

These are the kind of tax incentives to restore preservation that we thought of, and there are a good many more things that, of course, can be done.

May I just say, also, Mr. Chairman, this relates to Mr. Widnall's question to me a few minutes ago. In most of the European countries preservation is done entirely by government. In France, there is some private effort but otherwise mostly on the Continent it is all governmental. I was struck with Mr. Rains and many of us who visited Austria, and I discussed it with the officials in Austria, the preservation officials—the question of voluntary cooperation in these matters and they didn't understand what I was talking about. In this country I think it is fair to say that over 60 percent of preservation effort is in private hands and I think it should continue to be in private hands, but the Government should support it.

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

Mrs. Sullivan?

Mrs. SULLIVAN. Just a few questions, Mr. Chairman.

Mr. Gray, does not the United States now have a National Register for historic buildings?

Mr. GRAY. Yes.

Mrs. SULLIVAN. For the record, tell us where it is located.

Mr. GRAY. The Park Service maintains it.

Mrs. SULLIVAN. The Registry for Historic American Buildings?

Mr. GRAY. There are two programs, Historic American Buildings Survey and the Register of Historic Landmarks Program, which actually involves certifying the property or a case in putting up a plaque and so forth. But these touch only on a limited number of cases that should be saved in this country.

Mrs. SULLIVAN. Tell us how the property or the house or the object or whatever it is gets on the Register maintained by the Park Service.

Mr. GRAY. As far as the Registry of Landmarks is concerned, the Park Service has a body—I think it is called an advisory group which has compiled in different categories in American history those places and sites which should be marked. It would be those related to the Indians, for example, and to the Revolutionary War movement. And also to phases and periods in our history. I am unable to speak precisely to the extent to which that has been completed and it is a fine program but it doesn't go far enough to accomplish what we think should be done to put the imprint—to put the Good House-keeping Seal of Approval on all the structures that need to be saved.

Mrs. SULLIVAN. In other words, this Committee looks into the historical background, rather than the architectural value of the property?

Mr. GRAY. Well, the emphasis in that particular program has been historic and I might say, Mrs. Sullivan, my experience in this city has been that it is better to say when you don't know something, to say you don't know. I think it is based primarily on historic. I doubt that they pay too much attention to architecture, although in the Historic American Building Survey, it is architectural.

Mr. Garvey serves on the Committee.

Mr. BARRETT. Will you be kind enough to introduce yourself for the record?

Mr. GARVEY. I am Robert Garvey, Jr., executive director for the National Trust for Historic Preservation.

The theme of architecture within the registered landmark program is under study as is the theme on education. This program will also mark sites of culture as well as history and there are, I believe, about 25 different themes and the program is roughly three-fourths finished. It is anticipated that as time goes on, other sites, structures will be found and added to each theme and the program is now limited to the finding or marking the sites rather than giving them permanent protection.

Mrs. SULLIVAN. My knowledge on this subject is limited to the experience we have had with a building in the central part of downtown St. Louis that you may be familiar with. This is the old U.S. Court House and Custom House. An effort was made to have the building registered, but it was not considered historic.

Mr. RAINS. You have a champion here on that building.

Mr. GRAY. I hope that Mrs. Sullivan views that in the same light.

Mrs. SULLIVAN. The thing that I wanted the group who were interested in saving the building to do—when the decision has been made to tear the building down and build a new building on that site—the first thing that I advised them was to go to the Interior Department to see if the building could be registered as a historic site or as one whose architectural designs should be preserved. Interior told them that they did not qualify for admission on the register for historical sites which is, to my knowledge, the top register, but they did say that the building had some architectural value. There was a great deal of confusion in St. Louis about that.

Mr. GRAY. I speak as one interested—may I speak to that? I am quite familiar with the Old Post Office Building, and I desperately hope that there will be a way found to save it.

The problem here in this case, Mrs. Sullivan, is that the national registered landmarks program has not listed any Government-owned buildings as a registered landmark. Independence Hall is not a registered landmark. In some time, as a result of this legislation which will be before the various committees and I hope before the Congress and Senate, House and Senate—such a situation could not take place. Now, it is arguable whether the old post office is historically an architecturally important enough building to be registered. I believe it is but the opponents of saving the old post office don't always point out that it isn't on the register, or is Independence Hall, or any other federally operated building. There ought to be a federally owned register—a register of federally owned buildings and if this legislation adopted across the board I think there will be. I don't know whether this answers your question.

You have seen the report of the Advisory Committee to the Secretary of the Interior which says the building ought to be saved, but it doesn't qualify sufficiently as a national landmark. The Committee which makes up the list of registered national landmarks has not addressed itself yet to Federal buildings.

Mr. RAINS. May I interrupt here to say that the bill which is H.R. 13792, which is before the Committee on Interior and Insular Affairs, does provide that Government buildings will be on the register and the register that Mr. Gray is talking about, of course, is in the legislation, Interior, instead of in this bill. There is a provision in this particular bill by Mr. Widnall before the Interior Committee that would put those buildings on the national register.

Mrs. SULLIVAN. I know this bill that you mention on page 4 of your testimony, Mr. Rains, would establish a National Register of Historic Sites, but there is much confusion about what the registers are, and what they mean, and what one has to do to get certain buildings or objects listed. I wonder, at this point, Mr. Chairman, if something could be submitted for the record so that we know what the various registers are and how they differ.

Mr. RAINS. That register now, and the people who make it up, are only advisory. But under this law it would become more specific because they are only advisory now.

Mrs. SULLIVAN. It would need legislation?

Mr. RAINS. Correct.

Mrs. SULLIVAN. I wish you could, Mr. Gray, with the chairman's permission, let us know what the Historic American Buildings Survey of the National Park Service represents, and what the National Register of Historic Buildings covers, and what the register is that you have under the National Trust for Historic Preservation.

Mr. GRAY. I would be very glad to.

Mr. BARRETT. That may be done without objection.

So ordered.

(The information requested follows:)

NATIONAL TRUST FOR HISTORIC PRESERVATION,
Washington, D.C., March 22, 1966.

Hon. WILLIAM A. BARRETT,
House of Representatives,
Washington, D.C.

DEAR MR. BARRETT: We appreciated the opportunity of appearing before your committee yesterday and look forward to any further assistance the National Trust can provide during the consideration of H.R. 13790.

In response to the question Mrs. Sullivan raised concerning registration and identification of historic places, I attach three documents—two from the National Park Service and one from our own reprint series. In the reprint, "State Participation in American Landmark Preservation," there are two paragraphs on page 211 that explain programs now in operation. It seems to me that these paragraphs are sufficient for your record unless you prefer to include the more complete description contained in the Park Service folders.

We are enclosing copies of these documents for distribution to the full committee.

Sincerely,

GORDON GRAY, *Chairman.*

[From State Government, Summer, 1965]

In this article Robert R. Garvey, Jr., Executive Director of the National Trust for Historic Preservation, urges a large increase in state action—along with private efforts and local and national governmental programs—to save historic landmarks in America. After indicating the scope of private and governmental activity in this field up to now, he emphasizes the importance of surveys, enabling legislation and financial aid as essential parts for a successful state program.

State Participation in American Landmark Preservation

by Robert R. Garvey, Jr.

NEW YORK STATE was the first agency, public or private, officially to preserve a landmark in the United States. On July 4, 1850, General Winfield Scott came from West Point to Newburgh to raise the flag over the first historic house museum in the United States—the Hasbrouck House which had served as General Washington's headquarters from April 1782 to August 1783. In 1848, under the United States Deposit Fund, it had been acquired from Jonathan Hasbrouck, II by the Commissioners of Orange County. The Commissioners, in their desire to preserve the 1750 house, appealed to Governor Hamilton Fish. He recommended in a message of 1850 that the venerable building become a state property, and a bill was passed making the state acquisition possible.

With this action, New York not only preceded her sister states into the preservation movement, but also the federal government, whose first acquisition was Casa Grande National Monument, Arizona, in 1889. New York's was also followed by the first private endeavor, represented by the Mount Vernon Ladies' Association in Virginia with its rescue of *Mount Vernon* in 1858. Almost a century

later, the National Trust for Historic Preservation accepted its first historic house, *Woodlawn Plantation* also at Mount Vernon, Virginia, in 1951.

Other state action followed that of New York, but over the years New York and the states have not maintained their lead, although many states have sizeable budgets for state-owned landmarks. New Jersey, for example, spends approximately \$400,000 a year on its historic sites. According to the State Bureau of Parks and Recreation, half is private donation and half is state budgeting, and the total would rise considerably if much of the time spent to maintain the sites were not donated.

At a September 1963 Preservation Conference cosponsored by the National Trust and Colonial Williamsburg, it was generally agreed that, although there was a variety of private and federal projects, the states were lagging in development of programs to protect landmarks. In addition, an ironic note was sounded when New York was branded by a participant as "one of the fifty states which had done the least for the preservation of its architectural history."

RECENT AND CURRENT SURVEYS

Actually, New York State had a year earlier instituted an architectural program in its New York State Council on the Arts which should help offset this charge—and, hopefully, encourage similar action by other states. Soon after the council came into existence, it received letters and calls about the threatened and often imminent destruction of buildings considered worthy of preservation. "The Council's response," reports William Hull, its Assistant Director, "was one of agreement and encouragement which, in several instances, helped to deter razings until a thorough study could be made by the local communities in question."

A technical assistance program was developed to deal with the insistent problem, and the category of architectural conservation and survey was added to its services. Threatened buildings brought to the council's attention are now referred to an architectural or state historian, who is asked to appraise the structure in question. The report of this specialist is placed in the hands of the local group concerned.

The council's first programmed architectural survey was undertaken by the Syracuse University School of Architecture. It was asked to provide a study of "Architecture Worth Saving" in Onondaga County, to anticipate the problem of the razing of significant buildings in a typical city-dominated upstate county. Graduate students documented and compiled a list of the buildings from which approximately sixty examples of structures with merit were finally chosen.

With a continuing emphasis on urban renewal throughout the state, the Council on the Arts instituted a second "Architecture Worth Saving" study in Albany and Rensselaer Counties, by the School of Architecture at Rensselaer Polytechnic Institute. The council hopes that guidelines will emerge from the two different approaches to the problems of architectural conservation. Although the council is considered a strong and well-financed organization, it reports that no statewide architectural survey is practicable within the limitations of its time

AMERICAN LANDMARK PRESERVATION 211

and budget. But it will undertake studies in areas facing particular problems in conserving their architectural heritages.

The program of the council and these surveys are sound, and they are typical of many throughout the country. But they are only part of what is needed: a very large and thorough survey to locate, identify and study all historic buildings in the United States essential in formulating a successful, nationwide preservation program. Studies in such a survey would provide data needed to evaluate buildings and to plan intelligent historic preservation before the wrecking ball swings.

Architectural surveys were begun systematically in the United States by the federal government as a Works Progress Administration project during the depression, but few have been completed. Of these, most are not current. The National Park Service, in addition to dealing with its vast preserve of lands and historic sites, conducts the Historic American Buildings Survey, a long-range program for assembling a national archive of historic American architecture. Today it is one of the world's largest collections of its kind—with more than 27,000 measured drawings, 37,000 photographs and 6,000 pages of architectural and historical data for approximately 10,000 historic buildings throughout the United States.

Another National Park Service program concurrent with the HABS, authorized under the same Historic Sites Act of 1935 which authorized it, is the National Survey of Historic Sites and Buildings. Under this survey the entire field of American history and prehistory is studied by themes, making possible a comparative evaluation of sites. The criteria relate the importance of the sites in history and analyze their integrity or present conditions. A product of the same national survey, cosponsored by the National Trust for Historic Preservation, is the Registry of National Historic Landmarks. Through the registry the federal government recognizes significant historic sites; their preservation by private, state and local agencies is encouraged.

The Historic American Buildings Survey has had a seesaw type of career during its thirty

212 STATE GOVERNMENT • SUMMER, 1965

years, and it operates today on a modest annual budget of approximately \$170,000, or \$3,400 for each of the fifty states. (For \$3,387.52 the New Haven, Connecticut, Preservation Trust recently conducted an inventory which identified 750 buildings, and from these selected 150 New Haven landmarks.) An HABS request for a budgetary increase to \$260,000 has been made since 1960 but this has never been allocated. Because of the lack of funds HABS is reduced principally to giving advice and aids to others undertaking surveys, keeping records, and assigning several summer measuring teams to areas and buildings of national importance.

STATE-LOCAL-PRIVATE TASKS

This highly regarded federal program, in my view, should be strongly augmented financially. But to achieve the needed goal—surveying of all historic American buildings—the task will have to be divided with the states. I would suggest that the states investigate the technique developed over the past thirty years in the federal work, for use on the state level. After evaluating the needs, each state should initiate, reactivate or extend a state survey program, delegate an appropriate agency within its system to take the responsibility, and coordinate and direct related private programs.

In 1964 the state-financed Maryland Historical Trust and the Association for Historical Societies of Maryland asked for HABS assistance to develop a comprehensive program in the state and coordinate county projects. HABS cosponsored an especially arranged workshop—"A Survey of Historic Maryland Buildings and Sites;" two HABS staff members spoke at the conference. They presented a list of all Maryland buildings already recorded and surveyed, displayed a selected photographic exhibition, distributed survey forms, bibliographies, manuals, etc. Similar assistance is being given to the newly organized Massachusetts Historical Commission and to all states requesting such aid.

States should share the financial burden of the surveys and induce the counties to participate with matching funds in order to undertake programs and complete others. A dramatic illustration of the need is a New York City sur-

vey. When this six-year project was concluded in 1957, with 300 buildings designated worthy of preservation in the city's five boroughs, it was also noted that nearly a third of the buildings scheduled for the listing had been torn down while the survey was being made. After three years of study, New York City adopted preservation measures this spring, but during this period, as one summary put it, "her buildings continued to fall like leaves."

Public funds effectively managed will generate several times the appropriated amounts in new private support, as they have done in business, science and agriculture. Just as private and public support exists for libraries, health services, education, scientific research and the performing arts, it is appropriate that public support be available for the preserving arts—broadly known as historic preservation.

Many groups and individuals are available to assist in such work, and many have conducted surveys—historical societies, preservation groups, universities, the American Institute of Architects Preservation Committee and its local chapters. Many efforts, however, have floundered in well-meant attempts, frustrated because of the extent of the work and its complexities of research and identification. When the Joint Landmarks Committee of the National Capital Planning Commission and the Commission of Fine Arts set out to inventory Washington, D.C. landmarks in the spring of 1964, it had to coordinate fifteen lists resulting from that many earlier attempts.

In addition to being culturally significant, these historic and architectural landmarks are the gold-bearing ore of the tourist industry—both domestic and international. They must be mined on the basis of a professional, orderly, systematic study, as any natural resource.

PRESERVATION LEGISLATION

As the survey is the first essential in a successful preservation program, the second is legal protection which can be obtained through state enabling legislation and local ordinances. Historic preservation legislation was upheld nationally by the United States Supreme Court in *Berman v. Parker* in 1954. But, although

Charleston, South Carolina, developed controls as early as 1931, only fourteen states today have enabling legislation, and only seventy municipalities protect their buildings and areas under ordinances, acts and resolves.

In 1962 North Carolina's State Department of Conservation and Development used a "701 Planning Grant"¹ to survey the historic area of Wilmington, as a part of the future land-use plan. The study identified thirty-five structures as worthy of preservation because of their historical and architectural importance. The area not only contained these scattered historical buildings, but many community facilities and other houses constructed after 1900 which contributed to its character. The entire area had a homogeneous nature, and the report recommended that organizing it as the "Wilmington Historical District" would help preserve its identity.

The study also proposed an amendment to the Wilmington zoning ordinance to create the historical buildings district, establish regulations for the preservation and protection of the buildings and provide for creation of a board of architectural review. This amendment subsequently was adopted. The report further indicated need for additional state enabling legislation to empower local governments to play a stronger role in preservation—permitting them to acquire structures about to be demolished and to grant tax exemptions in certain cases. It emphasized preservation as a cooperative effort of individual property owners, local government and community organizations.

FEDERAL-STATE COOPERATION

Bureau of Outdoor Recreation. Directly and indirectly the cause of historic preservation can be greatly advanced through federal aid. With the establishment of the Interior Department's new Bureau of Outdoor Recreation, the federal government has issued an invitation to the states and other entities to work with it in "the race for inner space." The broad spectrum

¹Grants for two-thirds to three-fourths of the cost of preparing comprehensive urban, regional and state plans are made by the Urban Renewal Administration of the Housing and Home Finance Agency under Section 701 of the Federal Housing Act of 1964.

AMERICAN LANDMARK PRESERVATION 213

of prospective outdoor recreation opportunities involved includes historic and cultural sites.²

One of the aspects is provision, under the Land and Water Conservation Fund which became effective last January, for matching grants to the states to stimulate recreation planning, acquisition and development. States may allocate portions of the money they receive to political subdivisions.

Among many state preparatory actions related to the work of the Interior Department's Bureau of Outdoor Recreation, Virginia has created its Outdoor Recreation Resources Commission, with a subcommittee on landmarks. Ideas reported from this commission include plans for a novel highway system to encourage travelers to reach destinations by slower, more roundabout routes. Reversing the trend toward high-speed freeways, the Virginia Travel Coordination Committee disclosed recently that it is preparing a report on "shunpikes"—scenic highways designed to avoid turnpikes and capture more tourist time and dollars. Scenic easements along such a highway could be obtained, using a tax deduction principle to make them more easily available.

701 Planning Grants. 701 Planning Grants may be obtained to plan statewide outdoor recreation programs. North Carolina availed itself of such a grant to prepare a "Strategy for Development," and a resulting study concluded in September 1964: "State policies in nearly all fields are affected by federal assistance, yet all too frequently we are unaware of the impact of this aid. So long as the state passively accepts federal programs, instead of planning for their best use, North Carolina will not realize its full power in the federal system. When the state does plan creatively for its own future, as in the case of North Carolina's 'war on poverty,' it can serve as a model for the entire nation." A number of cogent recommendations for planning were made in the report.

Open-Space Land Program. Federal-aid funds for preservation also are to be found in

²*Guidebook, Manual and Fact Sheet on the Bureau of Outdoor Recreation* may be requested from the Department of the Interior, Washington, D.C. 20240.

214 STATE GOVERNMENT • SUMMER, 1965

the three-year-old Open Space Land Program of the Urban Renewal Administration. In August 1964, Commissioner William L. Slayton announced that more than 100,000 acres of valuable urban open-space land had been saved for present and future generations in 177 communities throughout the nation since this program was initiated. It authorizes the federal government to make grants of up to 30 per cent of the cost of undeveloped land for recreational, scenic, historic and conservation purposes.

