYOR OF CHICAGO, ILL.; ACCOMPANIED BY JOHN DUBA, COMMISSIONER OF DEVELOPMENT AND PLANNING

Mr. DALEY. Mr. Chairman and members of the committee, I appreciate this opportunity to testify before this subcommittee. I am appearing today not only as mayor of Chicago but also on behalf of the U.S. Conference of Mayors, to urge the approval of the Demonstration Cities Act of 1966.

I am convinced that there is universal agreement that the health and well-being of our central cities, where most of our people live, is the measure of the health and well-being of our Nation. I firmly believe that the efforts that have been made in improving our cities indicate that it is within our power to provide a decent home in a suitable environment for every family.

This goal is the essence of President Johnson's vision for a Great Society—it is the objective of this bill. In previous hearings earlier this week Mayor Jerome Cavanagh of Detroit made a number of specific recommendations on behalf of the U.S. Conference of Mayors and the National League of Cities. I join in those recommendations.

Twenty years ago there was no general concept of urban development as we know of it today. Cities were primarily concerned with public housing. The next step was directed toward slum clearance. Today any discussion of urban development includes low-rent public

housing, housing for the aged, moderate-income housing, relocation, recreation, open space, beautification, concern with urban design, adequate water resources, air pollution control, sewage and sanitation, better parking and garage facilities, and transportation improvement.

The National Association of Housing and Redevelopment Officials is one of the leading organizations in the field of urban development. in the preamble of its 1963–65 policy resolution it is stated:

> That housing, urban renewal, and code officials must find a means of more closely relating their operations to the work of other public and private agencies that are concerned with such deeply embedded urban problems as poverty, unemployment, lack of education, poor health, and family disruption. There must be a total community effort to meet these 20th century problems.

The resolution also singles out crime, delinquency, school dropouts, racial tensions, and other forms of social unrest.

I would like to review briefly the programs referred to in the bill which are underway in Chicago. I believe a review will make evident:

1. The need for preventing the depletion of urban renewal funds because of allocation to demonstration cities.
2. The obvious inadequacy of $2.3 billion spread over 5 years among 50 to 60 cities.
3. The need for releasing this year the full $2.9 billion title I funds authorized by Congress in 1965 for urban renewal, instead of being programed over 4 years.
4. The necessity for increasing planning funds so that all cities can participate and in order to assure the highest quality of planning.
5. The determination of criteria and guidelines in detail outside of those spelled out in the bill be deferred until enough preliminary plans have been submitted so that guidelines can be determined by actual experience and the needs of cities in light of their existing programs.

The urgent need for a comprehensive and coordinated program has been recognized by many cities. In Chicago several steps were taken toward this objective.

In 1962 there was a major reorganization with the merger of the two renewal agencies engaged in slum elimination and neighborhood improvement to create the present department of urban renewal. In June of last year, the department of city planning was reorganized into a department of development and planning. And to my left is the head of that department, John Duba.

In addition to all the functions previously carried out by the department of city planning, the new department is responsible for supervising and coordinating all city development activities.

Late in 1964, the department published the basic policies for the comprehensive plan of Chicago. In keeping with policy of citizen review and discussion, approximately 100 meetings were held in various communities with invitations extended directly to 600 community organizations. Based on these meetings, a review of the basic policies is now being completed and the next major report will be published this year.

Under our urban renewal program we now have in execution 19 redevelopment projects. Another 11 have been completed, contracts with the Federal Government closed and final payments received. We

anticipate the completion and closeout of another eight projects within the next year. All 30 redevelopment projects which have been undertaken cover 1,055 acres.

In addition to the 30 redevelopment projects, we now have 5 federally assisted conservation projects. Our first, Hyde Park-Kenwood, with 22,092 dwelling units has about 20 percent of all dwelling units to be rehabilitated in 300-odd conservation projects in the entire Nation. And we have now certified about 70 percent of these as meeting property rehabilitation standards. The total cost of this program in Federal, local, and private funds is approximately $250 million. Hyde Park-Kenwood is an integrated neighborhood. Property values have nearly doubled and as rapidly as land is made available it is purchased by private developers at fair prices. Construction in this area includes: public housing on scattered sites, housing for the aged, 221(d)(3) moderate income housing as well as conventionally financed and 220 housing. The value of permits for rehabilitation and new construction in 1959, when Hyde Park-Kenwood projects went into execution, was $156,000. The cumulative total of all permit valuation in the project since 1959 is nearly $66 million.

Construction actually completed on all renewal sites amounts to approximately $186 million. Another $80 million in construction is currently in progress in 17 project areas where 45 improvements are underway.

More than 6,000 apartments and 419 townhouses have been completed with another 7,000 planned or in development. More than 100 industrial and commercial buildings have been completed at an approximate cost of $30 million. Four institutional buildings and 16 public buildings have been erected.

It is estimated conservatively that the real estate tax yield for the total renewal program has more than doubled despite the fact that 300 acres of land is being made available for public and institutional use, such as parks, hospitals, schools, and colleges. The tax yield, of course, varies from project to project. In industrial projects it is estimated to be 3 to 5 times greater after redevelopment.

During the development of the individual renewal projects in Chicago the urban renewal department has carried on an extensive interchange with community organizations, institutional and business groups as well as professional and technical organizations in order to insure the broadest participation by those directly affected as well as using the broad resources that the many groups can bring to the development of the programs.

As an example, in the Lincoln Park Community where the renewal program has recently gone into the execution phase, the many neighborhood organizations and the renewal department staff held hundreds of meetings with from 5 to over 1,000 participants in the planning stage. This interchange, we believe, has resulted not only in the best possible plan for the area but has established the base for implementing the many aspects of the project.

In each of our rehabilitation project areas a citizens council, consisting of from 9 to 15 residents of the area, is appointed in accordance with our State legislation, who are responsible for providing assistance and guidance of the development of the plan and who must approve any plan before it can be placed into effect. These conservation com-

munity councils are also charged with the responsibility of aiding in the implementation of the plans.

During the past 17 years since relocation began for Chicago's first urban renewal project, 14,000 families have been relocated from urban renewal sites. More than 95 percent of these families have moved into standard and decent housing according to continuing followup studies we have made. This corresponds to a U.S. Census study made of 132 cities, including Chicago, which showed that 94 percent of the families were moving into standard housing.

Under the Housing Act of 1965 we have expanded our program with 10 new areas. The preliminary proposals call for moderate income housing to be built in seven of the projects utilizing 221(d)(3) financing and other private financing and development.

We have pending applications in 10 communities where neighborhood service centers will be established to provide rehabilitation and other assistance under the code enforecment projects.

Under the 1965 Housing Act the Chicago Housing Authority, over the next 4 years, will seek to obtain 3,000 units annually in 3 categories.

Under new construction it proposes to build 1,750 units in low-rise buildings in scattered sites.

They will purchase and rehabilitate properties containing 750 apartments.

They will lease 500 apartments from owners who have brought their buildings into strict compliance with the city's housing and building code. The authority has already conducted programs in the rehabilitation and leasing programs which not only provide homes for low-income families and the elderly, but equally important, which brings existing structures into strict compliance with city building codes.

Since 1955, the department of buildings has removed more than 3,000 dangerous and dilapidated buildings outside of urban renewal areas. The expenditure for demolition increased from a budget allowance of $5,000 in 1955 to $500,000 in 1965 when more than 900 buildings were demolished. Under the provision of the new act, a $715,000 grant plus one-third local matching funds will permit the demolition of many more such dangerous and blighted structures.

The Chicago Board of Health and the building department with the cooperation of the committee on urban opportunity, the city war on poverty agency, is now rodent-proofing apartments and since the program started in January extermination teams have inspected more than 19,000 apartments, containing 69,000 rooms and patched up 15,000 rodent holes as well as spraying apartments with insecticides.

The Chicago Dwellings Association, the city's nonprofit agency, is carrying on a broad program with special emphasis of improving the city's stock of moderate-income housing and conducting rehabilitation programs on a block-by-block basis in seven neighborhoods. Its activities include the purchase and rehabilitation of existing properties, the construction of new housing and improving the area by working closely with community organizations.

The agency is also serving as a court-appointed receiver for properties where building owners have refused to comply with housing, building, and health codes. Under State legislation, the CDA collects the rents and uses them to bring the properties up to city code stand-

ards. If the property cannot be rehabilitated a court order for demolition is sought.

The receivership program was initiated 4 years ago but under the new State legislation the CDA, since the first of the year, has been appointed receiver for more than 40 buildings.

The board of health, in 1965, opened a district health center which provides infant and maternal health care, chronic disease control, dental care, venereal disease control, mental health counseling, tuberculosis case finding to thousands of residents of a low-income area. Two more district health centers are being submitted for approval this year. The health department also has 31 infant welfare stations, including 18 maternal clinics.

The program, working in the framework of existing major medical facilities will include such services as prenatal care, infant welfare, complete pediatric care, diagnosis and treatment of acute illness, complete hospital care, health education, long-term treatment for ambulatory patients, mental health services, and social services. These family health centers will be opened—operated on a contractual basis between the board of health and medical schools or teaching hospitals. The first phase of this program involves 60,000 persons living in 2 poverty areas.

In 1965 the committee on urban opportunity was established as the agency to carry on the war on poverty. The committee is now working hand-in-hand with 37 voluntary agencies plus 38 community-initiated programs. It is estimated that these activities of the committee have reached more than 300,000 persons living in low-income communities.

The program encompasses such things as child development through Project Headstart program in which more than 23,000 youngsters enrolled last summer and the present child development program for 5,600 children.

The Neighborhood Youth Corps has helped additional thousands of young men and women from 16 through 21 find the pathway toward a productive adult life. Over 8,000 young Chicagoans are now enrolled and last summer the figure was 11,000.

Among the many projects in this vital part of the war against the causes of poverty are programs to aid youth, senior citizens, mentally retarded children, American Indians and working mothers. There are tutoring programs with senior citizens working next to college students helping school youngsters take greater advantage of their learning opportunities.

The program has established seven urban progress centers, neighborhood facilities where city and private services are provided at locations most convenient for those needing them. Two more will be opened this year.

These centers have employed over 700 persons as community representatives who work in neighborhoods where they live. They have left the ranks of the unemployed and underemployed and joined hands with their government to help others help themselves.

Another agency which is working as a full-time partner in the war on poverty and social deprivation is the commission on youth welfare. With a budget of more than $1,250,000, the commission has 13 field officers and neighborhood workers in 30 communities.

The commission on human relations works to assure equal opportunity for all persons regardless of race, color, creed, or national origin. It is responsible for policing the fair employment clause in city contracts and implementing and administering the Chicago fair housing ordinance.

The Cook County Department of Public Aid has led the county in its attack on illiteracy, unemployment, and poverty conditions. It pioneered in the manpower training programs. It is one of the few major cities in the United States where the number of persons on the aid-to-dependent-children program has been reduced for each of the last 5 months.

The department of air pollution control has installed the Nation's first telemetered monitoring network. This program is a part of a $1 million Federal grant for research projects. It has an aggressive enforcement program.

Chicago is fortunate that it has an excellent mass transportation system that operates in the black. A Federal grant of $1 million has been approved to finance a study of several alternatives in developing a subway system connecting with existing transit lines and commuter rail stations.

We have made very substantial progress in planning and programing in the last several years, which will help provide the basis for a demonstration project of the scope envisaged in the bill.

The research, planning, and program material prepared as part of our community renewal program deals with the development of housing, commercial, industrial, institutional and community facilities programs, and with social and economic aspects of overall programs. Other related studies and program recommendations have been developed by the Committee on Economic and Cultural Development. We have had the benefit of participation and advice of our institutions of higher learning in Chicago and of such private groups as the Welfare Council of Metropolitan Chicago and the Metropolitan Hospital Planning Council.

We have made progress in Chicago in this effort to rebuild and improve our communities. However, we are far from content. There remains much to be done in ridding our communities of blight, in providing adequate housing facilities for all families, in developing integrated communities, in furnishing adequate community facilities for schools, parks, playgrounds, in expanding health programs and hospital facilities, making available social services, and in creating job opportunities for all our citizens.

The Chicago program alone has shown the magnitude of urban improvement programs. The bill would focus in a community—in one overall program—the aggregate of all these endeavors. It is apparent that this can be done only with the utmost coordination—with the most careful planning and programing.

Serious consideration must be given that many of the agencies now engaged in urban development have their own citizen boards, their own administrative procedures, their own relationship with Federal and State community agencies. Some of them are governed by State legislation.

In Chicago their activities are coordinated by the department of development and planning which also is responsible for coordinating

the capital improvement programs of all city, county, and State agencies with public work and building programs in Chicago.

While we recognize some interim guidelines and criteria are needed during the development of the plans we would recommend that since all cities have their own individual and unique administrative and organizational structures, that any administrative requirements, procedures, and criteria other than those stated in the bill be deferred until such time as plans from cities throughout the country have been submitted and reviewed.

Further, it would be indeed difficult for any agency to determine the actual amount of funds necesary to achieve the objectives of the Demonstration Act when the cities in the United States vary in their resources, economic strength, extent, and quality of programs, and in social structure and environment. The Chicago program alone, I believe, makes it apparent that the only way to arrive at a reasonable estimate of the total funds needed would be by examining the plans submitted by the various cities. In the meantime, however, it is obvious that the $2.3 billion is far from adequate to carry on a program of this magnitude. It is also obvious that funds for planning must be substantially increased so as to provide an opportunity for every city to develop a demonstration program.

The preparation of a comprehensive plan involving the total environment will make a tremendous contribution to every city—and to the Nation by projecting the total needs of urban life.

With reference to H.R. 12946, the Urban Development Act, and H.R. 13064, the Housing and Urban Development Program Amendments of 1966, we will, with the chairman's permission, furnish the subcommittee with a statement outlining our views on these measures after we have had an opportunity to complete our analysis of their provisions.

Thank you, Mr. Chairman.

Mr. BARRETT. Without objection, it may be done.

(The statement referred to was previously submitted, see the joint statement of the U.S. Conference of Mayors and National League of Cities, p. 199.)

Mr. BARRETT. Mr. Daley, I want to thank you on behalf of the subcommittee for a very excellent and informative statement.

Mr. Mayor, I have one question. It is a little bit repetitious, because I have asked this of other mayors that have come before the committee.

First, I want to inform the members here this morning that we will continue under a 5-minute rule.

Mr. Mayor, I would like to ask you the same question that I asked Mayors Cavanagh and Lindsay earlier this week. Some people seem to have a fear that the Federal coordinator which the bill would set up for each demonstration city program would be some sort of a Federal dictator or czar. Now, I do not believe this, and I think the bill is clear that he would not be a dictator nor have dictatorial powers. But I would like to ask you these two questions. First, would the people who have such fear feel better, do you think, if we renamed this Federal official a local coordinator rather than a Federal coordinator?

And second, what do you think of the idea of making the services of the coordinator optional for participating cities rather than mandatory as provided by the bill, H.R. 12341?

Mr. DALEY. In the first place, I do not think any program of this magnitude will operate without the greatest of cooperation between the local people and the Federal Government. We have had the greatest relationship in all our dealings with the Federal Government, and we hope it will be continued. But there will always be differences of opinion as to how you want to do a certain project or even different concepts of the program itself. But we have always managed to resolve such questions by having our local people, including our planning and development department, and our urban renewal department, sit down with the Federal Government and their representatives. And the issues have always been resolved to the benefit of the people. I am sure the Federal agency in the spirit of good government would only select the best available person for the job in order to come up with the best possible program. So that I have no fear that this man or this woman, no matter what you call him or her, would be in the nature of a Federal dictator. We would hope that our local people would be able to submit their plans and programs before the project is initiated, as is the case in the public housing and urban renewal programs now. We submit our plan to the Federal agencies, they look them over, and then in conference and in coordination a general plan and a general program are agreed to.

On the optional business, very frankly and honestly, if the Federal Government is investing money of this magnitude it should have something to say about the programs. No reasonable person would say, I as the mayor of the city of Chicago, in the planning of our city's demonstration, should not have the help of the Federal Government. I do not think it should be optional. I do not see why a reasonable arrangement cannot be worked out between the cities and the Federal Government so that we can have the benefit of the great resources of the Federal Government and the Federal Government can have the benefit of resources of the local government in our efforts to do something about achieving the goals of this new program.

Mr. BARRETT. May I pinpoint this a little more? You do not think it should be optional, you think it should be mandatory?

Mr. DALEY. If I were sitting in the Congress, I would think that the Federal Government must have some direction over a program that calls for such tremendous expenditures. And I do not feel you have set up the housing programs on the basis of mandatory submittal of program plans, and I do not feel that there is anything wrong with the mandatory coordinator.

Mr. BARRETT. I just want to change it around a little bit. You do think that the cities in which the demonstration city program is in operation should have an opportunity to say to those at the Federal level, you may have to pay for this coordinator, because one that may be locally established may do a better job than one that they send to that area?

Mr. DALEY. We would hope again, Mr. Chairman, that the wisdom and the judgment of the Federal people would make them select someone who knew the community. It would be a sad commentary if they selected a coordinator who was totally unfamiliar with the city and its problems. This would be very disastrous for the program. But I do not think this would happen. I would think the Federal Government would select a local coordinator who has established roots in the community, who is known as a planner, a program man, and

who knows something about the problems of the community. They would have to do it. Otherwise this program will not work.

Mr. BARRETT. Thank you, Mr. Mayor. My time has expired.

Mr. Harvey?

Mr. HARVEY. Thank you, Mr. Chairman.

Mayor Daley, you have given us a very fine view of what Chicago has accomplished in the past few years.

I wonder, since the chairman has brought up this question of the coordinator, if you would tell me whether as mayor you feel that if the act were to provide that the President should appoint the coordinator from a list of persons or a list of nominations made by the localities themselves, persons, for example, that knew the problems of Chicago, if you think that would be particularly helpful?

Mr. DALEY. I think it would.

Mr. HARVEY. You think it would be helpful?

Mr. DALEY. Yes.

Mr. HARVEY. Let me ask you this question also. With regard to the demonstration program, if Chicago were to be selected as a demonstration city, how much money do you think it would take to adequately fund such a demonstration city program in Chicago?

Mr. DALEY. The answer to that question would be quite difficult. First, would you select one project, would you select three or two, would you select four, would you select five? So I would have to answer the question in this kind of a relationship.

I would say to you that we know, as I save said in my statement, that the requested appropriation of $2.3 billion is far inadequate to carry on these programs throughout the United States. I said you could not evaluate total need until the cities submitted their programs and their projects, and only then would you be able to estimate how much money would be required.

Mr. HARVEY. How long would it take Chicago to submit to the program?

Mr. DALEY. We can submit one immediately.

Mr. HARVEY. Can you give us some rough estimate of what we are talking about, a hundred million, or a billion, or what?

Mr. DALEY. In our city we would be talking about a total program of between probably a billion and a half to two billion dollars.

Mr. HARVEY. A billion and a half to two billion dollars?

Mr. DALEY. Yes.

Mr. HARVEY. How much do you think should be placed in the entire program, then?

Mr. DALEY. Well, as I said, we are supporting the idea of this legislation, knowing what a tremendous responsibility the Congress has—and I have been a member of a legislative body—in trying to determine appropriations, priorities, and needs. Some people would want all of it in housing and urban renewal and in the city demonstration program. But I think the Congress in their wisdom and judgment will make a wise decision.

Mr. HARVEY. Do you have any recommendation as to the size—as to what the overall figure would be? And how many cities should be involved?

Mr. DALEY. Again, Congressman, I would not, because I would not know what the needs of the other cities are. And I repeat, until we

have some idea as to the program needs of the other cities, you would have to accumulate all of these, and then you would have to decide, which has not been decided yet, what cities would be selected to determine the answer to the total appropriation question.

Mr. HARVEY. Looking at your statement on page 2, where you set up a subparagraph (1) in there, you say—

> I would like to review briefly the programs referred to in the bill which are on the way in Chicago. I believe a review will make evident—

and then you say subparagraph (1). I wonder if you would elaborate on this subparagraph, the need of preventing the depletion of renewal funds because of allocation to demonstration cities.

Mr. DALEY. What we had in mind there, Congressman, was that the urban renewal program should continue to be available to all the cities. What we are trying to say is that we would hope that the allocation of funds for demonstration cities would in no way interfere with the progress of the urban renewal program.

Mr. HARVEY. Let me ask this question as a followup. Does the way the bill is presently drafted make you feel that it would drain too much away from the existing program in the cities?

Mr. DALEY. It could possibly do that.

Mr. HARVEY. I wonder also, Mayor Daley—you say on page 3 that you have completed 11 of these urban renewal projects. First of all, have you utilized all of the cleared land at this point?

Mr. DALEY. We are on a current basis now on the use of the vacant land. One of the great problems we have tried to face up to is, just as you say—and I pushed as hard as I could push the man to my left—the necessity to eliminate this vacant land. Because we do not think this is good planning for any city. And unfortunately the land has remained vacant too long in some areas.

Maybe Mr. Duba could tell you specifically how much land we accumulated.

Mr. DUBA. In the past 5 years, we have been able to offer all of the vacant land for sale in both the redevelopment and conservation project as fast as it became available, to the point now that the department of urban renewal is on a current basis. So the little bit of vacant land that is now evident in the city of Chicago has either been offered for sale or has been sold to redevelopers, and the financing through FHA is in process.

Mr. DALEY. Which would mean that close to 95 percent of our vacant land is either in use or in the process of being sold today.

Mr. HARVEY. I hope I will have some more time later so I can get back to this.

Mr. BARRETT. The time of the gentleman has expired.

Mrs. Sullivan?

Mrs. SULLIVAN. Thank you, Mr. Chairman.

Mr. Mayor, the work you have cited in your statement as to what is being done in Chicago overwhelms me. I would like to talk to you about a couple of things that are on my mind. I am referring specifically to the coordination that is called for in this particular bill before us, but I want to know, at the present time, how do you keep track of all of the grants in aid and all of the moneys coming in from the Federal Government for all of the projects that you are develop-

ing? Do all these grants go through some sort of clearinghouse in the city, so that you know what is coming into the city?

Mr. DALEY. All of them go through the department of development and planning, and all of them are reviewed. And the way I keep track of them is to meet with my department heads at least once a month. And we have monthly reports. And in that report is a provision for Federal grants and Federal projects and Federal applications. So that it is a combination of both oral confrontation with the department heads as well as reporting by the department that keeps us abreast. Our auditor and comptroller make a monthly report on the same application.

Mrs. SULLIVAN. Would this include grants under the antipoverty program, the manpower retraining program, the urban renewal program, and all other programs?

Mr. DALEY. It encompasses everything.

Mrs. SULLIVAN. Everything? That is very significant. I think in many instances departments or agencies in the States and localities make individual contacts for grants and there seems to be no one place where all the information is brought together.

Mr. DALEY. Not in the city of Chicago, Congresswoman. We might be criticized, but I believe that anyone that is elected must have the authority and the control of what is happening under his administration. And we insist that the departments present their request to the Federal Government through the department of development because otherwise you would be operating, as you said, in isolation and piecemeal, and one department would not know what the other department was doing. We think rebuilding a city requires a comprehensive program. You cannot talk about urban renewal without talking about mass transportation; you cannot talk about mass transportation without talking about roads and expressways; and you cannot talk about roads and expressways without talking about parks.

Mrs. SULLIVAN. Are you talking only about planning for brick and mortar and steel or do you also include grants concerning people?

Mr. DALEY. Our main concept, which started in this department was for social planning, which was approximately 3 years ago, because you cannot plan for brick and steel without doing some social planning. We think that the two of them must go together, they are inseparable, and anyone that tries to plan it alone is not meeting the overall total need. We think you have to plan for recreation, beautification, tutoring, education and training programs, and the opportunity for people in the neighbodhoods to have a better life, and to be interested in the better things.

As you know, we were fortunate in being able to take 56 top honor boys and girls from a public housing project in our lower income area on a trip to Sweden for 10 days.

Mrs. SULLIVAN. I read about that.

Mr. DALEY. We think that if we could do more of this all of us would be amazed, when the youngsters come back, with their attitudes and their conversation about what took place. We think that the visits we have underway in our program, taking youngsters from the low-income areas that are seniors in high school, for a 2- or 3-day visit to the university of our State, where they stay and become familiar with university life is very effective, and we think we have to do more of it.

On Saturdays we have thousands of youngsters going to our institute to encourage them in the arts and painting. And we have thousands of others going to the museum of science and industry. And we think we should do more of that.

Mrs. SULLIVAN. I am glad to know that you have Federal grants coordinated in this way, because to just plan these things as separate, isolated programs does not give very good results. We have releases coming to our desk daily from the various agencies on the multitude of grants that they have given, to individuals, to colleges, as well as to public agencies for certain programs. And my hope is that everyone who participates in these Federal programs in a particular city can do so in a way that takes in the entire picture of Federal assistance.

Mr. DALEY. Well, you can't do it unless you have a comprehensive program. In past years grants were made and department heads and elected officials knew nothing about the programs until some months after they were in operation. We think they should be a part of it, that they should be brought into the comprehensive planning process.

Mrs. SULLIVAN. There is just one question that I would like to ask that only requires a yes or no, Mr. Chairman. Let me get it off my chest.

The thing that I think bothers many of us—this has nothing to do with the Federal Government; it has to do with the cities—is that in order for these vast programs to work effectively, is it not imperative that the city authorities appropriate sufficient money to increase the inspection service to be sure that the building codes, the health codes, and all of these other things are strictly enforced?

Mr. DALEY. Certainly. And we have been doing that. But the people sitting in Washington sometimes do not understand the problem, or how it came to exist. It did not come overnight. The problems of Chicago as a large city did not develop in the last year. The problems developed over the last 50 or 60 years. The problems were also brought about because of the action of the Federal Government during the last war no new residential structures could be built. But there are need for workers and they came from all sections of the country and they needed housing. And like every large city Chicago legalized conversion.

But I would say generally, and I know nothing about the other cities, that the majority of the mayors and other city officials want a better city. They are interested in code enforcement. They are interested in trying to have homes improved and rehabilitated. The only problem is how you do it. It is one thing to say that this should be done and it is another thing when you are confronted with the problem to try and do it.

Our building department and inspection services are now operating what we call a task force. We have taken 150 of our firemen, trained them in groups of 50, and had 50 firemen and 10 building inspectors going into neighborhoods and inspecting every building, and reporting back on every building. We are taking cases into court. And the landlord is entitled to his day—I am not defending him, but many times we have a situation where the poor unfortunate standing before the court bought the house the day before on contract, and the judge is confronted with this kind of a situation, what do you do?

Mr. BARRETT. The time of the gentlewoman has expired.

Mr. Ashley?

Mr. ASHLEY. Mr. Mayor, I am very pleased to greet the very, very distinguished mayor of the city of Chicago.

We in Toledo have long admired the transportation in your city, Mr. Mayor, that has come about largely since you have been mayor and as a result of your efforts. And we are mighty proud of the city of Chicago and the Midwest. And I certainly take my hat off to you for making the kind of attractive, dynamic place that it is today.

Mr. Mayor, I was interested in a comment that you made on page 7 of your testimony. You have referred to the receivership program which you say was initiated 4 years ago. Would you fill us in on what the receivership program is?

Mr. DALEY. Well, for example, the building department makes an inspection of a building and finds that it has a long record of violations. They have had the owners in and have attempted to get them to comply with the code. They have failed. So instead of filing in the municipal court where fines would be assessed, we go into equity and ask for a receivership.

Well, the original law gave us this authority. But now a receivership is appointed. Where the building was in bad condition the receivership had no way of getting additional capital and funds other than rents by which he could carry out improvements.

After 1 or 2 months the receivership came in and made a report to the court that nothing could be done to improve the building.

The law now gives us the opportunity of making the receivership a prior lien which comes ahead of the mortgage and any other debts outstanding against the building. But more important, we now have a fund by which we can go in and repair the building.

Mr. ASHLEY. Where does that money come from?

Mr. DALEY. From the Chicago Dwelling Association, which is a quasi-public body of outstanding men and women. Funds are provided by the State as well as the city. And this we hope to use as a revolving fund.

Another thing I want to emphasize is that we don't want the city in the real estate business. We want to improve the building and bring it up to the code, and then have the owner buy it back for whatever we put into it. This is what we hope will happen. We also hope that it will stimulate and agitate the mortgage people so that they will come in to protect their mortgage. And in this way we can go to the owner and say, "Here, we had better do something about refinancing this building," in an attempt to bring it up to code.

Mr. ASHLEY. The reason I asked you about that, Mr. Mayor, is that we have not had very much testimony from administration witnesses in the general area of rehabilitation. But the demonstration cities program contemplates, as I understand it, considerable renewal from the ground up in conjunction with rehabilitation where it is possible. Sometimes rehabilitation is very difficult to accomplish on a voluntary basis. Quite often, particularly in the larger cities, such as you represent, there is a necessity to compel, either through a receivership or some other such device, the conforming to code standards, upgrading along whatever lines it may be. And therefore, I am extremely interested—I believe that this is the first specific testimony that we have

gotten on this point, and I think that in many respects it is just as important as testimony with respect to the clearance, which is more dramatic, but in some respects it does not do the entire job.

So I am delighted to have this information.

Do I understand that you needed additional legislation, additional authority from the State legislature, Mr. Mayor, in order to——

Mr. DALEY. In the first place, the loan was not a prior loan. Under the original legislation, the city's loan to repair the building was subordinate to the mortgage, and this approach did not work. So in the change of the legislation, we made the loan of the city the prior lien ahead of the mortgage. So that the city's investment would be protected.

Mr. ASHLEY. Do you know if the conference of mayors has directed any concerted thought or made any collective recommendations with respect to this particular area, Mr. Mayor?

Mr. DALEY. I think the most challenging of all the subjects in housing is the one you mentioned, rehabilitation. We have done very little on it in the last 5 years. We are proud of Hyde Park-Kenwood, where, as you know, private rehabilitation has really taken on great impetus. But we still have to find new ways and new methods, and that is what we are trying to do. Very honestly, we are in the first stages of the acquisition and rehabilitation. We have taken three buildings, and I think we will have one completed in the next 30 days. But you are right, neither the Federal Government nor the State and local governments have done anything about it. We are trying, we are exploring, every city has been trying. And some people, as you know in Congress, real estate and financial people, will tell you many times it is not economically feasible, and it is not financially feasible. And sometimes others will say, if you will take a building 50 or 60 years of age, no matter how much money you put into it, you still have a building 50 or 60 years old. You would be better off to tear it down and put up a new structure. And we have these two lines of thought in our discussion.

Mr. ASHLEY. Did you get any guidance, Mayor Daley, in this area, or is this something that you and your associates devised for yourselves, this particular mechanism supported by the action taken by the legislature?

Mr. DALEY. This was local. This was our idea. We went to the legislature 4 years ago on the receiver. And then when we started to enforce we found we needed money. To make it work we went back to the legislature last year and had it passed again, with the money advanced by the city as a prior loan. And then we had to get the money.

Mr. ASHLEY. I think that you may have something here that can serve as a model, not only for other individual States, but for the Congress in the legislation that we are trying to work out here, Mr. Mayor. And I really commend you for this. I think this is a most significant area in which you have been directing your ideas.

Mr. DALEY. One further thought on this, Congressman. The receivership is appointed. We have an expert committee of citizens, outstanding people. And they make a review of the building to determine whether the building should be rehabilitated. If it is not to be

rehabilitated, we go back in the court for a petition for demolition, because there is no use of letting the building stand if it should be torn down.