Those made to assist in the preservation of historic sites and areas of natural scenic beauty have included grants to Columbia, South Carolina, to assist in acquisition of Ainsley Hall Mansion, of importance in architectural history; to Alexandria, Virginia, to assist in the preservation of Fort Ward; to the State of New Jersey to help acquire Monmouth Battlefield; to Roanoke, Virginia, to help acquire 1,060 scenic acres in the Roanoke Valley; and to Portland, Oregon, to acquire the Pittock estate, with a fine view of the city and the Cascade peaks.³

Area Redevelopment Funds. In its efforts to provide long-term permanent employment, the Area Redevelopment Administration is also advancing historic preservation. At Pleasant Hill, near Lexington, Kentucky, a group of citizens succeeded in purchasing an entire early 19th Century Shaker village, Shakertown, by amortizing the payments for the property over a ten-year period. Having once secured their option, they appealed to the Area Redevelopment Administration for a low-cost, long-term loan to assist in the project. The agency is not interested in preservation but in the creation of jobs in depressed areas. Pleasant Hill, located in one of these areas, received a public facility loan of \$2 million. It is estimated that the restoration will provide 285 new jobs and will be visited by 150,000 tourists by 1970.

A technical assistance project to determine the economic feasibility of the restoration of

Ste. Genevieve, Missouri, and to develop a restoration plan for it, was announced in December by the ARA. Its investment of approximately \$30,000 is to be supplemented by local funds, the project having been requested by the Ste. Genevieve Tourist Bureau.

Cooperation with Bureau of Public Roads. Preservation can be accomplished through various cooperative programs of federal, state and private groups. In May 1964 the United States Department of Commerce announced a new Bureau of Public Roads Policy designed to protect parks and other recreational and historical resources in the location and construction of federal-aid highway projects. Federal Highway Administrator Rex M. Whitton declared it would be the responsibility of each state highway department to give public agencies with jurisdiction over these resources an opportunity to review federal-aid highway improvement plans. The state highway department, he added, should make contact with these agencies at the earliest practicable time, preferably during the preliminary stages, but in all instances prior to the holding of a public hearing to give interested persons a chance to be heard on proposed federal-aid improvements.

If officials of the public agencies do not agree with the state's proposed plans, Mr. Whitton explained, the reason for disagreement must be included in the highway department's plans, specifications and estimates for projects submitted to the Bureau of Public Roads for approval. It is the obligation of the state highway department in all cases to show that due consideration has been given to suggestions offered by the public agencies in question. The policy applies to possible effects of proposed highway projects on forests, park and other recreational, historic, scenic and wildlife areas.

Five years ago, long before Mr. Whitton's announcement of the federal policy program, Connecticut established such a cooperative program on its own initiative. Its Highway Department appointed a liaison member to the major historical groups in the state to keep them aware of proposed new highway construction. A number of specific successes have resulted. Several old structures have been saved through

³Other ways in which preservation and urban renewal may interact are discussed in *Historic Preservation Through Urban Renewal*, an illustrated booklet, published by the Urban Renewal Administration, United States Housing and Home Finance Agency.

transfer of ownership and removal to new sites—Leffingwell Inn, Norwich, Dudley Buckingham House, Old Saybrook, and the Governor Fitch House in Norwalk. The Goodspeed Opera House in East Haddam, which has been used as a Highway Department records repository for a number of years, was given to a group of local people who restored the Victorian showpiece to its former beauty and use.

MANY APPROACHES ARE PERTINENT

Historic preservation can be approached from many directions and in relation to many programs. A successful preservation program by anyone or any group, for any area of any size, should include:

1. A survey and knowledge of the existing inheritance, through study of architectural and local history.
2. Legal protection through state enabling legislation, if necessary, and local ordinances.
3. Financial assistance, private or governmental.
4. A permanent plan to continue the survey, interpret the laws, and cooperate with the broader community, thus bringing constant reevaluation, as the community changes, of

what has been inherited and recorded on the survey.

In all of this, state leadership and action are of basic importance. As summarized in *A Report on Principles and Guidelines for Historic Preservation in the United States*, published by the National Trust for Historic Preservation last year: "Every state should recognize historic preservation as a legitimate purpose of government and should have legislation on its statute books clearly placing administrative responsibility for the state's historic preservation program upon an appropriate state agency, and conferring upon that agency adequate powers and funds to conduct surveys, acquire and administer historic properties, publish information, and classify, register and mark historic sites and buildings having state-wide significance, regardless of ownership. The state program should be coordinated on the one hand with local voluntary and governmental efforts, and on the other with collateral national programs."

(A list of publications designed to aid in preservation may be obtained from the National Trust for Historic Preservation, 815 17th Street, N.W., Washington, D.C. 20006.)

Mrs. SULLIVAN. I am not going to get into an argument between our two newspapers in St. Louis, as to whether the building should or should not be saved. Those who are expert in such matters should help make the decision, based on facts and expert opinion.

Mr. GRAY. The building still stands, at least up until now.

Mrs. SULLIVAN. Yes, it does. I sincerely hope the controversy can be resolved, for it is bitterly fought in St. Louis.

Mr. RAINS. You mean you are in the middle of two newspapers? That is a good place for a Congressman to be.

Mr. GRAY. When we were on the tour—when Ray Tucker—he had been on the other side and finally I had to agree that we would declare a moratorium on it.

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

Mr. HARVEY?

Mr. HARVEY. I just want to join with our committee in welcoming back our distinguished colleague, our former chairman. Al, it is nice to have you back with us.

Mr. RAINS. Thank you, Jim, I appreciate it.

Mr. HARVEY. I could not help but think in listening to the discussion that perhaps all of this could turn the balance-of-payments problem into a plus. The heritage of Europe seems to be what attracts tourists. It is one of the reasons we have trouble keeping our tourists here at home. Maybe it will turn into a plus.

I have one question, Mr. Gray. Where historic preservation is already in the hands of good private bodies, what action would you recommend that we take?

Mr. GRAY. Not any, sir. If they are good, stable, private bodies—I tried to say perhaps not too a little earlier, that most of this work should continue to be done by private individuals and foundations and corporations just as most of our whole society is private. I think the genius of American society has been the partnership of government and the private sector. Where a property is well taken care of in the hands of a stable organization, I wouldn't touch it. It is only those that are threatened that we are concerned with. Does that answer your question?

Mr. HARVEY. Yes, sir.

Mr. RAINS. In connection with that and supporting Mr. Gray's good statement, it is not the intended purpose of this legislation just to establish museums, but we actually hope to be able to do what Mr. Gray said with the legislation to encourage private people who ran them to do the things necessary to rehabilitate and restore only those that would be in danger, as Gordon said, a while ago from being destroyed.

Those would be the ones that would take this position. I think you will find a great deal of encouragement in the legislation to the person who owns one of these establishments to do something about it himself once it is named as a landmark.

Mr. HARVEY. I thank you both very much. I have no further questions, Mr. Chairman.

Mr. BARRETT. Thank you. Mr. Reuss?

Mr. REUSS. Thank you.

I want to join all my colleagues here this afternoon. I was one of the some 535 Members of the House and Senate who regretted very

much Albert Rains' retirement a couple of years ago. I knew you could not keep a good man down and it was so good to see this magnificent contribution that he has made to historic preservation. I want to thank him and Mr. Gray and Bill Widnall for putting on our desks the volume "With Heritage So Great." I take it these are for us. I certainly think it will bring a lot of joy to all of us. I notice that you have some of the greatest writers in the country, Sidney Hyman and so on do some of the pieces. I will read it with a great deal of interest.

I also commend Mr. Widnall for introducing this bill and promise him right now my full support of it.

I would have just one question of you gentlemen and that concerns the relationship between the Widnall-Muskie legislation and the companion bill now before the House Interior Committee. Is there overlapping in the grant provisions to local governments of those bills, particularly in respect to grants to local governments for projects for historical preservation and grants to the National Trust for Historic Preservation to provide financial assistance for preservation projects? How do those gear into the urban renewal features of the Widnall bill?

Mr. RAINS. There is nothing, Henry, in the bill that is pending before the Interior Committee that would give any grants that come under the urban renewal program. While I have not examined it with the fine-tooth comb, there is not any overlapping. The grants provided in each of the bills will only apply to whatever the program is in that particular bill. They are companion measures.

Mr. REUSS. Mr. Widnall, the grant section of your bill uses the urban renewal technique which I take it means 66 $\frac{2}{3}$ percent Federal and one-third local, is that not right?

Mr. WIDNALL. The intent—that is the intent.

Mr. REUSS. What percentage are the Interior bill grants?

Mr. GRAY. There is a—I should say there is an inconsistency between the two bills in one respect. In the bill before this committee, any grants to the National Trust for matching purposes would be a two-thirds-one-third basis and the Interior bill has a similar provision—I beg your pardon. There are two bills pending before the other committee, the Interior and Insular Affairs Committee. One introduced by Mr. Widnall and one introduced by a request by Mr. Aspinall. There are some divergencies I might say in these bills. In particular, in one case, the grants are proposed in a 50-50 basis and the other two-thirds/one-third. There will have to be some reconciliation between those. I am not an expert in these matters but I would guess from reading the three pieces of legislation already pending that there must be some meshing.

In specific answer to your question to overlapping, there is a provision in the bill before the other committee which makes it impossible for a project to receive Federal funds from one agency when it has received Federal funds from another. In other words, no State could go to the Interior and get part of the money and then to HED and get the remainder of the money. They are mutually exclusive by provision in that bill and should be, of course.

Mr. REUSS. I am concerned that there should be uniformity of treatment and it would not make sense for example for a historic building that happened to be in an urban renewal area to get two thirds

matching and one that happened to be out in the country to get 50 percent. I would hope that perhaps this committee and the Interior Committee, Mr. Chairman, could work these bills out together. After all, we have done that in matters like the area redevelopment program of the House Committee on Public Works. And it might even be sound to combine the two bills somehow into one, I would hope with the approval of both these committees. However, I am delighted that at least for 1966 you are doing what I wish we had done many years ago and there would be many a fine building, including some in Milwaukee, that would still be standing that are bulldozed down.

Thank you.

Mr. BARRETT. Thank you very much.

Mr. Widnall has one or two questions that he may desire to ask you, Mr. Gray.

Mr. WIDNALL. This goes to both Mr. Gray and Mr. Rains.

The committee on its trips visited several of the Communist countries. We all know that ever since the 1920's the Communists have been very anxious to rewrite history and have it begin from the time they took power. Is it not true that they are showing a great zealotness in preserving the tradition of history of their country in many instances? Did you not find that?

Mr. GRAY. Yes. It is interesting that those countries—bear in mind everything that is done there is done by the government. But for the governments to have done what they have done is very interesting.

As you know, Warsaw was 85 percent rubble when the Germans finally got out of there. The Communist government chose not to replace all of these rubble with new structures, but in the old city, in the heart of Warsaw, from architectural drawings and photographs they have reproduced the city as it was, even to the point of sagging roofs, and leaning chimneys. The photographs before and after, you can hardly tell the difference.

That is reconstruction that is less desirable than preservation, and restoration is less desirable than rehabilitation. But when things are flat to the ground, if you are going to have it look as it did, you have to completely rebuild.

Mr. WIDNALL. In other words, they completely recognize the value to the country in having preservation of historic places and also the great attractions it is for foreign visitors coming there?

Mr. GRAY. Both of these. They recognize that the people demand roots and no matter what kind of government they live under they take pride in the past and their traditions and ancestry.

Mr. WIDNALL. I certainly would like to commend you again for your unselfish devotion and great attention to something that is most important in America and as head of the National Trust you have exhibited great leadership and you and the groups working with you deserve a lot of credit for what has been done in this field now.

We have had a prohibition placed on us with respect to Mr. Rains. I would like to ask Mr. Rains one question.

I know that you would like to answer no questions on a subject other than historic preservation. But in view of your own work on this committee, the type of committee it was and producing the fine reports produced by the committee, I wonder if you have an opinion

that a similar committee might do on new towns. This is a controversial matter. I believe at the present time we need a study—an expert study. Do you think a committee like this, like the one that you have on historic preservation could be of use in this area?

Mr. BARRETT. Mr. Widnall, if you will yield for just a second.

I certainly would be delighted for Mr. Rains to answer this question. It is very educational to me and I am quite sure edifying to everybody in the committee. But when the former chairman of this committee began his testimony he said, on my experience on this committee a short statement right to the point is very effective. This is a very controversial matter and we ought to give him an opportunity to return and answer the statement.

Mr. WIDNALL. I was not asking for an opinion as to whether he was for or against new towns. I thought that with his very valuable experience in this particular field that he might throw some light on how he thought we might approach the solution to a highly controversial matter at the present time.

Mr. RAINS. You remember, of course, the new towns came up while I was still chairman of the committee and I know all about the controversy. I am not going to get into it one way or another. I will say this, I will use the chairman's words—it is a controversial, difficult subject and it does need great study, using his words, by knowledgeable groups.

Now, I do not know that I know of any such group, but if I were still a member of this committee, I would want all the help I could get from knowledgeable people. I would just like to say this—I have been chairman of committees a long time in the Congress and I know you are all smart and distinguished people and we held many hearings while I was chairman of the committee in various places. But I never served on a committee that worked more diligently and manifested more real interest than the Special Committee on Historic Preservation and if you think that the trip that the committee went on was a fun trip, you are absolutely wrong. When you do a study which we did in 3 months' time under Larry Henderson, you are a busy man.

I would like to compliment the members of that committee, all distinguished people, and they knew much more about preservation and restoration than I do and among those who were of great help was Gordon Gray and all of them contributed greatly.

If I do say it, if I was sitting in your place, I would have liked to have had that study on historic preservation which you have there to guide me in my consideration because it is a well-done job. I do not take credit for it—but the committee is truly entitled I think to the thanks—not only of the Congress but of the people for a labor of love. That is what it really is.

Getting back to your question, the more information you get on that subject the better. I do not know how it ought to be done and I do not want to express any opinion at all, Mr. Chairman.

Mr. WIDNALL. One more thing, Mr. Chairman.

Mr. Rains, it is always good to see you back here, either before us as a witness, or counseling with us in the office on the Hill. Because your work, your opinions, your knowledge is invaluable to all of us

as members. I will be very remiss if I did not at this point say how well your successor has been serving, Mr. Barrett, as chairman. He has a mammoth job in trying to bring forces together and bringing out a housing bill like he did last year is very much to his credit.

Mr. RAINS. He is a great chairman. He looks the part, too, when you sit down here and look at him. He is a great chairman.

Mr. BARRETT. Thank you very much, Mr. Rains. Now, you know why I love the gentleman from New Jersey.

Time has expired and thank you, Mr. Rains and Mr. Gray. We are very grateful for the information you gave.

(The following information was submitted for the record:)

THE AMERICAN INSTITUTE OF ARCHITECTS,
Washington, D.C., April 6, 1966.

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

DEAR MR. CHAIRMAN: The American Institute of Architects, a professional association organized in 1857 and which today represents a membership of more than 22,000 licensed architects, appreciates this opportunity to comment on H.R. 13790, legislation to encourage and assist in the preservation and maintenance of historic structures.

AIA's active participation in the preservation movement began with the resolution passed at the 1890 convention calling for the appointment of a committee on historic buildings. From its establishment, the committee's duties have been to foster preservation of the Nation's historic buildings—particularly buildings having architectural significance—and to encourage the establishment of agencies to care for these structures.

In late 1983, the historic American buildings survey was jointly organized by the AIA, the National Park Service and the Library of Congress. AIA was also instrumental in forming the National Trust for Historic Buildings, a service organization chartered by Congress in 1949, which helps to preserve sites, buildings, and objects significant in American history and culture. Other preservation activities undertaken by the institute include developing and maintaining a national roster of 150 AIA preservation officers and keeping up-to-date material on preservation needs, projects, and techniques.

To round out this summary of our involvement in the historic preservation activities, we note our support of the work of the special committee on historic preservation which recently published their report entitled, "With Heritage So Rich." The legislation (H.R. 13790) pending before your subcommittee reflects, in part, the recommendations made by this report. A bill to further implement these recommendations is pending before the House Committee on Interior and Insular Affairs.

As "With Heritage So Rich" points out, historic sites and buildings with architectural and historic significance are frequently lost to future generations of Americans under the guise of progress. Senator Muskie, a member of this special committee and an author of companion Senate legislation, recently noted, "half of our historically significant structures have been destroyed. If we wait another 5 years, there may be no need for this legislation."

We support H.R. 13790 in every aspect and find particularly noteworthy provisions in the bill to:

- Restore buildings of architectural as well as historical value;
- Sell or dispose of such structures for restoration to private as well as public groups;
- Relocate such buildings without as well as within urban renewal areas;
- Authorize grant-in-aid credit for purchase and renovation of historic structures;
- Authorize grants to the National Trust for Historic Preservation to restore structures of historic or architectural value;
- Make grants to cities to survey such existing structures;
- Provide loans to tenants as well as owners of historic or architecturally significant structures to assist in their restoration;

Preserve historic structures under the urban beautification program; and
 Provide fellowships for architects and technicians in the historic preservation field upon the recommendation of a fellowship advisory board established for this purpose.

On this final point, we wish to advise the subcommittee that the institute is ready to assist the Secretary of Housing and Urban Development in every appropriate way to assure the success of the fellowship program. The AIA in association with its sister organization, the Association of Collegiate Schools of Architecture, presently awards and administers some 70 scholarships to worthy students of architecture. Further, the institute is prepared to recommend to the Secretary qualified talented individuals who would serve with distinction on the Historic Preservation Fellowship Advisory Board.

The institute has two suggestions regarding title II of H.R. 13790, which provides for the establishment of a National Advisory Council on Historic Preservation.

First, we note that with the exception of Federal and private members all Council members are appointed by the President from a panel suggested by organizations of recognized standing in their field. To assure that at least two of the four private Council members are experts in the field of historic preservation, we suggest that they be appointed by the President from a panel of at least four individuals submitted jointly by the National Trust for Historic Preservation and the AIA.

Second, we suggest that the Council's Executive Director be appointed by the Council from among qualified applicants. Further, the Executive Director should be responsible only to the Council.

H.R. 13790 is exceedingly timely legislation. It establishes a program this country has needed for years. It will provide the tools to save thousands of buildings which are uniquely American and which can never be replaced. It responds to the alarm sounded by architects, historians and others who have, up to now, fought a generally losing battle against the bulldozer approach to redevelopment. We urge speedy enactment of H.R. 13790.

Sincerely yours,

MORRIS KETCHUM, Jr., FAIA.

Mr. BARRETT. Our next witness this afternoon will be our colleague from New York, Congressman William F. Ryan.

Mr. RYAN. Thank you very much.

Mr. BARRETT. We are going to give you as much time as we possibly can.

STATEMENT OF HON. WILLIAM F. RYAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. RYAN. I appreciate your words of welcome. I am honored to appear this afternoon, after the appearance of the distinguished former chairman of the subcommittee, Albert Rains of Alabama. I think that all of us appreciate the great contribution he made while he served in the House.

I am pleased to be able to appear here today to testify on the demonstration cities program bill.

I believe that H.R. 12341, the demonstration cities program bill, represents a bold new effort to upgrade the quality of life in our cities. I need not dwell on the point that this country is a nation of city dwellers. The facts and figures documenting this are all too familiar to you on the Housing Subcommittee, to you who have devoted so much of your time and energies to shaping legislation that would provide more Americans with better housing.

Although the Housing Act of 1965 contained new housing ideas, even arresting ideas, it is only now with the demonstration cities program

that the need for a total approach to combating the insidious but relentless growth of urban slums and city ghettos is recognized.

Therefore, today I will limit my testimony almost exclusively to the demonstration cities program. However, I also will discuss briefly a bill I have introduced that would extend the rent supplement program to housing financed directly or through loan insurance by States and municipalities. Finally I will touch on the sensitive matter of discriminatory limitations in some Federal grant-in-aid programs that work to the disadvantage of large cities.

Last year in testifying before this subcommittee I addressed myself to more than 15 housing bills that I had introduced during the last session, most of which dealt with various aspects of the Housing Act of 1949. Of my many bills, one I have testified on several times is that one (H.R. 3962) which calls for the establishment of a new program of Federal loans to be made from a revolving fund set up to assist with the construction and rehabilitation of nonprofit middle income housing. I believe that the points I made in my testimony on April 6, 1965, are still relevant today as far as this country's overall housing needs are concerned. With that for a preface I would like to now turn specifically to H.R. 12341.

I agree with President Johnson, who said, in sending this demonstration cities program concept to the Congress on January 26, that heretofore "the size and scale of urban assistance has been too small and too widely dispersed."

H.R. 12341 nourishes the hope that through expanded Federal help, which combines ambitious physical reconstruction and rehabilitation with effective social programs at every step in the rebuilding process, our cities may truly be reborn.

The hope is based on two aspects of the plan. For the first time, the potential scale of the attack on urban slums, at least from the standpoint of the plan's intent, matches the magnitude of the problem. Secondly, the demonstration cities program matches the complexity of the causes of urban decay with cures; housing, welfare, poverty, and education are to be dealt with simultaneously by mobilizing all government agencies, programs, and resources.

With the Federal Government paying 80 percent of the local share of all Federal grant-in-aid projects that are focused on the demonstration areas, for the first time the local community can take heart that the problems are not insoluble and that Washington will be an important partner in reaching these solutions.

I personally believe that, unless massive remedial and pioneering steps are taken to ease the torment of life for those who live in slum neighborhoods, there are grave risks that these slum inhabitants will take matters into their own hands in an attempt to alter the frustrating pattern of their lives.

The bill we are now considering, H.R. 12341, has been hailed by many as landmark legislation; others have called it one of the most comprehensive and far-seeing Federal programs ever designed. While my own enthusiasm for the bill is not without its limits, as the representative of a great but embattled American city, I consider the demonstration cities program a venturesome plan for the human and physical renewal of our worst slum neighborhoods. As Congressman

from the city of New York, I believe I am well qualified to talk about the shameful conditions that exist in so many parts of so many cities throughout this Nation.

Although the Nation is now overwhelmingly urbanized, more than \$7 billion of the Federal budget still goes to subsidize agriculture, while less than 1 percent of the Federal budget is allocated to housing and to the orderly development of our urban communities. To save our central cities, we must impress upon the Congress that massive urban help is needed if we are "to make the American city a better and more stimulating place to live," as the President says.

Only in the last few years have we begun to legislate on any meaningful scale for the relief of the city dweller.

For decades, Congress, dominated by rural interests and parochial concerns, has been guilty of burying its head in the sand when it has come to meeting in a massive or imaginative way the complex problems of our urban areas. Decay and blight and the terrible social problems this deterioration brings in its train did not happen overnight. It is the result of long years of neglect and official indifference.

For that reason conditions in some of our major cities can only be described as depressing. Yet, at the same time, the American city can be tremendously exhilarating, from which the rest of America draws its economic and cultural sustenance. We must not take the easy way out and abandon the city to the ravages of blight that ultimately would consume it completely.

We should aspire to assure that in our time the city is transformed. Clearly, in sending to the Congress the demonstration cities program, the President has demonstrated an understanding of the magnitude of the problems of slum housing, unemployment, poverty, sickness, and illiteracy that plagues the city. If executed with vision and dedication and, especially if amply funded, the demonstration cities program has the potential for setting in motion the desired transformation. Basically, the demonstration cities program acknowledges that if we are to revitalize slum neighborhoods:

We must provide decent, safe housing although housing alone is not the answer.

We must upgrade education, although education alone is not the answer.

We must create new jobs and step up job training, although employment alone is not the answer.

We must provide better health care, although this alone is not the answer.

We must have the funds and programs for easing the pain of poverty, although fighting poverty alone is not the answer.

No single program will cure the acute economic, social, and physical sickness of the slum or ghetto. It will require an audacious, creative plan embodying all Federal programs in one massive effort.

Therefore in the face of the need, the recommended appropriation of only \$2.3 billion over the next 5 years for the supplementary grants is a disappointment to state it mildly. We must think in bolder terms, in terms of larger amounts of Federal expenditures.

Many of the mayors of our biggest cities, in testimony before this subcommittee, have already touched on this point. Mayor Cavanaugh

of Detroit, Mayor Lindsay of New York, Mayor Daley of Chicago all have stated with great candor that the entire \$2.3 billion appropriation could be used exclusively for rejuvenating neighborhoods in their own cities.

Asked how much he believed New York City would need to carry out one demonstration program, Mayor Lindsay told you frankly that perhaps \$600 million would make a "dent" in a single neighborhood.

I estimate that with between 60 and 70 cities participating in this program, as outlined by Secretary Robert C. Weaver, that New York City can reasonably expect to receive over the 5-year period no more than \$250 million. That would amount to about \$50 million a year, presumably to be funneled into more than one demonstration area.

In New York, it would be cruel and unconscionable to plan a demonstration project for Harlem but not one for the Bedford-Stuyvesant section of Brooklyn.

Reliable estimates place the number of persons in New York City living in poverty stricken households at more than 1.5 million. Furthermore, it is believed that nearly 290,000 of the city's 3 million housing units are substandard. New York City's welfare program costs have soared to more than half a billion dollars. Since 1949, New York has received an aggregate of only \$286 million in Federal funds for urban renewal, a program for which a total of \$5.3 billion has been spent nationwide.

Clearly \$50 million a year in supplementary grants for New York is not going to result in dramatic improvements in life in our slums.

In his message on cities in January 26, 1966, the President suggested for the largest qualifying cities a program could provide decent housing for 5,000 families, rehabilitate housing for some 50,000 families and involve a total of 35,000 units or 100,000 people.

There are a couple of ways to deal with the obvious inadequacy of the appropriation. One is to pare the number of cities that will participate, perhaps to a dozen or so. The other method would be to increase the appropriation. The latter course should be followed. Either make the entire \$2.3 billion available the first year or specifically provide \$10 billion over the next 5 years, a more realistic figure to my mind. While this is moon money, only this amount will assure that the entire constellation of Federal programs now available can be made to have an impact on the galaxy of problems facing us.

But let us not lose faith in this undertaking even if we cannot at the outset obtain the volume of money that is needed for the task ahead.

I would like to turn now to another aspect of the bill that concerns me. In his testimony on the opening day of the hearings, Secretary Weaver said of the proposed Federal coordinator that would be created by the bill for each demonstration program:

This legislation makes clear that the Federal coordinator will not be appointed until after the demonstration program is approved. The Federal coordinator will not, therefore, be involved in the planning and development of the city's demonstration program.

I emphasize both "nots."

I am greatly disturbed by this statement for two reasons. It seems to me that it is precisely in the early planning stages that the local

community requires the most help and guidance. Furthermore, with the Federal Government providing 90 percent of the planning funds, Washington unquestionably has an obligation to have someone looking out for the interests of Federal taxpayers.

The demonstration cities concept calls for a city to avail itself of "the complete array of all existing Federal grant and urban aid programs in the field of housing, renewal, transportation, education, welfare, economic opportunity and related programs."

Unfortunately, I have found that local planning officials all too often are ignorant of the nature of the complete array of Federal programs. Therefore, I believe that the presence of someone with an encyclopedic technical knowledge of Federal grant-in-aid programs would be essential in the earliest planning of a local project. I am convinced that the Federal coordinator can be more effective in expediting and coordinating Federal contributions and technical assistance if he is involved at the genesis of the demonstration plan, not after the plan is completed. An amendment to this bill is critical, from the standpoint of both the local community and the Federal Government.

The Federal Government should have close control over the \$12 million in planning funds that are made available by this bill. A coordinator, who is involved in the development of each demonstration program from its very inception, would be able to provide this tight control.

In order to make clear my recommendation, I propose the following amendment to H.R. 12341:

On page 8, line 21, after "program" insert the following: "and for each locality to which assistance is provided under section 5 for planning such a program."

This would make clear the coordinator would be there from the beginning and would not come in after the demonstration program is planned. He would be there from the inception.

At this point I would like to address myself to the prickly matter of which 60 or 70 cities of the more than 800 communities in the country that are participating in the urban renewal program will qualify for the demonstration cities program.

Secretary Weaver has indicated that a city will not necessarily qualify because of the manifest need of a particular neighborhood but rather greater weight may be given to a city whose proposed demonstration or model can be expected to be a palpable success.

Also there is a strong feeling in some quarters that the competition for the coveted designation as a demonstration city will be on a first come, first served basis with the spoils in the form of generous Federal grants going to the speediest planners.

The overall demonstration concept can only suffer if the quest for funds is reduced to a kind of municipal foot-race among panting planners.

The demonstrations must not be thought of as spot projects within a city but as part of a sound, long-range plan for the entire city. This principle of master planning or total planning must not be sacrificed by the desire of one city to beat another to the punch in qualifying for supplemental Federal grants. It is just such disdain for overall,

thoughtful city planning that has produced an impressionistic collage of ill-conceived renewal projects.

The matter of planning is so important to our cities battling the dual challenges of decay and growth that it is the heart of the administration's other major housing bill this session, the Urban Development Act.

I hope that what have been allowed to pass the muster as workable programs under urban renewal legislation will not turn up as demonstration city projects. In many cities and, especially in the city of New York, the requirement of a workable program before the approval of urban renewal funds was a sham. This requirement was never applied with vigor or enforced when the renewal law was obviously flaunted.

Furthermore, we must think in terms of need, not in terms of possible success in establishing the criteria a city must meet in order to become a demonstration city. The demonstration cities program should have its greatest application and, hopefully, impact in meeting needs, not providing points. For that reason I support the amendment offered by Congressmen Ashley, Moorhead, and Reuss requiring that the sections of cities that would qualify for the program be:

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.

While I agree that it is desirable to focus this total demonstration attack on cities of varying sizes, as outlined by the Secretary, I believe that in each city the first order of business must be to meeting needs—needs that are measurable as spelled out by the Ashley-Moorhead-Reuss amendment.

Let us not view the demonstration cities program as a textbook solution applied to essentially academic problems. There are clear and present needs in our cities. The crisis on a Harlem is anything but academic. The demonstration cities program could be a valuable weapon in our arsenal, if trained on specific targets and not just employed as a scattershot attempt to perform good works.

There is no section of any American city that is more desperately in need of fresh approaches than Harlem. Harlem will have to be the most important and ambitious demonstration project in this total program, even though many months may go by before a plan can be hammered out and even though the ultimate success of the plan cannot be guaranteed.

In any discussion of steps that can be taken to upgrade our cities, we must at some point touch on the matter of the rent supplement program which was approved last year but for which no funds were voted.

The President has asked for \$30 million for this program and hearings have been held on it by the House Appropriations Committee. I read in the New York Times this morning that funds had been cut by the subcommittee to \$12 million. This is most serious, and if permitted to stand will shatter the hopes of all of us who are concerned with the housing crisis in our big cities.

I would like to take this opportunity to outline for you H.R. 13285, a bill I have introduced that would expand the rent subsidy plan.

Under my bill, rent supplements could be provided to persons living in housing that is financed directly or through loan insurance by States and municipalities.

As the law now stands, only projects which have loans insured by the Federal Housing Administration or receive a direct loan from the Community Facilities Administration are eligible for the rent supplement program.

In New York State Mitchell-Lama developments, which are privately owned, constructed, and operated just as projects in the rent supplement program may be—are not eligible because the financing is insured by the State and New York City. Between the city of New York and the State nearly 35,000 units have been constructed under the Mitchell-Lama limited profit housing program.

This housing could constitute a valuable housing resource if it were eligible for rent subsidies. Secretary Weaver, in testifying here a few weeks ago, noted that some 500,000 families are currently waiting for public housing units to become available. In New York City there is a backlog of 125,000 applications for public housing. We should seize every opportunity to meet this need. Extending the rent subsidy program to State- and city-financed housing is one step in this direction.

We must employ every tool at our disposal to ease the Nation's housing crisis.

Although hundreds of millions of dollars have been spent and lent by cities, States, and the Federal Government in an effort to bridge the gap between the demand for safe, economical housing and the supply of this housing, the overall situation deteriorates at an alarming rate.

During the past 5 years, in fact, New York City slum housing has spread more rapidly than it has been eliminated. Unsound units (exclusive of roominghouses) have increased from 420,000 in 1960 to 525,000 in 1965.

It also has been reported by a special task force on housing that in New York in the same period the median rent-to-income ratio has gone up from 18.4 percent to 20.4 percent.

Taken as a whole—

The report says—

the people of New York are paying a higher proportion of their incomes for a less satisfactory inventory of housing than they were 5 years ago.

Employment of family rent subsidies is now viewed as essential if we are to solve the total housing problem and meet the housing shortage. For that reason I believe my bill should be given favorable consideration during this session.

Finally, I would like to turn my attention to three other bills that bear directly on the great task of upgrading our cities.

Almost all of the major legislation involving grant-in-aid programs for urban areas contain limitations as to the amount of assistance that any single State can receive. These limitations, which vary from program to program, discriminate arbitrarily against large cities in populous States.

For instance there is a limit of 12.5 percent of the appropriation on the amount of money that a single State shall receive under the Mass

Transit Act of 1964; a 12.5 percent limit of urban renewal funds; and a 15 percent ceiling on Federal funds for public housing.

These limitations are out of date, capricious and manifestly unfair to our large urban centers which are most in need of expanded Federal Help.

For that reason I have filed three bills, H.R. 3968 wipes out the public housing ceiling; H.R. 12915 strikes out the urban renewal ceiling; and H.R. 12823 eliminates the mass transit limitation.

I hope that the Banking and Currency Committee will give favorable consideration to these bills during this session of the Congress and right the long years of injustice suffered by our most populous urban centers.

Mr. Chairman, I have not touched on the mass transit subject. I have introduced H.R. 12850 to provide for Federal contributions for operating expenses in mass transit. Senator Harrison Williams introduced this bill in the other body. I hope action will be taken.

I would like to call the attention of the committee to H.R. 7311 which I have introduced. It relates directly to small rehabilitation projects under section 220. It would make it possible to build larger units for families in urban renewal areas. I would be glad to discuss this in more detail because it is somewhat technical, but it would give us an opportunity to keep more families in our cities. It will greatly assist in the rehabilitation of brownstones for family occupancy. Experience in rehabilitating brownstones in the West Side urban renewal area of New York shows the need for this legislation.

I appreciate the opportunity to appear here to express some of my thoughts on the demonstration cities program and some of the needs that confront us in housing throughout the country.

Mr. BARRETT. Thank you, Congressman Ryan. You can always be depended upon for submitting good, liberal, and intelligent recommendations for improving cities and particularly in the city demonstration program. We appreciate your testimony. Mr. Widnall?

Mr. WIDNALL. Thank you, Mr. Chairman. I have no questions. I would like to compliment you on a good statement. You are certainly very forthright about the things you want and you follow them up in proposed legislation, too.

Mr. RYAN. Thank you, Mr. Widnall.

Mr. BARRETT. Mrs. Sullivan?

Mrs. SULLIVAN. No questions, but I have one comment, Mr. Ryan.

I do not think I would agree with you to eliminate the limitation on the distribution of these funds to certain percentages for the various cities—we have discussed that long and hard. If we did not put a limitation of how much any one city or State could get, it could very well all go to one place. I think in many of the discussions we have had about these bills it was the feeling of the committee that to be fair, to give everyone a chance to get into the program, we had to have a limitation on how much or what percentage could go to any one locality.

Mr. RYAN. One of the results, of course—just take the public housing limitation of 15 percent—is that a city like New York, which has the tremendous need I described, finds itself without adequate public housing. This same thing has occurred in terms of urban renewal

funds and mass transit funds. I recognize there should be a fair distribution throughout the country. But these arbitrary limitations work to the disadvantage of our big cities. I would suggest that it has reached such a point that perhaps all of us ought to really reconsider this. The limitations are arbitrary and penalize the big cities. In some instances, States have not used their allotment.

The available funds simply are not utilized, and there is no method of redistributing those funds into cities which have crying needs.

Mrs. SULLIVAN. I am sure it will be discussed in writing up the bill but there would have to be some formula, I feel, in order to give every city, a chance to come in.

Mr. RYAN. Let us make it a good deal higher than it is.