So this, we think, has been very effective. Because when we go out and review, and our people come back, some of the top real estate men in the city, they come back with the report that it is not feasible, that this building has gone so far that it should be demolished. Then we go into the court on a petition for demolition.

Mr. ASHLEY. On the basis of it being a nuisance?

Mr. DALEY. On the basis that it is dangerous, and a public nuisance, it has youngsters playing in it, and it is dangerous.

Mr. ASHLEY. Do you say that this is a club that you can kind of hold over their head?

Mr. DALEY. I would not say a club, but another instrument and tool.

Mr. BARRETT. The time of the gentleman has expired.

Mr. Moorhead?

Mr. MOORHEAD. Thank you, Mr. Chairman.

Mr. Mayor, this is a very exciting story about Chicago that you tell us. And I commend you for the fine things that you have done for the people of Chicago.

Mr. Mayor, I agree with your testimony that we should increase the funds for planning so that all cities can participate in planning.

I also share your concern that this $2.3 billion is not adequate.

I am also concerned that there will be hard feelings on the part of the cities which are not selected for demonstration projects.

However, we may be faced with a budgetary situation that there is just an absolute $2.3 billion ceiling. Now, assuming that this is the case, I would like to ask you a question. And you may want to defer answering it until after you have had a chance to consult with some of your people.

Under the bill as it is now drafted, the Federal Government would pay 80 percent of the local share of the federally assisted project. So that if we take an urban renewal situation hypothetically of $300,000, the normal Federal share would be $200,000, and the local share $100,000. But if this particular project were a demonstration project, the Federal Government would pick up 80 percent of the $100,000, so that you would end up with a Federal share of $280,000 and a local share of $20,000, or the Federal share would be something in excess of 90 percent of the total cost.

Now, if we wanted to try to spread this program a little bit wider, or take in more projects, or more cities, we could, say, reduce this 80 percent figure to 50 percent. And if we took the $300,000 hypothetical project, in addition to the normal Federal share of $200,000, if it were a demonstration project, there would be an additional Federal contribution of $50,000, so that the ratios would be $250 Federal to $50 local, for a Federal share of in excess of 80 percent.

Now, what would your reaction be to a change of that sort in the demonstration cities bill that is before us?

Mr. DALEY. I do not think the change would accomplish your objective. Because even when you would take in additional cities, there are still additional cities that are not in the program. So this would not answer that question. It would give you more cities. But it would never answer the question for all the cities.

We are hoping that there would be some way, as we mentioned in our statement, that the urban renewal program for all the cities would continue while you are trying to grapple with this very difficult problem of the cities you will select for the demonstration project. But I don't think any modification of these figures would give you the satisfaction of having taken care of all the cities; it would only let you take care of a few additional cities.

Mr. MOORHEAD. It would only take care of additional cities. But because the Federal share would not be so munificent there would be, I think, slightly less disappointment at being left out of the program.

Mr. DALEY. But then you would have to remember what impact this would have on your going urban renewal program. If you are making this a demonstration grant, then it should be done in such a way so as to assure there will be no ill effect on participation in the regular ongoing urban renewal program.

Mr. MOORHEAD. I quite agree. I was saying, instead of making 90 percent, or 80 percent, you could spread the dollars a little further.

Mr. DALEY. You cannot. And I think this is one of the problems the Congress will have difficulty with. Every city feels—and I would support each one—every city feels that should be a part of this demonstration. And I would think every mayor feels that their city should be selected.

However, there are acute situations, as you know and I know, in some of the cities that will determine priority.

Mr. MOORHEAD. Are you familiar with a proposed amendment which Mr. Reuss and Mr. Ashley and I have suggested which attempts to define the criteria of cities with the most serious needs or neighborhoods with the most serious needs? If you are familiar with that amendment, I would like to have a comment as to whether you favor or oppose it?

Mr. DALEY. I am not familiar with the details of the amendment, Congressman.

Mr. MOORHEAD. I do not have a copy of it before me. And my time has expired. Thank you.

Mr. BARRETT. The time of the gentleman has expired.

Mr. Stephens?

Mr. STEPHENS. Thank you, Mr. Chairman. I have no questions.

Mr. BARRETT. Mr. St Germain?

Mr. ST GERMAIN. Thank you, Mr. Chairman.

Mayor Daley, does the State of Illinois help the various cities in their local share for urban renewal?

Mr. DALEY. No, not since 1949.

Mr. ST GERMAIN. As you know, there are some States that do. Under the circumstances, in line with Mr. Moorhead's questioning on that 80 percent feature, do you feel that the local share referred to here should be the determining factor after deducting that share that the State is contributing to the local community, or do you think that the State's contribution should be considered as part of the local contribution?

Mr. DALEY. First, I am firmly of the opinion that the State should participate financially in all of these projects.

And secondly, I think if they do participate, then naturally it should be a part of the local participation.

Mr. ST GERMAIN. It should be considered as part of the local participation?

Mr. DALEY. Right.

Mr. ST GERMAIN. And therefore it would not affect the 80 percent return?

Mr. DALEY. That is right.

Mr. ST GERMAIN. I noticed in your statement, Mr. Mayor, that you have done a great deal of work in Chicago. I have never visited Chicago. But it seems to me that with all the work you have done out there you are already a demonstration city. You seemed to have coordinated all of the Federal programs. As you state, in many areas you have open spaces, you have parks—and I say this as a compliment—but by the same token, I am wondering if perhaps for the larger cities you aren't the model that should be followed. What would you think of that, Mr. Mayor?

Mr. DALEY. I think modesty would prevent me from answering.

I do say, though, Congressman, very seriously, we have a great tradition in Chicago—I am not trying to take any credit for it myself. I don't know if you know this but in 1947 in Chicago labor and business organized and went to the State legislature, and one of the first programs passed in the State legislature was urban renewal. And I would say that through the help of citizen participation—the churches, labor, and many organizations have been working on it a long time, and trying to find some of the answers.

But I would also say to you that we have a long way to go to achieve what we would hope the city would look like.

Mr. ST GERMAIN. I noticed a lack of comment and—and I wonder if it was intentional—I realize you tried to get as much into the statement as possible, but I saw no comment on whether or not you had relocation problems. Or perhaps I missed it.

Mr. DALEY. I think it is covered in here Congressman, at the bottom of page 5 "during the past 17 years."

And let me say here that I think every city and every mayor has been assailed on this question of relocation. And they have been assailed sometimes on general accusations not supported by the record, or the figures. And we have been assailed. And I directed the man on my left to make a person-to-person check so that we could answer these questions. Because the critics of urban renewal say that in relocation all you are doing is uprooting people, moving them from one slum to another. That is not happening in Chicago, and that is not happening in the country. What you are doing is improving the housing. And as we say here, the people that have been moved have been upgraded in 95 percent of the cases into better housing. In other words, you have taken them out of the basements, you have taken them out of the attics, and you have taken them out of hovels and put them in better housing. And I do not know anything about the programs of other cities, but I think this pretty much is the record of other cities, too.

Mr. ST GERMAIN. Thank you, Mr. Mayor.

My time has expired, Mr. Chairman. But I hope that we will have the privilege of asking the mayor a few more questions. I do hope that we will have a second round.

Mr. BARRETT. I am quite sure the mayor would be willing to have his staff answer any questions that you may have. We do want to

give you the fullest measure of time that we can to ask anything that concerns the committee. But I don't want to consume too much of the mayor's time. Now, if you have another question, I think we can extend it a minute or so.

Mr. Reuss?

Mr. REUSS. Thank you, Mr. Chairman.

Mayor Daley, Congressman Moorhead a moment ago was exploring with you the problem of the size of the demonstration cities program. He made the point that even if the present $2.3 in the program is expanded by the Congress initially, there probably won't be enough money to take care of every city's desire. Just as Mr. Moorhead's time ran out he was discussing with you the proposed Ashley-Moorhead-Reuss amendment which says that the sections or neighborhoods to be helped by the demonstration grant program should be those subject to high-priority economic and social pressures, such as population density, crime rate, public welfare participation, delinquency, poverty, unemployment, educational levels, health and disease characteristics, and substandard housing. The purpose of that amendment is to see that the funds are channeled to the areas where they will do the most good. We are not under the impression that these limited funds will handle every such high-priority project either. But we welcome your reaction to this kind of an effort.

Mr. DALEY. I would say, Congressman, that that is the criterion under which anyone would develop the program. Certainly these are the neighborhoods we should go to first, and any other deviation from that would be not in accordance with the concept of this legislation. This would be our criteria in determining the project area. We are thinking about areas like Lawndale and East Garfield Park and West Garfield Park and many others.

Mr. REUSS. Which will satisfy the kind of criteria I have mentioned?

Mr. DALEY. Yes.

Mr. REUSS. Another amendment we are proposing, Mayor Daley, has to do with research and development in new systems of urban transport. And they are amendments which would be in addition, of course, to the renewal of the Urban Transportation Act of 1964. Our amendment would direct the Secretary of Housing and Urban Development to report back to the Congress by next year with a draft program for research and development and demonstration of new systems of coordinated urban transportation that will carry people and goods within metropolitan areas speedily, safely, without polluting the air, in a manner that will contribute to sound city planning. The amendment goes on to provide that the programing envisaged should try for a breakthrough within 5 years after it was adopted by the Congress, that it should take into account not just the technological, but also the financial, economic, governmental and social aspects, and that the role of the Federal Government would be to provide leadership for the efforts of States, localities, private industries, universities, and foundations. How would you feel about such a proposal?

Mr. DALEY. I think this is a necessary ingredient of rebuilding a neighborhood and community.

And I would like to point out, Congressman, that we are attempting this ourselves in Chicago to study and research, through Mr. Duba,

the whole question of local transportation, not piecemeal, but how the railroads relate to mass transportation. And then I think as you know we were the first city in the United States to put a median strip on an expressway running out to the suburbs. We hope to do this also on the Kennedy and Ryan expressways.

And we know, as your amendment points out, that you cannot talk about rebuilding the cities or the suburbs without talking about mass transportation and the movement of people. We are concerned about how you move people from their places of employment to where they live. And we are hopeful that we can come up, as you mentioned with new ideas, with new concepts, for example, the use of our local transportation facilities on the right-of-way of railroads, with possibly the taking over of the railroad completely. And we have also talked about lines for buses with no interference from passenger cars. And we think what you are suggesting there is highly desirable, to undertake research to develop coordinated transportation systems for our cities and particularly the metropolitan area.

Mr. REUSS. Thank you, Mr. Chairman.

Mr. BARRETT. Mr. Mayor, this is certainly very helpful and very constructive testimony you have given here this morning. And I think the members have some more questions.

Mr. DALEY. I would be willing to cooperate and stay as long as is necessary, Mr. Chairman, because this is a very important subject.

Mr. BARRETT. If you begin to wear down, let us know.

Mr. DALEY. I don't wear down quickly.

Mr. BARRETT. Mr. Harvey?

Mr. HARVEY. Mr. Mayor, for the record, could you submit a breakdown of your list of completed urban renewal projects, the amount of land in use now, and for what general purposes, the amount contracted for but not yet in use, and the amount offered but as yet unaccepted.

Mr. DALEY. We will furnish that to the chairman.

Mr. HARVEY. Will you furnish that for the chairman?

Mr. DALEY. Yes.

(The information requested follows:)

DEPARTMENT OF DEVELOPMENT AND PLANNING,
City of Chicago, April 4, 1966.

Mr. JOHN J. MCEWAN,
Staff Director, Housing Subcommittee, House Banking and Currency Committee, Washington, D.C.

DEAR MR. MCEWAN: When Mayor Daley testified before Congressman Barrett's subcommittee, he was asked for information concerning disposition of land in Chicago's urban renewal projects.

Enclosed herein is the information covering the overall program and more detailed data on 11 projects which have been closed out.

If additional information would be helpful to any committee members, please let me know.

Sincerely,

JOHN G. DUBA, *Commissioner.*

DEPARTMENT OF URBAN RENEWAL, CITY OF CHICAGO

ANALYSIS OF LAND DISPOSITION, MARCH 31, 1966

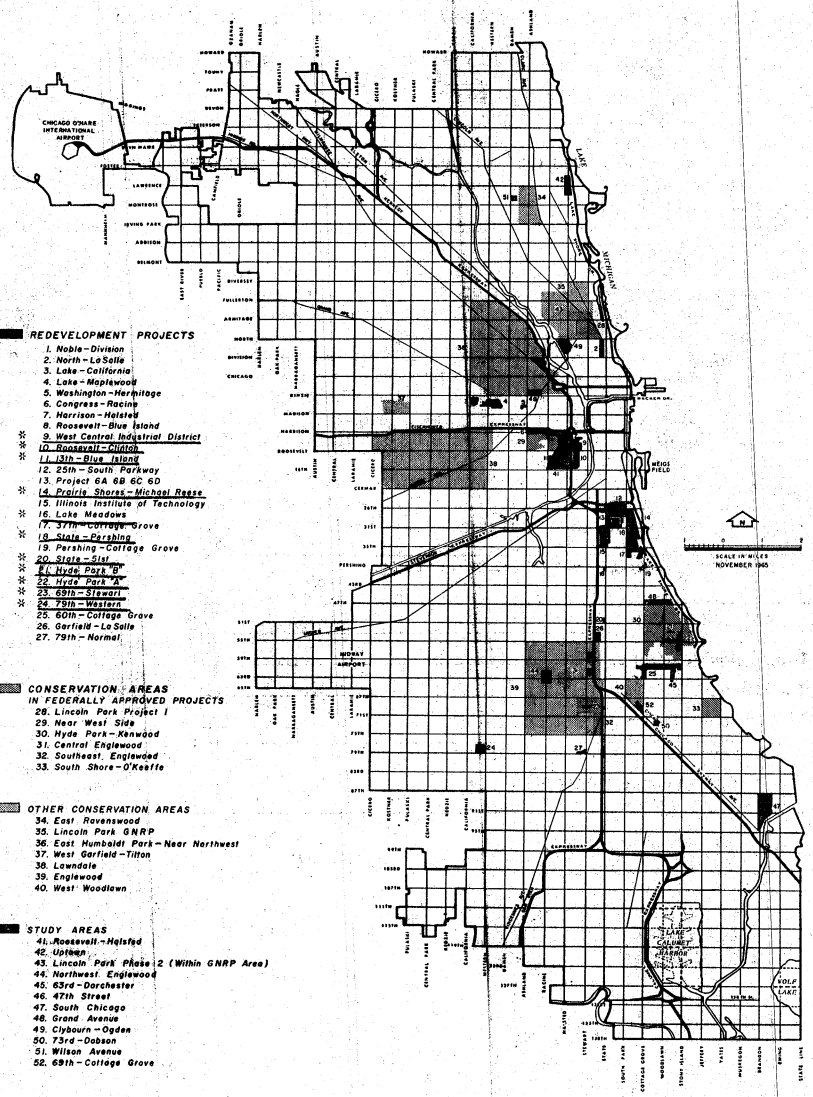
The 27 redevelopment projects and 5 conservation projects undertaken to date in Chicago's urban renewal program will make available a total of 883.4 acres of land for redevelopment in both public and private uses. As shown in the attached table, 606.5 acres or 68.7 percent have been approved for sale by the department of urban renewal board and redevelopment is either completed, in process, or about to begin.

However, a more accurate measure of progress in land disposition would be the relationship of land approved for sale to that available for sale. Of the total land designated for redevelopment, 201.6 acres are included in projects which have just come into execution or in projects where land acquisition and relocation have not been completed. This land, therefore, is not now available for sale and redevelopment.

Of the 681.8 acres of land which have been cleared and made available for redevelopment, the 606.5 acres approved for sale comprise 89.0 percent of the total. In addition, 10.6 acres of land have been offered for sale and developers will be approved within the very near future. That is, 617.1 acres of land or 90.5 percent of the 681.8 acres of land available for sale have been either sold or are in the process of sale.

Only 64.7 acres or 9.5 percent of land cleared and available for sale have not yet been offered. This land will be publicly offered for sale in the coming months in accordance with the department's schedule of offerings for 1966.

	Acres	Percent
Total land to be sold	883.4	100.0
Land approved for sale	606.5	68.7
Total land available for sale	681.8	100.0
Land approved for sale	606.5	89.0
Land offered for sale	10.6	1.5
Land available but not offered	64.7	9.5
Total land not available for sale	201.6	22.8



DEPARTMENT OF URBAN RENEWAL
CITY OF CHICAGO

* CLOSED PROJECTS

Mayor Richard J. Daley has called urban renewal "the city's most important program affecting every activity of city government." Its objective is to eliminate from our city all slum dwellings and to rebuild and conserve our neighborhoods so that every family will live in a healthy and attractive environment.

In the renewal process, the quality of the housing and the desirability of the neighborhoods are improved; schools, parks, and recreational areas are built to keep pace with changing needs of the community; new industrial and commercial districts are created; space is made available to meet growth needs of the city's

institutional centers; traffic patterns are revised to eliminate congestion and hazards.

Passage of the Illinois Blighted Areas Redevelopment Act of 1947 made possible the start of Chicago's slum clearance program and preceded the enactment of similar Federal legislation in 1949. The Chicago community improvement program was broadened in 1953 with passage of the Illinois Urban Community Conservation Act which, again, embodied principles later written into Federal legislation in 1954 stressing rehabilitation of existing buildings.

Chicago's renewal program consists of 30 redevelopment projects totaling 1,055 acres and 7 rehabilitation projects covering 1,886 acres.

Total public investment in the program including Federal, State, and local funds amounts to approximately $250 million. Private investment for new construction and rehabilitation is estimated to be approximately 4 to 5 times as much.

Already completed in urban renewal projects are 6,089 apartments and 419 townhouses with an estimated 7,000 more units planned or in some phase of development; 103 commercial and industrial buildings have been completed at an approximate cost of $30 million; 40 institutional buildings have been completed at an approximate cost of $65 million; 85 acres are allocated for public parks and playgrounds.

It is expected that the community improvement program will be expanded and accelerated in the next several years with the addition of 10 more redevelopment and conservation projects which are presently in the study stage; a simultaneous code enforcement drive including the demolition of 1,000 dangerously, dilapidated buildings outside project areas.

A five-member board appointed by the mayor and approved by the city council establishes policy for the operation of the department. Lewis W. Hill, chairman and commissioner, is chief administrative officer with R. G. Zundel as deputy commissioner. Other members of the board are Norman F. Barry, television and radio commentator; Delbert W. Coleman, chairman of the board and president of the Seeburg Corp.; James D. Green, vice president of Northern Trust Co.; Robert N. Landrum, real estate broker.

DEPARTMENT OF URBAN RENEWAL, CITY OF CHICAGO

PROJECT FACT SHEET

Project name.—Lake Meadows (project No. I).

Federal number.—UR ILL. 6–1.

Location.—South central area, 4 miles south of the Loop. Bounded on the north by 31st Street and Michael Reese Hospital—Prairie Shores redevelopment project, on the east by the Illinois Central Railroad and Lake Michigan, on the south by Groverland Park, 35th Street and the 37th Cottage Grove redevelopment project, and on the west by South Parkway.

Project closed out (final settlement with Federal Government) August 30, 1963.

Project area.—101.3 acres.

Relocation

Families	3,416
Indiyiduals	1,217
Nonresidential establishments	180

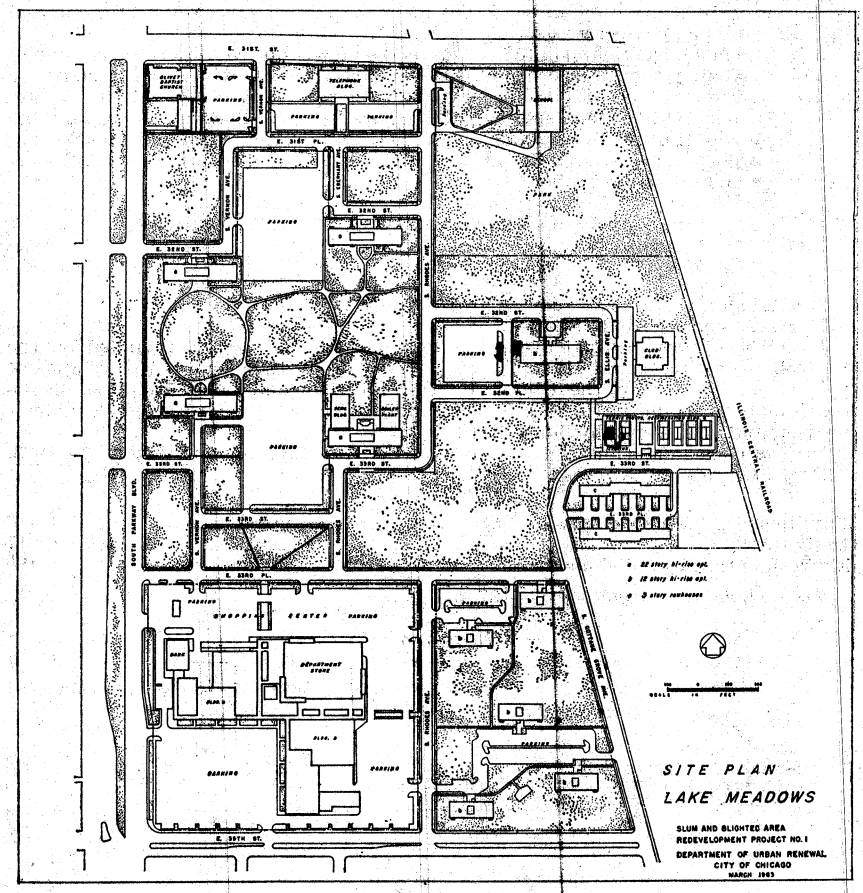
Total structures demolished.—737.

Development

	Acres	Land cost	Improvement cost
2,009 dwelling units in 10 high rise buildings; 24 townhouses	52.5	$1,163,201	$30,676,000
240,000-square-foot shopping center; office building	19.3	664,356	4,000,000
New school and park; addition to existing church	12.9	349,676	963,000

Financing

Gross project cost	$17,141,996
Less proceeds from the sale of land	2,177,233
Net project cost	14,964,763
Federal grant:	
Capital	9,722,819
Relocation	0
Total, Federal grant	9,722,819
Local grant:	
Noncash	1,811,025
Cash	3,430,919
Total, local grant	5,241,944



PROJECT FACT SHEET

Project name.—West Central Indusrial District.
Federal number.—UR ILL. 6-3.
Location.—1 mile west of the Loop. Boundaries: North, West Polk Street; east, South Canal Street; south, West Roosevelt Road; Roosevelt-Clinton Redevelopment Project; west, Dan Ryan Expressway and University of Illinois Chicago campus.
Project closed out (final settlement with Federal Government), June 25, 1965.
Project area.—43.5 acres.

Relocation

Families	181
Individuals	70
Nonresidential establishments	57

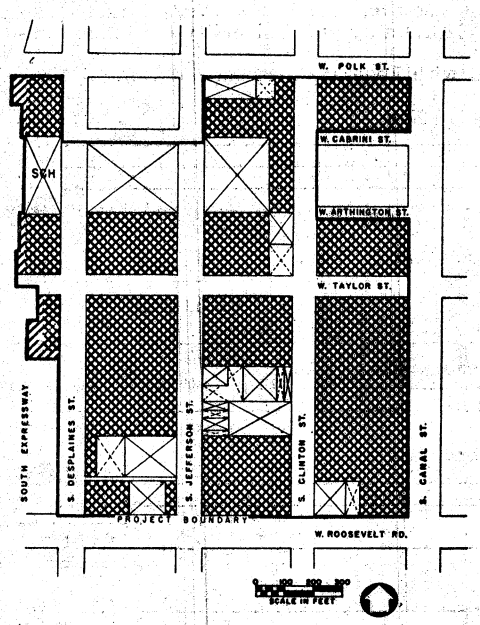
Total structures demolished.—178.

Development

	Acres	Land cost	Improvement cost
28 light industrial and commercial buildings plus parking facilities	25.7	$3,092,249	$9,684,699

Financing

Gross project cost	$4,784,020
Less proceeds from the sale of land	3,092,249
Net project cost	1,691,771
Federal grant:	
Capital	1,121,375
Relocation	9,709
Total, Federal grant	1,131,084
Local grant:	
Noncash	275,031
Cash	285,656
Total, local grant	560,687



LAND USE

EXHIBIT NO. 1 OF THE REDEVELOPMENT PLAN

SLUM AND BLIGHTED AREA
REDEVELOPMENT PROJECT NO. 3

CHICAGO LAND CLEARANCE COMMISSION
DECEMBER 12, 1955

MAJOR CONTROLS

A. LAND USE AREAS	Acres
1. Commercial and Light Industrial Properties to be Retained and Brought into Conformance with the Redevelopment Plan	6.9
2. Land Required to Bring Properties Shown in Item 1 of this Legend into Conformance with the Redevelopment Plan	1.5
3. Public School to Remain Until Funds are Available for the Construction of an Alternate Facility, at which Time the Land will be Sold for Use in Accordance with this Redevelopment Plan	.8
4. Light Industrial, with Railroad Sidings between Clinton and Canal Sts.	24.0
5. South Expressway	.4
Net Area	33.6
Streets and Alleys	9.9
Total Gross Area	43.5

B. PERFORMANCE REQUIREMENTS AND USE RESTRICTIONS

This area is to be zoned as a 3rd volume industrial district and shall be used for industrial purposes as defined in the section of the City of Chicago Zoning Ordinance, as amended to April 5, 1955 pertaining to manufacturing use districts, including all provisions of that ordinance. The height and bulk limitations are stated as follows in the ordinance:

Height - no restriction.

"In third volume districts the maximum volume of all buildings in the number of cubic feet equal to . . . 96 x the number of square feet of area in the lot."

The land uses shall comply with the following:

1. Residential Use

There shall not be any residential use in the area.

2. Noxious and Objectionable Use

No part of the area shall be disposed of for any use which in the determination of the Chicago Land Clearance Commission will cause any objectionable noise, odor, vibration, dust, toxic or noxious material, glare or heat from said premises which would create or tend to create a nuisance.

3. Hazardous Use

No part of the area shall be disposed of for any use which in the determination of the Chicago Land Clearance Commission will create or tend to create a hazard or increase the cost of insurance to owners of any other property in the area.

4. Storage or Disposal of Refuse

There shall not be any on-site storage or disposal of refuse other than that permitted by city ordinance.

5. Off-Street Loading

Truck loading and unloading facilities shall be provided in sufficient quantity and be so located that all vehicles transporting material to and from the buildings will be entirely within the property lines during loading or unloading operations, as required by the City of Chicago Zoning Ordinance, Off-Street Parking and Loading Provisions, as amended to July 28, 1954.

6. Parking

One parking space shall be provided for each four employees, based upon the maximum number of persons to be employed at any one work period during the day or night, plus such additional parking facilities as required for all vehicles used in the conduct of the enterprise, or as otherwise required by the City of Chicago Zoning Ordinance, Off-Street Parking and Loading Provisions, as amended to July 28, 1954.

7. Screening of Parking and Storage Areas

Parking and storage areas adjacent to industrial structures shall be screened to the extent necessary in the determination of the Chicago Land Clearance Commission to conceal stored material so that those areas will not become unsightly to adjacent uses and particularly to users of adjacent streets.

8. Curb Cuts

Curb cuts for all uses except gas stations shall be a minimum distance of 50 feet from a street intersection and have a minimum radius of 15 feet.

9. Building Setback along Clinton Street

Buildings shall be set back ten feet from the property line on both sides of the street.

PROJECT FACT SHEET

Project name.—Michael Reese—Prairie Shores (Project No. 7).

Federal number.—UR Ill. 6–6.

Location.—South-central areas, 2½ miles south of the Loop. Boundaries: North, 26th Street; east, Michael Reese Hospital property; south, 31st Street and the Lake Meadows redevelopment project; west, Southparkway.

Project closed out (final settlement with Federal Government) June 2, 1961.

Project area.—55.1 acres.

Relocation

Families	604
Individuals	207
Nonresidential establishments	58

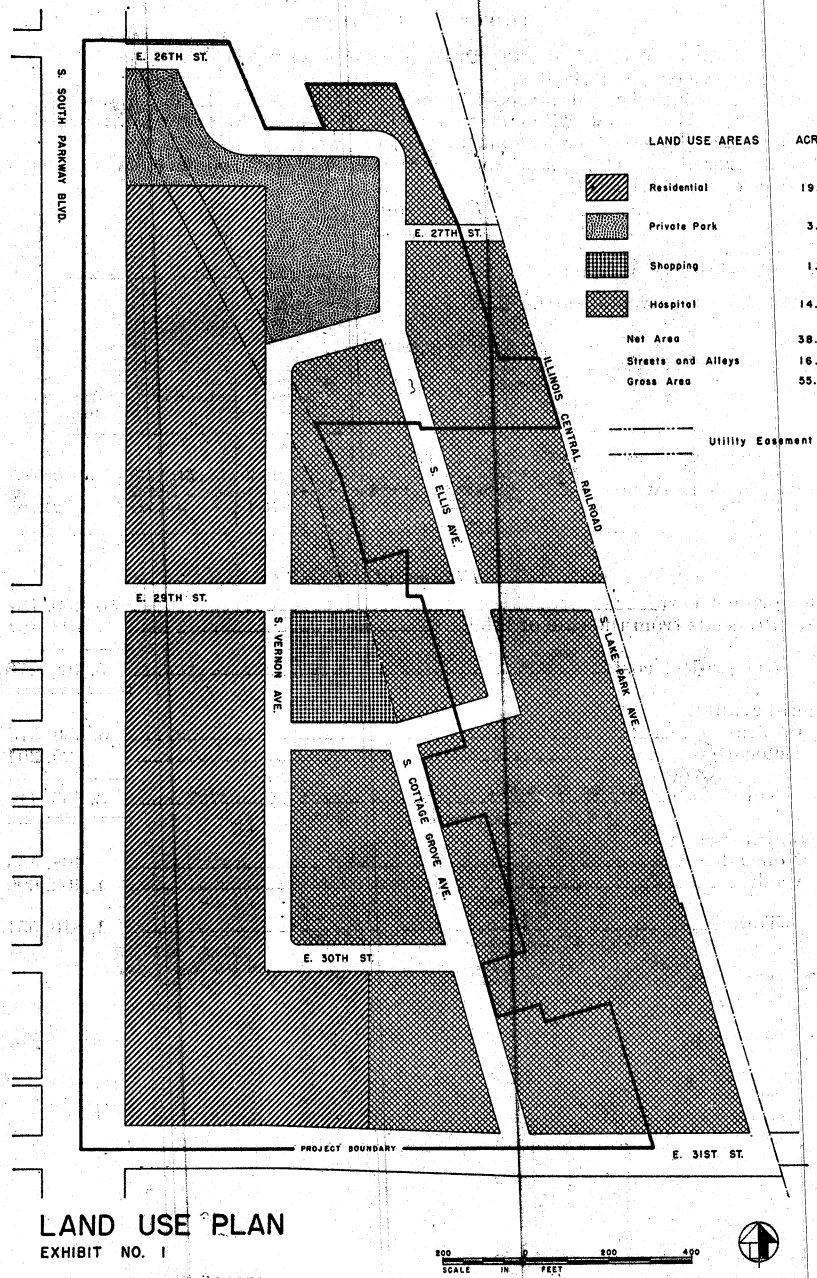
Total structures demolished.—228.

Development

	Acres	Land cost	Improvement cost
5 high-rise apartment buildings, 1,678 rental units, FHA 220 financing	18.9	$412,379	$18,900,000
Shopping center with 6 stores	1.4	30,862	278,000
5 hospital buildings	16.1	350,223	8,250,000

Financing

Gross project cost	$6,259,734
Less—Proceeds from the sale of land	793,464
Net project cost	5,466,270
Federal grant:	
Capital	3,630,515
Relocation	25,204
Total	3,655,719
Local grant:	
Noncash	408,455
Cash	1,402,096
Total	1,810,551



LAND USE PLAN

EXHIBIT NO. 1

SLUM AND BLIGHTED AREA
REDEVELOPMENT PROJECT NO. 7
CHICAGO LAND CLEARANCE COMMISSION
NOVEMBER 14, 1960

PROJECT FACT SHEET

Project name.—Hyde Park "A."
Federal number.—UR ILL. 6–7.
Location.—6 miles south of Loop, University of Chicago neighborhood, located generally at 55th Street and Lake Park Avenue in the Hyde Park-Kenwood conservation area.
Project closed out (final settlement with Federal Government) September 18, 1964.
Project area.—42.7 acres.

Relocation

Families	849
Individuals	471
Nonresidential establishments	190

Total structures demolished.—168.

Development

	Acres	Land cost	Improvement cost
2 high-rise buildings with 540 FHA 220 financing rental units, 223 3- and 4-bedroom sale row houses—conventional financing $19,000 to $40,000, 34 cooperative row houses FHA 213(c)	20.5	$891,481	$16,151,500
73,000-square-foot shopping center with 18 stores and 2 medical offices, parking facilities for existing businesses	7.2	572,007	2,117,920
Public park, neighborhood club addition	1.7	81,643	120,000

Financing

Gross project cost	$11,024,284
Less, proceeds from the sale of land	1,545,131
Net project cost	9,479,153
Federal grant:	
Capital	6,196,706
Relocation	184,094
Total	6,380,800
Local grant:	
Noncash	295,309
Cash	2,803,044
Total	3,098,353

PROJECT FACT SHEET

Project name.—Hyde Park "B."
Federal number.—UR ILL. 6–8.
Location.—6 miles south of the Loop, University of Chicago neighborhood, located generally at 54th Street and Dorchester Avenue in the Hyde Park-Kenwood conservation area.
Project closed out (final settlement with Federal Government), June 29, 1959
Project area.—4.6 acres.

Relocation

Families	76
Individuals	69
Nonresidential establishments	4

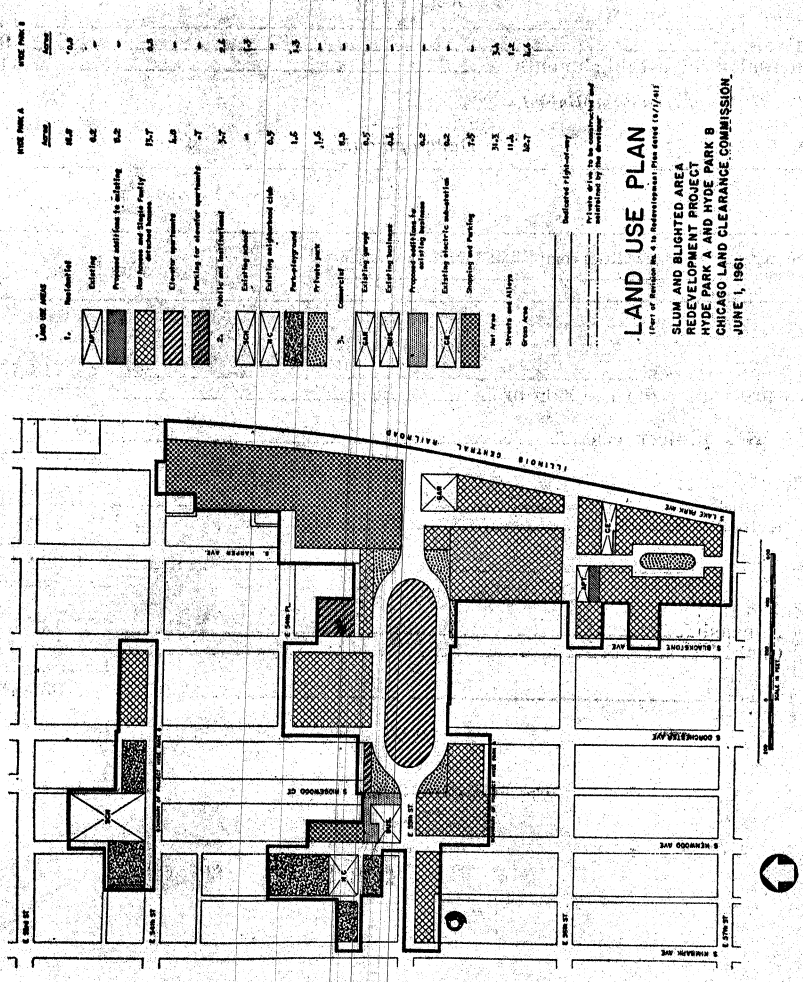
Total structures demolished.—21.

Development

	Acres	Land cost	Improvement cost
Conventional financing, $20,000, 15 sale rowhouses, parking for existing apartment building	0.8	$26,401	$401,760
School playground	1.0	33,912	106,000

Financing

Gross project cost	$650,845
Less, proceeds from the sale of land	60,313
Net project cost	590,532
Federal grant:	
Capital	384,916
Relocation	3,683
Total	388,599
Local grant:	
Noncash	21,582
Cash	180,351
Total	201,933


LAND USE PLAN
SLUM AND BLIGHTED AREA
REDEVELOPMENT PROJECT
HYDE PARK A AND HYDE PARK B
CHICAGO LAND CLEARANCE COMMISSION
JUNE 1, 1961
ILLINOIS CENTRAL RAILROAD
S. HARPER AVE
S. ROSEWOOD CT
S. BLACKSTONE AVE
S. DORCHESTER AVE
S. KENWOOD AVE
S. WOODLAWN AVE
E. 55th ST
E. 54th ST
E. 57th ST

PROJECT FACT SHEET

Project name.—Roosevelt-Clinton.
Federal number.—Ill. R–2.
Location.—1 mile west of the Loop. Boundaries: North—Roosevelt Road, and West Central Industrial Redevelopment project; east—South Clinton Street; south—15th Street; west—Dan Ryan Expressway.
Project closed out (final settlement with Federal Government April 16, 1965).
Project area.—46 acres.

Relocation

Families	166
Individuals	91
Nonresidential establishments	119

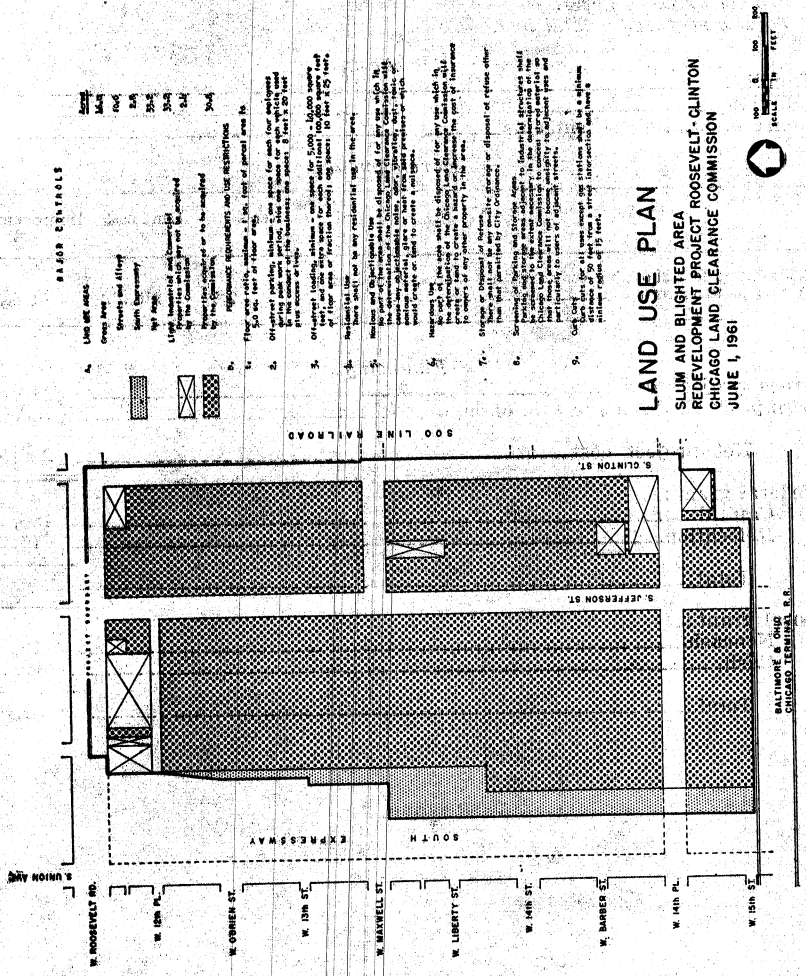
Total structures demolished.—207.

Development

	Acres	Land cost	Improvement cost
9 buildings, 2 parking facilities completed; 3 buildings under construction	32	$2,653,172	$5,406,500

Financing

Gross project cost	$4,713,755
Less proceeds from the sale of land	2,698,825
Net project cost	2,014,930
Federal grant:	
Capital	1,269,518
Relocation	110,654
Total	1,380,172
Local grant:	
Noncash	132,628
Cash	502,130
Total	634,758


LAND USE PLAN
SLUM AND BLIGHTED AREA
REDEVELOPMENT PROJECT ROOSEVELT - CLINTON
CHICAGO LAND CLEARANCE COMMISSION
JUNE 1, 1961
500 LINE RAILROAD
S. CLINTON ST.
S. JEFFERSON ST.
SOUTH EXPRESSWAY
BALTIMORE & OHIO CHICAGO TERMINAL R.R.
W. ROOSEVELT RD.
W. 13th PL.
W. O'BRIEN ST.
W. 13th ST.
W. MAXWELL ST.
W. LIBERTY ST.
W. 14th ST.
W. BARBER ST.
W. 14th PL.
W. 15th ST.

PROJECT FACT SHEET

Project name.—13th—Blue Island.
Federal number.—Ill. R–13.
Location.—1½-miles west of the Loop. Boundaries: North, 13th Street; east, Blue Island Avenue; west, South Racine Avenue; adjacent to Brooks and Jane Adams public housing projects and just south of Near West Side conservation area.
Project closed out (final settlement with Federal Government), June 24, 1964.
Project area.—4 acres.
Total structures demolished.—20.

Relocation

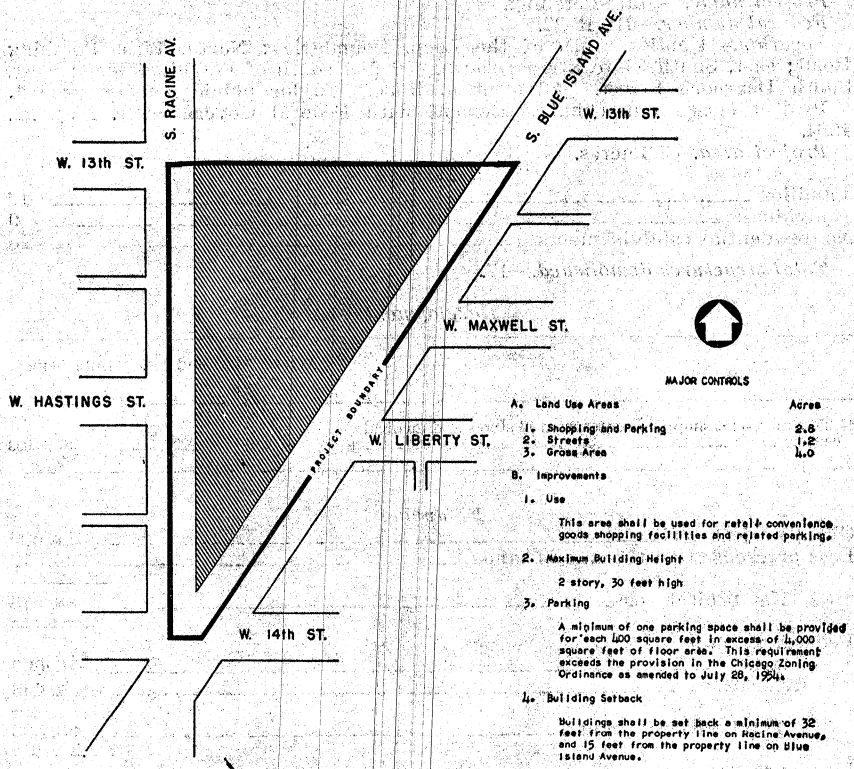
Families	24
Individuals	3
Nonresidential establishments	9

Development

	Acres	Land cost	Improvement cost
44,000-square foot shopping center with 7 stores, 2 medical centers, and a gas station	2.8	$103,679	$500,000

Financing

Gross project cost	$410,510
Less proceeds from the sale of land	103,679
Net project cost	306,831
Federal grant:	
Capital	195,193
Relocation	14,041
Total	209,234
Local grant:	
Noncash	16,848
Cash	80,749
Total	97,597



MAJOR CONTROLS

A. Land Use Areas — Acres

1. Shopping and Parking	2.8
2. Streets	1.2
3. Gross Area	4.0

B. Improvements

1. Use

This area shall be used for retail convenience goods shopping facilities and related parking.

2. Maximum Building Height

2 story, 30 feet high

3. Parking

A minimum of one parking space shall be provided for each 400 square feet in excess of 4,000 square feet of floor area. This requirement exceeds the provision in the Chicago Zoning Ordinance as amended to July 28, 1954.

4. Building Setback

Buildings shall be set back a minimum of 32 feet from the property line on Racine Avenue, and 15 feet from the property line on Blue Island Avenue.

5. Screen Planting

Screen planting a minimum of five feet high, to consist of either a stockade type, chain-link fence with deciduous shrub and low tree planting a minimum of five feet wide, or an evergreen planting, shall be provided when improvements may prove to have an adverse effect on proposed residential use to the north.

100 50 0 100 200 300 FEET

LAND USE

EXHIBIT NO.1

SLUM AND BLIGHTED AREA
REDEVELOPMENT PROJECT
13th-BLUE ISLAND
CHICAGO LAND CLEARANCE COMMISSION
DECEMBER 10, 1956

PROJECT FACT SHEET

Project name.—State-Pershing.
Federal number.—Ill. R–22.
Location.—4 miles south of the Loop. Boundaries: North, West Pershing Road; east, South State Street; south, 450 feet south of Pershing Road; west, South Dearborn Street. Adjacent to Robert Taylor public housing project.
Project closed out (final settlement with Federal Government), May 22, 1964.
Project area.—3.3 acres.

Relocation

Families	12
Individuals	9
Nonresidential establishments	10

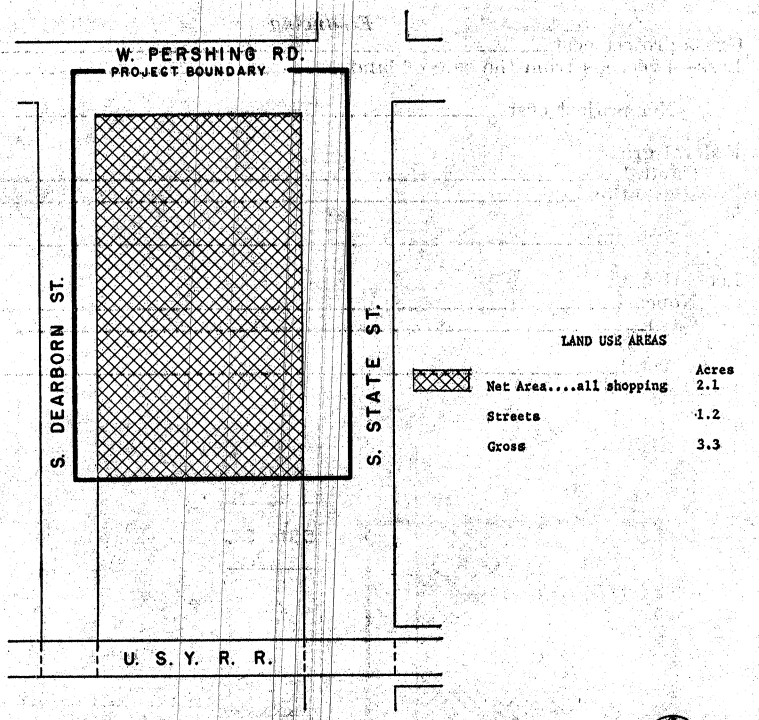
Total structures demolished.—17.

Development

	Acres	Land cost	Improvement cost
44,000-square-foot shopping center with 14 stores and medical center	2.1	$222,512	$755,000

Financing

Gross project cost	$311,090
Less proceeds from the sale of land	222,512
Net project cost	88,578
Federal grant:	
Capital	56,090
Relocation	4,443
Total, Federal grant	60,533
Local grant:	
Noncash	1,295
Cash	26,750
Total, local grant	28,045



LAND USE PLAN

SLUM AND BLIGHTED AREA
REDEVELOPMENT PROJECT
STATE - PERSHING
CHICAGO LAND CLEARANCE COMMISSION
MAY 22, 1962

PROJECT FACT SHEET

Project name.—State-51st.

Federal number.—Ill. R-23.

Location.—5 miles south of the Loop. Boundaries: North 50th Street; south, West 51st Street; east, South State Street; west, South Dearborn Street (adjacent to Taylor public housing project).

Project closed out (final settlement with Federal Government), December 15, 1964.

Project area.—4.8 acres.

Relocation

Families	36
Individuals	9
Nonresidential establishments	11

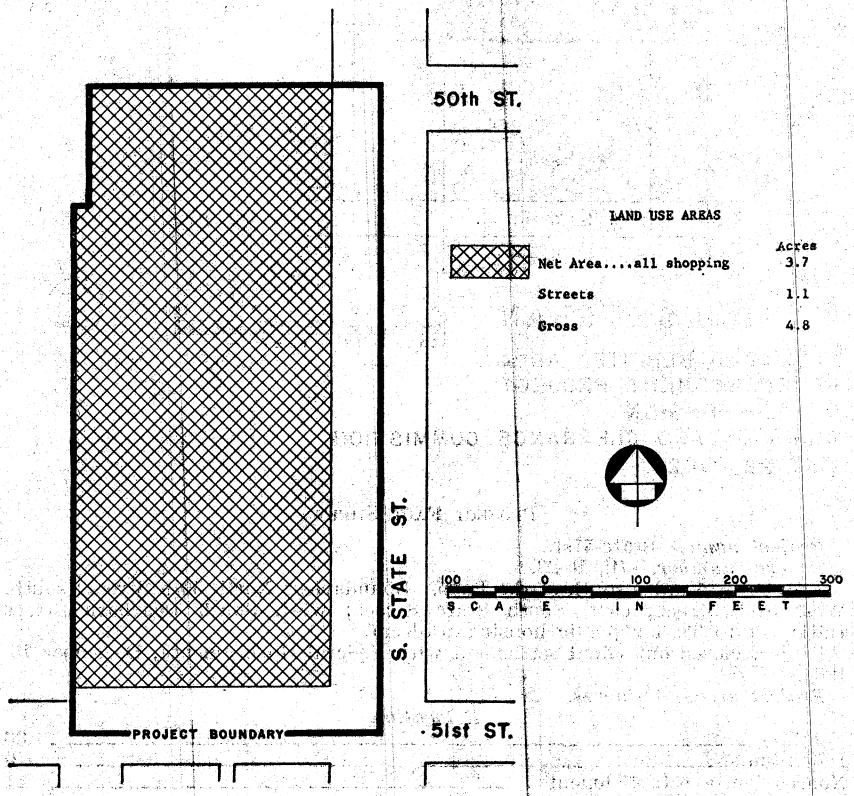
Total structures demolished.—33.

Development

	Acres	Land cost	Improvement cost
60,000-square-foot shopping center with 12 stores and medical clinic	3.8	$494,677	$1,000,000

Financing

Gross project cost	$642,938
Less—Proceeds from the sale of land	494,667
Net project cost	148,261
Federal grant:	
Capital	90,663
Relocation	12,267
Subtotal	102,930
Local Grant:	
Noncash	790
Cash	44,541
Total	45,331



LAND USE PLAN
EXHIBIT NO. 1

SLUM AND BLIGHTED AREA
REDEVELOPMENT PROJECT
STATE – 51st
CHICAGO LAND CLEARANCE COMMISSION
APRIL 3, 1959

PROJECT FACT SHEET

Project name.—79th—Western.
Federal number.—None.
Location.—Vacant tract 10 miles southwest of the Loop; boundaries: North, 77th Street; east, South Western Avenue; south, 79th Street; west, Rockwell Street.

Originally undertaken as federally assisted project; capital grant contract canceled when it became apparent there would be little or no net project cost.

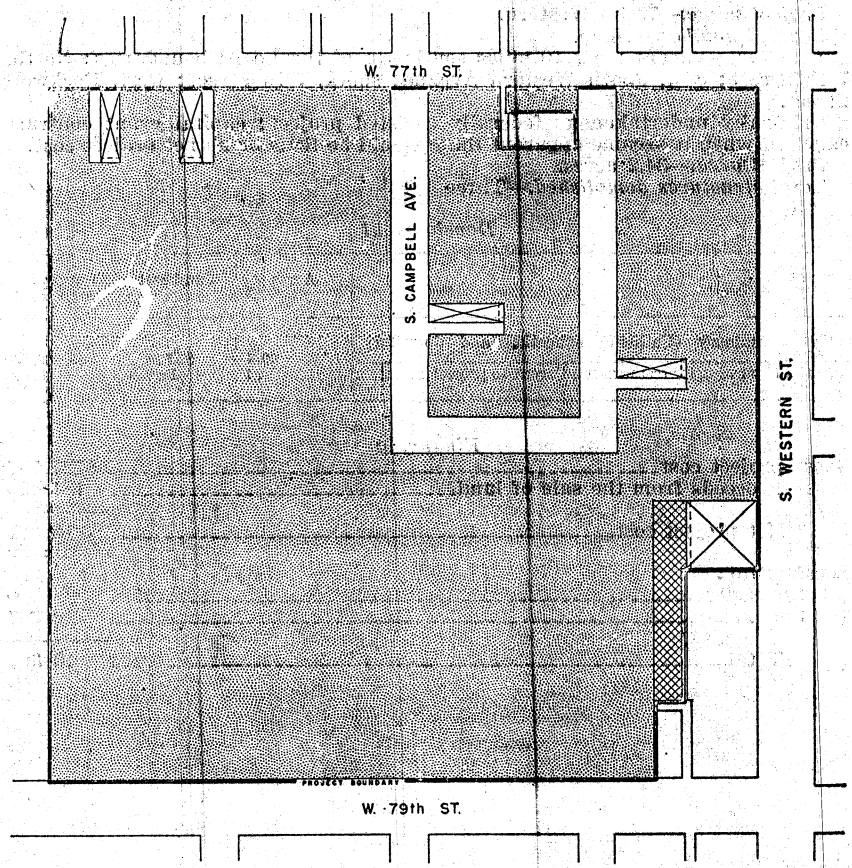
Project area.—34.2 acres.
Total structures demolished.—Three

Development

	Acres	Land cost	Improvement cost
Quigley Seminary (Catholic) education and dormitory facilities	30.4	$700,000	$5,000,000
Additional parking for restaurant adjacent to project	.4	14,000	10,000

Financing

Gross project cost	$724,787
Less—Proceeds from the sale of land	714,420
Net project cost	10,367
Local grant:	
Noncash	0
Cash	10,367
Total	10,367



LAND USE PLAN

EXHIBIT NO. 1

VACANT AREA
REDEVELOPMENT PROJECT NO. 2

CHICAGO LAND CLEARANCE COMMISSION
SEPTEMBER 4, 1959

100 0 100 200 300
SCALE IN FEET

LAND USE AREAS

	ACRES
Institutional	30.2
Properties not to be acquired by the Commission	.6
Parking facilities owned by owner of adjacent restaurant	.3
Addition to restaurant parking facility	.4
Net Area	31.3
Streets and Alleys	2.7
Gross Area	34.0

PROJECT FACT SHEET

Project name.—69th—Stewart.
Federal number.—ILL. R–28.
Location.—8 miles south of Loop, located within Southwest Englewood Conservation Project along both sides of West 69th Street between South Normal Boulevard and South Princeton Avenue, adjacent to Wilson Junior College, Chicago Teachers College, and Parker Elementary and High School.
Project closed out (final settlement with Federal Government) June 25, 1965.
Project area.—10.6 acres.

Relocation

Families	94
Individuals	12
Nonresidential establishments	29

Total structures demolished.—51.

Development

	Acres	Land cost	Improvement cost
5 duplex structures (10 sale 3-bedroom units) FHA 220 financing, sale price $18,100 to $18,500	0.8	$19,211	$160,000
Bookstore, cafeteria, service station (3 buildings)	.9	40,964	88,000
Parking lot and landscaping for school complex	4.9	84,607	139,000

Financing

Gross project cost		$1,250,949
Less proceeds from the sale of land		144,782
Net project cost		1,106,167
Federal grant:		
Capital	$720,140	
Relocation	25,957	
		746,097
Local grant:		
Noncash	49,109	
Cash	310,961	
		360,070

LAND USE PLAN

EXHIBIT NO. 1

SLUM AND BLIGHTED AREA
REDEVELOPMENT PROJECT
69th - STEWART
CHICAGO LAND CLEARANCE COMMISSION
FEBRUARY 2, 1959

Mr. HARVEY. I have one other question.

Mr. BARRETT. That may be submitted.

Mr. HARVEY. Thank you, Mr. Chairman.

Referring to H.R. 12341——

Mr. DALEY. We do not have them with us now, but we can get them and submit them to you.

Mr. HARVEY. That is fine.

Then if you would refer to H.R. 12341, on page 3, "comprehensive city demonstration programs," section 4—do you have a copy of the bill there?

Mr. DALEY. No, I have not.

Mr. HARVEY. If you want, I will read the question, and—or you can read it in the record, and I can get the answer later on.

My question is this, Mayor Daley, Do you feel that the conditions set forth in section 4(b)(1) of H.R. 12341, line 24 on page 3, should apply to all urban renewal programs provided the share of Federal assistance is accordingly increased?

Mr. DALEY. No. I thought I made it perfectly clear that I thought the ongoing urban renewal program had been established through the long process of trial and error. And the method and procedure we have is working quite successfully in every city in the United States, and I would not think that we would attempt to tamper with it and change it to do anything different.

Mr. HARVEY. I have no further questions, Mr. Chairman.

Mr. BARRETT. Mr. Ashley?

Mr. ASHLEY. Mr. Mayor, I gathered from your responses to the questions of Mr. Moorhead and Mr. Reuss and Mr. St Germain that you recognize that there may be demonstration projects which relate to areas having different intensities of need, so that—I can put it this way—so that it would be expected that in the selection of projects it will be recognized that some represent problem areas more serious than others?

Mr. DALEY. That is right.

Mr. ASHLEY. Inasmuch as there is a problem here of funding all of the demonstration projects that the administration has indicated it is interested in doing; namely, about 60, don't you think that some thought might be given by the committee to a sliding scale for the Federal input? The bill sets forth the 80-percent formula, so that in any given project the Federal contribution would be 90 percent of the local share. On the basis that some needs are greater than others, would not it be worthy in your judgment for thought to be given to a sliding scale, let us say from 50 to 90 percent, rather than a straight 80 percent in every instance, depending on the degree of need, and hence the worthiness in the overall sense of the project.

Mr. DALEY. This is a very difficult question. Every presentation will have the ingredients required by the Congress even if it might be only a block or two in a smaller city. I know what you are confronted with; it is not an easy question. We know that the demand is there, and we know that the amount is inadequate. And what you are saying is, How do we spread it out so that we can cover more people and more cities and at the same time try to do this job? And frankly, I don't know the answer to that question.

Mr. ASHLEY. My only thought was that the criteria suggested by Mr. Reuss to which you indicated a general agreement are fairly

sophisticated measures, we are talking about crime rate, and delinquency, and the lack of open space, and we are talking about the levels of educational deprivation—these are all subject, as I say, to reasonably sophisticated measurements, measurements which already exist. So that if you would come in with a Hyde Park-Kenwood project, for example, and you show that in these particular areas there was greater need than let's say, an also worthy project from Toledo, Ohio, but where in these areas the measures were to a lesser degree, still serious but to a lesser degree, then it seems to me that you might be entitled to a higher percentage of Federal input than Toledo, although Toledo would still be the recipient of a minimum of 50 percent of what otherwise would be the local share.

Mr. DALEY. I know this is a difficult question, Congressman. But I would hope that there would not be all this great competition between the cities, or this desire of favoring one city with a formula over another, whether it was Toledo or Chicago. We are anxious to get, as we said, as much as we can. But it does present a very difficult question.

Mr. ASHLEY. I want Chicago to get as much as it can get, and I want New York to get as much as it can get, and I want the areas that really need it to get as much as they can, even at the expense of a Toledo project, as an example, at the 50-percent level rather than the automatic 80, because if we are funded at the 50-percent level obviously this means that there would be more funds for those areas, particularly in the larger cities where the need is, I think, demonstrably greater.

One final question, and there is a technical question. Have you had any trouble with your 221(d)(3) programs that you know of based on the cost of land?

Mr. DALEY. No. But we have, like everyone else, the difficulty in getting off the ground. And we are just now really finding the results of it. As a matter of fact, the recent project on our newer Southside, has been set up again on an experimental basis with one-third of 221(d)(3), and one-third beyond and above that, and one-third definite expenses of the department to try to make a neighborhood representative of the different types of people.

Mr. ASHLEY. But the organization that undertook the 221(d)(3) in that example did not have difficulty because of the cost of the land, did it?

Mr. DALEY. No. We have one at 71st Vincennes that we are planning, and another on the near West Side, and we hope to put one in Lawndale.

Mr. ASHLEY. Thank you, Mr. Chairman and Mr. Mayor.

Mr. BARRETT. Mr. Stephens, you asked no questions on the first time. Do you desire to ask any questions this time?

Mr. STEPHENS. No, sir.

Mr. BARRETT. Mr. St Germain?

Mr. ST GERMAIN. Thank you, Mr. Chairman.

Mr. Mayor, what is your average timelag in urban renewal, in other words, from the time that you take title to the renewal area to the time it is once again producing tax moneys for the city?

Mr. DALEY. That is a very good question, Congressman. I think it is too long.

Mr. ST GERMAIN. That is the problem. And I was wondering if you have been able to improve on this?

Mr. DALEY. We have. The average span of years was 7, 8, or 9 years. In the branch University of Illinois at Harrison and Mostler, with the able assistance of the man at my left and others, we were able to do it in about two and a half years. We have now set into motion critical path charts of all our projects, critical path charts and computers. We want to know from the day we OK the project, what about the survey, how many days, how many weeks, what about the acquisition, how many days, how many weeks, what about the demolition, how many days.

And the same thing goes for relocation. And I think that entirely too much time has been taken in the urban renewal project from the time of initial approval to the time of turning it over for private development and reuse. And I hope we can improve on what we did in the University of Illinois project.

Mr. ST GERMAIN. Mr. Mayor, if it is not too great an imposition on your staff, I wonder if they would be good enough to provide us with a schema or an outline of the steps that you have taken to cut this timelag.

Mr. DALEY. Very frankly also, Congressman, I think that some of the lag should be cut by the Federal Government. And we are hoping that they will do that.