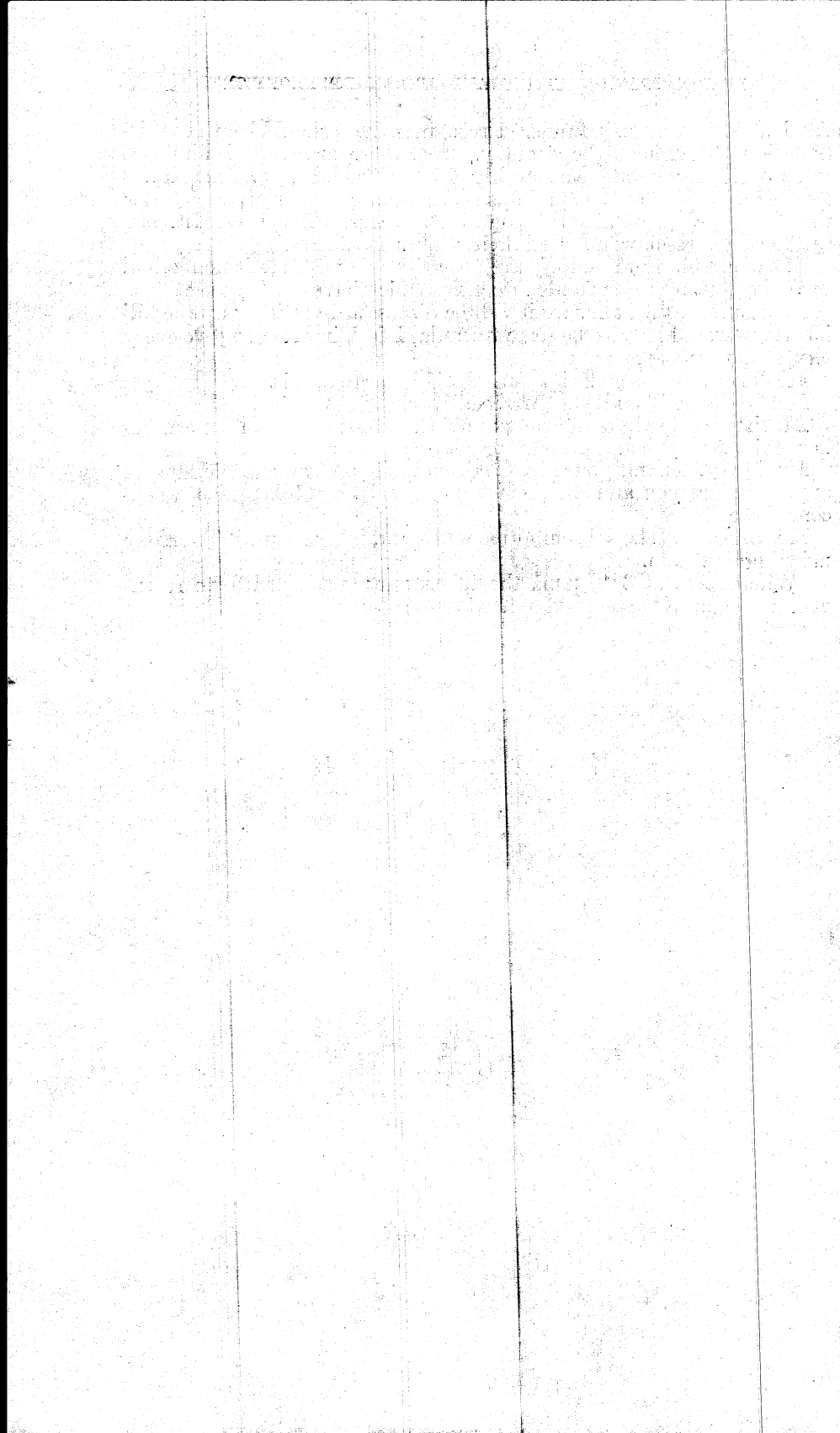
Mr. BARRETT. Thank you, Mrs. Sullivan.

All time has expired and thank you, Congressman Ryan for coming here this afternoon and presenting your testimony.

Mr. RYAN. Thank you, Mr. Chairman. It is always a pleasure to appear before you and the members of your very distinguished subcommittee.

Mr. BARRETT. The subcommittee will stand in recess until Thursday morning at 10 a.m.

(Whereupon, at 3:40 p.m., the subcommittee adjourned, to reconvene at 10 a.m., Thursday, March 24, 1966.)



DEMONSTRATION CITIES AND URBAN DEVELOPMENT

THURSDAY, MARCH 24, 1966

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

The subcommittee met, pursuant to recess, at 10:15 a.m., in room 2128, Rayburn House Office Building, Hon. William A. Barrett (chairman of the subcommittee) presiding.

Present: Representatives Barrett, Mrs. Sullivan, St Germain, Gonzalez, Reuss, Widnall, Fino, and Mrs. Dwyer.

Mr. BARRETT. The Housing Subcommittee will come to order.

Our first witness this morning is Mr. Ferd Kramer, president, Draper & Kramer, Inc.

Mr. Kramer, come forward, please.

It is nice to have you here this morning, Mr. Kramer, it is customary for our committee to make everybody feel at home. If you desire to complete your statement in full, maybe we will ask you one or two questions when you finish. If there is another way you would like to approach it, we will abide by your decision.

Mr. KRAMER. That is perfectly satisfactory with me, Mr. Chairman.

STATEMENT OF FERD KRAMER, PRESIDENT, DRAPER & KRAMER, INC., CHICAGO, ILL.

Mr. KRAMER. Mr. Chairman and members of the committee, my name is Ferd Kramer. I live at 2801 South Parkway, Chicago, Ill. I am in the real estate and mortgage banking business, and am president of Draper & Kramer, Inc. Draper & Kramer has been in existence for 72 years, and I have been with the firm for 43 years. I am a past chairman of the board of ACTION, now known as Urban America, Inc., and I am chairman of its local services division.

In my business capacity, I have directed the operations of my firm in the fields of new construction of rental housing, of redevelopment, and have participated in the financing of various new subdivisions up to and including a new community of 30,000 people. My firm has played a role in the construction of 2 large-scale redevelopment projects, 1 of 2,000 family dwelling units and 1 of 1,700.

I am most appreciative of the opportunity to speak to you on the importance of the "land development and new communities" provision of title II of H.R. 12946, because their meaning to the future of our country cannot be overemphasized. I believe that the importance of title II will become evident when one considers the magnitude of our urban problem in the light of the following facts:

1. Population experts have estimated that there will be 30 million people added to our urban population within 15 years. By 1981, three-fourths of the American people will be living in urban areas.

2. Probably the most dramatic statement of all was that of President Johnson when he stated that in the next 35 years we must literally build in this country as many homes, schools, stores, and factories as have been built since the Pilgrims landed at Plymouth Rock.

3. The amount of money involved in this building program will be seven times greater than the total cost to us of World War II or three times our gross national product last year.

It is obvious that the formidable task ahead of us has to be attacked on two fronts. One is the improvement of living conditions in our existing cities. This involves the clearing out of slums and building modern facilities. It means cleaning the air we breathe, a new look at transportation, and dealing with a host of other problems.

However, it is crystal clear that our existing cities cannot take care of all of the growth that will take place. Therefore, we must also develop new land adjacent to our cities and new satellite communities surrounding them.

This means that we must escalate both the war on slums and the war on suburban sprawl. Every metropolitan area has its examples of urban spillover that has, since World War II, consumed mile after mile of green countryside. Too often, these subdivisions, without proper building standards, lacking adequate sewage disposal and drainage systems, lacking schools, recreation and transportation, poorly planned as to the use of the land, have destined these settlements to become slums almost the instant they are built. The New York Times draws a familiar picture:

* * * our suburbs are made repulsive by tasteless rubberstamp houses that fall apart and fall in value. Commuting is a nightmare. The countryside is a plague of junkyards, gravel pits, signs, and potential shacks. Schools are overcrowded, local taxes soar. The search for privacy and repose defeats itself, as the open unspoiled land recedes.

We are permitting the same intensity of blight that we are trying, at great cost, to overcome in the central city, to take over in the metropolitan areas. Clearly with expansion forces pushing ever outward, the only safeguard against chaotic growth is the rational planning of development outside of the central cities. Title II will encourage rational planning and development.

At present, most mortgage lenders will not make vacant land loans in large enough amounts or for long enough periods of time to encourage the development of new model communities. The provisions of this bill will make loans on vacant land and on land improvements available to developers.

Two of the best planned communities now being built—Columbia and Reston—have exceptional financial backing. In one case an insurance company became its land bank and partner. In the other, a large oil company is playing a similar role. There are few other investors on the horizon who are willing to take similar roles, and there are even fewer developers who have the capital and the borrowing capacity in the private market to enable them to develop new communities. The new community section of this bill will enable more

builders to participate in the orderly building of new, modern, livable communities.

The section of the bill that enables public bodies to act as planners of communities, and as a land bank, will enable small builders to develop small segments of the community.

Another significant value in title II is its potential contribution to the economic stability of the urbanized metropolitan areas. It is obvious that the metropolitan communities cannot prosper if the cities become, as have New York, Chicago, Washington, and other cities, concentrations of those in the lower economic brackets. Today these trends are intensified as industries move outward.

There is a direct relationship between the possibilities of renewing the central city and the need to expand housing and employment opportunities in the suburbs.

So long as well-planned suburbs cater only to the wealthy, the problem of the city will pyramid. By building planned new towns from scratch, with industry, proper community facilities, and a choice of housing types for various income groups, families of diverse economic levels will be attracted.

The aids now available through legislation such as 221 (d) (3) make it possible to construct housing in new towns at many economic levels, assuring economically balanced, stable communities that will take some of the strain off the central cities. This has been effectively demonstrated at Prairie Shores where in the year 1965, 20.4 percent of our tenants had family incomes below \$5,000; 19 percent, \$5,000 to \$6,000; 20.4 percent, \$6,000 to \$7,500; 19.6 percent \$7,500 to \$10,000; and 20.6 percent over \$10,000.

The new town, together with urban renewal, will thus be an effective aid in breaking up slums and effecting a more balanced distribution of resources and population throughout the metropolitan area.

I feel that the two objectives of counteracting urban sprawl and stabilizing our existing cities are the strongest possible arguments for the early enactment of this legislation.

Mr. BARRETT. Mr. Kramer, thank you for an excellent and informative statement.

As you no doubt know, this proposal for FHA insurance of loans to establish new towns and communities has been before our committee for several years. Last year we authorized FHA insurance for suburban subdivisions but the Congress did not extend the FHA insurance to new towns. Frankly, there is considerable opposition about new towns on the part of homebuilders and many mayors.

What would you think if Congress were to authorize FHA insurance for a limited number of new towns, say, for example, a dozen? In other words, we would set it up as a demonstration program to see how it would work. Do you think this would be good strategy?

Mr. KRAMER. I can see only one objection to this. I think it would be good strategy but there is one objection and that is if the demographers are correct and we are going to have the demand for housing that I mentioned in my remarks, and I just checked this again before I came down here for instance, with Philip Hauser of the University of Chicago, and he thought that the figures I used were conservative. If they are correct, we are going to be faced with a colossal problem to house these new families that are being formed.

If we don't house them and give them an opportunity of living in well-planned communities that make proper use of land and of open areas, and greenery and safety for children in walking to school and that sort of thing, then we will have this countryside built up again with the type of urban sprawl with which we are only too familiar.

They are going to get the housing somehow and I think it is up to the Congress to do what it can to see that in gets housing in which families can live happily in communities that will endure so that we are not faced with rooting them out as we are now being faced with rooting out much of the central areas of our cities.

Mr. BARRETT. Thank you very much.

Mr. Widnall?

Mr. WIDNALL. Thank you, Mr. Chairman.

Mr. KRAMER, do you have any suggestions as to the criteria that should be used in locating these new towns?

Mr. KRAMER. The only suggestions I have is that they should be so located that they conform to a regional plan near a metropolitan area. I don't think they should be stuck off by themselves. I certainly think that these loans should not be made to new communities that have no plans for the development of a metropolitan area.

Mr. WIDNALL. All the new towns will need a—they will need an economic base on which to operate to actually live and progress. What do you believe should supply the economic base?

Mr. KRAMER. Well, I think the plans for the new communities should include all the facilities that a new community needs, which means industrial areas, commercial areas, recreational areas, as well as housing both for many income groups and both rent and for sale, and it should be a complete economic unit. But, in addition to that, it should have good transportation facilities and be convenient to the mother city.

Mr. WIDNALL. Do Columbia and Reston have a breakdown of the planning so they do have a good economic basis?

Mr. KRAMER. I believe that they do; yes, sir.

Mr. WIDNALL. As the chairman has said, I have just felt, and I believe we understand that there is quite a bit of opposition to the new-town program from the mayors of some of the larger cities and I think part of it, it will go off and have them rebuild the cities and not do the job that should be done, rehabilitation, modernization, new construction, and orderly development—clearing of slums—we have a problem in that connection.

Mr. BARRETT. Mr. Widnall, will you just yield for a moment?

Would not the fear which lies behind this opposition be greatly lessened if we authorized the program only on an experimental basis?

Mr. KRAMER. Mr. Chairman, ladies and gentlemen, I think this would help alleviate these fears, but I think these fears are really quite groundless. I think the demand is going to be so great that the cities are not going to be able to take care of it themselves, anyway, and I think that the cities are going to have to wake up to the fact that they, too, have to provide relocation housing and facilities for these people that they take out of the slums.

They can't dodge that by saying they are all going to go to the suburbs.

Some of them will, of course, and some of them should, but I think that they are worrying about a problem that really is not going to face them. Isn't it a fact that the cities are losing, and have been losing, what you might call the backbone of their economic base for the last 20 years?

This is nothing new and in order to rectify this, they have got to replan their cities, and compete with the suburbs and make these cities places in which people want to live and with the tremendous growth we are going to have in this country, filling these places will not be a problem.

I think that they are worried about something that is not going to come about.

Mr. WIDNALL. Mr. Kramer, there has been a suggestion made that in the new town program that we take some of the smaller cities and revitalize those and we will have a quicker and better working base than going out and attempting to buy raw land and develop completely new areas.

What is your reaction to that proposal?

Mr. KRAMER. It is not a very good one, really. I think the demands are going to be so great, if we are going to really progress and really strike out for this—for the new horizons, in the building of better places to live, we should build more of these communities and then let some of the other communities come along and rehabilitate themselves and catch up and compete with these other communities.

I think it would be much easier to start and do something that is worth while for this country by building some new towns.

Mr. WIDNALL. Just one further question, do you think of these new towns as a means of relocating a large part of our low income citizens?

Mr. KRAMER. I think of these new towns as housing a broad spectrum of the economic base and I think that the tools are available in Federal aid and insurance to enable housing of that type to be built and that, therefore, we will have good living conditions for this spectrum, rather than only good living conditions for the upper middle and higher income groups in the suburbs.

Mr. WIDNALL. We do not think of these as commuter towns, they are self-contained.

Mr. KRAMER. Actually, they will be both. But certainly the more successful ones will be self-contained. But certainly there will be commuting between the cities. That isn't going to stop.

Mr. WIDNALL. Thank you, Mr. Kramer.

Mr. BARRETT. Mrs. Sullivan?

Mrs. SULLIVAN. Mr. Kramer, I would like to ask you some questions about Prairie Shores, mentioned on page 4 of your testimony. Where is Prairie Shores?

Mr. KRAMER. Prairie Shores is a redevelopment project in the inner city within 4 or 5 minutes driving time of the Loop of Chicago, in what was one of the worst 100-percent Negro slums in Chicago. It was adjacent to Michael Reese Hospital and close to the Illinois Institute of Technology and the area was so bad before Prairie Shores was built, both Michael Reese and the Illinois Institute of Technology were considering leaving the neighborhood.

Since that time they have both expanded their buildings, renovated old buildings, and it is now becoming what it once was, just after the turn of the century, a fine place in which to live and work.

As a matter of fact, I lived within two blocks of this area for the first 13 years of my life and moved out as it became a slum and now I am living back there again. I am retrogressing. I am right back where I started.

Mrs. SULLIVAN. I was not sure whether it is in the suburbs or whether it is in the city.

Mr. KRAMER. It is in the city. I only mention it because of the diverse income groups.

Mr. SULLIVAN. This is what impressed me, too. I wondered—when you mentioned that these families who live in Prairie Shores area in different income brackets—are the lots of uniform size, and do families of widely differing incomes live side by side?

Mr. KRAMER. This is a multistory housing development with five 19-story buildings—about 340 units to the building.

I might add that this project, which was in a 100-percent Negro neighborhood is now about 75-percent white, 25 nonwhite.

Mrs. SULLIVAN. In this range of income brackets, you have perhaps already answered this when you said that you have gone back into it, was there any difficulty in attracting higher income groups to go back into this area?

Mr. KRAMER. Only on the first building. When the area around it was still a rubble and slum.

We had great difficulty really in getting any self-respecting person to move there to start with. But after the first building was occupied and people could come in and see the kind of tenants that were living there, we had no difficulty whatsoever, and I believe it is probably one of the few projects in the city of Chicago today that has a large waiting list.

Mrs. SULLIVAN. In these high-rise apartments in which you have lower income families, have you any idea what percentage of families have children?

Mr. KRAMER. I have a very definitive idea because we have all the statistics. We had a great many children but they are all preschool age, and this is one of the important things in building any project but, particularly, a slum-clearance project. If you don't have adequate schools, you cannot keep those families in the neighborhood. And what happens now—and this applies to nonwhite as well as white—the minute the kids get to school age, almost all of them move out of the neighborhood. Therefore, we do have a good deal of turnover but still you have turnover in metropolitan cities anyway. We have families who start their married life there and live there 5 or 6 years before they move. And then we have many families move back when their kids are away at college or married off. So I would say we have many children, almost all preschool age. There are some exceptions. There are some who send them to private schools and there are buses that pick kids up there every day.

Mrs. SULLIVAN. One other question on that. Are these co-ops or are they rental units?

Mr. KRAMER. Entirely rental.

Mrs. SULLIVAN. I was wondering—you are a well-known mortgage banker, Mr. Kramer, and we had some mortgage bankers' representatives come before us who were opposed to the new town program proposal. You evidently are for it, are you not?

Mr. KRAMER. I definitely am for it, of course.

Mrs. SULLIVAN. Just one other question. Perhaps you cannot answer this, but I cannot help but wonder—what is the source of the violent opposition that has arisen and has just evidenced itself in my hometown of St. Louis? I am getting letters, that just began coming in this Monday from people in my city who are urging my complete rejection of this legislation on the demonstration cities proposal as being completely unconstitutional. My reply to them has been that I know there are many parts of the bill that are controversial, but would they please inform me what is unconstitutional about it? From the tone of their letters, there appears to be a violent campaign of opposition going on to urge people to describe the bill as unconstitutional. I do not know what is behind it and I would like to find out. Have you heard anything about such a campaign?

Mr. KRAMER. I think there has been violent opposition among some groups to any kind of redevelopment. This comes from a number of sources. The slum operators, for one, are fanning it because the slum properties are very lucrative—they don't want them taken from them and torn down.

I think it is also fanned by certain groups who are afraid that slum clearance would put more pressure from nonwhite groups on white areas. They don't realize that this would open up for nondiscriminatory housing in the long run, but they are scared of it.

Then there is also the rockribbed, laissez-faire group who are very sincere, but who really believe that the Federal Government should not do anything whatsoever for local communities—the solution to the slum problem is to let them rot out, until they become uneconomic and then private enterprise will come in and buy them up and rebuild them. Well, I don't expect to live that long.

Mrs. SULLIVAN. Well, for example, one of my correspondents on this is a registered nurse. I do not know whether she wrote this letter on her own initiative or whether it was prompted by some group. I am most anxious to hear what she might say in explanation for the strong opposition in her letter. Thank you very much.

Mr. ST GERMAIN. Many witnesses have testified that the manner to solve the problem of dislocated families during the period of urban renewal is to establish outside the city itself what in effect would be a new town or new city in which people of varying incomes could be absorbed—those who are displaced by the urban renewal projects. I wonder if any of this testimony has come to your attention, and if you would address yourself and give us your opinion on this particular suggestion that has been made to the committee.

Mr. KRAMER. I have not heard of that suggestion, and I am not sure just exactly what is meant by it. If they are thinking of communities just to house people replaced by slums I would be very much against it. I think it would be bad to segregate economic groups, because by and large the people in the slums are of a very low, or low middle-income bracket. So I think this would socially and economically be

very bad. I do think, however, that some can be absorbed in new towns, but I certainly wouldn't want to segregate them in new towns.

Mr. ST GERMAIN. In your opinion, the new towns should be set up in such a manner so that all economic groups and all races would be afforded an opportunity to move into them?

Mr. KRAMER. I think they should be planned so that all economic groups could live there. As far as race is concerned, under the existing laws, these new towns—anything that has mortgage insurance has to be nondiscriminatory.