Mr. ST GERMAIN. Any suggestions that you make there would be welcome.

Mr. DALEY. We hope to prevail upon them to do this. Because sometimes it takes far too long to review our plans and applications. We would hope also that it could be arranged that while we are preparing applications that they would be reviewing each part as it is completed and not wait until the entire project is completed. The Federal people have been most cooperative, and we are very grateful to them, and we have asked them while we are trying to beef up our process if they would beef up theirs.

Mr. ST GERMAIN. You are making an impression right now, because there are people involved in this operation that are making some very careful notes on this, and I am certain they would welcome your suggestions in this area also.

Mr. DALEY. I hope I am correctly understood—it is no criticism of anyone; it is just the urgency of trying to get into operation and into use faster.

Mr. ST GERMAIN. I am sure that everybody involved, Mr. Mayor, has the same goal in mind, and that is to cut this timelag.

Mr. DAILEY. But then we hope that we do not make it too fast, because after all an urban renewal project must be reviewed by the people, and the plan must be considered at a hearing. To run it too fast could result in having people being denied the right to be heard and you could have relocation problems. And sometimes our democracy is a little slow. I think in our slums we would be better off giving more opportunity to more people to take a look and see what is good and what is bad in the program.

Mr. ST GERMAIN. Mr. Mayor, in the field of urban renewal and of housing in general, whether it be low income or housing for the elderly, do you find that you have applications pending that are hanging and have been hanging for a period of time because of lack of funds?

Mr. DALEY. Well, I do not know what the reason is, but we have

applications pending at the present time that we hoped would have been approved months ago.

Mr. ST GERMAIN. Would you agree with others who have expressed concern over the fact that there are a great number of projects that have been approved, so to speak, where planning funds have been granted, and yet no funds are available to actually implement these programs? Or, to put the question in another manner, Mr. Mayor, are you one—there seems to be an increasing school of thought that in many of these areas the Federal Government not only in housing but in other areas—OEO, and many others—that a lot of these programs look wonderful, and these planning funds come along, and they are not bad, but after the planning funds nothing happens. The people have something wonderful dangled in front of them, but unfortunately no implementation, no actual results.

Mr. DALEY. I think this is bad. But also I recognize their problem. They have such a tremendous backlog now on urban renewal, and it is a difficult decision to try to determine the priorities. And they have difficult decisions in poverty. And actually and honestly, the poverty program being a new one, many of the programs are new, and many of the procedures are new. But in my opinion, working together we can find the answers to some of these questions.

Mr. ST GERMAIN. And that is actually what you referred to, Mr. Mayor, on the bottom of page 2 in that step No. 1 when you referred to the urban renewal?

Mr. DALEY. That is right.

Mr. ST GERMAIN. The last question, Mr. Mayor. A suggestion was made yesterday by two different witnesses that thought should be given on relocation to a concept whereby in certain cities where there is no land or buildings, housing available, those people are going to be displaced, to put them outside the city limit, in an adjoining community, so to speak. I wonder if this suggestion has come to your attention, and if so, what your opinion would be. I frankly questioned it, feeling that the head of a body politic as well as the citizens involved in the demonstration cities, let us say, would not be too happy about this, because what would be the value of a demonstration if they are not going to be allowed to take advantage of it, if they are going to be actually deported, so to speak?

Mr. DALEY. I would not deport anyone that wanted to live in the city. But the problem is so acute that if they could get better housing in the suburbs, I think the faster we would put them in better housing the better it would be for everyone.

And the other thing is that we hope we will have more public housing in the suburban areas. Unfortunately, there is very little of it there now.

Mr. BARRETT. The time of the gentleman has expired. And all time has expired.

Mr. Mayor, we certainly appreciate your coming here and giving us this very informative and excellent testimony this morning. I think you have made a splendid presentation. Thank you very much.

Next is Mr. Herbert Bingham, executive secretary of the Tennessee Municipal League.

Will you come forward, please?

We are glad to have you here this morning. We do want you to feel at home, like all of our other witnesses. And I am quite sure

that you will find our members very pleasant here this morning. And they will certainly extend every courtesy they can.

If you desire to read your testimony in full, you may do so, and then we will ask you some questions.

STATEMENT OF HERBERT J. BINGHAM, EXECUTIVE SECRETARY, TENNESSEE MUNICIPAL LEAGUE

Mr. BINGHAM. To conserve the time of the committee, I would like to file my written testimony and summarize it orally.

Mr. BARRETT. You may do so.

Mr. BINGHAM. I want to testify on behalf of the Tennessee Municipal League, and also the National League of Cities generally in support of both the demonstration cities and the urban development bills.

I can say truthfully, after 20 years of service to municipalities in Tennessee in their intergovernment relations and in seeing that they have capabilities to serve their people that two more important and significant pieces of legislation have never been proposed. And if it is enacted and properly administered, you will deserve the gratitude, and you will have it, for generations of urban Americans in the future.

I particularly want to support the testimony of Mayor Cavanagh of Detroit before your committee on behalf of the National League of Cities and the U.S. Conference of Mayors, and especially the financial revisions which he suggested; that is, to provide more planning money in the beginning by drawing on the urban renewal planning money, and that you try to persuade the Appropriations Committees to let you provide a contract authority device, so that the entire $2.3 billion for supplemental grants to pay the local share can be contracted for, and also the $4,296 million authorization for urban renewal can be contracted for instead of provided on a biennial basis.

I think the President and Secretary Weaver and the urban task force we had recently—some of us thought because it didn't have any city officials on it, it might not produce any good, but it did—it scored triple A for coming up with a concept of a demonstration program in a war-burdened economy when the funds are not available to carry out a full-scale program to rebuild our damaged parts of our cities.

I know you have had some witnesses from our largest cities that have indicated that the funds are entirely too small. But we have been waiting in line 16 years to carry out urban renewal projects, and 15 years to get an interstate highway program built, and we can stand in line on a demonstration basis on this great new program which has been proposed in this bill.

One problem is the method of selection. It has been suggested that there be a competition; or that those most acute situations be selected; or first-come, first-served be the basis of selecting the demonstration cities.

Mr. Chairman, I think there is even a better plan. We dare not deny this program to all of urban America where these problems exist, or you will never pass your bill. That is No. 1.

And secondly, we want geographic distribution, and large and small cities.

Now, you are faced with not a carrot and a goat, but a carrot and a whole herd of goats. And in that stampede somebody is going to get hurt.

So let's open this up to all of urban America. Let's invite these cities according to well-conceived standards to submit their desires and their capabilities to perform as demonstration cities. Let's develop the model that we are looking for to demonstrate. And then let's take the small city and the geographic area and drop its name, if it wants to try and show it can demonstrate its ability, in a jar. And then let's pick pick out 3 of each jar, 15 or 12 or 20, and let them be the demonstration cities, and get the planning money. We dare not raise the expectations of the distressed urban areas and their political leadership and their people by promising all of them, if they will plan and work, an opportunity to have this marvelous new program. There has got to be some fair and realistic method of selection.

Now, I want to get to the mountain-out-of-the-molehill situation that we are getting into on this bill.

This is a very simple concept. We take the urban renewal program, with we have had 16 years' experience, to improve the urban environment, physical environment, and we coordinate it with the poverty program to improve urban people. And we come out with a marvelous coordinated new program that is the demonstration city program. We are using tried and tested methods and techniques in a very simple plan of coordination.

Now, if you brought Mr. Slayton of urban renewal and Mr. Shriver of OEO down here and asked them, I think they would tell you that that is all you are doing in this bill. If we had enacted in the House of Representatives, as in the Senate, the Intergovernmental Cooperation Act, the President could have done this by Executive order with no difficulty, putting these two programs together. It is significant that there is no new Federal aid program on top of the 140 or more other existing Federal aid programs dealing with urban governments and their problems and urban communities and their problems, but only a method of systematically dealing with the problem of improving people and their urban environments simultaneously under a coordinated plan.

Now, we are providing some more tools for coordination in the planning and the execution. The key to this bill is that the mayor and council of the city, the demonstration city, will create an agency to coordinate the planning and execution of a project to rehabilitate the people and the physical environment, and will be given 80-percent supplemental grants for the local share over and above the existing Fedlera share of these projects in order to encourage compliance.

Now, the cities in my State are enthusiastic about this bill. We had one small city and one large one that attended along with some 20 others the briefing which the Secretary of the Urban Department made some 3 or 4 weeks ago. They are enthusiastic. We are going to have four metropolitan cities and 2 or 3 dozen cities that would like to be demonstration cities. They are ready.

Now, I want to emphasize that this is not such a complex and difficult program that it cannot work immediately and smoothly. Let me take one of our cities in Tennesee, the metropolitan government of Nashville in Davidson County. I hate to bring it up and comment

about it, because we have got a hot governmental race where two or three of my old friends are running. But this program is working there now without the benefits of this bill. That is the point. They are carrying out $200 million of urban renewal, rebuilding the physical environment, and helping the people in 12 square miles of the old central city with projects that have been completed or are in process or are in some stage of planning. That is far and above the concept of this bill as a demonstration bill, far above that concept. They have been doing this for 15 years, coordinating the local facilities and services and programs and the Federal aid programs to carry out urban renewal in the physical improvement of areas of that city.

They are carrying out an outstanding poverty program now, manipulating the local resources and the Federal resources to apply them to people in distress who need education and other services. In fact, one of the OEO top executives down there a few weeks ago said it was one of the 10 best poverty programs in the country. So you see this is being done. And we are not setting up some new and impossible requirements, but rather providing new aids to do what is now being undertaken and done. And I think this is the most significant aspect of this bill.

Now comes the Federal coordinator down there. That causes some comment, apparently. It seems to have some symbolic impact. Well, I am in favor of it. We need some Urban Department representative in our cities. The U.S. Department of Agriculture has the county agent, the soil conservationist, and many others; they are there every day, in every county in the United States of America. But where does the city have an Urban Department man to look to, not to run the city's business, but to help the city do business with Uncle Sam? That is the whole purpose of the Federal aid coordinator. Under a plan developed and committed to before he ever arrives, with no power to say stop or go, but to help reach the friendly hand up. When he comes, we hope he is not only the representative of the Urban Department, but also of the President, with a commission to coordinate the Federal efforts.

Now, we have gotten into the bits-and-pieces approach to the complex governmental and community problems of our urban areas. If there is to be any opposition really to the enactment or the administration of the program proposed in this bill, it will be by the bits-and-pieces bureaucracy at the local level of government and of the Federal Government. That is where the opposition will come from. Because each has carved out its own little bit or piece of the whole, under a bill, as often as not, passed by the Congress. And they have a vertical relationship from the Federal down to the local bureaucracy. And this has been demonstrated in the intergovernmental cooperation committee studies of the Government Operations Committees. Without question, this is what has developed here.

But we are not to wipe that out, but to overcome it under this bill. The realistic techniques of doing it are here. And that is the realistic significance of this bill.

But let me tell you an experience that we had yesterday. I was up here with a small city. And a Member of Congress had made a number of appointments, and they wanted to see what the Federal Government could do to help them finance and build a comprehensive

communitywide water-sewer system, what we refer to in the trade as a sanitary utility system.

So we went over to the Department of Agriculture. And they said, "Now, you are going out along the country roads out here, and that part, serving the rural areas, we are interested in, because we have a rural improvement system, an interest in a rural improvement system. But all the rest of it is of no interest to us."

So we went over to the Urban Department. And they said, "Now, we see your layout here, and your engineering studies. We will go down the road to right here, where 20 years of projection indicates that there will be urban development. But that line 4 miles down for rural service is no business of ours."

So we went over to the Economic Development Administration. And they had an economic development plan. And they said, "Now, if you want a water or sewer line up to the industrial plant, that is our business. But all the rest of this is of no interest to us."

So we went over to the Appalachian Commission. And they said, "Are you a development center for your area?"

So we said, "Indeed."

And when they had located the neighboring communities, we thought we were in. But they brought out the big black statistical book that had past and potential economic growth. And we weren't the development center. And we left sadly.

And we went over to Health, Education, and Welfare, and said "at least we can build a sewer system."

And they said, "Well, now, we see all of these plans. But we look down here, here is the disposal plant. We are running a health system, and we want to stop pollution. So if you want a disposal plant, we will help you."

We said, "We have got one of those."

Now, it is like five blind men looking at a sanitary utility system and seeing only the part the law said they had an interest in, when the community wants a sanitary facility system that will serve the total needs of the community. That is what we have got, the bits-and-pieces approach.

And this bill, both the economic development bill and the demonstration cities and the urban development bill have the purpose of overcoming this approach at the local and the Federal level.

Mr. Chairman, if any distinguished member of this committee does not believe what I have told you about the bits-and-pieces-approach, if you have got enough influence to keep some of these agencies open tomorrow, on Saturday, we will go over there, and you will hear them.

But this is only one example. Here is a water and sewer system that we are talking about, and there are many more.

Do you want a systematic approach, dealing with the whole problem? That is all these two bills do. They do not add anything, except commonsense, to the science of urban management. And we must have it. We cure one problem and create three more, because we were looking at a bit or a piece of the whole.

Now, on this mountain-out-of-a-molehill on this demonstration cities bill, I am sure that this has never happened in Washington before. But its proponents and others are chest thumping and back

slapping about how great a thing this is, and I think they have scared a lot of people. It is a great thing. But, Mr. Chairman, it is only applying the tested and true in a more coordinated fashion both as to planning and execution. And that is all it is. And we desperately need it.

I want to say on the urban development bill, here you combine communitywide metropolitan area planning with execution, so that our urban areas, metropolitan areas can grow in an orderly way. The demonstration cities bill deals with the renewal of the old city and the disadvantaged people who live there. The urban development bill deals with the problems of growth in metropolitan areas, the new cities developing out in the fringes, the cornfields and the woods out there, where in 40 years 170 million more urban Americans will be living that we have got to provide for.

We need this bill. It has the same principle. If you will do a comprehensive metropolitanwide planning in general of land use, and put it into effect by zoning and subdivision regulatory standards, and will do your functional planning of your streets and highways and your water and sewer system and your park systems on a metropolitanwide basis, then we will give you some money to carry out these plans in addition to the money now available, 20 percent supplemental grant. You might say it is a bribe. I do not like to use that word. But it is an incentive to do this job right. Well, we need it.

Again I will go back to an example in our own State. We have got the eighth wonder of the world, the strangest metropolitan government ever created in America, the metropolitan government of Nashville and Davidson County. They have had problems of urban growth which the metropolitan urban development bill would have avoided. Three years ago they had an old central city of 147,000 people in 22 square miles, and a gigantic area with a population of 230,000 people in over 200 square miles of urban development. And they formed the metropolitan government. The old city did not have the territorial jurisdiction, it was restricted. And the county government, structured to rural service, did not have the functional authority to deal with urban development.

I want you to know that we must avoid that, for this reason. The Federal, State and local governments are spending $750 million to install the streets and highways, the water and sewer systems, the parks and playgrounds, a little storm drainage, and the basic facilities which any urban community needs because the area was undermanned and ill served as it developed. This we cannot help.

We are not always sure that a congressional appropriation will get action. This is no criticism. But for example, we have this water-sewer program where the Congress authorized $200 million a year, and appropriated $100 million for this current year. And the Department had such a tremendous backlog of demand on it that they are afraid to turn a nickel loose, and have not. And I sympathize on that.

But we have got to move forward on a domestic program even in a war-burdened economy. These two bills with minimal money applying new techniques of public administration that are sound, building on top of what we have got in the way of Federal aid programs and local governments, overcoming their limitations, is what urban America needs. And we need it on a demonstration basis, because in

a war-burdened economy we cannot have it full score. And there never was a time that you could take a hundred people in a chowline and feed them all at once. They have got to go by one by one. We asked for the advantage that these two great bills offer with whatever technical amendments that this committee wishes to make.

Thank you, Mr. Chairman.

(The complete statement of Mr. Bingham follows:)

STATEMENT OF HERBERT J. BINGHAM, EXECUTIVE SECRETARY, TENNESSEE MUNICIPAL LEAGUE ON BEHALF OF THE NATIONAL LEAGUE OF CITIES

Mr. Chairman, I am Herbert J. Bingham, the executive secretary of the Tennessee Municipal League, an organization of town and city governments of Tennessee. I testify generally in support of the Demonstration Cities Act and the Urban Development Act on behalf of my league, and also on behalf of the National League of Cities, an association of 46 State municipal leagues and of more than 13,500 municipal governments of the Nation.

First, the testimony you have recently heard from Mayor Jerome P. Cavanagh of Detroit, president of the National League of Cities, has my strong endorsement. Of the greatest practical importance in carrying out the Demonstration Cities Act at the local level are his suggestions for modifying financial provisions without unduly increasing the expenditure obligations on the Federal Treasury: an amendment authorizing use of title I urban renewal funds available under the Housing Act to supplement the $12 million authorization and the $5 million appropriation proposed for program planning purposes; contract authority to permit immediate availability of the entire $2.3 billion authorization for supplemental grants when the legislation is enacted, and release of the entire $2.9 billion 4-year authorization for urban renewal authorized by the Housing Act of 1965.

Mr. Chairman, in all of my 20 years of intensive practice in the field of intergovernmental relations on behalf of cities, the principles and provisions contained in these two magnificent bills promise the most effective contributions to improving urban conditions and urban living. If they are enacted and implemented, President Johnson, Secretary Weaver, their advisers, and this Congress, will have earned and will surely have the gratitude of generations of Americans. If there should be a failure in enactment, funding, or administration, our vast and growing urban communities will continue under the threat of chaos. They will decline in economy, utility, beauty, livability, and culture, and there is the real threat of weakening the fibers of our civilization.

The techniques set forth in both bills are the same—a comprehensive systems approach involved unified planning and coordinated administration.

In the demonstration cities bill, disadvantaged people and the deteriorated physical environment of the slum areas of cities are to be dealt with comprehensively. In reality, it is merely a combination of the tried and tested urban renewal program and the somewhat new antipoverty program.

The urban development bill merely applies to entire metropolitan areas the tried and tested programs of comprehensive community planning and functional planning, with the new ingredient of coordinated execution.

I am especially pleased to detect in both bills an obvious reluctance to add to the proliferation of specialized Federal-local programs, and a strong philosophy of returning to local governments, to the maximum extent feasible, control over planning and execution of urban improvement projects.

It is somewhat amazing and highly significant that neither of these bills would add new types of Federal aid to the some 140 existing programs of assistance to various facilities and operations of governments in urban communities. The bills call only for systematic planning and execution.

The demonstration cities proposal is straightforward in its methodology. Federal grants of 90 percent are provided for the process of planning a system to maximize the social services and the physical rehabilitation of a complete neighborhood or other large and logical slum area of a city, under the auspices of a single agency, unifying in a corrective program the people of the area and the governmental agencies and private institutions involved. Administration of a city's improvement program is supported by 80 percent Federal grants for the administrative aspects, to be carried out by a local instrumen-

tality authorized to achieve coordinated execution. This local agency will have assistance from a Federal coordinator concerned with helping to coordinate any and all of these approximately 140 aid programs which might be involved in various aspects of specific projects and activities. Finally, the bill provides supplemental Federal grants, in addition to any presently authorized grants, in the amount of 80 percent of the presently required local matching share.

While many would testify, and perhaps rightly, that the most promising object of this bill is to help and improve simultaneously disadvantaged peoples and their slum environment, I see other advantages of the very greatest merit and urgency as well.

First, this bill represents the most constructive effort of the last 30 years to overcome the trend of functionalizing and bureaucratizing the urban programs and services at both the local and the Federal levels of government. While the new system is simple—comprehensive planning and coordinated administration—it can effectively reverse the burgeoning practice of specialized Federal bureaucracies independently administering fragments and bits and pieces of the total social services and environmental programs of urban areas.

If there is opposition to the enactment or execution of this bill, I venture to predict that it will come principally from two general groupings. First, from those local boards, departments, commissions, and agencies of local government, and even private welfare and profit enterprises, which are concerned primarily with the zealous protection of their sovereignty over a particular program.

Second, from Federal bureaucracies which have carved out a province of narrow concern and control. These Federal-local bureaucratic relationships are characterized more often than not by the establishment in the local government of some separate and independent functional agency oriented vertically to the Federal bureaucracy, rather than to the democratically controlled general governments of our urban communities.

As I indicated earlier, I believe one of the major merits of this bill is its push toward returning control of federally assisted programs and facilities to the local people and their governments. It will reverse the alarming centralization of decisionmaking in the Federal agencies which insist that locally aided programs be planned and carried out in accordance with their detailed specifications. Under this bill, we will have a responsible local planning and decision process, buttressed by locally employed and controlled expert consultants in the numerous technologies so essential to decisionmaking.

The effort up to this time to bureaucratize and centralize decisions in the Federal aid system has become increasingly obvious to virtually all State and local officials. It was thoroughly confirmed in the recent report on "The Federal Aid System as Seen by Federal Aid Officials" published by the Subcommittee on Intergovernmental Relations of the Senate Committee on Government Operations. The municipal officials of my State and this Nation commend the Urban Department for its willingness to entrust planning, decisionmaking, and administration to the municipal level of government under clear-cut guidelines plainly set forth as objectives and standards in the demonstration cities bill. Surely, in a democratically organized Federal system, we must give as much attention and emphasis to maintaining a sound structure of government which can govern our people responsively as we give to transitory and narrow program objectives.

I now would like to speak briefly on the urban development bill. It has an even more significant and promising new concept of intergovernmental relations, both in metropolitan areas at the local level and between our Federal and local governments. Again, its basic principles envision a comprehensive, systematic approach to the metropolitan area as a whole—its problems and its needs—replacing the present program oriented or functional technique of administering narrow and separate Federal aid programs in urban communities.

And once again, it draws wisely upon established technologies, but applies them effectively to the complexities of metropolitan problems and governmental organization.

The tried and tested technique utilized in this bill is comprehensive community planning, with accompanying functional planning, which has been applied effectively in urban communities for as much as from 30 to 40 years. The new trick is that an incentive is offered to apply such planning on a metropolitanwide basis, and to encourage and reward its coordinated implementation by the numerous governmental and private instrumentalities and interests concerned with servicing and development of metropolitan communities.

The core of this bill is the provision in section II providing that grants shall be made only if the Secretary of the Urban Department finds that the applicant is following through on metropolitan general planning and program planning of particular facilities, as to the location and scheduling of public facility projects, and in adopting and properly administering zoning codes, subdivision regulations, and similar land use and density controls. Here is offered recognition of a problem which confronts virtually every urban community, and particularly metropolitan areas with a multiplicity of governmental jurisdictions. It is impossible to locate and plan proper public facilities until various uses of land in specific areas of the urban community are planned and then regulated to assure conformance with the land use and public facility programs. Public facility planning in growing urban communities must be projected in most cases a minimum of 20 years ahead, and programing of actual construction 5 to 10 years ahead. This process is totally impossible until and unless the land-use planners have determined, and the governing authorities have controlled, the planned uses of land for residential, commercial, industrial, and other developments.

At this point, Mr. Chairman, I would like to suggest an amendment to title I of H.R. 12946. We have suggested to Secretary Weaver that a new program and an additional appropriation be provided for loans to local agencies for feasibility studies for water, sewerage, and storm drainage facilities to determine long-range, communitywide needs projected for a minimum period of 20 years, as required in the water-sewer planning guide recently issued by the Urban Department in compliance with the provisions of the 1965 Housing Act. These loans would be made by the Urban Department for engineering or feasibility studies by qualified professional engineers. They would be repayable within a specified period such as 5 years, and would go to utility agencies under a metropolitanwide coordinated planning project, or in the absence of such, to a metropolitan planning agency.

There apparently has been some thought in the Department that general planning agencies might be entrusted with the detailed functional planning in the water-sewer field. Our belief is that an effective program requires a coordinated planning of these expensive facilities by the responsible utility agencies in cooperation with the general planning agencies, as is provided now in other Federal legislation for highway facilities, recreational facilities, mass transportation systems, etc. And, for this purpose, an appropriation of from $20 to $30 million should be provided which would finance desperately needed long-range plans for from $2.5 to $5 billion of water-sewerage facilities. We must have functional planning of facilities to back up implementation of general planning. The urban development bill does indeed propose the only feasible method of accomplishing the urgent need in metropolitan areas for metropolitanwide general community planning, functional planning of various public facilities, and coordinated implementation of programs conforming with such general and functional plans. Unfortunately, our urban communities are fragmented into numerous sovereign local governments and into numerous agencies in those individual governments. These local instrumentalities are built into State constitutions and laws, and into city charters, and they cannot be obliterated or merged. But they will respond to a well-conceived opportunity for collective and cooperative planning and action.

In this bill the Urban Department, and the President, again have rejected the alternative of centralized Federal control and decisionmaking, and have devised a system of technologies and intergovernmental cooperation that conveys the planning, decisions, and implementations to our local communities.

We in Tennessee have struggled with the problems of urban government and of planning and serving the needs of new urban growth and development for many, many years. We amended the Tennessee constitution to authorize city-county consolidation, and our State legislature enacted a series of laws facilitating the creation of one urban government for one urban community. One great crushing problem has been rapid urban growth. More than a half million people in Tennessee flock into our cities every 10 years, consuming open land and requiring hundreds of millions of dollars of municipal investment. Our cities of all sizes have annexed more than 450,000 persons in the last decade and have placed another 200,000 suburbanites under a new metropolitan form of government in Nashville and Davidson County. Still, with the spread of blight in the old central cities, large and small, and rapid urbanization at the fringes, there have been overwhelming problems, particularly from the viewpoint of financial resources. The sprawling of population and businesses over into gradually in-

tensifying urban development in rural areas around both our metropolitan communities and small cities have created situations beyond our competence to control, even with the powers of our cities to expand their boundaries and service areas. The metropolitanwide approach contemplated in this bill offers solid hope for greater progress in solving the problems of rapid urbanization.

In conclusion, I would like to report as an example illustrating the need for both of these bills the Nation's outstanding effort by a metropolitan center to cure the blight of an old central city and to serve the onrush of new urban growth. I am speaking now of the new metropolitan government of Nashville and Davidson County, formed 3 years ago by abolition of the old city and county governments and the substitution of a new single metropolitan government with county-wide jurisdiction.

In spite of able and energetic leadership in both the old city and the county, the 22-square-mile central city did not have jurisdiction to plan and serve suburban development; and the old county, structured for rural governmental programs, did not have the functional authority for urban service. As a consequence, for some two generations rapid suburban growth occurred outside the central city, involving a population of more than 230,000 urbanites in an unplanned and ill-served urban environment. Meanwhile, the old central city was suffering from 150 years of mistakes in land use and development, principally before the science of urban planning for growth had even been discovered.

This metropolitan government, continuing a program instituted by the old city and county, is embarked on a gigantic $750 million program of corrective improvements of basic facilities and of urban renewal. In excess of $200 million of urban renewal projects have been completed, or are underway at one stage or another, to rebuild and to revitalize more than 11 square miles of the old central city. In excess of $350 million of express and major thoroughfare highway improvements are in progress under joint Federal, State, and local government financing. A water and sewer extension program in the former suburban area—to cost in excess of $150 million—has been completely engineered, financial arrangements are completed, and construction is well underway. A large program of parks and open space is in execution. A minimal storm drainage program is still in the thinking stage, except in the most critical situations. Every other available program to deal with the disadvantages of the community is being vigorously and fully applied—including an outstanding antipoverty program, various measures in the field of education, almost 30,000 units of low-rent public housing, and other measures.

Yes, Mr. Chairman, as the experience of Metropolitan Nashville and Davidson County teaches us, we must rebuild; but even more, we must employ our newer technologies and new techniques of public administration to avoid in the future the expensive mistakes of the past. We must avoid unplanned and ill-served urban developments. The President in his message on this bill pointed out that the Federal Housing Administration has assisted in the financing of 8 million single-family dwellings. But we have learned that the finest homes, if in a poor urban environment, can become the slums of tomorrow.

If the Congress will give our new Urban Department and its Secretary and the President the tools afforded by these bills, I can assure you that the vigorous and public-spirited governmental and civic leadership of our urban communities will build a better urban America. At the same time they will provide a better life for those in our cities who suffer the alienation and hopelessness which inevitably accompany lack of opportunity.

Mr. BARRETT. Thank you very much, Mr. Bingham. I am quite sure some of the members will want to ask a few questions, hoping that we won't detain you too long.

I just have a very short question here. And I just want to tell you that we appreciate your statement and your strong support for the President's program.

Some critics of the demonstration cities bill have either stated or implied that it offers a program which would be helpful only to large cities. I agree with the President that it would work in cities of all sizes. But I would like to ask you specifically whether a demonstration cities program would be of benefit to medium-sized or small cities, let's say, in the State of Tennessee. What is your reaction on that?

Mr. BINGHAM. Mr. Chairman, we have 35 municipalities in the urban renewal program, and most all of them, over three-fourths of our entire State, in the poverty program. And they have the same deteriorated physical environments in their cities, and disadvantaged and distressed people, that our larger urban centers have. And they have demonstrated their capabilities administratively and from a physical viewpoint in carrying out complex programs of this type. They not only need them, but I tell you, in that stampede to be a demonstration city, I am pretty sure that you will find quite a few showing up here asking to be designated.

Mr. BARRETT. It is your opinion that it will work as well in small as in large cities?

Mr. BINGHAM. Yes, if not better.

Mr. BARRETT. Mr. Harvey?

Mr. HARVEY. Thank you, Mr. Chairman.

I just have a couple of questions always, Mr. Bingham, along the lines that I asked Mayor Daley.

The first one is whether you believe the Federal coordinator should be appointed by the President from nominations made by the localities. Do you think this would be helpful? Would it assure getting the people who know the local situation?

Mr. BINGHAM. As I conceive of it, he is the President's man and the Secretary of the Department's man, to see that there is a proper understanding of these demonstration projects, and the responsibilities of various Federal agencies. And I think he should be the President's man, and not the local government's spokesman and representative. They have their representative. They have the mayor and the head of the Urban Renewal Agency. And they will have the head of this demonstration agency. The community has its spokesman and its representatives already. But the Federal Government does not have anyone in these cities trying to see that the complex Federal programs and various agencies administer them is being helpful as possible to carry out these complicated, coordinated projects.

Mr. HARVEY. Let me just ask you this, and then I will quit. By changing the formula for Federal participation in these demonstration cities projects from the usual two-thirds, one-third for urban renewal, let's say, to an average of 90 percent, 10 percent, something along that line, you recognize, of course, that you aren't really increasing the amount of money available. What you are really doing is changing the formula as to the participation making these funds available. So you are not necessarily making more money available. Is there a danger in your judgment that we are going to give so much priority to the demonstration city program that by this 90 percent-10 percent formula we will neglect our regular urban renewal program, and it will suffer? I gather that Mayor Daley has some apprehension about that.

Mr. BINGHAM. It, of course, depends upon the volume of the demonstration city enterprise as a whole as to whether it will have a drawdown effect by channeling the Federal aid program into those areas in preference to others. I just think this is something that has to be dealt with on an administrative level to see that we don't have such an adverse and somewhat unfair effect. I think administratively it can be done. You can right now—this same problem affects every

program, there are none that I know of from the OEO to the urban renewal where there is enough money to go around now. And there has to be an administrative allocation.

Mr. HARVEY. Let me ask you this, then. What figure do you think that this demonstration city program should be funded at? For example, what would be the need of the State of Tennessee, and what are the needs of Memphis, for example?