Mr. ST GERMAIN. You said in your particular project within the city, Prairie Shores, you have 75 percent white and 25 percent Negro.

Mr. KRAMER. Nonwhite because we have some orientals.

Mr. ST GERMAIN. Whereas, prior to that time it was—

Mr. KRAMER. One hundred percent Negro.

Mr. ST GERMAIN. If you know, where did the 75 percent nonwhite find housing, within the immediate area or was there—was housing an improvement over what they left in the slums?

Mr. KRAMER. You are now talking about the people who are dispossessed in the slum clearance project? We, in Chicago, I think really did quite a good job in the matter of relocation. In the first place, before the project was ever started, we got State funds and local funds—a State appropriation, if I remember correctly—it was \$10 or \$20 million, and a local bond issue of the same amount to build relocation housing to take care of these people. They also gave them a priority of occupancy in the existing public housing projects, so that the people who could afford to get standard housing on their own, and the people who couldn't were taken care of, and the surveys that have been made have shown that something like 90 percent of the people who were dispossessed were located in standard housing, either public or private.

Mr. ST GERMAIN. Which was an improvement, because they were being dispossessed from substandard?

Mr. KRAMER. A great improvement, yes.

Mr. ST GERMAIN. On the Prairie Shores project do you know what the time lag was from the time the city of Chicago took over the real estate involved and when you, as developers, were ready to go?

Mr. KRAMER. From the start time, the city started acquiring the land up to the start of construction—it was something less than 2 years. This project went fairly quickly. As slum clearance and private redevelopment was very new we didn't know whether we could get people to live in the multistory buildings in the slum area. So we had a deal with the city to take up the land, one-fifth at a time over a 5-year period. So we started construction on one building and before the year was out we started construction on the next building and in a shorter time on the third building, and it went so well that the fourth and fifth buildings were built simultaneously at the end of 3 years. So we never went the 5-year term at all.

Mr. ST GERMAIN. In addition to the housing that you erected, the five units, was there any other work done in any other area—for instance, you stated that since your tenants who had children who reach school age are moving out, this would indicate there were no schools built to care for these people.

Mr. KRAMER. Actually, there was an additional school built. It is a magnificent, one-story modern school building of superior architecture and was built almost on the site between our project and the New York Life project, which is called Lake Meadows. This was for either the first five or six grades only. It did not go all the way through elementary grades. The city should be commended on having built the school at the right time to take care of the tenants who moved in, but what they didn't do—I should say that they did do, due to the fact that the school didn't fill up right away, because the projects were still under construction, they immediately opened up to the children of the slum area beyond them, so it was inundated and became 100 percent Negro slum children. Therefore, the people who lived in this project, by and large—there are few exceptions—neither the Negroes or the whites would send their children there. They therefore moved out or sent them to private schools, parochial, or otherwise. This applies to the Negroes as well as the whites.

Mr. ST GERMAIN. One last question. You take the physical area on which your particular project is located. You say you have close to 1,700 units, families. How many families were housed, if you know, within that same area, prior to the time you built your apartments?

Mr. KRAMER. There were more than that. The reason for that is that there were many rooming houses with a single person in them who were counted in the census as family groups and, therefore, if I remember correctly, there were probably 2,500 to 3,000 so-called families living there. But if you took real families—husband and wife, children—we probably housed as many as were housed there before.

Mr. ST GERMAIN. Thank you.

Mr. KRAMER. Of course, it was terrifically transient type of occupants.

Mr. BARRETT. Mr. REUSS?

Mr. REUSS. Thank you, Mr. Chairman.

Mr. KRAMER. You spoke of having built a new community of 30,000 people. What was that?

Mr. KRAMER. This was a community 30 miles south of Chicago with good commuter service to Chicago called Park Forest. I didn't build it. We financed it as mortgage bankers. Another firm and our firm did all of the financing. I think altogether we had something like \$80 million worth of financing in that town. This was a complete town. It was planned from scratch as a model and well-planned community with rental housing, commercial development, sales housing, convenient shopping, churches, schools from the elementary through high school. There was a complete community.

Mr. REUSS. I am very much in support of the new towns provision of this legislation, but I will have to ask you this question. If you and your associates could finance Park Forest in the past, why is Federal help needed?

Mr. KRAMER. Well, I can tell you that it was one terrific struggle. The people that promoted it would have gone broke if they hadn't been able to get an RFC loan after the project was started. Because they had this terrific problem of carrying this land, and you can't sell all the houses in one fell swoop. This village was built over a long term of years and, in the meanwhile, the carrying charges on this land almost broke them and, as a matter of fact, I think it is well-known that

Reston, the developer there, had to bring in help and take a partner, or he might have been in trouble.

Mr. REUSS. So what you are saying about Park Forest is that Federal assistance was used?

Mr. KRAMER. Yes; it was a peculiar type at the time.

Mr. REUSS. What you say about Reston and Columbia, it is the Connecticut General, is it?

Mr. KRAMER. Gulf Oil on the other hand.

Mr. REUSS. They are few and far between and they just are not helpful.

Mr. KRAMER. That is correct. There just aren't any.

Mr. REUSS. In speaking of the income distribution of the people at Prairie Shores, how much do the rentals and amenities in the apartments there vary?

Mr. KRAMER. First of all, I would like to preface my remarks by saying that Prairie Shores was built for a dual purpose. One was to provide a decent atmosphere to the periphery of Michael Reese Hospital because this slum was choking it.

The other was to provide housing for staff—married interns and residents as well as nurses and medical technicians. So our purpose right from the start had been to keep the rentals as low as possible. There was no 221(d)(3) in those days. This was a section 220 project and our rentals could have been very much higher than they are. We started in at rentals of \$32 per room per month at a time when there was nothing being built in Chicago in multistory buildings, certainly at less than \$45 per room per month, so even today—and costs have gone up in operation since this was built, even today our rentals range from \$35 to \$38 per room per month.

Mr. REUSS. By and large, the wealthy people with income over \$10,000 a year live in the same apartments and pay the same rent as the people with incomes below \$5,000 a year?

Mr. KRAMER. That is correct. Actually, in our tenant selection policy, we purposely keep down the number of high income people, because that wasn't the reason it was built. On the other hand, we would like to have a diversity.

Mr. REUSS. One more question. You do not mention Prairie Shores as evidence of the need for the new towns?

Mr. KRAMER. No; not at all. Just evidence that economic—that diverse economic groups can live together.

Mr. REUSS. As I think you pointed out, further Prairie Shores projects, which I think are excellent, can be helped by 221(d)(3), the new town proposal is not addressed to this problem.

Mr. KRAMER. Not at all, you are absolutely right.

Mr. REUSS. Thank you.

Mr. BARRETT. Thank you, Mr. Kramer, for a very excellent statement, and we are certainly glad to have you here this morning. I am sure Congress has learned much from the testimony.

Mr. KRAMER. Thank you.

Mr. BARRETT. At this point in the record I will ask unanimous consent to put in the record a number of statements sent to the subcommittee pertaining to the legislation before us.

No. 1. Letters to Chairman Patman and me from Russell I. Thackrey, executive director of the National Association of State Universities and Land-Grant Colleges, and John F. Morse, director of the Com-

mission on Federal Relations, American Council on Education, expressing concern over the inadequacy of funds available for college housing loans and expressing an interest in testifying when the banking committee or the housing subcommittee considers legislation affecting the college housing loan program.

No. 2. A letter from Robert G. Davidson, executive director of the metropolitan area planning council in Massachusetts in support of H.R. 12946.

No. 3. A letter from Mr. Howard B. Noonan, chairman of the board of the Kissell Co. in Springfield, Ohio. Mr. Noonan supports the demonstration cities bill in his capacity as chairman of the Springfield Committee for Community Action Now.

No. 4. A letter from Mr. S. Frank Raftery, general president of the Brotherhood of Painters, Decorators & Paperhangers of America, in support of H.R. 13064 and endorsing Boris Shishkin's testimony and recommendations in his statement to the committee for the AFL-CIO.

No. 5. A statement in support of the Demonstration Cities Act by the Honorable George S. Smith, M.D., mayor of the city of Easton, Pa. The mayor makes a very fine statement in support of the bill.

No. 6. An excellent statement in support of the Demonstration Cities Act by Hon. Stanford R. Brookshire, mayor of the city of Charlotte, N.C. We are most pleased to have the mayor's views and his expression of support.

No. 7. A letter from the city clerk of the city of Scranton, Pa., expressing his full support and endorsement of the city council of Scranton for the demonstration cities bill and expressing the concurrence of the city council with the splendid statement and endorsement which the committee has already received from Hon. James J. Walsh, mayor of Scranton.

No. 8. A telegram from Mr. William H. Ryan, president of the District 44, International Association of Machinists, Aerospace Workers urging the subcommittee to incorporate into this year's housing legislation provisions which will clarify the law to commit the Government to the orderly and expeditious acquisition of homes of such adversely affected employees as a cost element in the closing of such Federal installations.

(The material referred to follows:)

NATIONAL ASSOCIATION OF STATE UNIVERSITIES
AND LAND-GRANT COLLEGES,
Washington, D.C., March 21, 1966.

HON. WRIGHT PATMAN,
Chairman, House Committee on Banking and Currency, Washington, D.C.

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

DEAR FRIENDS: I am writing on behalf of the National Association of State Universities and Land-Grant Colleges to call your attention to a most serious situation with respect to the college housing loan program, and to request permission for the association to present testimony at an appropriate time.

As of January 31 of this year the then Community Facilities Administration, which administers the college housing program, announced that it would receive no new applications for college housing loans. For applications already on file a rationing system was instituted, limiting loans to any one campus to \$4 million, with not more than one-fourth of this for related service facilities.

As of the cutoff date approximately \$800 million in loan applications were on hand. Had receipt of applications continued through the current fiscal year it is estimated that the total would be approximately \$1.1 billion, of which \$192

million represented a carryover from fiscal 1965 of applications which could not be funded that year.

It thus seems clear that even with all applications shut off as of January 31 of this year, the program will go into fiscal 1967 with an unmet backlog of applications on hand of perhaps \$500 million and an additional \$300 million which might have come in had applications not been cut off. Allowing for some "fallout" due to private sales, changes in plans, etc., it is conservative to say that the program will enter the new fiscal year with a backlog on hand of at least \$400 million. The 1967 fiscal year budget recommends limiting the program for that year to \$300 million. Thus it would appear that the agency will not be in position to accept any new applications until, at the earliest, late in the 1967 fiscal year, or more than a year from now.

The budget message proposes:

(1) That the new borrowing authority now fixed in law as of the next 3 fiscal years, at \$300 million a year, be eliminated.

(2) That the program be limited to \$300 million in the coming fiscal year.

(3) That \$800 million in existing obligations held by the Treasury be sold through a "Fannie May pool" operation with, I assume, \$300 million of this made available for new loans for fiscal 1967.

For the current fiscal year, new borrowing authority is fixed at \$300 million, and the program is being held to this amount, although there is in the Treasury in excess of \$200 million in previous loan repayments, which were intended to constitute a revolving fund from which additional loans could be made. Use of this fund would permit a \$500 million rather than a \$300 million program for the current year, and permit that many more badly needed student housing spaces to be provided at least a year earlier than they will otherwise be provided, if they are provided.

For the 1967 fiscal year, the proposal to eliminate new borrowing authority, not use the revolving fund of more than \$200 million, and sell \$800 million in existing obligations but use only \$300 million for new loans, would in effect close down the program as far as approval of new applications are concerned until some time after July 1, 1968. Meanwhile college enrollments are at an all-time high, larger high school classes are graduating each year, the cold war GI bill will swell enrollments of returning servicemen—provided they can get in.

Our association is sensitive to and sympathetic with the budgetary problems related to Vietnam, the pressures of inflation, etc. We feel that the method of financing the program is a matter for decision by the executive and legislative branches. We are greatly concerned, however, that a reasonably adequate program be provided.

According to the best information we can get, the reduction in the interest rate for the college housing loan program made by the Congress last year has not been a major factor in the excess of application demand over the \$300 million to which the program is now limited. In this connection we note that \$192 million in applications was carried over from fiscal 1965 to fiscal 1966, indicating that—without the 3-percent feature—demand was already substantially in excess of the \$300 million level.

We trust that the Congress, in passing on the proposed changes in law, will also wish to assure itself that a reasonably adequate and continuing program is provided for, and wish to offer testimony at the appropriate time.

Sincerely,

RUSSELL I. THACKREY,
Executive Director.

AMERICAN COUNCIL ON EDUCATION,
Washington, D.C., March 22, 1966.

HON. WRIGHT PATMAN,
*Chairman, Committee on Banking and Currency,
U.S. House of Representatives,
Washington, D.C.*

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

DEAR ———: Yesterday Mr. Russell Thackrey, executive director of the National Association of State Universities and Land-Grant Colleges, wrote to you

and Mr. Barrett the concern of that association with the situation which now prevails in college housing.

May I say that the American Council on Education, which numbers among its membership 1,194 colleges and universities and 231 education organizations, has the same concerns and for precisely the same reasons as were expressed to you by Mr. Thackrey.

At a meeting of our Commission on Federal Relations February 28 this whole problem was discussed in detail. It was the view of the commission that the ability of colleges and universities to absorb the greatly increased numbers of students who will be seeking admission is already severely crippled by a shortage in college housing and that unless some solution is found the situation will soon be of crisis proportions.

I have discussed with Mr. Thackrey his request that the national association be permitted to present testimony at an appropriate time. Since both the association and the council are faced with the same inexorable facts, there would seem little point in our presenting separate testimony. I have suggested to him, therefore, that the council join with the association in presenting joint testimony. I hope that this approach will be satisfactory to you.

Sincerely yours,

JOHN F. MORSE, *Director of the Commission.*

THE COMMONWEALTH OF MASSACHUSETTS,
METROPOLITAN AREA PLANNING COUNCIL,
Boston, March 18, 1966.

HON. WILLIAM A. BARRETT,
*Congressional Office Building,
Washington, D.C.*

DEAR CONGRESSMAN BARRETT: I am sending along a resolution which was recently adopted by the membership of the Metropolitan Area Planning Council. You will see that it relates to H.R. 12946, the urban development bill which is currently before your subcommittee.

As you may know, the Metropolitan Area Planning Council was established by the Massachusetts Legislature in 1963 to represent the 79 cities and towns in the Boston standard metropolitan statistical area. This area has a population of over 2½ million.

Obviously, this area and these communities have a vital stake in responsible planning efforts. The incentives that H.R. 12946 holds out for this kind of activity, makes it a worthy and desirable piece of legislation. I hope your committee will take favorable action on this vital measure.

Respectfully yours,

ROBERT G. DAVIDSON, *Executive Director.*

RESOLUTION

Whereas the Metropolitan Area Planning Council has since its inception been working toward a comprehensive development plan for its district, and has acted to coordinate the efforts of the individual cities and towns within that district; and

Whereas President Lyndon B. Johnson said in his recent state of the Union message: "The powerful forces of urban growth threaten to overwhelm efforts to achieve orderly development. A metropolitan plan should be an instrument for shaping sound urban growth—not a neglected document"; and

Whereas H.R. 12946, known as the urban development bill and currently before the Congressional Committee on Banking and Currency, provides much needed incentives for effectuating plans by means of offering supplementary grants of 20 percent in addition to other Federal assistance for projects in metropolitan areas which have established areawide, comprehensive planning programs: Now, therefore, be it

Resolved by the Metropolitan Area Planning Council, That the council endorses and urges appropriate financing to fulfill the objectives of H.R. 12946, and favorable action on this measure because of its crucial importance to this area and because it generally encourages responsible planning efforts.

THE KISSELL Co.,
Springfield, Ohio, March 14, 1966.

HON. WILLIAM A. BARRETT,
Chairman of the Subcommittee on Housing,
House of Representatives Office Building, Washington, D.C.

MY DEAR MR. BARRETT: I am writing to thank you, both in my capacity as chairman of the Springfield Committee for Community Action Now, as well as personally, for having extended to the representatives from our city the opportunity to appear before your committee last week to testify as to how desirable we feel that the proposed demonstration cities bill is.

As chairman of this citizens' committee, I hope that we speak on behalf of the entire population of Springfield, representing all interests—business, labor, and many civil groups. We feel there is tremendous merit in the proposed bill, and speaking for Springfield, I can assure you of our wholehearted backing and enthusiastic support. We are doing everything we can to demonstrate our needs, and to come up with the broad planning which we feel is necessary to permit us to be considered.

Once again, please let me thank you for your courtesy and consideration in permitting our city officials to testify.

Very truly yours,

HOWARD B. NOONAN,
Chairman of the Board.

COMMITTEE FOR COMMUNITY ACTION NOW

MEMBERSHIP LIST

Howard B. Noonan, committee chairman, chairman of the board of directors, the Kissell Co.

Robert C. Acton, attorney, Acton, Dunn & Ronemus.

Edward Coleman, president, Olan Mills, Inc.

Bitner Browne, attorney, Martin, Browne, Hall & Harper.

Robert S. Hamilton, executive vice president and general manager, Springfield Newspapers, Inc.

Loren G. Schultz, managing editor, Springfield News & Sun.

Alvin McGregor, president, Robbins & Meyers.

Rev. Kay M. Glaesner, pastor, St. John's Lutheran Church.

Dr. John N. Stauffer, president, Wittenberg University.

Joseph Shouylin, president, Bauer Bros. Co.

Reed Robertson, president, Robertson Sign Co.

Robert Yontz, master of ceremonies, radio station WBLX.

Peter Dennerlein, industrial consultant.

H. D. Crabtree, president, Springfield Labor Council.

PROPOSED STATEMENT OF PURPOSES

1. To engage public concern in finding and achieving solutions to the urgent problems of our urban community.
2. To stimulate action by appropriate agencies, both public and private, in planning and executing needed projects.
3. To use all possible resources, both private and public, to accomplish this objective.
4. To seek immediately a creative and courageous program to rebuild the core area of Springfield, as a first step in dynamic urban improvement.

BROTHERHOOD OF PAINTERS, DECORATORS, AND
PAPERHANGERS OF AMERICA, AFL-CIO,
Washington, D.C., March 11, 1966.

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

DEAR CONGRESSMAN BARRETT: This letter is in support of the urban development amendments as introduced by you under H.R. 13065.

I have read with keen interest the testimony of Mr. Boris Shishkin, at which time he testified before the committee on behalf of the AFL-CIO and I herewith

most respectfully urge that your bill, H.R. 13065, and Congressman Patman's bill, H.R. 13064, be revised along the lines of Mr. Shishkin's testimony.

While I convey support for these bills, I do so not only on my behalf but also for the 202,000 members affiliated with our international union.

Thank you in advance for your kind consideration in these matters.