Mr. BINGHAM. We have not estimated that. The cost in a smaller community would be fairly modest. All of our larger urban communities have urban renewal projects in one stage of planning or another now. They have some in partial execution. And it is possible that they could build a demonstration project right on top of an urban renewal project and other projects that are now going on.

Mr. HARVEY. What figure would it be, Mr. Bingham? Do you have any overall figure as to what the projects could be funded at, or overall figure as to what you think Tennessee's need would be?

Mr. BINGHAM. No, we have not made that type of study. That would be very difficult, because we don't know yet just how many demonstration cities we are talking about. But I want to say, I think the demonstration basis gives an administrative capability of limiting this program to the financial resources available. Of course, I would like to see it much higher. We would like to see urban renewal authorization much higher. I think a good bit of flexibility can be gotten up and down the line in urban renewal, which is going to be the major part of the demonstration program expense. You can get some flexibility by the contract authority, by reinstituting the contract authority device in urban renewal, and also in this supplemental 80-percent-grant fund of $2.3 billion. And this will get flexibility.

Mr. HARVEY. I have no further questions, Mr. Chairman.

Mr. BARRETT. Mrs. Sullivan?

Mrs. SULLIVAN. Mr. Chairman, I just want to say to Mr. Bingham that I think he has done a most excellent job in talking about the details of what this bill contains. I think he is the best witness we have had this week on the specific points and actual contents of the bill.

I just wish I had the ability to express my thoughts and hopes as you have done in your oral presentation.

Mr. BINGHAM. Thank you, Mrs. Sullivan.

Mrs. SULLIVAN. I have no questions. Thank you.

Mr. BARRETT. Mr. Ashley?

Mr. ASHLEY. Mr. Bingham, on page 5 of your testimony you have stated that a suggestion has been put to Dr. Weaver that "a new program and additional appropriation be provided for loans to other agencies for feasibility studies for water, sewage, and storm drainage facilities to determine the long-range, communitywide needs." Did you get a response from Dr. Weaver in respect to that?

Mr. BINGHAM. No final response. We have corresponded with Mr. Weaver on that. We have had considerable consultation. Frankly, we hope that we might get some interest in introducing an amendment either to this bill or the housing amendments bill before this committee to provide such a program, advances, or loans—we would like to say grant—to the utility general planning agencies of our municipalities, in order that they can make long-range feasibility studies of water-

sewer requirements to serve the urban growth and existing demand over a period of 20 to 30 years.

Mr. ASHLEY. We will see if we cannot get a response.

Now, I was much taken with your characterization of this program as one which simply insists upon coordination, and it offers a carrot of Federal funds to those communities that manage to pull themselves together and present the coordinated plan project.

You ask, why should not there be participation by all in the demonstration cities program. But then it seemed to me that you raise some doubts in your own mind as to how many cities could actually participate with the limited funding that is contemplated.

I quite agree, if I understood correctly the sense of your idea, that as a matter of fact there should be coordination by any city calling upon Federal funds and Federal programs to help upgrade the local community, and that this need not necessarily be dependent upon the added input of Federal funds.

Mr. BINGHAM. True.

Mr. ASHLEY. Where there is a very critical need, such as in our larger cities, where the need has been dramatized by violence and outbreaks of every imaginable kind, it would appear that the infusion of Federal funds is justified. Perhaps you have heard my suggestion that I put to Mayor Daley with respect to utilizing the means of measurement that we have developed and that there be a sliding scale of participation depending upon demonstrated needs in the particular project. What would be your comment on this?

Mr. BINGHAM. Well, from a practical viewpoint I am afraid that I could not fully endorse it. I am very sympathetic to the problems which these areas have. And they need special attention by everyone who has the capabilities of making a contribution. But other areas have the same problem to a degree.

Mr. ASHLEY. To a degree?

Mr. BINGHAM. To a degree. Now, some situations have had national publicity, and others have not. You know how the press coverage is. They can build things up and give them international and national publicity. And this has happened. And we have these problems everywhere in our urban centers. We have poverty, we have blinding poverty, and we have slums. And these people are restless, and they are hurting.

Mr. ASHLEY. But there are degrees, aren't there, of the kind of pressures we are talking about? And there are also degrees in the ability of cities or communities to meet themselves, through their own resources, some of these problems. Isn't it a good idea for there to be this kind of consideration taken of these factors? In other words, if we are really interested in a demonstration program, would not it be possible to have areas of demonstration that perhaps are not included in the bill as it has been presented to us? If you take a wealthy community such as Houston, Tex., would not it be possible to glean from experience under the program what can happen by insisting upon coordination, offering a smaller carrot, based upon their lesser social pressures and their greater ability to meet for themselves this problem, and then in a situation like New York, where the city is almost catastrophically in debt already, and where the need is so much greater than, let us say, in a city such as Houston.

Mr. BINGHAM. I would have to agree with your principle. In most Federal aid legislation there is some measure of ability to pay, or means, and some effort at equalization based upon ability. And I would not see any objection. It is always tough on the Administrator to make the decision, opening it up, that the supplemental grant will be up to 90 percent of the local share. I would have no objection to that.

Mr. ASHLEY. It is easy for an Administrator, for a Dr. Weaver, to just say, anybody that comes in with a plan that meets the requirement under the act is automatically going to get 80 percent. But I don't think it is our job to make Dr. Weaver's job easy. I think our job is to try to meet the need in particular communities and try to do it on a basis that is responsible.

Mr. BINGHAM. I think the suggestion has a lot of merit. And it certainly characterizes virtually all Federal aid systems of every kind that we now currently have.

Mr. ASHLEY. Thank you very much. I agree with Mrs. Sullivan, your testimony has been most enlightening.

Mr. BARRETT. The time of the gentleman has expired.

Mr. Stephens?

Mr. STEPHENS. Thank you very much for coming and being with us.

The gist of your testimony to me seems to be that you believe that urban renewal and demonstration cities in this program give a greater degree of coordination for all of the services for cities and their development. How would you answer the criticism that I have already heard proposed that you have a coordinator for the programs? The proposals made by Dr. Weaver has been that after a project has been approved for a demonstration city, that a coordinator be appointed. I have heard some of the members of the committee call that coordinator a czar. I don't agree with that. But how would you answer the proposition that you would have a complete Federal project run and dominated by your Federal agency? I ask you that because in your testimony you have emphasized the fact that you think these proposals are getting back to the local government and local control.

Mr. BINGHAM. That is right.

Sometimes where control lies is a subtle thing. You don't really know where it is controlled.

Now, under this program the mayor and council are going to control the agency setup. They are going to appropriate the money, and approve the project. And this puts the whole thing right back under the democratically elected governing body of the city, where it ought to be responsible for every service and function and responsible to all the people.

The Federal coordinator has—let's call him an expediter or something, he does not have to be a coordinator, let's call him the expediter of the Federal programs. All right. But that is the idea. He is not really going to coordinate anything. He is going to expedite the availability of the various Federal aid programs in accordance with a schedule set forth in the demonstration project plan. There is a scheduling job. And if you don't believe it, run an urban renewal project sometime. There is an intricate job. This is a little more

intricate, but not in another dimension, but just a little more of the same. I think that what we need most of all is a Federal expediter down there. And I think it would be helpful.

If he were to try to be a czar, I think you would lose a few of them. You know, they just would not hardly ever get back to Washington. He is going to be right out in the public eye trying to help the people responsible locally to get this project carried out with these various Federal programs. And I will tell you what, he is going to be the least of a czar. He is not in anybody's woodwork, he is right out in public. And I will tell you, some of them are going to get to the White House with their problems direct. They are going to see the President and say, "Mr. President, I am telling you, one of these agencies up here is not helping us."

Mr. STEPHENS. Thank you.

Mr. BARRETT. The time of the gentleman has expired.

Mr. St Germain?

Mr. ST GERMAIN. Mr. Bingham, how are you people doing with your water supply?

Mr. BINGHAM. It is generally good. We have areas which have difficult water supply problems, but we have three of the great rivers of the country, and we have more water supply in Tennessee than probably any other State in the Union except the State of Oregon.

Mr. ST GERMAIN. Do you believe that an adequate water supply is important enough to be considered in those areas where we are experiencing problems with water supply. Do you think this is serious enough, and don't you feel it is an integral part of the functioning of the city to have the water, and therefore would this not be one of the facets that should be considered under this Demonstration Cities Act?

Mr. BINGHAM. Well, I am not sure that that is a problem that addresses itself to a demonstration project. Now, here we want to stay—I hope we are on a systematic basis. The water supply addresses itself to the entire urban community, including any suburbs, and so on. It is a regional problem in many cases. And it ought to be dealt with as a part of the water supply problem of the area, and not rehabilitating a slum area and its people. But under the urban development bill, under the other bill, means are afforded to get a coordinated approach to all metropolitan regional problems, including water supply, and sewer disposal and transportation. And this, of course, is highly important.

Mr. ST GERMAIN. I thought I understood you clearly when you testified—you mentioned dropping the names of certain cities in a jar. I know that was figurative. But what would you think of this plan. We are talking here about the aims of a demonstration cities program, the models, about how these problems can be solved. Supposing the Secretary of the Department would determine which cities have the critical needs and say that these are eligible, they are eligible cities to be considered as demonstration cities, and that the Secretary would say to all of these cities, submit a plan for your overall city, or for a portion of your city. And supposing the Secretary then did, so to speak, reach into a jar from those eligible cities, and then say these are the successful ones. Now, we are going to provide you with the expert advice, we are going to take the best planners, the best

urban renewal experts that we have. Many at these hearings have demonstrated their ability to make this a team that will go into these demonstration cities, working with the people in these cities, who are more familiar with the specific problems, and say, now, this is the manner in which we are going to prepare the plan for execution, so that we would then really have a demonstration city, a model city, so to speak, as to how this could be done. What would your opinion be on that concept?

Mr. BINGHAM. Well, I think that is a wonderful concept. And I do think in the demonstration cities program that we need some departmental backup for the local efforts at planning, and so on. And we have interchange of information between the demonstration cities in their planning and execution. And I am sure that the Department will fulfill that function of backup support.

Mr. ST GERMAIN. It seems to me—and I certainly firmly believe after listening to testimony for a week now—that if this is going to be successful, that we should not just take a chance haphazardly that certain cities are going to come up with good plans. We should provide these cities with the best plan that is available, the best one at our disposal, and let them help those cities prepare their plans and execute them.

I have nothing further, Mr. Chairman.

Mr. BINGHAM. I think that is a great idea, Mr. Chairman.

Mr. BARRETT. Mr. Bingham, we certainly appreciate your coming here and giving us this constructive testimony. Thank you very much.

Mr. BINGHAM. Thank you, Mr. Chairman. It has been a great privilege.

Mr. BARRETT. We have as our next witness, Mr. Elmer George.

Mr. Elmer George, will you come forward?

Elmer George is the executive director of the Georgia Municipal Association, and he is a very good friend of our very capable member, Bob Stephens of Georgia.

And I am quite sure, Mr. George, that Bob would want to make a welcoming statement on your behalf. Mr. Stephens?

Mr. STEPHENS. Mr. Chairman, thank you for extending that courtesy to me and for letting me welcome Mr. Elmer George to the hearing, and to say that we are happy to have him back before our committee. He has not only been before the Housing Subcommittee, but he has also testified before our whole Banking and Currency Committee. I particularly remember the assistance that he gave this committee in the mass transportation legislation that we considered a couple of years ago.

I would also like to point out to you that Elmer George has held the position as executive director of the Georgia Municipal Association for a long time. And you don't hold that kind of job a long time unless you have been doing a good job.

The thing that I would like to point out to the members of the committee is that in the work that Mr. George has done he has not favored the large municipal areas over the small municipal areas. He has not let himself be crowded into a corner, representing just one segment of municipal problems in Georgia. But I think that the mayors of the various towns in Georgia feel like that any problem

60-878—66—pt. 1——23

that they have, no matter what the size of it, they will find a ready helper in Elmer George and his staff.

So I am happy to welcome him again before our committee.

Mr. BARRETT. Thank you, Mr. Stephens.

And Mr. George, we certainly are glad to have you here today.

I understand you have a very complete statement, but you have about seven pages that you desire to read, and the other part you are interested in putting in the record?

STATEMENT OF W. ELMER GEORGE, EXECUTIVE DIRECTOR, GEORGIA MUNICIPAL ASSOCIATION

Mr. GEORGE. Mr. Chairman, that is true. And I recognize that it is getting close to lunch time. And we will follow whatever suggestion you might offer.

Mr. BARRETT. We certainly want to extend every courtesy to you. So if you desire to put part of it in the record and read your first seven pages, you may do so. We will want to ask you a few questions and I am quite sure they will be short.

Mr. GEORGE. Thank you. I can assure you that all this won't be read. It is mostly attachments for consideration by the committee, as you might want to do so.

Mr. BARRETT. Do you desire to put that part in the record?

Mr. GEORGE. I would like to put that first part in the record, and the attachments. And when I get to them I will suggest that those be put into the record, unless there is some questions on them, we will just file them.

Mr. BARRETT. Without objection it is so ordered. You may continue.

Mr. GEORGE. Mr. Chairman and gentlemen of the committee, I want to express my position and those of the municipalities that I represent for the privilege of appearing before you. We do think that this is an important matter, and one that deserves considerable consideration. We do know that there are a lot of problems and a lot of reservations about this type of legislation, because it is unique. But we think it deserves the most serious consideration. And what we would like to do in this statement, with the indulgence of the committee, rather than touch upon a lot of details in the act itself, and a lot of details in relation to some of the specific projects at the local level, I would like to touch just briefly on some of the causes that we think have been responsible, or for this matter, on urban blight, or urban problems that get so monumental to a point where I think they have reached the proportion of being a national crisis.

With that in mind, if it is permissible to proceed along those lines, I would like to say that I not only represent the Georgia Municipal Association, but I am appearing here as a representative of the National League of Cities. I guess I am the ranking member of the resolutions committee of the National League of Cities, and I am currently the secretary of the community facilities committee of that national organization. So I have worked in these areas of urban problems with many city officials over the country for a number of years.

Second to our national defense and our international commitments, the plight of our cities presents our largest national problem. The

Nation's economic health and the general welfare of our people depend upon the intelligent and urgent treatment of the ills and deficiencies of our cities.

For many years the problems of cities were swept under the rug or shrugged aside for the sake of political expediency. Our agricultural and other rural programs received priority while our urban areas were exploited as a source of revenue, with little attention being given to our urgent cries for help. And I am not being critical of this, that was a fact of life, I suspect, that all of us recognize, but I would like to submit that this is true.

State governments have contributed to our dilemma due to their rural structure and indifference to city problems. And, of course, Mr. Chairman, we recognize the fact that the recent decision of the Supreme Court and the resulting restricting of our congressional districts, and reapportionment of our State legislatures, are helping to solve this problem. But we have a backlog of deficiencies that have built up in the past as a result of the lack of attention to some of our government problems and our government leadership. In most cases, local revenues have been restricted and the State has been negligent in returning a reasonable share of taxes collected from urban citizens, either in services or grants.

During the past 20 years, the problems of Georgia cities have multiplied so rapidly that they have long since reached crisis proportions. There are many reasons for this, including the following—and these I would like to submit, Mr. Chairman as some of the things that I think not only the Congress but the people of the country ought to understand as they look at the problems, and why they exist, and why they are so critical, and why the cities, out of their own resources and energies, are incapable of treating them in the sense that they should be treated.

1. The success of our agricultural programs which have resulted in higher production yields with less acreage and reduced farm labor.

2. The success of the Herty process for converting slash pine into paper pulp, resulting in the conversion of millions of acres of row crop agricultural lands into pine-free farming. Of course, it does not take people to grow pine trees, very few as compared to the type of agriculture we have had in the South for many years.

3. Improved processing of agricultural food products, transportation, storage, marketing techniques, and, finally, the mechanical household refrigerator—this may seem trite, but it is not—have resulted in relieving the individual citizen and family from personal dependency upon the soil. That is the very basic thing. There are a lot of basic things of this type that a lot of us don't realize, why people really come into the town, and why people used to live in the country. It was because they had to as a matter of livelihood, the individual dependency upon the soil, which is not the case any more, because obviously it is not necessary, because according to the last census only 8 percent of all the people of this country are actually making a living out of farming.

4. General agricultural efficiency and proficiency and the resultant competition has all but eliminated the small farmer, the sharecropper, the tenant farmer, and mass farm labor from the pages of southern history. Today farming is not merely a means of existence or sub-

sistence, it is big business, involving large acreage, large investments, and considerable Federal assistance.

5. Better educational processes, communication media, transportation, and other factors have created awareness, ambition, employment capability, and a desire for a better standard of living in the minds and hearts of millions of poverty-stricken people. If they were not already living in cities, certainly, most of them have come to town.

6. The flow of rural population to our cities. This is another factor, which is the result of all these things I have mentioned. There are millions of rural youth who are well educated and well qualified for new job opportunities in business and industry and the professions. And, Mr. Chairman and gentlemen, I would like to submit that it is these people, the best qualified people that don't need any help, that as they come to town they do bring the problems of government with them, problems which relate to the demand for services. As they come to town, however, they bring demands for public services and improvements with them. They begin raising families which add to our rising educational costs. Generally, their local tax contributions fall far short of their public demands.

The really tragic part of this population flow, however, is in the uneducated, unskilled, and, in most cases, unwanted farm laborer who has had his farm job or employment opportunity eliminated and he comes to the city looking for a job—or for help in some fashion. Often, he and his family live with relatives or friends in crowded, unsanitary, depressing, and unproductive slum conditions. Quite frequently they become wards of the city, State and Federal Governments, contributing to our welfare rolls, juvenile delinquency, and crime rate.

Gentlemen, coupled with our urban population explosion, already existing pockets of poverty, demands for new and improved services and natural growth problems, the migration of these millions of rural people to town, from city to city, or from region to region has created a monumental problem, a problem which must be shared by all responsible citizens and all responsible public servants, including your committee and the entire Congress of the United States.

Most of us do not realize the magnitude of the problem which can be reduced simply to tremendous demands and needs for city services and inadequate fiscal resources.

It must be pointed out that our Federal and State Governments have preempted Georgia municipalities from all major tax sources except the ad valorem property tax. Since this is the chief source of revenue for county governments and local support for education, the urban taxpayer in our State is already overburdened.

Gentlemen, we are doing our best in Georgia. We are attempting to meet our problems head on, using our own ingenuity, efforts, and resources where possible. We are proud of the progress we are making; however, our problems and challenges are multiplying faster than our cities can cope with them.

Mayor Ivan Allen, of Atlanta, proudly reports that there is less unemployment in his city than in any major city in the country. We are proud of our excellent race relations and the citizens of Atlanta work together as one people in our community. Yet, there exists a tragic degree of poverty, inadequate services and improvements, sub-

standard housing, and blighted areas. This is true to a relative extent in other Georgia cities. And our cities, regardless of size, need help, Mr. Chairman and gentlemen, because, if you look into this matter, as we have done, you will find that the problem extends from one side of the Nation to the other, and it extends from our largest cities down to our smaller municipalities.

In January 1963, I had the privilege of appearing before the Senate Committee on Banking and Currency on behalf of Senate bill 1, the Area Redevelopment Act. And I think I was one of the people who did appear in support of this particular program. My purpose in my appearance was in the hope that the section relating to the rural-small urban areas, section B, might result in better job opportunities at the rural level and a consequent slowing down of the mass migration of our rural people, either to Georgia cities or regions outside the State. And I would like to submit, gentlemen, that a lot of the problems that you have in the northern cities and the western cities or cities all over the country are part of this problem that we have had. And you have shared those problems with us. And what we would like to do is keep these people at home.

At the time the Area Redevelopment Act was enacted into law, there were 76 Georgia counties who qualified because of the depressed area criteria. Much of the criteria was based upon loss of jobs and reduction in population.

Gentlemen, I would like to submit to you that we have since found out what we should have known all the time—that rural migration and reduction in employment is not related to depression—simply, it is the result of agricultural progress and is the deliberate intent of our large farmers and pine tree growers in Georgia. Not only has employment been reduced, tenant houses and small farm buildings have been destroyed to reduce taxes. Much of the acreage has been turned in as wild land for tax purposes.

All of this has tended to lower the county tax digest, thereby reducing the capability of the rural local governments to provide capital improvements, services, and education, thereby reducing the economic development of our rural areas.

It is my considered opinion that much of our well intended help for our rural areas in flying in the face of contrary intent on the part of many of our large landowners in Georgia.

I am not saying that agricultural help should be reduced. If it is in the national interest, I would favor additional help. However, our cities need an honest evaluation of their problems, also. And I would like to say—I will summarize this as fast as I can, Mr. Chairman—in Georgia, the city of Atlanta is not only attracting people from the rural areas in Georgia, but all over the entire Southeast. Atlanta, because of the excellent climate, race relations, and our sympathetic treatment of problems that are brought in by other areas, has caused many people from other sections of not only the State of Georgia, in the southern region, but all over the United States to come to Atlanta. And they are bringing problems with them. And if Atlanta is going to cope with the opportunity of upgrading the standard of living, the excellence of service within the city and within the metropolitan area, they are going to have to have help. Because if you will examine the fiscal reports of the city of Atlanta, and check the capabilities of their local

revenues, and compare them with the serious public needs that exist now and which will mount in the future, it is very evident that a crash program is indicated to help the city of Atlanta. And we think that this program that this Committee has under consideration is one which would go far in helping solve the problem.

We would like to submit that in Georgia we have other cities that we have compared, and as part of the testimony that we are presenting, we have taken a sampling of cities in every congressional district in Georgia, and have attached it. Now, this was done very quickly. And it does not represent the entire picture. But in every case we have found that cities in Georgia, regardless of size, from 5,000 on up that we did check, have blighted areas. They have the problem of substandard housing. They have the problem of substandard services. And they have the problem of trying to find ways and means of raising the living standard and the economic opportunity level at the communities.

And I would like to make one or two observations, Mr. Chairman, before I close. And I am about to close. One is in relation to title II of the proposed act.

Now, I am not certain in my own mind that the creation of new cities or new communities is the answer to this problem. I would like to submit that before that particular part of this program is given consideration that we look very closely and very cautiously at the critical needs that exist in the already developed municipalities, with the idea of building these better, and to help them solve the problems that exist in the deficiencies areas before we go out and start building new cities.

Now, in Georgia we have got 400 cities. And I would like to submit that you, that we think we could answer this problem that this new city program would turn on if we could help build better medium-sized cities and small cities that are scattered all over the State of Georgia. Let's make those existing already be made functional. And if we do that, then I think it would reduce the need of consideration of these new cities.

I would like to submit, too, that as areas develop outside the municipality, the central city, if there is available land there is sufficient development capital available to develop those areas. I have never seen any serious problem in the development of areas outside the city limits if there was a public need, because there has always been capital available for that purpose. And I would like to suggest to the committee that you go very cautiously into that part of the program.

There are 18,000 municipalities in this country. And there are better than 2,000 counties, plus the multitude of metropolitan areas. And I would like to submit that if we start creating more political entities, political subdivisions, we might be compounding the problem rather than satisfying the problem. And we do think that there is some merit in the consideration of that.

And I would like to submit to you, Mr. Chairman, and gentlemen, that it seems to me, based on what Mr. Bingham has said in relation to these multitude of plans—I have brought along with me a manual on "Federal Aid for Municipalities" which I would like to file with the committee. And I would like to submit to you and the gentlemen of the committee that we are doing at the local area everything that we can to educate our people on how to use the existing programs.

Mr. BARRETT. Mr. George, may I just ask you, you want to present that to the committee, you are not asking that it be admitted into the record?

Mr. GEORGE. I will present it to the committee, and you can do with it what you wish. If you want to enter it into the record, I will leave that to the committee.

Mr. BARRETT. I want to thank you on behalf of the committee for making that presentation.

Mr. GEORGE. And if the committee members would like to have one of these manuals for their own individual use, we would be most happy to present each member with a copy. And if the Secretary would so advise us, we would be happy to present each member with one.

Mr. STEPHENS. If the gentleman would yield, I would like to have a copy of that for each member. And I think it would help each member of the committee.

Mr. GEORGE. I would like to close by making this statement that there is a very critical need at the Federal level for coordination. Recently we had in Georgia a program that was calculated to bring to bear in one program the best professional knowledge at the Federal agency level and at the State agency level in panels to discuss these Federal programs, some of which are administered through State agencies. And gentlemen, even though these programs are in many cases overlooked, we had to introduce those professional, governmental people representing the Federal agencies and the State agencies to one another. And it seems to me that there is room for serious coordination, if we go to the Federal agencies and ask about some of these new programs, and we find considerable confusion in the mind of the people who are charged with the responsibility of administration as to how these programs are going to be administered. So it seems to me that as new programs are developed that consideration should be given to using existing administrative agencies and procedures, rather than overlapping them and causing so much confusion at the local level. Because, as Mr. Bingham has pointed out, it is most difficult for us to determine how these programs are administered. And actually this [referring to manual] is almost like a catalog. A mayor or a city government can take this and run through it, and where there are a half dozen different programs which relate to water and sewers, and this, that, and the other, depending on the nature of the project, then he can try to determine how his city qualifies, and to whom he should go for the assistance. And it is a little bit difficult for our people to use these programs, because there has not been the coordination and understanding established in advance in relation to some of these.

And I would like to suggest that somewhere at sometime it seems to me the Congress is going to have to make funds available to research the total urban needs of the Nation, and to look at the capabilities of local and State governments to deal with existing urban problems. And I think it deserves a review of what is being done, a determination of what could be done out of local resources and efforts, and a determination of deficiencies, and a determination of where help is actually needed beyond local capabilities and why.

Now, the reason I say this is that it should be very obvious to a lot of people, if we look into these things, that some communities make a greater effort toward a solution of their own problems than others. Some communities do not realistically attempt to raise revenues out of local resources which are capable of doing a better job. And we think that before Congress makes available moneys to these communities that they should make some effort themselves. I would like to submit that this program under consideration by this committee is needed, seriously needed, because of the proportions of the problems that already exist. But at the same time it would be our hope that as the program is administered, serious criteria would be developed that would assure that the community would do as much as it could out of its own resources without absolute dependence upon the Federal Government.

If there are any questions, Mr. Chairman, I would be glad to try to answer them.

(The complete statement and attachments submitted by Mr. George follow:)

STATEMENT OF W. ELMER GEORGE, EXECUTIVE DIRECTOR, GEORGIA MUNICIPAL ASSOCIATION, MEMBER OF THE RESOLUTIONS COMMITTEE AND SECRETARY OF THE COMMUNITY FACILITIES COMMITTEE OF THE NATIONAL LEAGUE OF CITIES

Mr. Chairman and members of the committee, my name is W. Elmer George. I am executive director of the Georgia Municipal Association, an organization of over 375 Georgia municipalities, ranging in size from the city of Atlanta to towns having a population of 200.

I am honored and pleased to appear before you on behalf of our State organization and, also, the National League of Cities, an organization of over 13,500 member municipalities. At present, I serve on the resolutions committee and as secretary of the community facilities committee of this national organization.

Second to our national defense and our international commitments, the plight of our cities presents our largest national problem. The Nation's economic health and the general welfare of our people depend upon the intelligent and urgent treatment of the ills and deficiencies of our cities.

For many years the problems of cities were swept under the rug or shrugged aside for the sake of political expediency. Our agricultural and other rural programs received priority while our urban areas were exploited as a source of revenue, with little attention being given to our urgent cries for help.

State governments have contributed to our dilemma due to their rural structure and indifference to city problems. In most cases, local revenues have been restricted and the State has been negligent in returning a reasonable share of taxes collected from urban citizens, either in services or grants.

During the past 20 years, the problems of Georgia cities have multiplied so rapidly that they have long since reached crisis proportions. There are many reasons for this, including the following:

1. The success in our agricultural programs which have resulted in higher production yields with less acreage and reduced farm labor.

2. The success of the Herty process for converting slash pine into paper pulp, resulting in the conversion of millions of acres of row crop agricultural lands into pine tree farming.

3. Improved processing of agricultural food products, transportation, storage, marketing techniques, and, finally, the mechanical household refrigerator have resulted in relieving the individual citizen and family from personal dependency upon the soil.

4. General agricultural efficiency and proficiency and the resultant competition has all but eliminated the small farmer, the sharecropper, the tenant farmer, and mass farm labor from the pages of southern history. Today farming is not merely a means of existence or subsistence, it is big business, involving large acreage, large investments, and considerable Federal assistance.

5. Better educational processes, communication media, transportation, and other factors have created awareness, ambition, employment capability, and a

desire for a better standard of living in the minds and hearts of millions of poverty stricken people. If they were not already living in cities, certainly, most of them have come to town.

6. The flow of rural population to our cities. There are millions of rural youth who are well educated and well qualified for new job opportunities in business and industry and the professions. As they come to town, however, they bring demands for public services and improvements with them. They begin raising families which add to our rising educational costs. Generally, their local tax contributions fall far short of their public demands.

The really tragic part of this population flow, however, is in the uneducated, unskilled, and, in most cases, unwanted farm laborer who has had his farm job or employment opportunity eliminated and he comes to the city looking for a job—or for help in some fashion. Often, he and his family live with relatives or friends in crowded, unsanitary, depressing, and unproductive slum conditions. Quite frequently they become wards of the city, State and Federal governments, contributing to our welfare rolls, juvenile delinquency, and crime rate.

Gentlemen, coupled with our urban population explosion, already existing pockets of poverty, demands for new and improved services and natural growth problems, the migration of these millions of rural people to town, from city to city, or from region to region has created a monumental problem, a problem which must be shared by all responsible citizens and all responsible public servants, including your committee and the entire Congress of the United States.

Most of us do not realize the magnitude of the problem which can be reduced simply to tremendous demands and needs for city services and inadequate fiscal resources.

It must be pointed out that our Federal and State Governments have preempted Georgia municipalities from all major tax sources except the ad valorem property tax. Since this is the chief source of revenue for county governments and local support for education, the urban taxpayer in our State is already overburdened.

Gentlemen, we are doing our best in Georgia. We are attempting to meet our problems head on, using our own ingenuity, efforts, and resources where possible. We are proud of the progress we are making; however, our problems and challenges are multiplying faster than our cities can cope with them.

Mayor Ivan Allen, of Atlanta, proudly reports that there is less unemployment in his city than in any major city in the country. We are proud of our excellent race relations and the citizens of Atlanta work together as one people in our community. Yet, there exists a tragic degree of poverty, inadequate services and improvements, substandard housing and blighted areas. This is true to a relative extent in other Georgia cities. Our cities need help.

In January 1963, I had the privilege of appearing before the Senate Committee on Banking and Currency on behalf of Senate bill 1, the Area Redevelopment Act. My purpose in my appearance was in the hope that the section relating to the rural-small urban areas—section B—might result in better job opportunities at the rural level and a consequent slowing down of the mass migration of our rural people, either to Georgia cities or regions outside the State.

At the time the Area Redevelopment Act was enacted into law, there were 76 Georgia counties who qualified because of the depressed area criteria. Much of the criteria was based upon loss of jobs and reduction in population.

Gentlemen, I would like to submit to you that we have since found out what we should have known all the time—that rural migration and reduction in employment is not related to depression—simply, it is the result of agricultural progress and is the deliberate intent of our large farmers and pine tree growers in Georgia. Not only has employment been reduced, tenant houses and small farm buildings have been destroyed to reduce taxes. Much of the acreage has been turned in as wild land for tax purposes.

All of this has tended to lower the county tax digest, thereby reducing the capability of the rural local governments to provide capital improvements, services, and education, thereby reducing the economic development of our rural areas.