Very truly yours,

S. FRANK RAFTERY,
General President.

STATEMENT OF HON. GEORGE S. SMITH, M.D., MAYOR OF THE CITY OF EASTON,
COMMONWEALTH OF PENNSYLVANIA

Mr. Chairman and members of the committee, my name is George S. Smith, mayor of the city of Easton, Pa., and I am appearing before you to request the passage of the Demonstration Cities Act. I would like to express in this testimony, the necessity for a more inclusive urban participation by the Federal Government in order to alleviate the problem of blight, decay, and human privation.

I strongly advise the establishment of demonstration projects in blighted cities in order to prove that this action will have tremendous salutary effect on the future of American cities. For example, our city of Easton is a core city. It is the repository of the government buildings, the college, the churches, the library, social agencies, YMCA, YWCA, county jail, county courthouse, Federal post office, and social security buildings, State employment office, and visiting nurse and other social agencies.

In fact, one-third of the city is occupied by tax-free properties. The city of Easton has been the haven for the less fortunate of the community, and we have gradually provided public housing for the low-income groups and the elderly.

Shopping centers about us have cost us millions of dollars in loss of property evaluation in our downtown business area. To offset loss of revenue and to provide proper services, the city has been forced to adopt a high tax rate.

The community about us use our sewage, our water, our streets, send their children to our college, use our post office, library; in fact, they have the advantage of all the city functions, but under the guise of "maintenance of local government" have refused to share the burden, and remain politically separate. The basic reason for this is that they can enjoy a low tax rate and an affluence that can be only shared if you move out of the city into the suburbs. Many of our citizens are doing this. The cities grow poorer and the suburbs richer.

It is only through Federal assistance on an enlarged scale that the cities can fully rejuvenate themselves. Why do we do this? For the betterment of the poor, the needy, the unfortunates that have been accepted as the cities' burden. Please help us carry out this important task. I urge you to support the Demonstration Cities Act and help Americans who need your aid.

CITY OF CHARLOTTE, N.C.,
OFFICE OF THE MAYOR,
March 11, 1966.

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

DEAR CONGRESSMAN: I do appreciate your letter of March 2 in which you have suggested that I send a statement which you would include in the printed record after bringing it to the attention of the subcommittee members presently involved in current hearings on H.R. 12341.

Thank you for this opportunity for submitting the attached statement.

Sincerely,

STANFORD R. BROOKSHIRE.

STATEMENT IN SUPPORT OF DEMONSTRATION CITY LEGISLATION

American cities are in serious trouble. While the older sections of the inner city suffer from physical decay, social unrest, and economic difficulties, suburbs sprawl over the countryside draining human and financial resources while increasing demands for municipal services. The pattern of modern urban development is like an expanding wheel, the hub of which needs repair.

We are an urban civilization. Over three-quarters of all Americans live in our urban centers. The future of these cities will determine the future of our Nation. All levels of Government must fully comprehend this and cooperate in finding solutions to the problems besetting the city.

These problems are complex. With the exodus of business from the central city, blight and decay erode property values, disperse business and civic leadership, and rob the city of its vitality. The ugliness and absence of economic opportunity which this exodus leaves behind alienates the individual and oppresses the human spirit. Halfhearted efforts and patchwork cannot solve these problems. But major surgery and comprehensive physical, economic, and social redevelopment will renew the city.

The central city must be completely overhauled, slums eliminated, and human and physical blight arrested. Comprehensive future planning must be a part of this effort. Ease of access, human convenience, esthetic improvements, and expanded social, educational, and economic opportunity are some of the goals that must be achieved.

This job cannot be done by local government alone. This job cannot be done by private enterprise alone. But cooperation among levels of government and private enterprise can get the job done.

Intergovernmental cooperation in meeting the needs of urban society is nothing new. The concept of H.R. 12341 simply expands upon such cooperation to meet one of our most severe urban problems. The concept is sound and represents a challenge to the Nation to do those things now that will shape the future of our cities.

SCRANTON, PA., March 21, 1966.

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

DEAR SIR: On Tuesday, March 15, 1966, Mayor James J. Walsh and a committee of local citizens appeared before the Subcommittee on Housing of the House Banking and Currency Committee and testified in support of early enactment of the demonstration cities program now under study in Congress and expressed desire that Scranton might be included in the program.

At a meeting held on March 16, the city council of Scranton, Pa., concurred with the testimony of Mayor Walsh and his committee and gave full support and endorsement to the program.

We sincerely hope that if and when the program is approved that the city of Scranton will be given serious consideration for inclusion in the demonstration cities program.

Respectfully yours,

FRANK DESARRO, City Clerk.

[Telegram]

WASHINGTON, D.C., March 21, 1966.

HON. WILLIAM A. BARRETT,
Chairman, Housing Subcommittee,
Committee on Banking and Currency,
Rayburn House Office Building,
Washington, D.C.:

This organization representing thousands of employees adversely affected by Department of Defense and other base closures respectfully urges your subcommittee to incorporate into H.R. 13064, provisions which will clarify the law to commit the Government to the orderly and expeditious acquisition of homes of such adversely affected employees as a cost element in the closing of such Federal installations.

Mr. Boris Shishkin, secretary of the AFL-CIO Housing Committee urged such amendments when testifying before your committee on March 3, 1966. This organization wholeheartedly endorses Mr. Shishkin's testimony in this respect, and we respectfully request the subcommittee to act favorably thereon.

WILLIAM H. RYAN,

President, District 44, International Association of Machinists/Aerospace Workers.

Mr. BARRETT. Our next witness this morning will be the Honorable Thomas J. Whelan, mayor of Jersey City, N.J.

Mr. Mayor, will you come forward, please?

Mr. Mayor, we are certainly very much pleased to have you here this morning. We have had some of our great mayors from all parts of the country testifying on this bill. We are having you here this morning, and I am quite sure you join these great men.

I would like to say at this point that my very good friend and able colleague, Congressman J. Minish from Newark, who is, I understand, a good friend of yours, wanted me to tell you that he regrets not being able to greet you here in person this morning because he has another meeting which he has to attend.

I also want to express similar regrets for Mrs. Dwyer. She said, when this great mayor who comes from New Jersey, to say how she desired to welcome you here and extend the courtesy which is customary for this committee to extend to all of our witnesses.

Congressman Dominick V. Daniels would have been here, too, but he also is tied up in meetings and cannot leave, and has asked his assistant, his confidential secretary, to come over and introduce you to this committee.

**STATEMENT OF GERARD F. DEVLIN, LEGISLATIVE ASSISTANT TO
HON. DOMINICK V. DANIELS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW JERSEY**

Mr. DEVLIN. For the record, my name is Gerard F. Devlin. I am the legislative assistant to Congressman Dominick V. Daniels of the 14th Congressional District of the State of New Jersey.

Congressman Daniels is meeting in an executive session of the House Subcommittee on Compensation and Retirement to consider a bill which vitally affects 2,700,000 Federal employees. For this reason, he is unable to be here today to introduce our distinguished guest.

It is a great privilege to stand in this morning for Congressman Daniels in introducing the mayor of Jersey City to the members of this subcommittee.

Three years ago it seemed that Jersey City was paralyzed. The city is, of course, an old one with many of the problems that one would expect after 300 years of existence. Much of the city's residential area is in a state of decline, but since he took office not quite 3 years ago, this downward spiral has been reversed and Jersey City is on the move again. Under the capable leadership of its new chief executive, Jersey City is on its way back. However, the financial situation in Jersey City is such that the massive program of redevelopment which is needed is beyond the city's financial grasp. It is for this reason that Congressman Daniels feels that Jersey City, with all its great poten-

tial—its railroads—its harbor facilities and its unexcelled geographic advantages should be considered as one of the 60 demonstration cities to be chosen when this legislation is enacted.

Rather than intrude upon the time of our distinguished guest, I would like to present to you the very outstanding mayor of the city of Jersey City, a man who was described by the Wall Street Journal this week as the man who is revitalizing Jersey City. I present to you the mayor of Jersey City, the Honorable Thomas J. Whelan.

Mr. BARRETT. That is quite a commendation and, certainly, I am sure you warrant it in every respect.

If you desire to state your testimony in full, we will be glad to go along with you in that respect.

STATEMENT OF HON. THOMAS J. WHELAN, MAYOR OF JERSEY CITY, N.J.; ACCOMPANIED BY SIDNEY WILLIS, CITY PLANNER

Mr. WHELAN. Thank you very much, Congressman Barrett. I am indeed grateful to you and the other distinguished members of this committee who granted me the time to come here to present our views, and I am extremely grateful to my good friend, Congressman Minish, and Congressman Dwyer, for his and her comments and, of course, we are extremely grateful also to our very warm and personal friend and great Congressman, Dominick Daniels, for his kind remarks.

Gentlemen, my name is Thomas J. Whelan, and I am the mayor of Jersey City, N.J., a community of 276,000 citizens located upon upper New York Harbor in the heart of the New York metropolitan region.

Jersey City is the second largest municipality in the State of New Jersey. More important, perhaps, is that our densely populated community is more than 300 years old. We have more than our share of the problems which result from 300 years of unplanned growth and uncoordinated industrial and residential development.

It is only natural, therefore, that I join with the mayors of our Nation's older cities in urging your approval of the Demonstration Cities Act of 1966. But I would like to take a few minutes of your time to offer several brief suggestions concerning the program you are now considering.

First, we of Jersey City support the concept of limiting the number of cities to be selected under this program. I hope, of course, that Jersey City is among the 60 cities selected, but in any case we see the wisdom in limiting this program to a relatively small number of municipalities.

But we feel that some strictly objective criteria should be applied to determining which cities are selected. This important program, with all its far-reaching potential, should not evolve into some kind of Federal lottery with 60 lucky cities holding the winning tickets.

Among these determining criteria, we feel, should be the size of a city and its role within its metropolitan area, the extent of its economic and social deterioration, its present and future economic potential, the character of its population in terms of race, age, and economic status, the extent of hard-core poverty within the city, and many other factors.

And possibly the most important of these criteria, we suggest, should be a hard-headed appraisal of the ability of each city to actually

carry out its renewal program and put to effective and lasting use the taxpayers' funds invested in this program.

There is no sense in selecting as a demonstration city a community which hasn't yet tried to help itself and do what it can about its problems. Such a city would not possess the skills, the trained personnel and the know-how to make a success of its assigned role as a demonstration city.

Frankly, we of Jersey City feel that such criteria will work toward our own benefit, for we have an outstanding planning and redevelopment staff which has initiated a bold and comprehensive community development program which has earned the approval and praise of Federal authorities.

Selection as a demonstration city would be of tremendous importance to Jersey City, of course, for it would permit us to accomplish in just a few years the kind of programs which our present municipal financial limitations have forced us to schedule in terms of decades or more.

In the past 3 years, we have cut the Jersey City payroll from 5,200 employees to approximately 3,800 in order to be able to maintain tax stability—while simultaneously expanding our community renewal program and increasing the salaries of many city workers to reasonable levels.

Our latest step has been the creation of a new division to carry out a sweeping housing code enforcement program.

We know what must be done in Jersey City. We know generally how to do it. But we haven't the money or the trained manpower to carry out our program as quickly as the increasing urgency of our problems demand. And we are increasingly afraid that by the time we have brought one set of problems under control, still worse problems will have arisen. By the time one residential section is brought up to code standards, two or three more may have slipped to far toward being slums. Time is our enemy, as it is the enemy of all old cities.

The second comment we offer regarding the demonstration cities proposal is in support of having a Federal coordinator in each city to oversee the Federal program there. We are strongly in favor of effective coordination of all the Federal programs that will be involved in a project of this magnitude. We clearly see the need for a Federal coordinator with appropriate authority reporting directly to the regional administrator of the Department of Housing and Urban Development. We don't fear a Federal "czar."

But we also urge that this Federal coordinator should be on tap, not just on top. His function should be examined closely, for it would be a tragedy if the demonstration cities program were to become bogged down in administrative paper shuffling and bureaucratic buckpassing.

The counterpart to the Federal coordinator would be the city's local coordinator, reporting directly to the mayor and the governing body.

Just as the Federal coordinator would help to mobilize all the existing Federal programs and agencies available, so would the local coordinator mobilize all the municipal and community resources on hand in the fight to renew the community.

Only in this way, with each coordinator wielding a broad scope of powers, can we see an effective and well-functioning program resulting.

Finally, we feel that a prime factor in the selection of the demonstration cities should be the effect that the chosen cities can have in sharing the benefits of their experience under this program with other communities around them.

This program has to be more than just a handout for 60 lucky municipalities. It has to benefit as wide an area and as broad a range of urban situations as possible.

Almost any city, of course, could apply this new program for their individual benefit, but many of these cities are surrounded by well-to-do suburbs which do not face the plight of America's aging urban centers. Other cities, in contrast, are at the hub of poverty and deterioration in the form of smaller municipalities which have neither the resources nor the potential for overcoming their problems.

Jersey City, for instance, is surrounded by 11 smaller Hudson County communities which are struggling with varying degrees of effort and success to meet many of the same urban problems faced by Jersey City itself.

But Jersey City is fortunate to have four colleges within its boundaries, and their enrollment in a demonstration cities program could help spread the results of this effort far outside our own city limits.

We see city officials from not only other Hudson County communities but from municipalities throughout New Jersey participating in week-long on-the-job training courses in which they would see and experience firsthand how to cope with the many problems involved in urban renewal.

We see the Federal coordinator and the local coordinator jointly maintaining a regional urban resources center—a library of pertinent regional data and recent publications available to all nearby municipalities.

We see Jersey City gaining from the experience of its sister municipalities even as they are seeing how community renewal can work in their own cities—and this entire approach to the demonstration cities program simply wouldn't be of real effect in the center city which is surrounded by quiet, well-ordered suburban "country-club" communities. This should be an important factor in the demonstration cities program, we feel.

In conclusion, let me stress my enthusiasm for the potential of this dynamic new approach to solving the problems—indeed, the crisis—of our aging cities. And unlike some who fear this proposed massive Federal involvement in the battle against blight, we of Jersey City know from personal experience that Federal, city, and State authorities can work together to achieve results of lasting benefit for the people.

At this moment, a unique experiment in urban redevelopment is underway in Jersey City, the results of which we know will eventually be hailed by citizens from all parts of our great Nation as a major achievement of enlightened government.

I speak of Liberty State Park on the Jersey City waterfront immediately behind historic Ellis Island and the Statue of Liberty. Jersey City conceived this 400-acre recreational and cultural facility several

years ago as part of our overall waterfront development plan, and last year the city donated one-third of the park's total acreage to the State of New Jersey, which will obtain the remainder of the land under our State's renowned green acres program.

The creation of Liberty Park, in turn, inspired the Federal Government to designate Ellis Island as a national historic shrine, and youths from the Federal Job Corps program are now engaged in the initial development work in Liberty Park and Ellis Island.

This is an outstanding example of Federal-State-municipal cooperation and coordination. It is the kind of partnership that we see resulting from the demonstration cities program. It is tangible proof that this program can work and will surely be of lasting benefit not only to the 60 cities ultimately selected but to municipalities throughout the entire Nation.

I am very grateful, Congressman Barrett, and the members of the committee, for giving us time to present these humble and simple views.

Mr. BARRETT. Thank you, Mr. Mayor, for a very good statement. I assume you desire to have the proposal, the Demonstration Cities Act of 1966—a proposed program for Jersey City, N.J., entered in the record?

Mr. WHELAN. Yes.

Mr. BARRETT. This may be done without objection.

(The Demonstration Cities Act of 1966—a proposed program for Jersey City, N.J., follows:)

THE DEMONSTRATION CITIES ACT OF 1966—A PROPOSED PROGRAM FOR JERSEY CITY, N.J.

I. INTRODUCTION

The proposed Demonstration Cities Act of 1966 will provide Jersey City, if selected, with an unparalleled opportunity to carry out a program of action which will reverse the social and physical decay that is occurring in the oldest sections of our community.

In recent years, Jersey City has carried out intensive research studies which have resulted in the formulation of a comprehensive program for attacking the city's many problems. An experienced, professional staff of planning and redevelopment officials has been assembled, and a number of renewal measures have been initiated.

But the city's financial limitations—its increasing municipal costs and shrinking revenue sources—have severely limited the size and scope of the city's renewal effort. Despite stringent economies, including the dismissal of nearly a third of the city's municipal employees during the past 3 years, it has been necessary to budget implementation of the total community renewal program in terms of a decade or more.

The purpose of this report is to outline the ideas and methods which Jersey City proposes to use under the Demonstration Cities Act. The approach outlined is practical and realistic, and it will contribute substantially to the general body of knowledge being accumulated throughout the Nation regarding the critical and growing problem of renewing the social and physical fabric of our cities.

A. A description of the city

Jersey City is one of the oldest major cities in the Nation, having been first settled well over 300 years ago by the same Dutch immigrants who founded New York City. Its 18 square miles occupy the center of the Hudson County peninsula, and Jersey City's waterfronts provide access to the Hudson River and Upper New York Bay on the east, and to the Hackensack River and Newark Bay on the west.

Jersey City, like New York City, has served throughout its history as a port of entry to the United States. It is symbolic that both Ellis Island and the Statue of Liberty are located immediately off the Jersey City waterfront. The city grew steadily through the years, reaching a peak population of 316,715 in 1930. The population in 1960, however, was only 276,101.

Like many of the Nation's older central cities, Jersey City has experienced a flight of the middle-income segments to suburban areas of New Jersey and a correlated increase in its Negro and Puerto Rican population. It is estimated that Jersey City's population is now about 86 percent white, 11 percent Negro and 3 percent Puerto Rican.

Some industry, too, has joined the flight to the suburbs—and of even greater economic importance to Jersey City has been the sharp decline in its railroad rates. The railroads once owned 98 percent of the city's eastern waterfront, but they now own less than half and are continuing to withdraw.

B. What Jersey City will demonstrate

With the catalytic impetus of substantial Federal aid, Jersey City can begin putting into immediate effect programs presently scheduled to start years from now. The Demonstration Cities Act will enable the city to fully utilize its total community resources and experienced organizational skills in a program which will dramatically improve the physical, social, and economic environment of its deteriorating areas within a relatively short time.

The city will:

1. Eliminate all substandard housing conditions through the mechanism of code enforcement, conservation, rehabilitation or, when necessary, clearance.
2. Improve the physical environment to such an extent as to evoke a positive response from residents through the use of modern construction techniques, imaginative building types, integrated architectural effects of skyscrapers and landscapes, vistas, parks, and street patterns, and cleanliness of neighborhoods.
3. Provide housing at prices that our residents can afford.
4. Create or uncover additional jobs, reducing the unemployment rate to 3 percent or less.
5. Substantially reduce the welfare caseload.
6. Improve the health levels of the residents.
7. Increase the educational attainment levels.
8. Reduce discrimination in housing and employment.
9. Induce residents to participate effectively and enthusiastically in the social and physical rejuvenation of their neighborhood.
10. Accomplish any necessary relocation of residents with a minimum of hardship and inconvenience, and give these residents the opportunity to relocate either within or outside their neighborhood.

II. THE PROGRAM

The augmented community renewal effort envisioned by Jersey City will stress community participation and the mobilization of all the community's resources. Citizen participation can be achieved through expansion of the program of the city's present antipoverty organization and through setting up additional publicly financed citizen groups on both a neighborhood and a citywide basis.

Some of these groups, together with existing civic and social organizations, would concentrate their attention on special areas of concern, such as housing, employment and education. Others would focus their energies on the problems faced by the residents of a specific neighborhood or block.

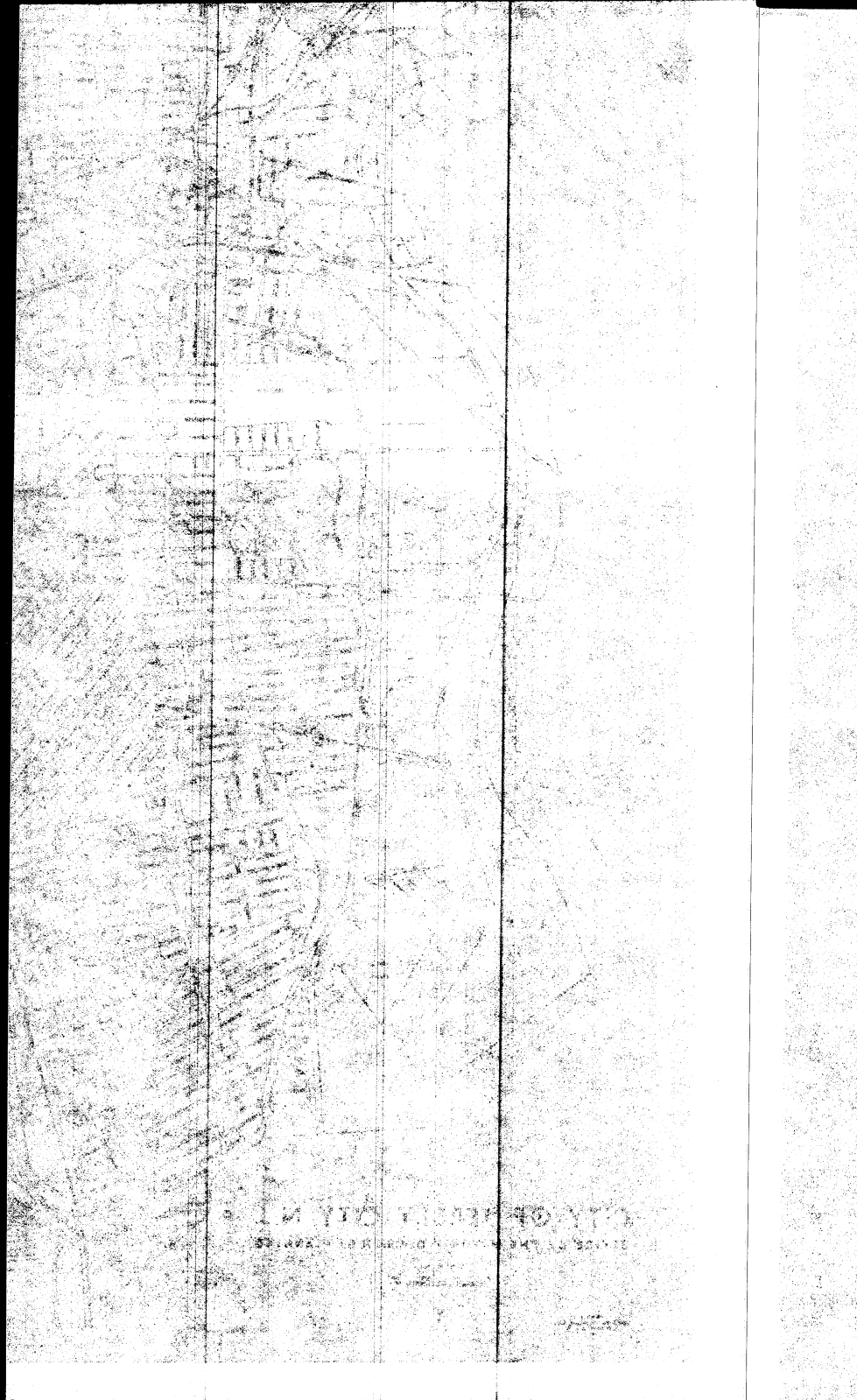
All such groups will have representation in an areawide council, at which all concerned public and private agencies also will have permanent representation.

And bringing together the plans and the programs of all the groups involved, other than those on the Federal level, would be a local coordinator with broad powers who would report directly to the mayor and the governing body of the city.

A. The demonstration area

The section of Jersey City proposed as the location of the demonstration program (hereafter termed the demonstration area) is comprised principally of the neighborhoods known locally as Downtown, Lafayette and Bergen. These neighborhoods are the oldest and most deteriorated sections of the city.

60-878 O - 86 - pt. 2 (Face p. 1028)



The demonstration area totals approximately 4,200 acres, which is about 40 percent of the city. The population is estimated to be about 113,700, or 41 percent of the city total.

The nonwhite segment of the population and other minority groups are moving into this area in increasing numbers. The median family income was estimated in 1960 to be \$4,600, as compared to a city average of \$5,324. Unemployment is more prevalent in the demonstration area than in the city as a whole, with an unemployment rate of 6.6 percent in 1960 as compared to the citywide average of 5.8 percent.

Housing in the demonstration area is predominantly a mixture of two- and three-story frame or brick structures, many of which have been converted to higher densities than they were originally built for. It is estimated that a third of the 35,800 housing units in the area are substandard.

The community facilities serving the demonstration area are inadequate and obsolete. Fourteen of the 15 public schools serving the area are overcrowded. The demonstration area has all of the social problems which result from longstanding and increasing physical deterioration and overcrowding.

Well aware of the area's problems, Jersey City already has invested or earmarked a great amount of money for the neighborhoods involved through its capital improvements program. In addition, the city is now constructing or has in the planning stage five urban renewal projects within the demonstration area's boundaries, but the last of these is not expected to be completed before 1975.

Although the city's share of these urban renewal projects will exceed \$17 million, it is increasingly apparent that many nearby similarly deteriorated neighborhoods will remain outside the city's resources under current programming.

When all of the city's long-range capital improvements and urban renewal projects have been completed, poverty, deterioration, and social ills will still remain. Limited by a restricted financial situation which is threatened by rising municipal expenses and steadily dwindling revenues, the pace of the Jersey City renewal effort to date has been too slow to catch up with the rapidly increasing rate of physical and social decay.

B. Proposed overall strategy

The city's program for a successful renewal demonstration is based upon the coordination of four lines of endeavor: urban renewal projects and capital improvements; complete, integrated services to the family and general population; centralized records, inspections, and services to the buildings; and comprehensive citywide and neighborhood planning.

1. All the urban renewal projects within the demonstration area, plus other programs now in existence or planned for the immediate future, will be included in the demonstration program. Since several of the planned projects can promptly be put into execution, there will be immediate and important results. They will provide centers of strength from which to work.

This process will have a mutually reinforcing effect on both the urban renewal projects and the entire demonstration area in terms of marketability, rehabilitation, and physical and social integration. The capital improvements carried out as part of the projects will act as model points, and it will be easier to extend these improvements into other parts of the demonstration area.

2. A series of neighborhood centers will be established which will give one-stop service to all persons who need public or private assistance of any sort. They will be patterned after neighborhood centers already established by the city's antipoverty organization.

These neighborhood centers will strive to cut redtape, and will make every effort to induce persons who are now suspicious of Government to participate in the varied services and programs which will be offered. It is hoped that through these neighborhood centers the socially disinherited can acquire a feeling of community participation and involvement.

3. A central facility to keep records on all aspects of building conditions and ownership in the demonstration area will be established within the area itself. This operation also will provide a full range of services relating to rehabilitation, upgrading, financing, and building complaints. All of the problems and difficulties which result from the effort to physically upgrade the demonstration area thus will be focused in one operation.

4. The city is now completing work on a new master plan which provides basic decisions on land use and traffic patterns, and which clearly defines individual neighborhoods within the city. The master plan is the framework for detailed planning of neighborhood renewal.

C. Specific proposals

To carry out the objectives of the demonstration program, the city will establish the following agencies and programs:

1. *Neighborhood centers.*—A series of neighborhood centers will be established. They will provide such services as skills inventory, employment counseling, medical diagnosis, recreation, senior citizens activities, day nurseries, and cultural development programs. Already existing private centers such as the city's antipoverty organization's facilities will be encouraged to participate in this program.

2. *Employment.*—The job counseling services provided in the neighborhood centers will be auxiliary to a main employment center for residents of the demonstration area. Training programs to upgrade the skills of the unskilled will be instituted through the combined cooperation of the city schools, labor unions, local industries, and Federal, State, and local antipoverty programs. The emphasis will be on training for specific tasks.

Residents of the demonstration area will be given first priority to work on construction related to the project, and the minimum wage for all projects and programs in the area will be required to meet or surpass State minimum wage requirements. Unions which practice racial discrimination will be barred from working on construction related to programs in the demonstration area.

The city will press the State legislature to expand unemployment benefits to cover workers presently ineligible. A series of day nursery facilities will enable some mothers to seek work. Efforts will be made to require unions working on projects in the demonstration area to have a portion of their work force selected from participants in the job training program, and the city also will engage trainees in its public works projects and agency programs.

Efforts will be made to strengthen small businesses in the demonstration area, and the establishment of new small businesses by local residents will be encouraged.

Under Jersey City's community renewal program, existing industrial districts with vacant land are slated for industrial development. The program includes expansion of the Lafayette industrial district on the southern boundary of the demonstration area. This planned industrial expansion, together with an accelerated capital improvements program, will serve to increase job opportunities as part of the demonstration program.

The Jersey City Area Development Council, an agency of the Jersey City Chamber of Commerce, will be called upon for active participation in this phase of the total program.

3. *Housing.*—A facility centralizing all housing, building services, and related activities will be maintained in the demonstration area. The city housing inspectors will work from this office, and all housing data regarding building conditions, property ownership, and tenancy will be kept there. The code enforcement program will be expanded and intensified, and services will be established to facilitate relocation, financial aid and advice, home improvement, and legal aid.

Racial discrimination in housing will be attacked with legal, education, and social measures. Private sponsors of housing, especially nonprofit sponsors, will be encouraged to build in the demonstration area. Rehabilitation of existing housing beyond the demands of code enforcement will be stressed; Jersey City is presently urging the State legislature to amend the State constitution to allow limited deferment of the assessment increases which presently result when major improvements are made to homes.

Existing public housing units in the demonstration area will be rehabilitated, and changes in the lower and upper admission income limits will be made. In addition, the Jersey City Housing Authority will buy or lease vacant private and convert them to public use, and "vest pocket" public housing will be distributed through the demonstration area.

Residents of the demonstration area will be encouraged to form cooperative apartment buildings. The city will sell salvageable structures to nonprofit organizations for rehabilitation. The building code will be amended to allow experimentation in a limited number of cases, in order to encourage contractors

to try new building methods such as on-site assembly, prefabrication, and insertion of units into an existing shell. Such different building types as circular curvilinear, walled-in, plastic, aluminum, geodetic and underground, also will be encouraged. These developments will afford an opportunity to test the applicability of the city's present building code.

4. *Education.*—The budget for schools within the demonstration area will be increased so that the schools can become laboratories to test the latest techniques and theories with regard to increasing the educational level, preventing juvenile delinquency and dropouts, overcoming lack of educational motivation and skills, and fostering integration.

The increased budget will allow the city to reduce the size of classes and provide special remedial classes, maintain a permanent "Headstart" program, offer stipends or loans to graduates wishing to enter technical or academic schools, and vastly increase the city's present program of free lunches for children of low-income families, after-school recreation, and special projects to reduce juvenile delinquency.

The ties between the schools and the community will be strengthened by offering special adult activities, and measures will be proposed to foster further integration in public education.

5. *The family.*—Families will be aided principally through the neighborhood centers. Families and single individuals, especially the elderly, who are handicapped by physical hardship will be encouraged to participate in their neighborhood center's programs by sending volunteers from the centers to their homes, when possible, to do such chores as babysitting.

The volunteers and paid staff of the centers will provide guidance on family planning, child care, food budgeting, housing care, and medical aid. Nurseries will help the working mother to cope with the sometimes overwhelming problems of housecleaning and upkeep.

6. *Welfare cases.*—Persons on welfare rolls will be given special assistance and attention in all of the employment, housing, and family programs in order to break the vicious cycle of welfare living. The city will set up a special counseling service to aid low-income families in avoiding exploitation by loan sharks, merchants of high-priced inferior goods, unscrupulous salesmen, and other parasites who prey on the poor.

7. *Physical environment.*—An architectural service will propose ideas and coordinate all construction proposals in an urban beautification effort. Through the code enforcement program, streets and appurtenances will be improved. Construction of new buildings and rehabilitation of existing structures will transform the visual and physical environment.

By use of experimental buildings and imaginative planning, an effort will be made to create the stimulating and pleasing atmosphere which is often found in European cities. These include plazas, bistros, parks, pedestrian paths, bicycle paths, multilevel paths of movement, artificial topography, hills, and ponds. Community groups will be encouraged to offer and to implement ideas in this realm.

The demonstration area will be designated as a special zone to allow such experimental types of development, permitting the city to make any proposed changes in the zoning laws which experience indicates will be practical in meeting the area's special needs. The city will expand its street cleaning, garbage collection, and other related municipal services, and citizens groups will be encouraged to promote clean-up, fix-up, paint-up campaigns.

III. FOLLOWUP EVALUATION

At the end of the demonstration program, as the final phase of 6 years of concentrated effort and accomplishment, a last segment of the total program will go into effect—measuring the relative success or failure of the various proposals and techniques described previously.

Sophisticated statistical records will be accumulated for every phase of each activity throughout the life of the demonstration program. By use of electronic data processing, it will be possible to quickly arrive at an objective evaluation of each individual project and the program as a whole. This evaluation will be published for the benefit of other cities across the Nation.

The comprehensive, carefully kept statistical record will include such data as the estimated and actual cost of the entire program and its individual parts,

the number of jobs created, unemployment, health, education, juvenile delinquency, welfare cases, substandard housing units remaining, the number and expected life of rehabilitation units, the attitude of residents toward their neighborhoods and society, the impact of the demonstration program on the rest of the city, the cost of using different construction methods, the variations in rentals charged, and the complex relocation breakdown.

In these dry statistics will be found a story of cooperation at all levels of government and all walks of life—a dramatic experiment in shaping a new future for the most depressed sections of an old city so that blight will not touch the lives as well as the homes of its families.

Mr. BARRETT. Mr. Mayor, New York is about two swimming strokes from Jersey City?

Mr. WHELAN. About four strokes now.

Mr. BARRETT. We have one of the great Members of New York on this committee—he swims the opposite way. He is a New Yorker.

I want to ask you this question: You bring it up on page 4 of your statement. I would like to ask you the same question I have asked several of the witnesses who have appeared here before.

Some people seem to have the fear that the Federal coordinator which the bill would set up for each demonstration cities program, would be some sort of a Federal dictator or czar. Now, I do not 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 people who have such fears feel better, do you think, if we renamed this Federal official “the local coordinator” rather than the “Federal coordinator”?

Second, what do you think of the idea of giving the city some voice in the selection of the coordinator?

Mr. WHELAN. This is Mr. Sidney Willis, our city planner.

Mr. BARRETT. If you desire him to answer, if you would have him identify himself for the record, we will be glad to have him.

Mr. WHELAN. I think I can answer the question, Mr. Congressman. I would just like to introduce Mr. Sidney Willis. He is our city planner—a very fine, talented, dedicated young man, and we have him along with us today.

His observation was, with which I have to agree, that the name isn't too important, as Shakespeare says, “a rose called by any other name smells as sweet”—perhaps to some a Federal coordinator might carry a connotation of bureaucracy or interference from the Federal level or an impediment that could be difficult to work with—perhaps a local coordinator might be more acceptable to some. I really don't think that makes too much difference.

The second part of the question was, do you think we should have one? Is one necessary? I answer that question—that is an absolute must. The little experience I have had in government—

Mr. BARRETT. I want to repeat my question. I asked you, what do you think of the idea of giving the city some voice in the selection of the coordinator?

Mr. WHELAN. I would say the position as such is mandatory. You have to have this position to function properly—to coordinate all of the governmental agencies that are available and the power that stems therefrom. Whether the coordinator should have a voice in the matter, is a question of judgment. My answer to that would be no, that generally as with other appointments of this kind, sometimes it can result

in a conflict between the community and the appointing authority in Washington. I would think that whoever in Washington or whoever the agency is, that is going to make this selection will take whoever he sends us and we can work with anyone. We can demonstrate the full spirit of cooperation with anyone that the Federal Government sends us. I don't think it is necessary that the local government have a voice in this. If we so construct the bill, I think this might result in some bickering in the selection of the candidate for this position.

Mr. BARRETT. Thank you very much.

Mr. FINO?

Mr. FINO. Mr. Chairman, I was trying to follow your thinking on "two strokes away from Jersey City." I never had the opportunity to swim the Hudson River, but they tell me it is kind of polluted these days and a very unsafe place to swim. But if you were trying to allude to the fact that I was opposed to this legislation, I want to correct the impression here and now. I have repeatedly stated that I support and will support this legislation, except that I have some misgivings about parts of the bill, which is a natural thing.

On page 2 of your testimony, Mr. Mayor, you make mention of a Federal lottery—you would not want them selected on a lottery ticket basis. I do not know whether you are aware of the fact that for 14 years I have advocated a Federal lottery. The only difference is that the lottery under this bill costs the taxpayers money. Under my lottery it would bring money into the coffers of the Federal Government.

I am very glad to see in your testimony that Jersey City has taken somewhat of an unselfish attitude about this program to the effect that if they are not included in this demonstration cities program that you are still for it, am I correct?

Mr. WHELAN. Absolutely so, Congressman.

Mr. FINO. That is a very good, unselfish attitude.

You also stated in testimony that you do not fear a Federal czar. Some fear has been expressed that the so-called coordinators will ask city governments, such as Jersey City, to change building codes, zoning laws and even demand, if necessary, that city administrations reorganize themselves for more efficient operation along their own suggested ideas.

Now, will you still be in favor of having that kind of bill if we were to come into your city, Jersey City, and start changing all of your zoning laws and building codes?

Mr. WHELAN. I would say absolutely yes, Congressman. I think maybe that is what we need, a transfusion of new ideas, and new concepts, that would help us to overcome locally some of the inertia that we face now and with our own modern concepts. I agree that our codes are antiquated and need changes, but for me to bring about the changes, I am now meeting opposition to such change. If the change was necessary to get Federal aid, it might be easier for me to sell these new and modern concepts to our people.

Mr. FINO. Are you telling this subcommittee that the government of Jersey City is incompetent, or incapable, to cope with its internal problems and do you need the Federal Government to come in as a godfather to help you?