It is my considered opinion that much of our well-intended help for our rural areas is flying in the face of contrary intent on the part of many of our large landowners in Georgia.

I am not saying that agricultural help should be reduced. If it is in the national interest, I would favor additional help. However, our cities need an honest evaluation of their problems, also.

Our small towns and cities need help and the Georgia Municipal Association has been a party to encouraging Federal and State programs to assist city officials in the provision of improvements and services. We hope this will result in a higher rate of local employment and keep our people and economic resources scattered throughout the State in a progressive sense. We have helped organize 17 area planning and development commissions in order to concentrate professional know-how and programs, and make them available to our rural towns and counties. We are making real progress, but people are still coming to Atlanta and our other large and medium cities, bringing problems with them.

Atlanta is attracting people, not only from other areas of Georgia but from other sections of the South, as well. Apparently, many see Atlanta and its sympathetic attitude and concern, as a place where their hopes and ambitions may find fruition. We are proud of this, and we think we are doing a pretty good job, but Atlanta can't go it alone, nor can our other cities.

We see in the city demonstration programs an opportunity to concentrate Federal assistance and the resources and energies of our cities toward a crash program, calculated to alleviate, or reduce, urban blight and help many of our poverty-stricken people by placing them in a better environment with better job opportunities.

We believe that a substantial investment in the city demonstration grant program will inevitably result in a general uplifting of our people, better job capabilities, reduced dependency upon public welfare, reduced crime and a happier, healthier, and more productive country.

Gentlemen, I am not smart enough to suggest all the development and administration of the Demonstration Cities Act, however, we would like to make a few pertinent observations. In the selection of cities for demonstration grants, it might be prudent to evaluate all factors relating to the need and potential result of the program. Not only should the criteria of competition, preplanning, excellence of existing programs, etc., but also that of circumstance, need, and the progressive influence of the results should be given consideration.

Also, cities other than our very largest should be given consideration, since they have the same problems relatively speaking. In Georgia, other cities such as Savannah, Columbus, Macon, and Augusta have similar problems as do many other cities such as Marietta, Rome, Gainesville, Brunswick, Bainbridge. I'm sure this is true over the Nation.

We have taken the liberty of attaching a statement from the city of Atlanta in support of the city demonstration programs. Also, examples of fiscal problems from a few other Georgia cities. Naturally, it goes without saying that we hope our own cities get the first and the biggest grants—because we need them desperately.

Thank you, gentlemen, for permitting me the privilege of appearing before this distinguished committee.

A Sample of Need of Georgia Cities for Demonstration Cities Program

The basic revenue structure of local government in Georgia is dependent almost entirely on the ad valorem property tax. It is one of the most restricted revenue structures in the Nation. Property tax levies have grown from $33.5 million in 1957 to $55.2 million in 1964.

Basic requirements in traditional municipal services are expanding at an accelerated rate. Current and new service requirements have resulted in the problem of not having enough money to expand traditional municipal services in accordance with demand and to meet also the needs of our growing cities for new and additional services in such areas as housing, water pollution, recreation, and the many cultural and social needs of today's urban community.

The following pages list a sample of certain of the most critical problems and needs of Georgia municipalities within and outside the Atlanta metropolitan area complex. The cities presented represent all sections and areas of the State. The demonstration cities program would offer a concrete opportunity for cities, such as these as well as others of our State, to accelerate an attack on the extensive blight and deterioration of vast areas resulting from rapid urban growth and development.

FACTUAL DATA ON VARIOUS GEORGIA CITIES RELATIVE TO DEMONSTRATION GRANT CITIES PROGRAM

Macon

Macon expanded city limits, 1961; census of 1960, 69,764; estimated population, 1964, 123,000.

Money needed in sewerage disposal for annexed area, $6,500,000; highway and street work in connection with I–75 and connector roads, etc., $8 million; water system, spending $3.8 million over 3-year period; storm sewers in annexed area involving 60,000 people, 10 years and $10 million; municipal auditorium and other public facilities are financed; city, 19 mills included bonded indebtedness; county, 42 mills, including schools, consolidated; $5 million necessary for new schools.

Brunswick

1950	17,954
1960	22,000

Storm sewer needs, $6 million; great blight and deterioration of residential areas: water pollution, $2 million; housing needs of $4 million; streets, $2 million.

Tax rate:	*Mills*
City	18.00
County	30.75
Schools	16.00

Gainesville

Solution to health and sanitation problems an absolute necessity due to proximity of Lake Lanier; population 1950, 11,270; 1960, 16,520.

Urban renewal, current project, $6 million; need 5 additional projects, $30 to $40 million.

Substandard and blighted areas, 30 percent of city's population.

Traffic major need, area transportation needs of $8.3 million.

Water and sewer needs of $3 million.

Airport development plan underway of $1.5 million.

Schools, $1.5 million.

Recreation, $600,000.

Recent bond issue of $2.8 million for: Junior college, vocational trade school, street improvements.

Bonding capacity: Outstanding, $5.4 million; $1.16 million additional capacity.

Tax rate

	Mills
City:	
General government	3.5
Schools	7.16
Bonds	4.25
Parks	0.64
Total	15.55
County	63.00

Rome

Population 1950, 26,000; 1960, 34,000.

Urban renewal: 100 acres (underway), $6 million application waiting approval, area predominately colored.

Housing: Application for housing pending; substandard dwelling units: 25 percent of city.

Water and sewer: $3 million sewer expansion underway; second phase of $3 million pending.

Traffic and transportation, application for 10 new buses.

Street, $500,000.

Tax rate (mills)

City	[1]17
Schools	17
County	26
Schools	19

[1] 50 percent value.

Bonded debt, 75 percent of bonding capacity used.

Bainbridge

Population 1950, 7,562; 1960, 15,000.

Urban renewal: Has completed an urban renewal project for commercial area.

Urban renewal need in areas close to center of city which has no public sewerage, extensive flooding problems, occupied by Negro families as well as some light commercial and industrial uses; covers 110 acres, $1.75 million needed.

Another large area without public sewerage about 8 blocks from center of city, largely occupied by Negro families; very severe flooding problems, $1.5 million needed to remedy.

Blighted areas comprise 60 percent of city.

Substandard housing, 35 percent of all dwellings.

Sewer needs: $1.5 million needed to sewer unsewered areas plus treatment.

A large newly annexed area has no public sewer.

One-half million dollars in storm drainage needed.

Streets: Street improvement program applied accelerated public works involving $715,000.

Poverty program: Community action committee formed. Current project to train people in planting and harvesting of shade tree tobacco.

Public buildings needed: $300,000.

Tax rate (mills)

City	[1] 25.00
County	[1] 48.00

[1] Includes schools.

Bonding capacity: $600,000 available.

Savannah

Population 1950, 119,638; 1960, 149,245.

Savannah describes its problems as being primarily the result of the development of a municipal complex during a horse-and-buggy era. Savannah is an old city and it is characterized by great blocks and areas of deterioration resulting from inadequate street patterns and systems, extremely high density because of large tracts of multiple dwelling ownership. Thirty percent of the city's dwellings are substandard.

Roughly 50 percent of the city's area is blighted, characterized by unpaved streets, inadequate housing, mixed land uses, and lack of utilities.

The vast exodus from the farm to the city has caused tremendous social problems in which a large percentage of the citizenry is economically deprived. There has been a tremendous obsolescence in the downtown area with the decline of the central business area because of difficulty of ingress and egress with the population moving away from central areas and the resultant competition from shopping centers.

As a result of these trends crime is becoming a very critical problem due to the large concentration of people in relatively small areas and to the many social maladjustments within these areas.

The city faces an acute problem in housing. It is difficult to find housing for the economically deprived. So many of these people earn too little income to qualify for public housing or too much, and there is great need for rehabilitation of existing substandard housing.

Water pollution abatement program underway, $12 million.

Streets: 100 miles unpaved, will require some $15 million.

Tax rate (mills)

City	26.00
Schools	20.00
County	46.25

Columbus

Population 1950, 79,611; 1960, 115,741.

Certified workable program.

Blighted area: 50 acres blighted in which there is severe flooding requiring complete evacuation. Mostly Negro resident, near center of city. Three or four million dollars needed to remedy.

Substandard housing: 30 percent of all dwellings.

Water and sewer: Multi-million dollar project underway to divert water flow to eliminate flooding Weracoba Creek.

Sewer disposal: $5 million project underway involving 2 treatment facilities.
Other capital improvement needs:
Community recreation centers, $500,000.
New city-county building being planned, $5 to $7 million.

Tax rate (mills)

City	17
Schools	32
County	12

Bonding capacity

Total digest	181,000,000
Bonds outstanding	5,000,000
Excess capacity	7,000,000

Augusta

Population 1950, 71,508; 1960, 75,000.
Urban renewal: 3 projects underway at a total cost of $6.3 million; 2 additional areas under study, estimated cost amounts to $8.4 million.
Housing: 3 highrise projects underway for indigent and elderly.
Police: Inadequate jail facilities. Occupancy 70 prisoners 10 years ago, current occupancy is 125 (average daily occupancy).
Parks: 64-acre park improvement planned to include comprehensive recreation facilities.
Transportation: No. 1 problem concerns railroad lines—blocks traffic at 20- to 30-minute intervals. Requested study costing $75,000. Project is estimated at $8 million for relocation of railroad tracks.
These rail lines serving two major railroads, Atlantic Coast Line and Southern, are contributing to extensive blight, crime, and health and safety problems in several large areas of the city.
Fire headquarters station needs replacing and is projected at $400,000 cost.
Water and sewer program underway which includes separation of sanitary sewer throughout the city and building of a treatment plant. This is a $7 million project.
Additional $3 million needed to complete sanitary sewer program over the current $7 million project.
Storm sewer: $4 million project planned.
Waterworks: Enlargement badly needed, $2½ million cost estimated.

Tax rates (mills)

City	15.25
School	30.00
County	15.00

Debt: $3,766,000 outstanding, $7 million excess capacity.

Douglas

Population 1950, 7,428; 1960, 10,000.
Urban renewal: Current projects underway in excess of $2 million will eliminate 75 percent of blighted areas.
Water and sewer: Preliminary estimate of $1.2 million in water and sewer needs has been submitted to Housing and Urban Affairs Department.
Storm drainage needs: Basic needs amount to $1.5 million.
Streets: Street paving needs amount to $1 million.
Education: Junior college improvements amount to $1 million.

Tax rate (mills)

City	11.00
County	[1] 26.00

[1] Includes schools.

Bonding capacity: Outstanding, $400,000; excess, $500,000.

Decatur

Population 1950, 21,635; 1960, 21,953.
Urban renewal: Substandard housing units amount to 30 percent of all dwellings. Two active projects in execution at a gross cost of $5.4 million and plans are underway for two additional projects.

Storm drainage a major problem—three watersheds involving several million dollars to remedy.

Capital improvement plan: 5-year plan for street resurfacing for entire city.

	Tax rate (mills)
City [1]	21.10
County	32.20

[1] Includes schools.

Bonding capacity: Outstanding, $3.99 million; excess, $1.98 million.

Marietta.

Population 1950, 20,687; 1960, 25,287.

Urban renewal: Local requirement next 5 years, $1 million.

Blighted area: 20 percent of city.

Housing: Substandard 7 percent.

Sewer: Major sewer study completed and cost projected at $3 million.

Capital development program: $3.7 million projected over 5 years. Includes schools, streets, recreation, etc.

	Tax rate (mills)
City [1]	19.5
County	20.0
County schools	24.0

[1] Includes schools.

Bonding: No excess capacity. Total debt outstanding at 7 percent of digest.

ATLANTA'S NEED FOR DEMONSTRATION CITIES PROGRAM

Our capital city of Atlanta is experiencing a tremendous growth in population. The Atlanta area is currently experiencing an increase in population of 35,000 additional people each year or an annual growth rate of 3.1 percent. Most of this increase is attributable to an influx of families from the surrounding rural areas of Georgia and the rest of the South. A large portion of these people are poor, uneducated, untrained, and simply not equipped for urban living. The problems of providing urban services to a burgeoning metropolis are great in themselves; however, add to these the problems associated with poverty, illiteracy, minority races, unemployment, and the problem becomes staggering.

In the past Atlanta has done its best to face up to these problems. Its government officials and civic leaders have recognized these problems and attempted to solve them—with a great deal of success, I might add.

No city in the South has a better record of solving its racial problems in harmony. The people of this city have taken the initiative in alleviating the causes of racial discontent before it has erupted. I think Atlanta's record in race relations speaks for itself.

Atlanta was one of the first cities in the Nation to establish a war on poverty under the Federal legislation. Atlanta's poverty program has been often cited by the Poverty Director, Mr. Sargent Shriver, as one of the best in the Nation and an example for other cities to follow. Atlanta's poverty program has had no petty political bickering as has been so often found in other cities across the Nation. Atlanta's program was established for just one purpose—to wipe out poverty, illiteracy and related social evils, and it has made a tremendous start in this direction. The Atlanta program presently has nine neighborhood service centers in operation with three more planned. Nearly 7,000 individuals have received employment counseling. Nearly 1,000 students are participating in the Neighborhood Youth Corps program; 1,400 youths have been placed in private jobs; 500 dropouts have been placed in jobs; 300 boys have been sent to Job Corps camps; nearly 500 unemployed parents of dependent children have received job training. In cooperation with the Atlanta school system, nearly 13,000 parents and children have been enrolled in special educational classes. Additional phases of the program are underway including social service, day-care service, public health, legal aid and many more.

Atlanta has one of the largest urban renewal programs in the Nation, with eight projects in execution and three in the planning stage. Five additional projects are in the programing stage and will be given serious consideration in the near future. These 16 projects encompass nearly 4,000 acres of land or nearly

5 percent of the total land area of the city. The total cost of these 16 projects is expected to reach nearly $130 million. More than 3,000 families and individuals have been relocated from the first 5 projects as well as nearly 300 businesses. It is anticipated that an additional 1,400 families will be relocated over the next 3 to 5 years. Nearly all of those families relocated were moved into safe, decent housing.

Atlanta has recently undertaken a far-reaching community renewal program under the provision of the National Housing Act. Out of this broad program have come (1) recommendations for improving administrative procedures with particular reference to urban development as well as other city activities, and (2) the establishment of a comprehensive data bank in which is stored a mass of important and accurate data on which future decisions can be made and plans laid. With the aid of this storehouse of data, the community renewal program will identify and delineate the city's slum areas and the scope of the slum and poverty problem within the city. Recommendations for attacking the problem will be developed with long-range plans for implementing these recommendations. The scope of these investigations and recommendations is not confined to housing problems alone, but include economic, social, and educational problems as well. The CRP is truly charting the course for the elimination of blight and poverty in Atlanta.

A number of other administrative changes have already been implemented to enable the city to more effectively cope with the ever-increasing demands placed on urban centers. The city's capital budgeting procedures have been recently strengthened. More emphasis as well as personnel have been placed on long-range planning. The city's code enforcement program has been strengthened through consolidation of inspection services and additional personnel.

Another important step has recently been taken to help in solving local urban problems on a metropolitan basis with the establishment of the Metropolitan Atlanta Council of Local Government.

Despite the progressive attitude and progressive measures taken by the city to cope with its problems, we are falling behind. We face a dilemma which is common to nearly all major American cities. Our needs are outstripping our resources to cope with these needs.

Many recently completed reports point out the critical needs of Atlanta and its metropolitan region. The 1960 Federal census showed that there were 35,000 substandard dwelling units within Atlanta's limits. This represents 23 percent of all dwelling units in the city. A preliminary planning report produced for the community renewal program indicates that since the 1960 census, structural conditions have rapidly degenerated within a large swath of land generally running through the center of the city. The blighted areas identified by the report cover approximately 69 square miles or roughly 54 percent of the city of Atlanta.

Another CRP report on the city's administrative capabilities points out several areas in which changes should be made to enable the city to more effectively cope with the many demands being placed on it for more and improved services; including a proposed department of community development into which would be channeled all responsibilities of the city government related to urban development, conservation, and redevelopment. This report also recommends that the management responsibilities of the mayor be strengthened in order to more effectively coordinate the city's various programs.

Still another preliminary CRP report on social blight and its causes presents the results of an intensive study of the residents of one of Atlanta's slum areas which included extensive participation by the area residents. This report very clearly identifies the problems of these residents as (1) a lack of recreational facilities; (2) poor housing; (3) inadequate child care; (4) school absenteeism; (5) low income; (6) illiteracy; (7) poor home management; (8) failure to obtain legal rights; (9) poor health care; (10) alcoholism; and (11) inadequate physical care of the elderly. Many recommendations for correcting these problems will be included in the final report on this subject.

Reports of the Atlanta Commission on Crime and Juvenile Delinquency indicate that a 10-year statistical study of crime in the Atlanta area demonstrates that our crime rate has exceeded our growth in population by 15 times. This report points out certain problems in police protection including inadequate manpower, inadequate pay scales, and the lack of the most modern police equipment. The commission recommends that Atlanta double its annual financial support of its police department. This same commission recommends that the operating budget

of the parks department be substantially increased to permit the accomplishment of certain specific recommendations relating to the quality and coverage of the city recreation program.

A report on water and sewer problems in Metropolitan Atlanta indicates that the major problem is the shortage of needed money. For some of the 23 sewer systems the need has reached a crisis stage. For example, the water pollution control engineer for Atlanta's sewer system has estimated that $30 to $40 million is needed to make necessary improvements in the system right now. This represents approximately 10 times as much as could be obtained through a general obligation bond issue; and this report is out of date.

One of the major problems facing the Atlanta region is a solution to its critical traffic congestion. A report by the Atlanta Region Metropolitan Planning Commission pointed to the need for a regional rapid transit system to bring about an improvement in public transportation comparable to the improvement afforded to the private automobile by providing regional expressways. The estimated cost to provide this long-range system is $300 million. Legal machinery has already been established to provide Atlanta with rapid transit. The legal problems have been solved but the financial problems remain.

A recent report by the city planning department sets the immediate capital improvement needs of the city, excluding schools, during the next 5 years at nearly $215 million. This includes $38 million for urban renewal and nearly $51 million for sewer improvements.

The city's planners estimate that in order to solve the city's most pressing problems, an additional annual expenditure of $65 million will be required. Some estimates go even higher. These estimates do not include expenditures for school purposes.

With the present growth rate of the city, an annual increase in the city's revenue from present sources of $2,500,000 can be expected. This is far short of the $65 million needed, however.

The city's present sources of revenue are (1) property taxes, (2) license fees, (3) service charges, and (4) Federal and State grants. The city is presently prohibited from levying a payroll or income tax, sales tax, or gasoilne tax; nor does it receive any of the proceeds of these taxes collected by the State, except for a very small reimbursement from the gasoline tax. The city has recently requested enabling legislation from the State legislature to allow the city to levy a payroll tax and/or sales tax. This request was denied.

The city's only recourse is to increase its existing taxes. This it intends to do. However, it is estimated that this measure will only bring in an additional $5 to $10 million annually. Still far shore of its needs.

In view of the lack of resources at the local level, America's cities have increasingly been forced to look to Federal grant-in-aid programs to help solve our urban dilemmas. As demonstrated by present Federal aid programs the cities and the Federal Government have been able to join together very effectively in attacking urban problems. This demonstration cities program offers an opportunity to supplement local programs and accelerate the joint attack on these problems. Atlanta's urban problems are massive. Only by utilizing a massive attack on these problems can they be effectively solved. The demonstration cities program offers this hope.

The following property taxes are levied on property located within the city of Atlanta (in that portion of the city within Fulton County).

1966 per $1,000 assessed valuation

General fund	$9.00
Debt retirement	3.50
Special park fund	.50
Schools	19.00
Fulton County	21.50
Total	53.50

Projected general obligation bonded indebtedness (excluding indebtedness for school purposes)

Year	Total digest	Debt limit 8 percent	Outstanding bonds Dec. 31	Excess bonding capacity
1965	$1,330,456,960	$106,436,556	$70,185,250	$36,251,306
1966	1,380,456,960	110,436,556	67,682,944	42,753,612
1967	1,430,456,960	114,436,556	64,773,618	49,662,938
1968	1,480,456,960	118,436,556	61,905,292	56,531,264
1969	1,530,456,960	122,436,556	59,022,550	63,414,006
1970	1,580,456,960	126,436,556	56,114,808	70,321,748
1971	1,630,456,960	130,436,556	53,159,857	77,276,699

GEORGIA MUNICIPAL ASSOCIATION,
Atlanta, Ga., January 23, 1961.

Mr. CARL E. PRUETT,
President, Georgia Municipal Association,
Griffin, Ga.

DEAR PRESIDENT PRUETT: Last year, the U.S. Congress passed Senate bill 722, an Area Redevelopment Act. This bill was vetoed by President Eisenhower, as were a number of other bills.

The Executive Committee of the Georgia Municipal Association, last year, authorized support of S. 722 but no action was taken when it was found that the Georgia delegation had no real sentiment for the act, for one reason or another. Too, we discussed S. 722 with aids to Governor Vandiver and the director of the State department of commerce.

In June 1959, Mayor Charles A. Cowan, of Cartersville, Mayor Frank Tigner of LaGrange, and then Mayor Glenn Bryant of Griffin, together with other officials from Georgia, attended a meeting in Washintgon, during which representatives of a congressional committee, including Congressman Albert Rains, of Alabama, explained S. 722 to representatives of 14 southern area States. Since provisions of S. 722 authorized one-half of the proposed appropriations for rural-small urban areas, the general consensus was that it was a good bill for the South. Attached is resolution unanimously adopted at this June 12–13, 1959, meeting.

For lack of time to test out reaction to the Area Redevelopment Act over the country and since we were busy trying to pass our constitutional amendment, no action to support S. 722 was taken by the municipal association at that time.

On December 1960 during the annual congress of the American Municipal Association, in New York City, a resolution was adopted to support an Area Redevelopment Act, patterned after S. 722 the bill vetoed by President Eisenhower. The entire Georgia delegation including yourself and a quorum of the Executive Committee of the Georgia Municipal Association, voted for the resolution.

When President John F. Kennedy kicked off his campaign, last year, he did so in West Virginia, one of the most economically distressed areas of the Nation. President Kennedy, at that time, committed himself to an Area Redevelopment Act to help distressed areas. The issue became one of the principal planks in the platforms of both the Democratic and Republican Parties.

Upon his election, President Kennedy immediately appointed a committee to prepare an Area Redevelopment Act and hold public hearings. Mr. Herbert Bingham, extcutive director of the Tennessee League of Municipalities became a member of the task force to evaluate the need for assistance to distressed areas, providing us with a southern representative to assist in developing the new act, Senate bill 1.

Last week, I received a hurried call from Mr. Bingham, in Washington, D.C., who was very concerned that the Senate committee seemed inclined to remove from the new Area Redevelopment Act the provisions which would appropriate one-half the appropriations to rural-small urban distressed areas and requested that I fly to Washington, immediately to testify as to need to assist the rural counties and small towns of Georgia. After attempting to get a representative of the State government to go with me and, failing, I caught the first plane to Washington.

On the way to Washington, I worked up a general brief which was filed with the Senate Committee on Banking and Currency, as soon as I arrived. A copy of this brief is attached for your information.

Although Senate hearings had been going on for 2 days before I arrived in Washington, I did find out that Alabama, Tennessee, Kentucky, and West Virginia filed briefs on behalf of Senate bill 1. The Municipal Association of Alabama, Tennessee, and Kentucky are actively supporting Senate bill 1, and Governor Patterson of Alabama and Governor Ellington of Tennessee filed personal briefs in support of the act.

We felt action should be taken in filing a brief on behalf of the Georgia Municipal Association for the following reasons:

1. The act, as drawn, would provide one-half the proposed appropriations to rural-small urban counties about the Nation. Under the criteria of need outlined in the bill 628 of the 663 eligible counties are in the South (94 percent). Georgia had 76 counties which would qualify for assistance in 1959. Probably there are more, now.

2. Fifty-three out of the one hundred and seventy-nine urban distressed labor markets are in the South.

3. Southern States will be eligible for 65 percent of the proposed appropriations.

4. S. 722, the Area Redevelopment Act, was passed by Congress last year, but vetoed by the President. However, both major parties put such a proposal in their platform, last year, with Mr. Kennedy making it a No. 1 issue. The fact that the Area Redevelopment Act has been labeled "Senate bill 1" indicates determination by President Kennedy to pass the act.

5. Vice President Lyndon Johnson voted for and supported S. 722 last year and campaigned for assistance for distressed areas during the recent election.

6. For the above reasons we believe that an Area Redevelopment Act will pass out of Congress and be signed by the President during the upcoming session. Therefore, we think S. 1 should be supported by southern legislators to assure that the rural-small urban provisions will be left in.

During the hearings, we heard testimony from the Republican minority on the Senate committee, voicing objection to the bill. One of these was Senator Bush from Connecticut, the State having the highest degree of industralization per square mile within the Nation. Naturally, they are satisfied. They mentioned such things as "pirating of industry" by the South, etc.

We are attaching some information developed by Mr. Herbert Bingham.

Please advise us how to proceed from here. We feel we have our foot in the door, by filing our brief.

By copy of this letter, we are requesting the members of the board, together with other city officials to let us have their immediate views regarding support of Senate bill 1, in order that we may take action, if desired.

Very truly yours,

W. ELMER GEORGE,
Executive Director.

STATEMENT REGARDING SENATE BILL 1, THE AREA REDEVELOPMENT ACT

Mr. Chairman and gentlemen, we wish to thank you for the privilege of appearing before the Senate Committee on Banking and Currency for the purpose of presenting a statement on behalf of Senate bill 1, the Area Redevelopment Act.

My name is W. Elmer George and I am executive director of the Georgia Municipal Association which represents approximately 350 of Georgia's towns and cities and, through them, approximately 52 percent of our State's population.

The Georgia Municipal Association, through action by its executive committee, is on record as supporting a proper Area Redevelopment Act, with the following provision:

1. That the proposed legislation contain the essential provisions which were in S. 722, the version of the Area Redevelopment Act enacted last year but vetoed by the President. By "essential provision," we mean the provisions whereby eligibility areas of the Nation affected by this bill be, not only "industrial redevelopment areas," but "rural-small urban redevelopment areas," as well.

No Area Redevelopment Act would fully accomplish the general purpose of the effort to stimulate lagging economy in distressed areas of the Nation, unless it contained provisions to assist rural-small urban areas.

We realize, of course, that the Georgia delegation to the U.S. Congress have a record of opposition to the Area Redevelopment Act, and our appearance before this committee may appear somewhat inconsistent. However, we believe the

attitude of our delegation can be attributed, in part at least, to the following facts:

1. In Georgia, there has been no concerted effort to educate the public as to the merits of an Area Redevelopment Act which contains equal benefits to the rural-small urban areas. Although assistance is needed desperately, in many of our rural-small urban counties, due to lack of leadership in pushing the program, very few Georgians understand how an Area Redevelopment Act, patterned after the full provisions of S. 722, would benefit the State.

2. Those elements within Georgia who, naturally, oppose most programs requiring expenditures of Federal funds are the only people who have let our congressional delegation hear from them regarding the Area Redevelopment Act.

3. Concern as to how administration of the act will be carried out. This concern, we believe, is based on a strong feeling that eligibility criteria within the act should be clearly defined to guarantee equal consideration for the rural-small urban areas, as for any other area.

STATEMENT OF POSITION

1. We believe that any economically distressed area of the Nation adversely affects the economy of every other area, and the country as a whole.

2. Part of the problem of dealing with possible or existing economic decline is to assist, or stimulate, the large industrial areas of the Nation which shows serious symptoms of distress.

3. Of equal importance is to deal with the problems of economic decay as they may exist throughout the rural areas of the Nation. Otherwise, there will continue the alarming out migration from the rural-small urban areas which is causing a mounting problem in providing adequate local, State, and Federal governmental services to meet the explosive swell of urban population. This is true especially in the areas of welfare, housing, juvenile delinquency, and other social services which do not assume such distressing proportions in rural areas, during low periods of economic fluctuation.

Any program which will stimulate or advance the economy of the rural-small urban distressed areas of the Nation will improve the total national purchasing power, an influence which will be favorably reflected over the entire country.

4. We believe a proper Area Redevelopment Act, which will take into equal account the problems of economic decline as they may exist, or occur, in major industrial and rural-small urban areas, will be good for the entire Nation.

5. If the Area Redevelopment Act is so drawn as to guarantee equal consideration between the major industrial areas and rural-small urban areas showing economic distress, we will make a major effort to sell the act to the general public of our State and, through them, to our congressional delegation.

GENERAL CONDITION OF GEORGIA'S ECONOMY

Although the per capita income in Georgia has increased materially in recent years, the attached chart clearly shows that our State is not gaining on the national average. This failure to close the gap is resulting in serious out migration of many of our people who are being attracted to greener pastures. This is causing a serious problem, not only in the areas losing population but for the areas to which this explosive migration is flowing.

Georgia's agricultural economy, while increasing in total production, dollar-wise, is not providing enough net profit to the farmer to seriously raise the agricultural per capita income, as compared to the national average. Due to the changing pattern of agriculture in Georgia, we are losing an average of 20,000 farm jobs, annually. Today, agriculture ranks fourth in our State, in terms of employment. This condition has resulted in a decline in population in 96 of Georgia's 159 counties, between 1950 and 1960.

A total of 68 of our counties actually lost manufacturing employment during the period 1947 through 1958. Also, 19 additional counties each had a manufacturing gain of less than 100 workers during the same period with the annual average ranging from less than 1 to less than 9 per year.

In Georgia, we are initiating programs to deal with the serious economic problems existing in the rural-small urban areas. An attached report on "Project Progress" reflects part of this effort.

The primary interest of the people of Georgia in an Area Redevelopment Act would be in the rural-small urban phase. Otherwise, it would hold little benefit for us. However, we recognize the overall merits of the bill, including assistance for major industrial areas with declining economy.

Respectfully submitted.

W. ELMER GEORGE,
Executive Director,
Georgia Municipal Association.

RESOLUTION ON AREA REDEVELOPMENT BILLS ADOPTED BY CONFERENCE OF SOUTHERN STATE MUNICIPAL LEAGUES AND CITIES, JUNE 12–13, 1959, WASHINGTON, D.C.

Whereas the Conference of Southern State Municipal Leagues and municipal officials, sponsored jointly by the American Municipal Association, has considered the enormous benefits to States and communities in the southeastern United States of the area redevelopment bill approved by the Senate (S. 722) and under consideration in the House of Representatives of the U.S. Congress; and

Whereas S. 722 provides $389.5 million of loans and grants to foster industrial growth, with one-half of the funds earmarked for underdeveloped rural areas and one-half for large industrial centers with chronic unemployment; and

Whereas 65 percent of the total loans and grants authorized by the bill will be available to southern communities in 628 underdeveloped rural counties and to 53 southern cities with excessive unemployment; and

Whereas the depressed areas legislation proposed by the President (H.R. 4278) discriminates against the South by eliminating all assistance to rural areas, 94 percent of which are located in the South; and

Whereas the provisions of S. 722 will accelerate the balancing of industry with agriculture in depressed rural areas, thereby reducing the enormously costly emigration of population and affording permanent relief from the billions of dollars of annual subsidies now poured into rural areas to support farm income: Be it

Resolved, That the Conference of Southern State Municipal Leagues and Cities urges the Members of Congress for the South to support a sound area redevelopment bill and oppose the proposal of the President and others (H.R. 4278) which discriminates against the South by eliminating all assistance to depressed rural areas;

Resolved further, That a copy of this resolution and the statement of fact adopted by this conference be transmitted to all Members of Congress from the Southeast and to the mayors of some 2,000 southern communities which would benefit from the provisions of S. 722.

SOUTHERN CONFERENCE ON AREA REDEVELOPMENT BILLS SPONSORED BY SOUTHERN STATE MUNICIPAL LEAGUES AND CITIES AND THE AMERICAN MUNICIPAL ASSOCIATION

Statement of fact—Area redevelopment legislation (S. 722) and the South. Under area redevelopment bills before the Congress, the South will receive a major share of the benefits to be made available: 628 out of the 663 eligible counties for rural benefits are in the South: 94 percent of rural funds will go to the South; 53 out of the 179 urban distressed labor markets are in the South (more complete surveys would increase this number); Southern States will be eligible for more than 65 percent of House bill $251 million appropriation.

BENEFITS UNDER THE BILL TO "REDEVELOPMENT AREAS"

Technical assistance, $4.5 million (annual appropriation); public facilities grants, $35 million; loans, $50 million (revolving fund); industrial loans (rural areas), $75 million (revolving fund), (urban areas) $75 million (revolving fund); vocational training grants, $1.5 million (annual appropriation); retraining subsistence payments, $10 million.

DEFINITIONS OF REDEVELOPMENT AREAS ELIGIBLE FOR BENEFITS

Rural areas.—Counties with the largest number and percentage of low-income families and a condition of substantial and persistent unemployment or underemployment. These shall include counties among the 500 ranked lowest in the

level of living of farm-operator families and among the 500 having the highest percentage of commercial farms producing less than $2,500 worth of products for sale annually.

	Number of counties		*Number of counties*
Alabama	55	North Carolina	44
Arkansas	59	Oklahoma	20
Florida	15	South Carolina	36
Georgia	76	Tennessee	70
Kentucky	45	Texas	36
Louisiana	28	Virginia	29
Mississippi	76	West Virginia	37

Urban areas.—Include areas where (1) at least a 12-percent unemployment rate has existed at least 12 months; (2) at least 9 percent have been unemployed for at least 15 out of 18 months; (3) 6 percent for 18 out of 24 months; or (4) 15 percent for 6 months if principal causes are not temporary.

	Number of labor markets		*Number of labor markets*
Alabama	6	Oklahoma	3
Arkansas	1	Tennessee	4
Kentucky	11	Texas	2
Mississippi	1	Virginia	3
North Carolina	10	West Virginia	12

NOTE.—Labor market surveys for small areas with less than 15,000 employed are generally lacking so that on detailed review many more southern labor markets will be eligible under the bill as local communities request surveys to be made.

PROGRAM

Technical assistance.—Agency to provide technical assistance in the form of expert services and consultants from own staff or on contract to help redevelopment areas to draw up economic development programs.

Public facilities.—Grants or loans may be given for the acquisition or development of land for public facility usage and construction, rehabilitation or improvement of public facilities necessary for an approved economic development program.

Loans are to be granted when funds are not otherwise available and will equal sums needed to insure completion of project. Loans for 40 years at a maximum interest rate equal to the average rate of all oustanding U.S. obligations at the end of the preceding year plus one-fourth of 1 percent (currently 2⅞).

Grants are to be granted to supplement local resources and loans where needed.

Industrial and commercial facilities loans.—These loans are for the purchase or development of land for industrial use, construction, rehabilitation or alteration of industrial plants or other facilities or puchase of machinery or equipment. The loans will be granted only if funds are not otherwise available from private or other Federal agencies on reasonable terms.

These loans are limited to 65 percent of the cost of the project at an interest rate equal to the Treasury rate plus one-half of 1 percent (one-fourth percent to be allocated to sinking fund for payment of losses). At least 10 percent to be supplied by local groups and at least 5 percent by nongovernmental sources. Federal loans are subordinate to other loans.

Vocational training.—The Federal Government is to ascertain needs for vocational training and provide financial assistance to State agencies for such facilities and services.

Retraining subsistence payments.—Trainees who have exhausted unemployment benefits or are not entitled to same, receive subsistence benefits for a maximum of 13 weeks.

Urban renewal benefits.—Urban planning grants are to be made to communities with population exceeding 25,000 and provisions for urban renewal may be used for industrial and commercial slum clearance or rebuilding.

Procedure.—Programs must be initiated by local groups and approved by appropriate State planning agency.

A list of Georgia counties eligible to receive benefits from Senate bill (there may be others, now) are as follows:

Appling	Evans	Pierce
Atkinson	Fannin	Quitman
Bacon	Fayette	Rabun
Baker	Glascock	Randolph
Baldwin	Gilmer	Rockdale
Brantley	Greene	Screven
Brooks	Hancock	Stewart
Bryan	Haralson	Teliaferro
Burke	Hart	Tattnall
Butts	Harris	Taylor
Carroll	Heard	Telfair
Charlton	Henry	Towns
Chattooga	Jasper	Truetlen
Clay	Jeff Davis	Twiggs
Clayton	Johnson	Union
Clinch	Lamar	Walker
Coffee	Lanier	Warren
Coweta	Liberty	Washington
Crawford	Lincoln	Wayne
Dade	Long	Wheeler
Decatur	Marion	White
Dodge	Meriwether	Wilcox
Douglas	Montgomery	Wilkes
Early	Murray	Wilkinson
Echols	Newton	
Elbert	Oglethorpe	

INTERIM REPORT OF PROJECT PROGRESS COMMITTEE

ORIGIN OF PROJECT PROGRESS

Project Progress was conceived as a means of determining what steps need to be taken to stimulate economic development in the many counties in Georgia which have suffered population, employment and other losses. In effect, the project's product was intended to be a blueprint for the development of these areas.

Initiated in July 1960 by this committee under the sponsorship of the Georgia Municipal Association in cooperation with the Senate Government Operations Committee the project was designed to eventually put economically hard pressed counties back on a sound footing, if possible.

Project Progress was made public on July 28, 1960, by Lt. Gov. Garland T. Byrd in an address to the annual convention of the Georgia Municipal Association. Since that time the Association of County Commissioners of Georgia accepted a general invitation to cosponsor the program.

ACTION TAKEN

At the very beginning agencies concerned with industrial and economic development were called in and became an integral part of Project Progress. Representatives from the State department of commerce, Georgia Tech's Industrial Development Branch, the State chamber of commerce, the department of education, the Georgia Power Co. Area Development Division, and various units of the University of Georgia worked with the committee throughout the more than 4 months the study was being carried out.

Six counties were selected as typical of the many which need new payrolls: Washington, Hancock, and Greene, in the east-central part of the State, and Dooly, Macon, and Taylor in the west-central part. Representatives of the participating agencies conferred with business and political leaders in each county to secure information about economic conditions and existing development programs. Each county was given suggestions or recommendations by each participating agency as it saw fit as to specific steps which might be taken to put them in a better position to develop their known potentials.

Representatives of the participating agencies held as many as six planning and programing meetings with local leaders to follow up the initial conference. In some cases action programs were quickly initiated on problems of major im-

portance. For example, in Macon County, Montezuma took steps to add waste treatment facilities, while the county itself has started on a tax reevaluation program. In Greene County, plans are underway for a detailed study and for a program of development of an industrial arts program. Each of the six counties is in the process of organizing a rural development committee, whose purpose will be to assist in identifying and solving problems within the county and areas pertaining to the total development of the human and natural resources. Hancock County has initiated a master corn program, with assistance from the Agricultural Extension Service of the University of Georgia. The extension service is initiating soil analysis and use programs in some of the counties.

The State chamber of commerce and the department of commerce have cooperated in connection with a small industrial prospect for Taylor County, and the State chamber has also engaged in negotiations with well-rated industrial prospects who are considering Vienna and Sandersville. Georgia Tech's Industrial Development Branch has completed the collection of available resource data on Sandersville and will undertake a similar inventory of communities in the other counties early in 1961.

As this report is being drafted, each participating agency is proceeding independently to provide whatever assistance it can toward the solution of existing problems and toward the more effective development of each county's resources. An example is the contract which Washington County has signed with Georgia Tech for research and technical assistance in industrial development. Through the contracted work, Sandersville and Tennille will be made "model" or "demonstration" towns in a project which is designed to carry both communities step by step through an industrial development program over the 3- to 5-year period. The entire area is expected to benefit from the new economic growth which is the project's aim.

COMMITTEE FINDINGS

The following findings stand out from the many conferences and factfinding sessions:

(1) The changing nature and increasing efficiency of agriculture has released large numbers of farmworkers in the six counties, as is generally true throughout the State. Unfortunately, new jobs have not been created rapidly enough to keep either these farmworkers or high school and college graduates in their home counties. As a result, hundreds of persons have been forced to migrate to large cities or out of the State to find suitable employment.

(2) A primary reason for the participating counties' failure to attract new payrolls rapidly enough to stimulate healthy growth has been a lack of information about their resources. Until a thorough audit and analysis of the economic resources of each county has been completed, local development groups will continue to be forced to try to attract industrial prospects with a meagerly stocked "sales kit." With competition for new plants becoming keener year by year, this lack of information is becoming a steadily increasing handicap.

(3) A second major handicap experienced by each of the counties is the lack of technical assistance needed to carry out an effective development program. Technical help is needed not only in the programing of local development efforts and in the auditing of industrial resources, but also in the promotion or selling of any advantages found to exist locally. An adequate technical assistance program exists at the present time only in agriculture.

(4) Industrial arts and industrial vocational training are virtually nonexistent in the six counties, despite the fact that such training is often essential to attract new payrolls. Unless strong industrial training programs can be provided it is certain that some companies which might otherwise be attracted to the six counties—and to others similarly deficient—will go to some other location where they can find labor which is better prepared to work in manufacturing plants. Since more Georgians are employed in manufacturing than in any other occupation, this need is much more acute than has generally been recognized.

(5) Comprehensive agricultural programs, based on more than a quarter of a century's experience, are already in effect in each county. County farm and home program development committees, assisted by agricultural workers armed with research results and guidelines provided by a strong State extension service program, have assayed the situation and outlined agricultural goals and potentials over a 5-year period.

(6) The "model" or "demonstration" town project initiated in Washington County by Georgia Tech's Industrial Development Branch in November appears

to offer one excellent means of carrying the work of Project Progress forward in a practical and productive manner. It offers a means both of assessing local resources and of providing technical assistance needed for the design and implementation of action programs. By requiring 50 percent local financing it assures continuing local interest and support. It does not, however, provide a means for promoting the resources and potentials which may be found to exist in Washington County.

(7) A strong promotional program will be required to enable Georgia counties to compete, once they know their assets and are fully prepared to pursue new payrolls. While this might be done to a limited extent with local resources, it appears more logical to have promotional efforts concentrated in a broadened program in the Department of Commerce.

(8) A total of 68 counties actually lost manufacturing employment during the period 1947 through 1958—a finding which we found not only surprising but appalling. This single fact dramatizes the importance of vigorous action to implement our recommendations. The steadily increasing competition already referred to simply underscores the importance of taking early action to prevent even more counties from losing out in the race for new payrolls.

It should be noted also that 19 additional counties each had a manufacturing employment gain of less than 100 workers—with the annual average ranging from less than 1 to less than 9 per year. These counties also must be considered to be in urgent need of technical assistance. Together they constitute 55 percent of the counties in the State.

(9) Even more discouraging in some ways are these additional statistics on the State's industrial growth:

(*a*) Only three counties—Cobb, DeKalb, and Fulton—had more than 35 percent of the total manufacturing employment gain during the 11-year period from 1947 through 1958;

(*b*) More than 50 percent of the State's gain was concentrated in only seven counties;

(*c*) Only 15 counties had over 66 percent of the total gain; and

(*d*) Seventy-five percent of the total was shared by only 31 counties.

To summarize briefly, most local development groups need as wide a range of technical services in the industrial field as Georgia's farmers are accustomed to receiving in the field of agriculture. Among the specific problems which require technical help are the identification and evaluation of industrial sites, the planning of industrial districts, the collection and analysis of resource data, the evaluation of each county's best industrial potentials, the analysis of manpower resources, and many others. In most cases local development groups find it impossible to do a good selling job on the rare occasion when they do encounter industrial prospects for the simple reason that they do not know what they have to offer that might be of value to the industrialist. In addition, they need instruction in the various techniques that can be used to make an effective presentation when they do have an opportunity to talk to a legitimate prospect.

In those counties where good prospects exist for the development of the tourist industry, assistance is also needed. The planning of adequate accommodations is only one of several aspects of tourism which need attention.

The committee selected the six counties in two groups of three counties each, in order that problems of economy, population loss, etc., might be considered on an areas basis. Considering the magnitude of the job of auditing the potential, blueprinting a program of development and carrying it through to a practical conclusion, the committee was limited in the number of counties to be brought into Project Progress at this time. However, experience in these six counties will benefit other counties. This experience will point out general problems, needs, and solutions which can be used to help other areas with their own problems and opportunities. This is true, especially, if funds and personnel permit expansion of needed economic development resources within the State.

SUMMARY OF RECOMMENDATIONS

More than 4 months have been spent through Project Progress in studying means of putting the State's economically hard-pressed counties back on a sound footing. Six counties, Washington, Hancock, Greene, Dooly, Macon, and Taylor were selected as being typical of the many which badly need more and new payrolls. The State department of commerce, the State chamber of commerce,

Georgia Tech's industrial development branch, the State department of education, the Georgia Power Co.'s areas development division, and various units of the University of Georgia participated in the study. The Georgia Municipal Association and the Association of County Commissioners of Georgia acted as sponsors with the Senate Government Operations Committee serving as coordinator.

It was found that a critical need exists for early action to assist hard-pressed counties in their search for new sources of income. More than 42 percent of the State's counties—a total of 68—actually lost manufacturing employment between 1947 and 1958. An additional 19 gained less than 100 new manufacturing employees during the same period, making a total of 55 percent of our counties which we consider to be greatly in need of new industrial payrolls.

It is our considered opinion that unless the recommendations enumerated below are implemented at the earliest possible time that within 5 years a number of counties will have suffered such great population and other losses that it will be virtually impossible for them ever to rebuild their economies.

With these sobering facts before us, we urgently recommend that the following steps be taken:

1. The limited amount of research now being done on the auditing and analysis of the State's industrial potentials should be rapidly increased by expanding the industrial development research program of Georgia Tech's Engineering Experiment Station. Also, the various units of the University of Georgia which naturally lend themselves to economic development should be evaluated and research programs strengthened where necessary in order that full practical advantage may be taken of the peculiar and valuable services offered by the university system of Georgia.

2. A statewide industrial extension service should be established in conjunction with Georgia Tech's industrial development research program to provide to local industrial development organizations the same breadth of technical assistance and research long available to Georgia's farmers and to organizations concerned with agricultural development. It is further recommended that such an industrial extension service can best be implemented through the establishment of a statewide network of field offices or branch stations of the engineering experiment station, as authorized by house bill 745 passed unanimously during the 1960 session of the general assembly.

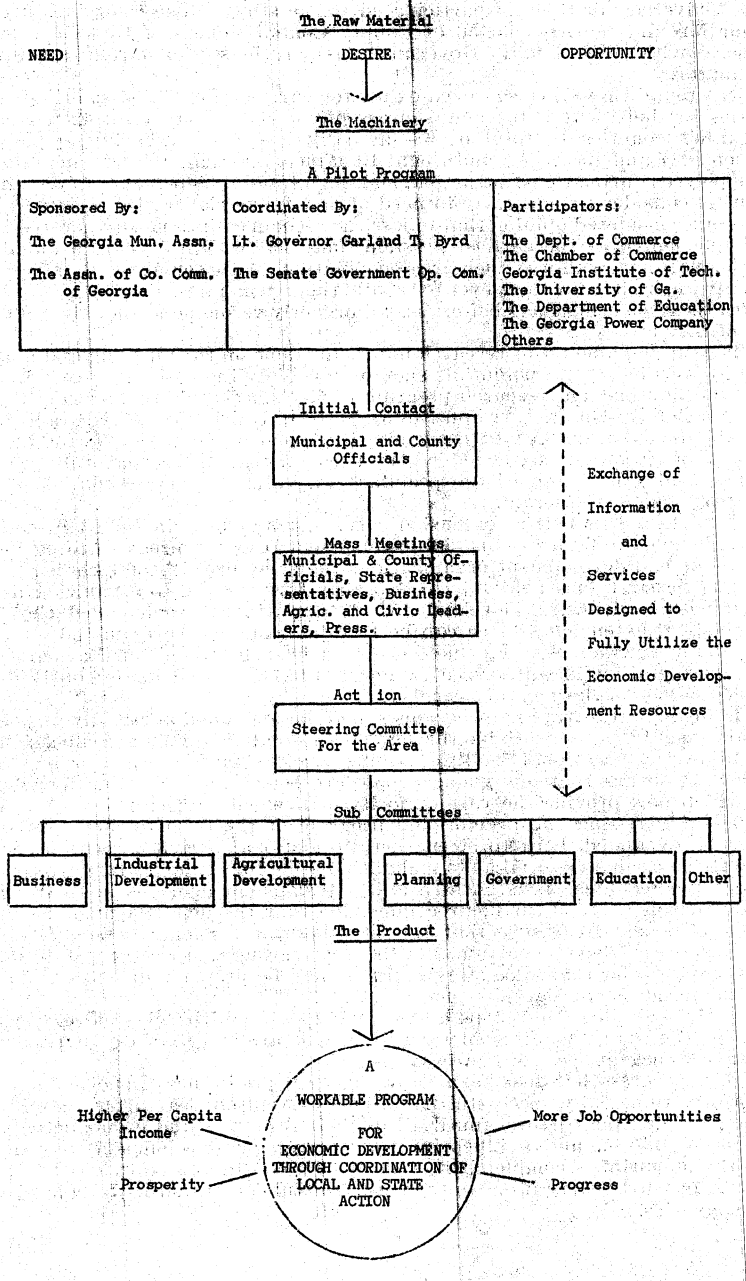
3. Industrial arts training programs should be expanded as rapidly as possible to make such training available throughout the State. Industrial education and area industrial vocational facilities should also be provided on a broader basis in order to insure that our young people are better prepared for the nonfarm jobs which now provide the vast majority of new job opportunities.

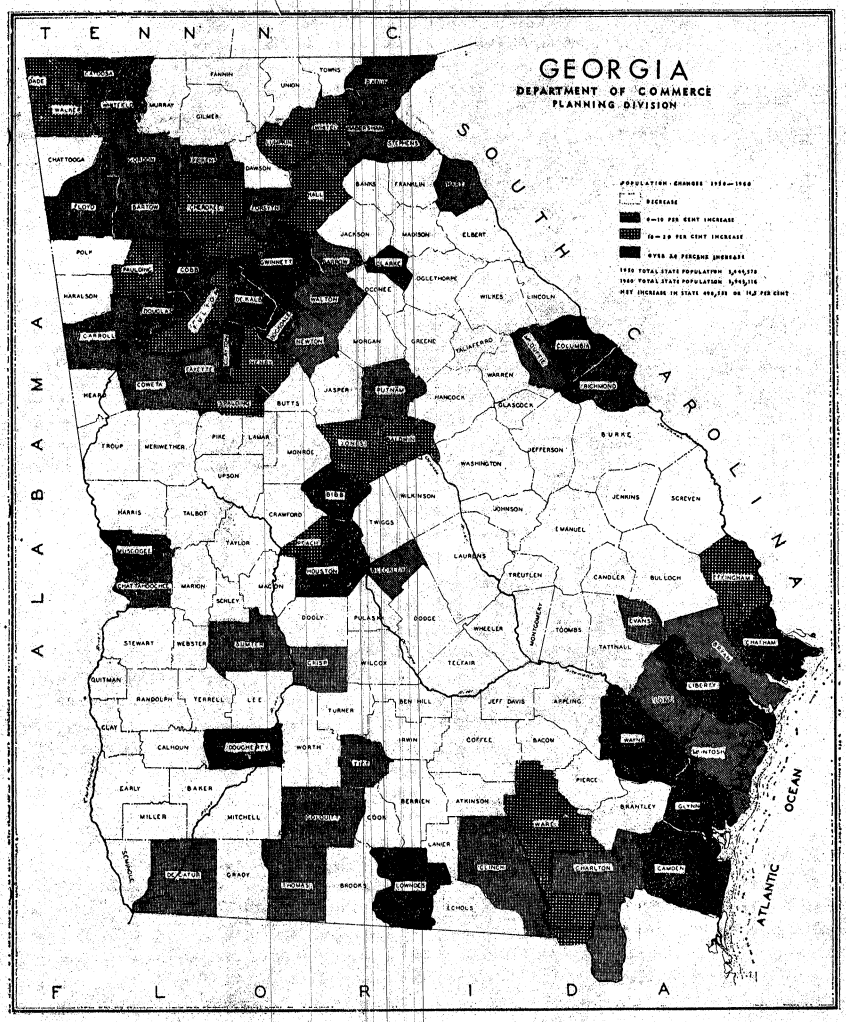
4. The advertising and promotional program of the department of commerce should be expanded, both to strengthen promotional activities concerned with the State as a whole as well as to make it possible for the department to provide support and technical assistance to local development agencies in their promotional programs. It is further recommended that the department of commerce be put on a basis to insure that the very best professional personnel will be attracted to the department and will be kept through succeeding State administrations in order that adequate programs may be properly developed and perpetuated in the most progressive manner.

Only through such bold steps do we feel that it will be possible to meet the needs of the many counties in Georgia which are economically hard pressed and have an urgent need for new payrolls.

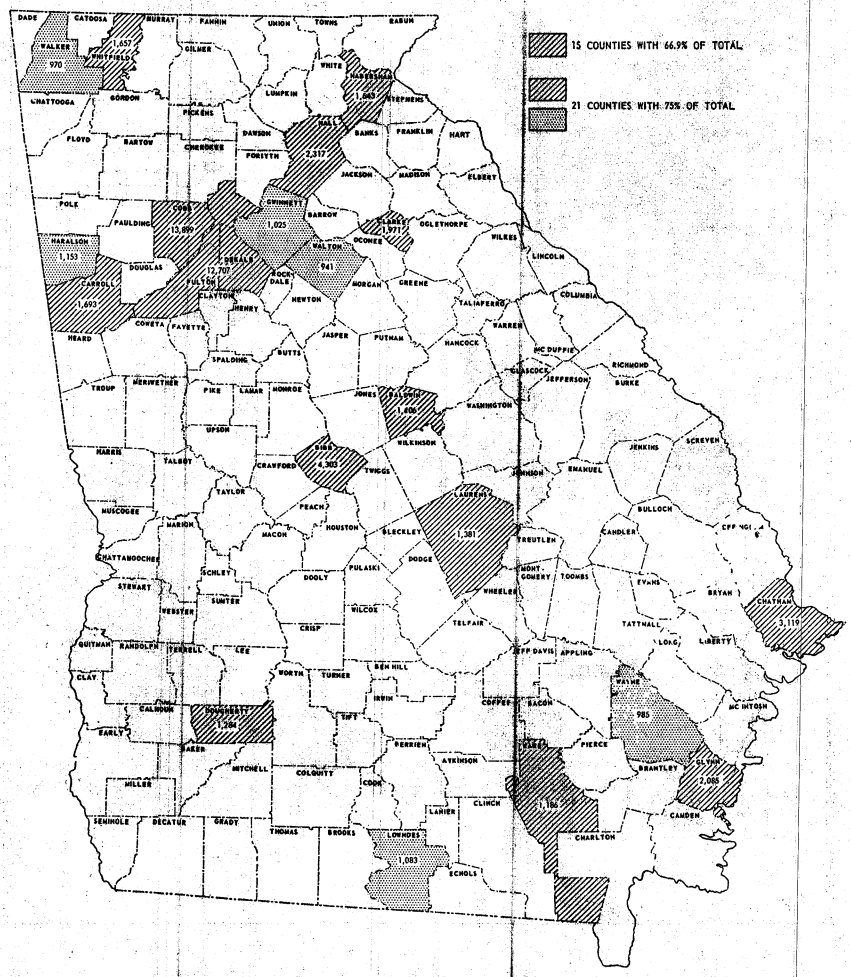
Project progress has just begun and this is a preliminary report, only. For the project to be fully successful it must be carried on year after year in each of the participating counties, until all of their resources and economic potential have been audited and a blueprint for progressive development is complete. Once the blueprint is complete, there must be a continuing effort on the part of the local people to carry it out to the most fruitful conclusion with the assistance of the agencies.

SKELETON PLAN OF PROJECT PROGRESS

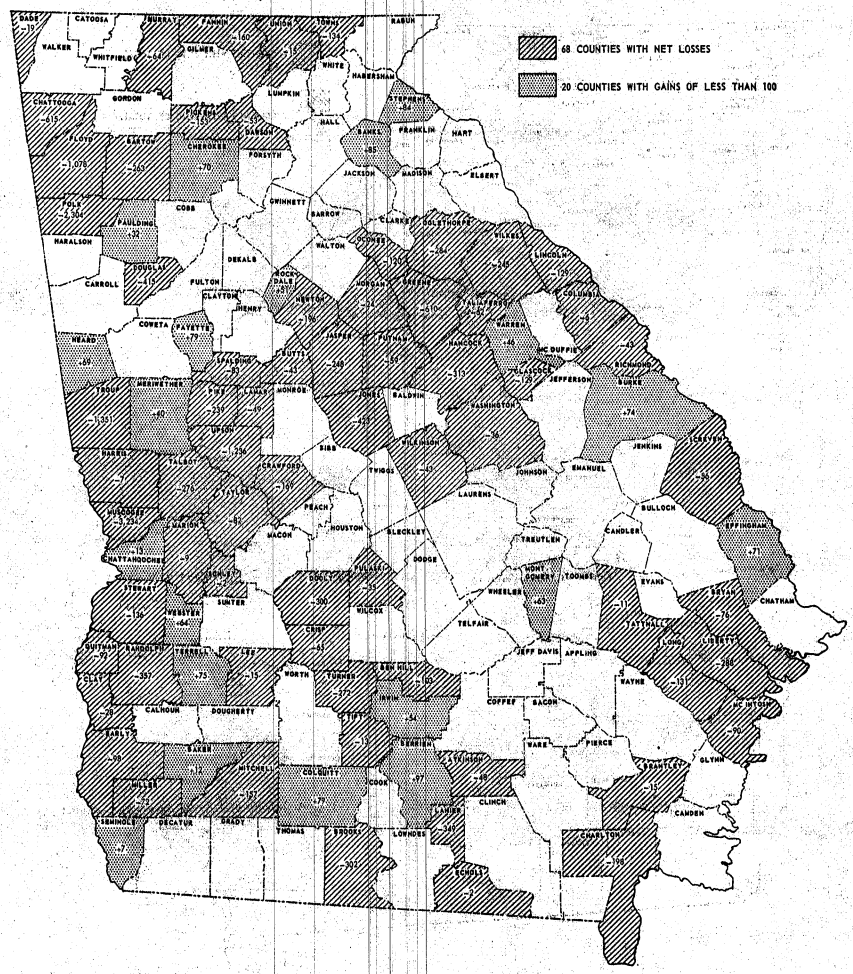



GEORGIA
DEPARTMENT OF COMMERCE
PLANNING DIVISION
TENNESSEE
ALABAMA
SOUTH CAROLINA
FLORIDA
ATLANTIC OCEAN

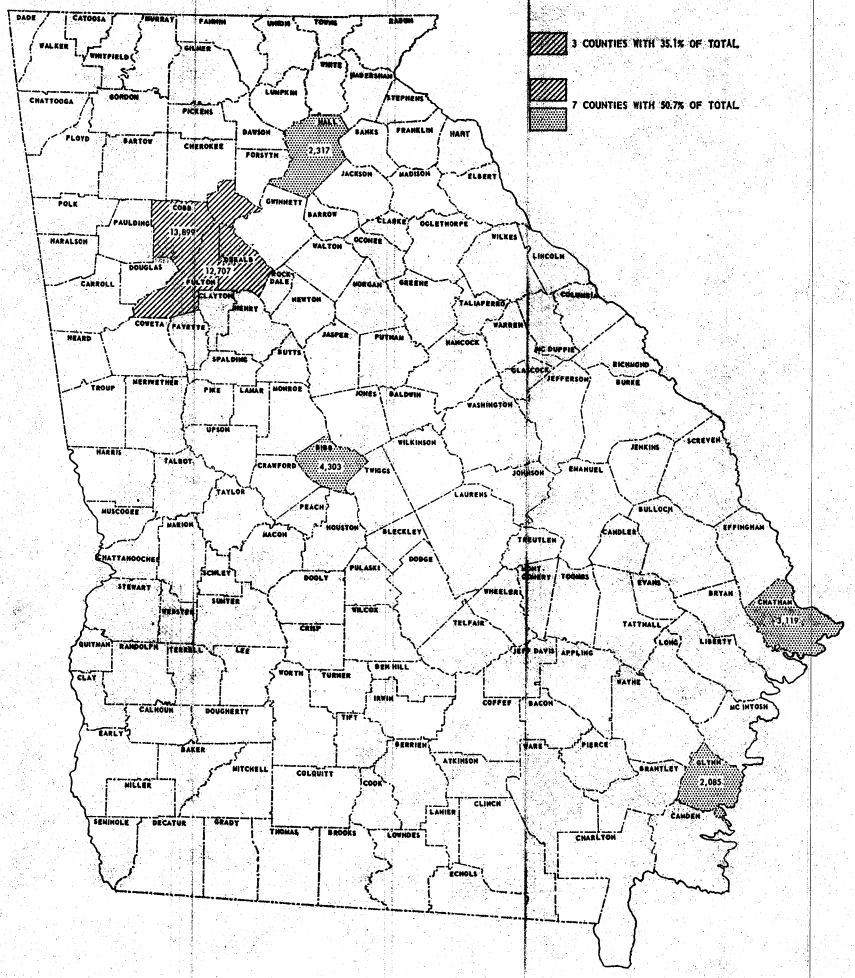
CONCENTRATION OF 1947–58
MANUFACTURING EMPLOYMENT GAINS



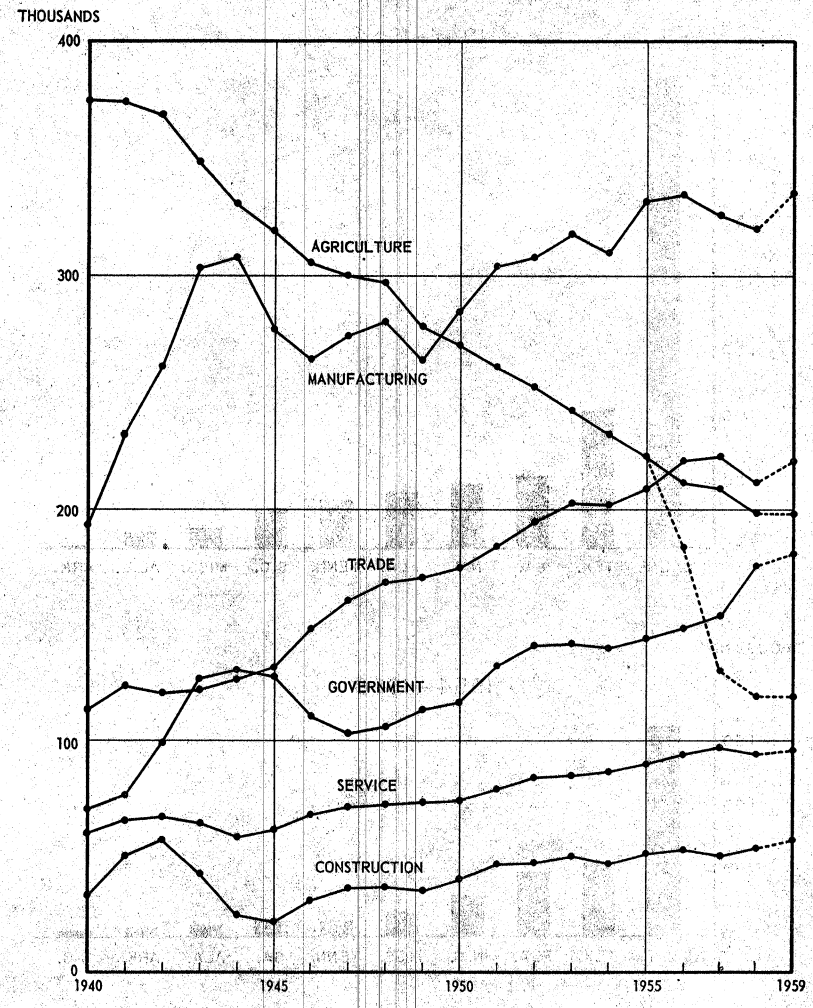
DISTRIBUTION OF 1947–58
MANUFACTURING EMPLOYMENT LOSSES



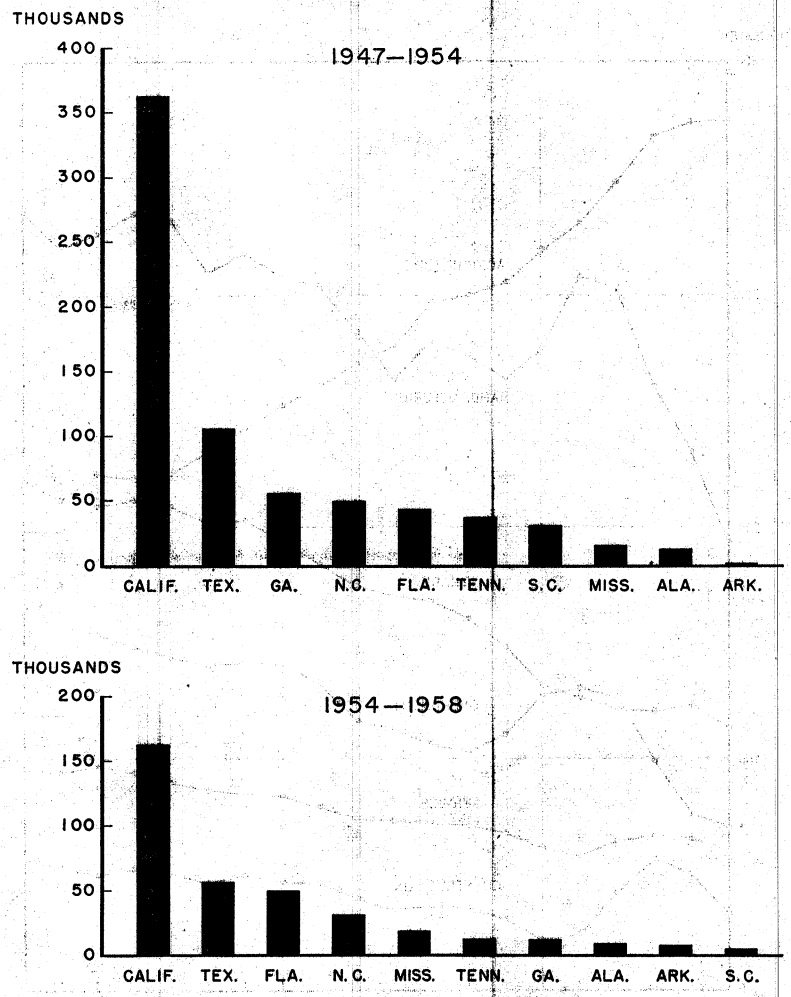
CONCENTRATION OF 1947-58 · MANUFACTURING EMPLOYMENT GAINS



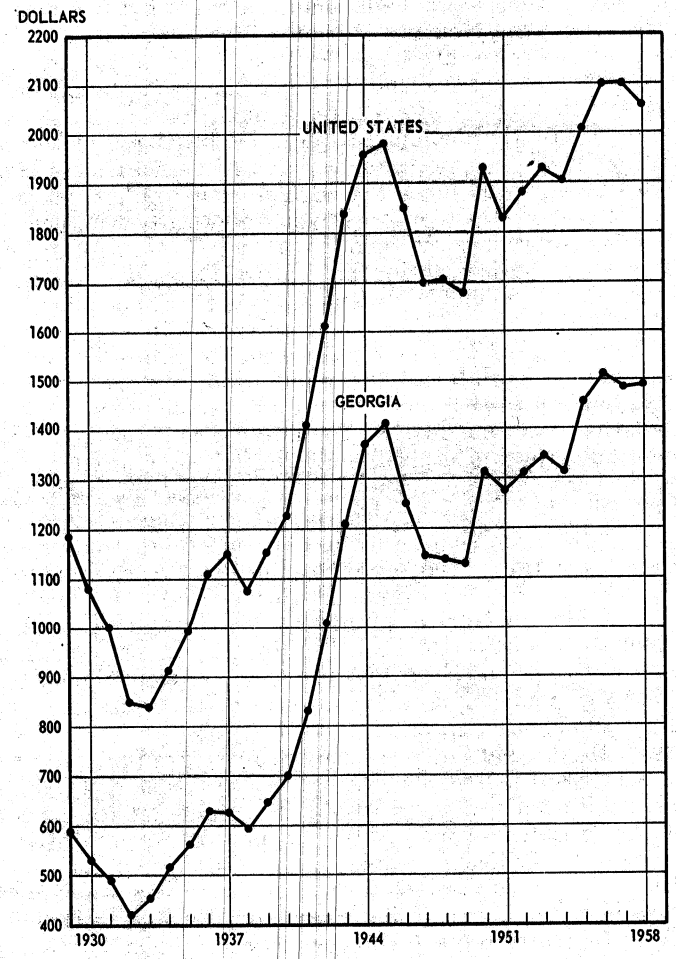
TRENDS IN MAJOR EMPLOYMENT SOURCES
IN GEORGIA, 1940-1959



MANUFACTURING EMPLOYMENT
NET GAINS BY STATE



Growth in Per Capita Income, 1929 to 1958
(Constant 1958 Dollars)



60-878 O—66—pt. 1——25

Mr. BARRETT. Mr. George, I just want to tell you that we appreciate two things that Georgia has done. First, submitting a very fine statement through you, Mr. George.

And, second, sending to the Congress, and particularly to the Banking and Currency Committee, and allowing us to have on this Housing Subcommittee, Robert Stephens. He is a great asset to both our full committee and to the Housing Subcommittee. And I want to tell you that we greatly appreciate what Georgia has done for us.

And I certainly want to indicate also that you should be thanked for your stanch support of the President's program.

Some critics of the demonstration cities bill have either stated or implied that it offers a program which will be helpful to large cities only. Now, I agree with the President that it would work in cities of all sizes. But I would like to ask you specifically whether a demonstration city program could be of great benefit to medium- or small-sized cities such as the cities in the State of Georgia. Would you say that would be a reasonable statement, and that this program would be helpful?

Mr. GEORGE. Mr. Chairman, it would. I think Douglas, Ga., a modest community of about 8,000 population, was the first city in the entire United States that had a housing demonstration grant. And they used that example in that community as a pattern for the development of programs throughout the whole United States. We think it is very helpful. And I have noticed questions from the committee in relation to the degree and the magnitude of the program. We recognize that—I believe I am right—that initially the bill calls for the appropriation of $2.3 billion. And obviously, based on the testimony I have heard here, that would be inadequate to satisfy the problems from one end of the country to the other. But we do feel that this would be a beginning. If we use these grant funds and put them in the proper use and the proper places, then we could review the effects of it and determine the value of proceeding with a program in other cities.

I would think that as one city receives grants and brings its level of services and deficiencies up to a particular level, possibly the benefits of this program should be passed on to someone else, rather than repeated over and over in one of two or three or four cities. But I have filed a statement for the city of Atlanta as one of the attachments as part of our testimony. And we think that if a grant could be made to the city of Atlanta it would be beneficial and would have a greater impact upon the total problems of Georgia and the Southeast than anywhere else in the South. And we think we can prove that. But if other demonstration city grants might be available, of course, we would like to see other cities like Savannah, Ga., Augusta, Ga., or Athens, Ga., key cities, avail themselves of that.

Mr. BARRETT. Thank you, sir.

Mr. Stephens, do you want to ask any questions?

Mr. STEPHENS. Thank you, Mr. Chairman.

I see it is 5 minutes to 1. I think we are running a little bit over the normal time. And I am sorry that we have not had a chance to ask you more questions. But, again, we appreciate your coming here to be with us.

Mr. GEORGE. I would like to say that I too want to express my appreciation for the opportunity of visiting with Congressman Stephens. He is one of the most loved and respected Congressmen that we have had from the 10 districts and from the State of Georgia.

Mr. BARRETT. May I close by making this remark: He is one of the most loved Members of the Congress here. And I am not saying this for political reasons. I am saying it because of his splendid characteristics.

And while I say this in closing in the session for this morning—we will terminate now, and we will meet again at 2 o'clock—I do want to say to you, Mr. George, we appreciate your coming here, and we are grateful for your testimony.

(Whereupon, the subcommittee meeting recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

Present: Representatives Barrett, Mrs. Sullivan, Moorhead, Stephens, Reuss, and Harvey.

Also present: Representative Weltner of the full committee.

Mr. BARRETT. The committee will come to order.

The first witness this afternoon is going to be Mr. Glenn E. Bennett, executive director, Atlanta Region Metropolitan Planning Commission.

Mr. Bennett, will you come forward, please. We are certainly glad to have you here this afternoon. Although you are a stranger to me, I know much of you. You have a very, very good friend on our full Committee on Banking and Currency, and through him we have heard many good things about you. And I am quite sure he would be proud to introduce you to this committee. And it will go in the record and be read by everybody.

Charlie, I would like for you to introduce your good friend, Mr. Bennett.

Mr. WELTNER. Thank you, Mr. Chairman.

It is my pleasure to introduce as the first witness Mr. Glenn Bennett. Mr. Bennett is the director of the Atlanta Region Metropolitan Planning Commission, which is, as the name indicates, a regional commission serving five counties in the Atlanta metropolitan area.

Mr. Bennett has served his region very well, and he has served the country well in the interest he has shown in urban problems.

I might recall to some of my colleagues Mr. Bennett's testimony here in 1963 on what was then called the Urban Transportation Act of 1963. He presented to the full Committee on Banking and Currency the plans and projections of a major rapid transit system for the city of Atlanta. I believe that was an impressive presentation. And I am very happy to present him today to give his views, and those of ARMPC on this legislation.

Mr. BARRETT. Thank you, Mr. Weltner.

Mr. Bennett, we want you to feel at home here and just be one of our family. You make your presentation in your own way. If you desire to read your statement in full, you may do so, and at the end we will ask you some questions.

STATEMENT OF GLENN E. BENNETT, EXECUTIVE DIRECTOR, ATLANTA REGION METROPOLITAN PLANNING COMMISSION

Mr. BENNETT. Thank you, Mr. Chairman, very much.

I appreciate Congressman Weltner's introduction, and I am very happy to be here before this committee. My name is Glenn Bennett, and I am the executive director of the Atlanta Region Metropolitan Planning Commission, Atlanta, Ga. I also act as secretary to the newly created Metropolitan Atlanta Rapid Transit Authority and secretary of the Metropolitan Atlanta Council of Local Governments, which was organized in 1964.

I am grateful for the opportunity to appear before you in support of H.R. 12946, which provides incentives in the form of grants for properly planned development projects in metropolitan areas. This I am certain is in the public interest. The emphasis is on metropolitanwide comprehensive planning and coordinated programing of public improvements in metropolitan areas. In effect it provides a bonus for coordinated capital improvement programing throughout an area, and it elevates metropolitan planning to a point closer than it has been in most areas, to actual decisionmaking by local governments. It provides encouragement for the translation of metropolitan plans into action, and the grants proposed under this bill could also make it possible for certain projects stalled for lack of funds to go forward. We are all hard pressed for money for open land, sewer facilities, mass transit, and airport facilities. Every Federal aid bonus helps and in this case funds are contingent on sensible planning.

I would like to comment briefly on the progess we have made in metropolitan planning in the Atlanta area where we have had a metropolitan planning commission for many years. It was formed by local initiative long before most of the current Federal aid programs were created. Good use of the so-called 701 Federal planning assistance has been made; since 1955 we have received grants totaling approximately $372,669, including those projects now in progress. Other applications are pending which amount to $110,372. We have successfully employed the funds in studies related to rapid transit, open spaces, housing and building codes, economic and social research, comprehensive land use planning generally, and airport planning. I would like to point out that our commission has always had elected officials and heads of governments as a part of its membership. This, I think, is important. We have considered our functions to be (1) regional research; (2) long-range planning; (3) planning assistance for communities; and (4) coordination of local government activity.

Our efforts have successfully brought into being a council of local governments, a metropole, which is an areawide organization of law-enforcement officials, and the Metropolitan Atlanta Rapid Transit Authority to implement rapid transit plans. These are action agencies; they are metropolitanwide and capable of assisting implementation. They can deal with regional problems that flow across jurisdictional boundaries—traffic, urban transportation, pollution, and law enforcement, for example. The degree to which we have been able to influence land use, highway location, and other regional development has varied from time to time but it is safe to say, I believe, that we have been moderately successful over the years.

Implementing regional plans throughout the many jurisdictions is difficult, to say the least. It would appear to me that H.R. 12946 would assist in this respect; it encourages that which some of us have been trying to do all along, and it rewards local governments for comprehensive planning and coordination.

I have long been in favor of some form of regional referral to a metropolitan agency for those capital improvements which have regional significance. This bill provides an incentive and could very well upgrade significantly the decisionmaking processes in a metropolitan area. This is indeed the objective toward which we are all striving.

I am glad to say the Atlanta region has the organizational facilities to make good use of the provisions of this bill. Good foundations have been laid for areawide coordination, and we are experienced in metropolitan planning. Our local governments have supported and used metropolitan planning for a long time without any particular incentives from Washington. This bill could increase its effectiveness.

Mr. Chairman, if I may I should like to make some remarks about title III, "Urban Mass Transportation." Not so long ago, as Congressman Weltner mentioned, I had the honor to appear before several of you and discuss this subject prior to the passage of the Mass Transportation Act of 1964. We now have, as I mentioned earlier, an agency with the legal authority to construct and operate a regional rapid transit system. Plans developed in 1962 with 701 assistance were used as a basis for a recent 702 public facilities loan request in the amount of $1,100,000 for preliminary engineering and further refinement of plans. We are now told that the money is not available to meet this request, although the application is in order and all the earlier planning provides a sound basis for this stage of our transit development. We have been told we have "done our homework well," but that funds under this program are short. I mention this disappointing situation in the hope that you gentlemen may be able to remedy it sometime soon.

Atlanta is starting from scratch to build a new rapid transit system. We are about to start on engineering a 36-mile line that will cost probably $300 million to construct in 1969 or 1970. The mass transit bill as it stands now doesn't help us much, since nowhere near the amount of the funds we need are yet in sight. In spite of this our local governments and the State government are going bravely and confidently ahead with preliminary steps. If some assurance could be given to cities like Atlanta that substantial assistance can be forthcoming over a period of years, our present dilemma would be eased considerably.

The present authorizations and appropriations under the mass transit bill help only the small cities that need buses and the large cities that are extending existing transit systems. For those of us trying to create new systems the funds are totally inadequate; and with traffic congestion rapidly growing worse our plight is dramatized daily. The case for enormous public expenditures for transit grows stronger and our planning forecasts repeatedly turn out to be too low. The same could be said, for that matter, about our air traffic in Atlanta as well, but that is a matter for another day.

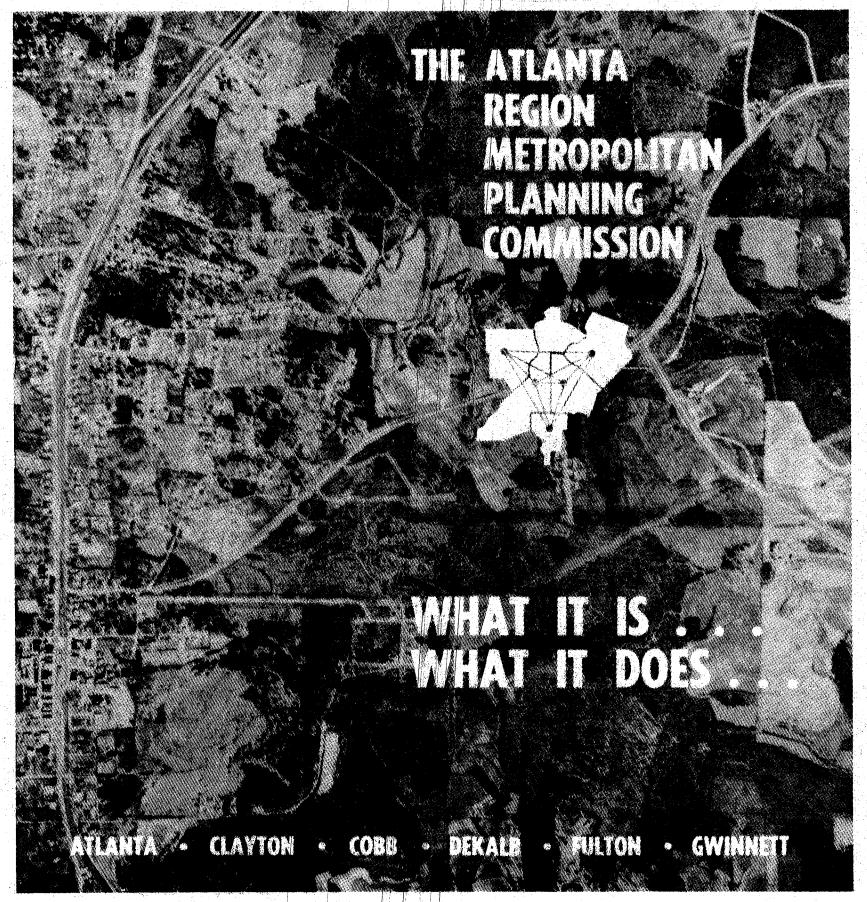
Mr. Chairman, the many Federal aid programs affecting urban development represent a huge investment in our metropolitan areas. The quality of the administration and management of these programs at the Federal, regional, and local levels has been improved noticeably, it seems to me, in the past 2 years by those few requirements for coordinated planning which now already exist. This bill goes further and provides what I believe to be workable and appropriate procedures for stimulating a kind of urban development that can be consistent with comprehensive metropolitan planning.

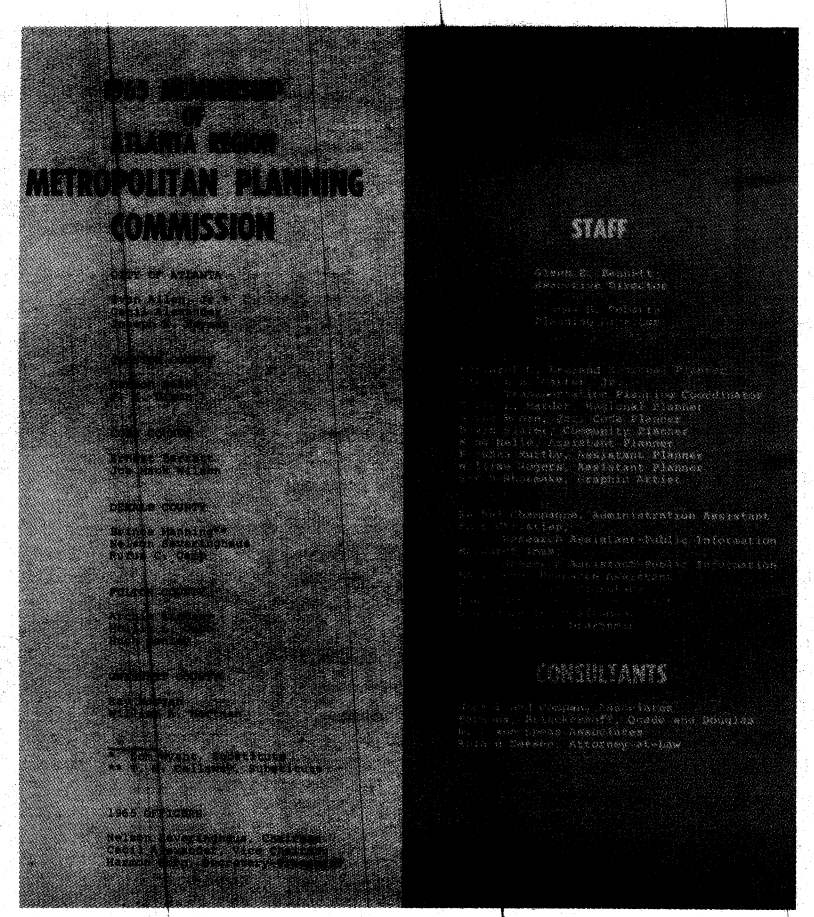
I should like to file copies of this statement with you, together with a publication entitled, "The Atlanta Region Metropolitan Planning Commission—What It Is—What It Does."

And I appreciate being here. I shall be glad to reply to any questions.

Mr. BARRETT. That will be placed in the record without objection.

(The material referred to by Mr. Bennett follows:)


THE ATLANTA
REGION
METROPOLITAN
PLANNING
COMMISSION
WHAT IT IS . . .
WHAT IT DOES . . .
ATLANTA • CLAYTON • COBB • DEKALB • FULTON • GWINNETT



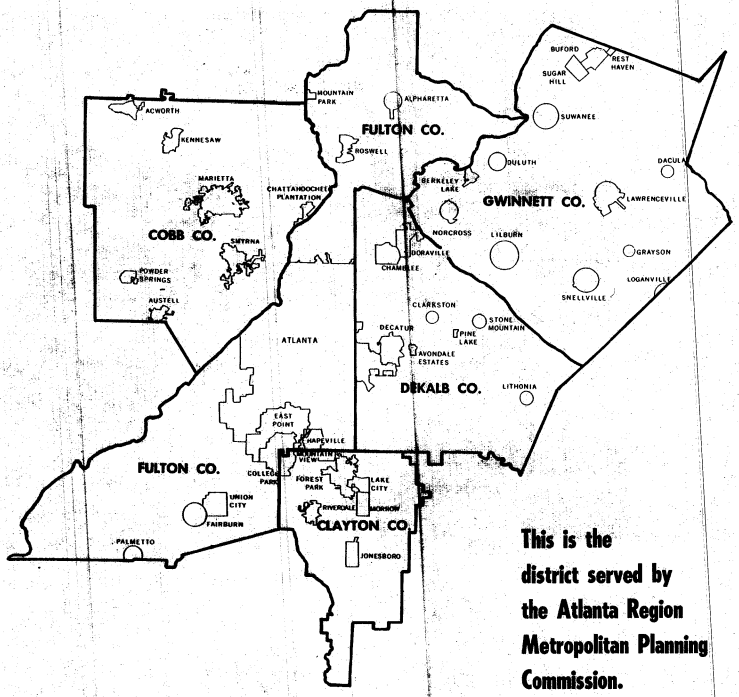
METROPOLITAN PLANNING COMMISSION

STAFF

CONSULTANTS



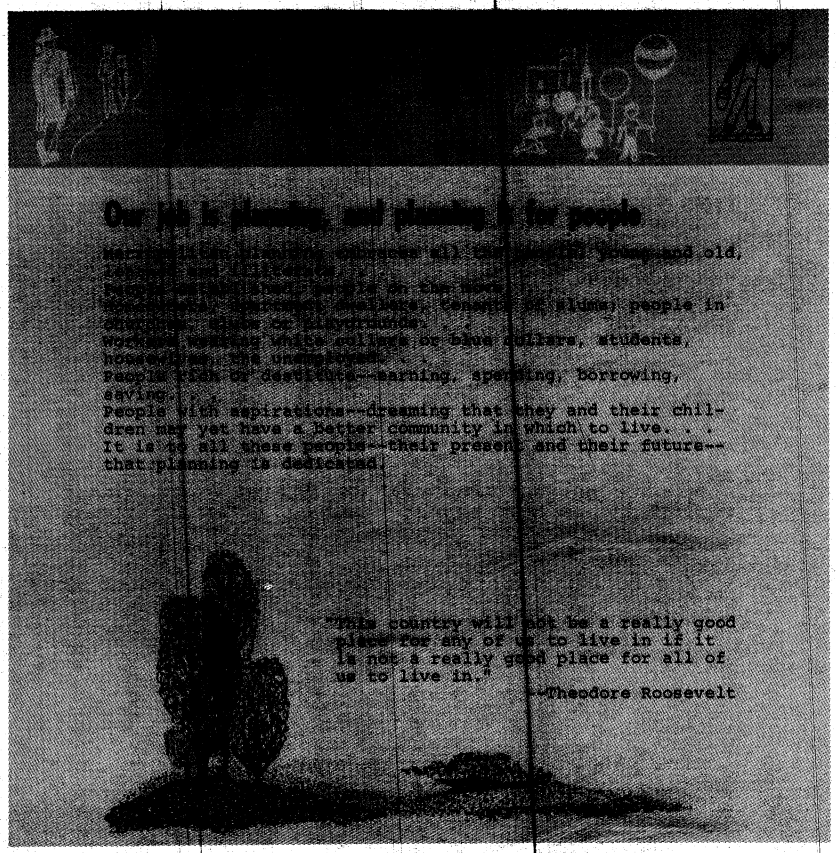
The Commission's mission is to maintain a research program, make comprehensive plans, promote teamwork and coordination and give assistance and advice to local units in the Metropolitan Atlanta District. The district comprises the City of Atlanta and Clayton, Cobb, DeKalb, Fulton, and Gwinnett Counties. The Commission was created under enabling legislation of the 1960 Georgia General Assembly, replacing the old five-county metropolitan planning commission established in 1947.

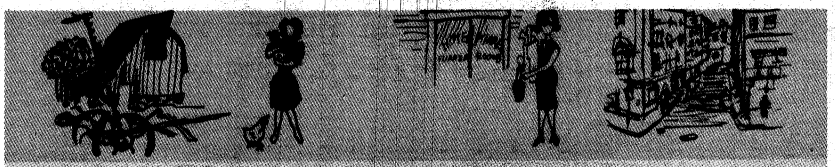


This is the district served by the Atlanta Region Metropolitan Planning Commission.

METROPOLITAN ATLANTA

- Five counties--Clayton, Cobb, DeKalb, Fulton, and Gwinnett
- Forty-four municipalities (ranging in size from Atlanta with 506,200 people to Chattahoochee Plantation with 79)
- Land area of 1,724 square miles
- Population exceeding 1,160,000 (expected to reach 2 million in 1983)
- Employment for 500,000 workers
- Capital of Georgia and the Southeast


Our job is planning, and planning is for people
Men and women, whites and blacks, all ages, young and old,
People with aspirations--dreaming that they and their children may yet have a better community in which to live. . .
It is all these people--their present and their future--that planning is dedicated.
"This country will not be a really good place for any of us to live in if it is not a really good place for all of us to live in."
--Theodore Roosevelt



From rural to urban . . .

Americans have become a people of cities and towns. Two-thirds of our people live in standard metropolitan areas. Most of the nation's growth is taking place in metropolitan areas like the Atlanta Region.

Back in 1930, only 16 per cent of Georgia's population lived in the five-county Atlanta Region, and the region itself was more rural in character than urban. By 1960, the proportion of the state's population living in the Atlanta Region had shot up to 25 per cent. Within the next 40 years, the ratio may swell to 40 per cent.

All the while, the urban area is growing more urbanized.

Serious problems bear down on the family when it moves from one place to another, and especially if the change is rural to urban.

When the shifting of people is pronounced, tremendous problems impinge on whole populations.

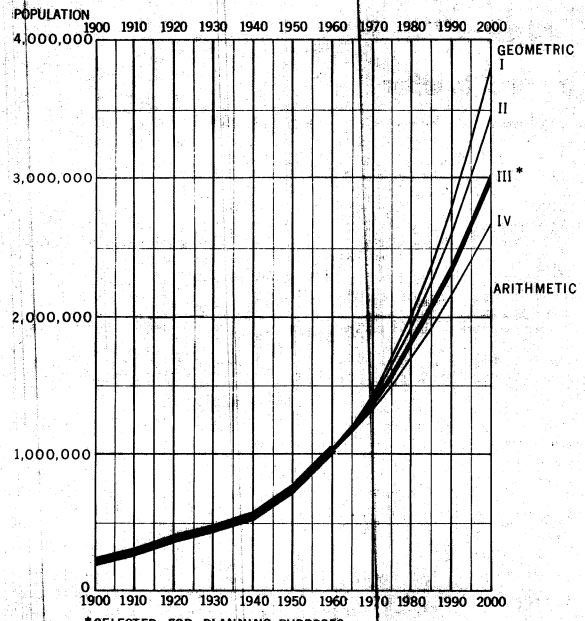
The new family must have a place to live; this involves land use, zoning, and housing standards. The family must have services--schools, churches, streets, sidewalks, water, sewerage. It must also have places of employment and places where it can shop.

The fact that the newly arrived family's home may be in an outlying village does not reduce the metropolitan aspect of the problems created. The family automobile zips from suburb to central city and back to suburb again, and metropolitan problems zip along with it.

These are the problems to which the Atlanta Region Metropolitan Planning Commission seeks solutions.

AN EYE TO THE FUTURE

Projected Population of the Atlanta Region 1960-2000



*SELECTED FOR PLANNING PURPOSES.

NOTE: FIVE COUNTY STANDARD METROPOLITAN STATISTICAL AREA CONSISTING OF CLAYTON, COBB, DEKALB, FULTON, AND GWINNETT COUNTIES.

THE ROLE OF THE COMMISSION

In a pulsing metropolitan area like the Atlanta Region, political boundaries become indistinct. The newly arrived suburban dweller may be unsure whether he lives within the "city" or without. He may be ignorant for some time of which county he will vote in or pay his taxes in, or what agency he should call if his garbage is not picked up.

The central city and the suburb both face hard decisions as to public revenues and public services. The central city fights to revitalize itself and to alleviate its traffic congestion. The suburb is beset by increasing demands for services from an ever increasing population.

Where there are such pressing problems, both distinct and shared, a metropolitan area obviously needs an agency to:

Maintain a research program;

Make comprehensive plans;

Promote teamwork and coordination;

Give assistance and advice to local units.

The agency providing these services in Greater Atlanta is the Atlanta Region Metropolitan Planning Commission.



Research

No planning is sounder than the research upon which it is based. Research takes judgments and decisions out of the realm of pure guesswork and emotion. The Commission assembles data on land use, population, economic influences and many other subjects. This research is necessary for the region to understand itself and to anticipate its future.

Comprehensive Planning

Some services can best be approached with a regional view. These include highways, rapid transit, air transportation, water supply and distribution, waste disposal, flood control, air pollution control and major recreational facilities. The Commission develops regional plans to which local governments can look for guidance.

The Commission does: conduct research - do broad planning - coordinate action - give assistance and advice - give out public information - help the region understand itself - supplement local planning.

The Commission does not: pass ordinances - zone property - build public facilities - carry out urban renewal projects.