Mr. WHELAN. I would say that in the approach that I have made in the 2½ years I have been mayor, I have received from my own col-

leagues opposition to these concepts. If I could have some Federal weight to help to sell the new ideas, new concepts to my colleagues, this would benefit my city. Our codes are antiquated. Our ordinances, many of them, are antiquated. But for many reasons in our older cities, and I can speak with certainty for my own city, this must and has to be changed.

In the effort that I made in 2½ years, I have not been completely successful. If the availability of Federal funds were based on the community accepting modern ideas and concepts it might be easier for me to overcome the opposition.

Mr. FINO. Of course, Mayor Whelan, your position here is a little different than the position expressed by other mayors who have appeared before this committee, and one, in particular, Mayor Addonizio of Newark.

Mr. WHELAN. A very good friend of mine.

Mr. FINO. And a former member of this subcommittee and a good friend of mine, also.

He expressed some fear about a czar coming in and doing all of that. He cites, like Mayor Lindsay and other mayors that have testified, that he would like to have a voice in the selection of the coordinator and they would not like to leave the selection in the hands of the Federal Government, and have the Federal Government throw down your throats or force down your throats someone from Washington that does not know Jersey City from a hole in the wall and starts revising your whole city without your consent or knowledge. What areas of assistance do you think the Federal coordinator would control and hopefully expedite?

Mr. WHELAN. In detail, not being a professional in the field of municipal planning, I couldn't say. My concept would be that the coordinator would be doing just that, he would coordinate all of the many avenues that now exist for Federal help to our cities. We all know that our cities cannot deal with these problems without massive Federal aid. But our efforts, many times, have been frustrating in that we must go in many directions. If the coordinator had the power and the willingness and the ability to coordinate these avenues, it would be much easier for our staff to work with one man instead of going in nine directions, if that makes sense.

Mr. WILLIS, being a professional, could perhaps give a more lucid or technical explanation or answer to that question.

Mr. FINO. All right.

Mr. WILLIS. If I may, we are fully aware that Mayor Whelan's position on this is probably contrary to the statements of many of the mayors who may have appeared before you. But we have had a very good relationship with the regional administrator in Philadelphia, of the Urban Renewal, Housing and Home Finance Agency, and now with HUD. We have found with his assistance and through the techniques of the work of the program, as bureaucratic as they may have seemed to have been, we found these techniques have helped the mayor in sponsoring and promoting and pushing the programs that he wants to be adopted and promoted in Jersey City. We don't fear a Federal coordinator. I would suggest that the coordinator should be in a position to make field decisions and speak for the regional

administrator. He must be responsible only to the administrator if he is going to have authority to make decisions which often involve in these programs, millions of dollars. We also must have full confidence in the regional administrator, but should he be jointly named, that he would become a coordinator in name only and could not be given authority to make field decisions. We need in an instance such as in Jersey City one place to go. We at the moment report to the regional office in New York City for public housing—we go to Newark for FHA assistance, we go to Philadelphia for URA assistance. We need one place to go, and I assume the new department will give us a regional administrator who has full authority over all of these programs, and we could very well use a man in Jersey City should we enter into a more accelerated program than we now are able to do without the demonstration program act.

Mr. ST GERMAIN (presiding). Thank you, Mr. Fino.

Mr. Widnall?

Mr. WIDNALL. Thank you, Mr. Chairman.

Mr. Mayor, we are certainly pleased you came down here to testify today. You certainly gave good testimony on behalf of Jersey City. So many of your former residents live in my district now.

Mr. WHELAN. They are converts.

Mr. WIDNALL. Mr. Mayor, we are aware of your problems and we want to help you just as soon as others, who have major concentrated problems in the larger cities. What do you feel is the need of your city in funds out of this type of program? Have you made any estimate that you feel would be necessary to accomplish the purposes that you have in mind?

Mr. WHELAN. No, I don't think we could intelligently make a judgment as to the number of dollars we need.

I think more than that what we have to have is acceptance of the idea. Once that is established through the legislation which has been proposed, the determination of the number of dollars would follow as the definition and size of the problem or the need is arrived at. I think right now what we must do is define the problem, and once we define the problem, how best then to attack it, and to make an estimate of the number of dollars that would be necessary. I don't think we could make that estimate at this time.

Mr. WIDNALL. What criteria do you think we ought to set in picking the demonstration cities? After all, there are well over 700 major cities in the United States. You are only talking about 60 or 70. It seems only 10 percent come in under this program. How do you think the original selection should be made? It is quite evident you have a plan in mind for Jersey City, but you have not formulated any dollar ideas as to what your own application would be for a demonstration grant. We are trying to work on this legislation. I think we are really appalled by the enormity of the problem. I think we had six mayors come in and give a total of \$10 billion that they thought could be spent in their cities. The bill we have here is \$2 billion and something that would be spent over a 6-year period. This would only scratch the surface. To be effective, it has to have something done fairly expeditiously and encourage the rest of the country to go into a large-scale effort. It would be very helpful if you would

submit for the record your own idea—not a firm estimate as to what your cities would need under a program such as this. If you feel you could submit something like that in the near future, I would appreciate having it in the record.

Mr. WHELAN. I might say this. We feel that Jersey City would be an ideal city for this program because, as I understand it, a test city means just that. We want to test out these programs to see if they are effective in solving the problems we have. It may be that these programs will not or cannot solve our problems. So we are testing them out and our city is not too large in that the effort that can be made at this time in sampling or testing, which is what we are talking about, would not be lost. Some effort could be made and the effort could show results, because we are not too big, and yet we are not too small, that the sampling would not be conclusive.

I think we are the ideal size and we have all the ugly social problems that spring from urban decay in such depth that all of these programs could be tested.

Mr. WIDNALL. Are you at the present time using to any major extent modernization and rehabilitation programs that is possible under urban renewal? Are you using that to any extent in Jersey City?

Mr. WHELAN. We have now organized a division in our development and planning section for doing just that, but to answer your question with reference to what I think the most important criteria is in selecting a test city, I would say the willingness and ability of the community to help itself, would be the most important criterion and perhaps, Mr. Willis, the professional, could answer the question in greater detail if that would be of any help to the committee.

Mr. Willis?

Mr. WILLIS. If I could just say a word on that. The city does have an approved general neighborhood renewal programs for a large part of the area that we have selected to be a demonstration area. This program calls for the rehabilitation of four neighborhoods in downtown Jersey City and has been approved for approximately \$20 million of Federal assistance with \$10 million additional being spent by the municipality. We have the \$10 million programed in terms of public improvements out over the next 10 or 12 years.

The point that the mayor made was that we now can say that these neighborhoods can, in fact, be rehabilitated and saved. But we fear that should we be doing it at the rate of rehabilitation that we anticipated in our general neighborhood renewal plan, that by the time we got to the last neighborhood, or even the last neighborhoods, they would no longer be rehabilitable but would have to have more drastic and more expensive treatments. That is why we suggested accelerating the program. We laid it out and programed it in terms of meeting our share of the financial requirement. If we could escape that limitation and accelerate this whole thing the downtown area could, in fact, be the kind of rehabilitation area that we already planned it to be.

Mr. WIDNALL. Thank you very much.

Mr. BARRETT (presiding). Mr. St Germain?

Mr. ST GERMAIN. In your submission, the one that is entitled "the Demonstration Cities Act of 1966—a Proposed Program for Jersey

City, N.J.," you go into detail on page 3 with 10 points and you describe 40 percent of the total area of the city that would come within what you feel should be the demonstration area in Jersey City. I wondered in view of the detail you have submitted, and I am going to ask you a few detailed questions on these specifics, whether or not your staff does not really have an idea of projection of costs here? I wondered if you might ask the staff if they have given any thought to projected costs?

Mr. WHELAN. Thank you, Mr. Congressman.

Mr. Willis?

Mr. WILLIS. We do need in very general terms the sum of the items of cost that would be involved in the program that we have outlined. This is partially because a large part of the demonstration area is already within an urban renewal project boundary, either a general area renewal area or the Montgomery urban renewal project or the Jackson Avenue renewal project. But one-quarter of the total area, however, has never been termed for a renewal, not because it doesn't need it, but because we don't have the resources to go ahead and commit ourselves to further renewal projects in that area.

In terms of the scale of costs, and we will not at this time try to submit a total figure—in terms of the scale of costs, we have authorized roughly \$20 million for downtown, that is, the Federal share as we have estimated it for a 10- or 12-year period—\$20 million for downtown which has been approved by the Department of Housing and Urban Development. We have an additional \$6 million roughly for the Montgomery area and an additional \$3 million or \$4 million in the Jackson area. That would roughly lead me to believe that we are in the range of \$30 to \$40 million as required in Federal aid to do all that is within the demonstration area that we have outlined.

However, the legislation itself does provide, of course, for initial grants and advances for the preparation of a detailed plan for this area, and it would be in that stage that we could get a more definitive cost estimate. In the meantime, and during the next stage and, of course, during the execution stage itself, the city will be spending, and is already spending, something in the order of \$15 million in capital improvements in this area which we will and must spend whether or not we are in the demonstration area program. For a city with a borrowing capacity of something, for this year, like \$3 or \$4 million, we mean to be spent. That I think is a commitment to solve the problem in this area without, if necessary, Federal aid. At least a commitment to do what we can.

Mr. ST GERMAIN. Have you urban renewal projects now in progress?

Mr. WILLIS. Yes, we do.

Mr. ST GERMAIN. Are these in areas—in commercial areas or residential areas?

Mr. WILLIS. We have in execution at this time, that is with construction going on, two residential projects and one industrial-commercial project.

Mr. ST GERMAIN. You therefore have experience with relocation?

Mr. WILLIS. Yes, we have.

Mr. ST GERMAIN. Has it been your experience that you have been able to move these families and have placed them in housing that is

standard, living up to the requirements that we anticipate they should have?

Mr. WILLIS. We have met fully the Federal requirements for relocation of decent, safe, and sanitary housing. We are not unaware, however, that this is a problem. We have proceeded under 221(d)(3). We have now under construction 200 units and an additional 400 units and are about to receive Federal commitments. There are other aspects of meeting the relocation problem which we agree is a serious one and will have to be solved. We have not had serious problems on the projects we have already cleared in our execution. We know the job will be a large one should we go into this, but that, too, can be solved.

Mr. ST GERMAIN. The housing that you are now building is replacing substandard housing?

Mr. WILLIS. Yes.

Mr. ST GERMAIN. You have low-income families in that housing?

Mr. WILLIS. Yes.

Mr. ST GERMAIN. What is it going to be replaced with?

Mr. WILLIS. At the present time, the area under construction in the St. John's project area is providing 1,200 units, 1,000 of which are of a middle income—I distinguish middle from moderate, and 200 of which are moderate. We have low-rent public housing in the project areas at this time. We have 3,800 units in the city of low-rent public housing.

Mr. ST GERMAIN. 3,800 low income. How many people were displaced in these projects that were low-income families?

Mr. WILLIS. I don't have that figure.

Mr. ST GERMAIN. Approximately?

Mr. WILLIS. I can only say that, in general—the densities we are putting back are higher than—in general, the densities that are going back into the projects are higher than the number of units that we renewed. However, I know your point and I appreciate fully the housing that is being built is not meeting the needs of the families who were displaced.

Mr. ST GERMAIN. Looking to page 3 once again, point No. 3 provides housing or places that our residents can afford. This program that you are contemplating in the Demonstration Cities Act, if you are a successful applicant, you would give more thought to replacing the housing, low-income housing with housing for low-income families, is that correct?

Mr. WILLIS. I wouldn't say more thought. We have been conscious of this problem all along.

Mr. ST GERMAIN. You thought you could put that into execution?

Mr. WILLIS. With the public housing that is available which would be more acceptable in Jersey City than some of the larger units, and we are building 286 public housing units in the city at this very moment. That is not adequate to meet the needs, but we are progressing in that field with the new provisions of the Housing Act, and with the new programs for leasing and rent supplement, if you will, we can solve more of this problem and hopefully all of it.

Mr. BARRETT. Mr. Willis, Mr. Fino has a couple of short questions.

Mr. FINO. Thank you, Mr. Chairman. I just have one question, Mr. Mayor.

Jersey City has been the recipient of Federal funds for urban renewal, has it not?

Mr. WHELAN. Yes; it has.

Mr. FINO. My question is this: would you still be for the demonstration cities program if Jersey City is left out, does not draw that lucky ticket and urban renewal funds are cut off from your city—would you still be for this program?

Mr. WHELAN. If urban renewal funds are cut off from our city, our situation will be hopeless.

Mr. BARRETT. Mr. Willis, may I just interpose? It is not the purpose of this committee to cut any urban renewal money off from any city if they miss or are not lucky enough to come within the scope of the program. We are desirous of helping, not preventing, people from getting these things corrected, which we call pockets full of blight, slums, juvenile delinquency and crime. There is no intent to cut any city off in the entire Nation.

Mr. FINO. Will the gentleman yield?

First of all, the mayor has already answered the question, he would not be for this program if it cut off his funds. But I am saying, it would not be the intent of the legislation to do that, but it could very well work out, because it is tied in this demonstration cities program—this is tied in with urban renewal funds and it could very well be without intent to eliminate Jersey City from this program, the urban renewal program, because they are concentrating all the funds on these demonstration cities. I want the mayors all over the country to be aware of this.

Mr. WHELAN. If I may be able to take your time to make an observation. If Jersey City is not going to be a test city, I am still for the program. I think I can say this. I enthusiastically support the program. I think this is an excellent concept and an excellent idea, and we should have it.

If we were to be cut off from Federal aid, it would be the death knell of Jersey City. We are an old city and I have said this many times—I may say it here for the record—just as the wealth of our city flows throughout the Nation in the heyday when the cities were wealthy, the virile, intelligent, economically strong people desire to live in our cities. Their strength economically and sociologically flowed throughout the Nation and helped build the Tennessee Valley Authority, and the land in the West. Now the wealth of our community is gone with the strong, solid, middle class leaving by the day, and in the vacuum comes the poor, unfortunate, who not only cannot make a contribution, but takes from us what substance is left in the form of police protection and fire protection. Unless the cities, and my own city included—unless this problem is met soon by massive Federal aid, we are not going to solve the dilemma of urban decay.

Mr. BARRETT. Mr. Mayor, may I interpose? In marking up this bill we will show the intent by recording this in the report that those cities who are not cooperating in the demonstration cities program will not be in any way damaged because of their urban renewal allocations.

Mr. St Germain?

Mr. ST GERMAIN. I think actually what my colleague, Mr. Fino, meant when he said if Jersey City were to be cut off, I do not think

he was speaking about the present commitments that Jersey City has from the Federal Government, but rather his question, I think, was directed to the question in the minds of a great many persons, should a number of cities, say 50 cities, when submitting their plans and applications for urban renewal, would they then get a preference that would eliminate the money for applications to other than demonstration cities? We all share that concern and hope that we can legislate in this area in such a manner so as not to affect other cities who wish to continue with urban renewal, although they are not picked out as demonstration cities. I think the mayor of Jersey City would agree this should be our intent.

Mr. WHELAN. I understand what you mean, Mr. Congressman. There is only so much economic strength in the Nation and if this is going to be drained for this particular program and made less available for existing programs or future programs, that is going to present a problem. I am hopeful we, as a people in this Nation, are going to be prepared to make greater sacrifices to put a greater percentage of our gross national product into the public sector because I think we as a people have neglected our cities.

While we enjoy great prosperity, on one hand, we have terrible poverty and suffering, on the other hand. So I would hope this program would be over and above and in addition to that which we hope to receive with existing programs or greater programs that may become available in the future.

Mr. BARRETT. Mr. Mayor, while you are at this point, this will be spelled out in the report. There will be no severance of the moneys allocated for urban renewal, and there will be a continuance of the money allocated for the purpose of rehabilitating the city.

Mr. FINO. I wanted to make crystal clear the position of the mayor of Jersey City. I am sure it will be the position of every mayor of every city, if his city is not included in this program, that he will not suffer other Federal programs, such as urban renewal, and I would not want this program to go through if you are going to suffer by reason of the new program.

Mr. WHELAN. Absolutely not.

Mr. FINO. This is a fear we have and we want to make sure that there is no cause for that kind of fear. Thank you.

Mr. BARRETT. Mr. Mayor, I certainly appreciate your coming here and I am now firmly convinced that you are a great mayor.

Mr. WHELAN. Thank you very much.

Mr. BARRETT. All time has expired.

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

(Whereupon, at 11:04 a.m., the subcommittee adjourned, to reconvene at 10 a.m., Friday, March 25, 1966.)

DEMONSTRATION CITIES AND URBAN DEVELOPMENT

FRIDAY, MARCH 25, 1966

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

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 2128, Rayburn House Office Building, Hon. William A. Barrett (chairman of the subcommittee) presiding.

Present: Representatives Barrett, Mrs. Sullivan, Reuss, and Widnall.

Mr. BARRETT: The committee will come to order, please.

Our first witness this morning is Mr. James W. Rouse, president, James W. Rouse & Co., Inc.

Will Mr. Rouse come to the witness table, please?

Mr. Rouse, it is nice to have you here this morning. It certainly has been the custom of this committee throughout the years to try to make all our witnesses feel at home. We want you to feel completely relaxed here this morning.

I am quite sure your testimony is going to be very edifying to us on this committee. I do, however, want to inform you that the minority members are all engaged in special meetings this morning. But they should be along shortly. If you desire to complete your full testimony, you may do so, and at the termination of your testimony we may desire to ask you one or two questions.

You may start now.

STATEMENT OF JAMES W. ROUSE, PRESIDENT, COMMUNITY RESEARCH & DEVELOPMENT, INC., AND PRESIDENT, JAMES W. ROUSE & CO., INC.

Mr. ROUSE. Thank you, Mr. Chairman, for your friendly greetings. I have been before this committee before and it has always been a happy experience to be here.

I have handed in a written statement which I won't read and won't precisely follow.

I am here to testify in behalf of title II of 12946, the land development and new communities section of the bill and I am here to testify very earnestly in support of those provisions of the legislation. Our company is engaged in what you might consider to be an advanced demonstration of what could occur if this part of the legislation was enacted. We are in the process of building a new community. We call it a new city and it is midway between Baltimore and Washington.

We have assembled 15,600 acres of land in Howard County and we have under development a community which by 1980 we think will have over a hundred thousand people.

We assembled more than 165 separate farms and parcels of land in 1963, completed our plans in the year 1964, obtained our approval by Howard County Planning Commission, obtained our zoning, have obtained our financing and we are underway. This in its final form would be a complete city. It will provide employment for almost 30,000 people. It will provide dwelling units that will account for the company janitor as well as the company executive, and will run through the whole spectrum of housing at all the prices and rents of the market.

It will consist of over 50 schools and 70 churches, a hospital, a university, concert halls, hotels, office buildings, and the full texture of a city.

We have gone to some pains to make sure that this is true, because we believe that there is some fundamental validity in the natural texture of a city that has distilled over time. We have studied the growth of Racine, Wis., and Charlotte, N.C.—cities of 100,000 to 200,000. We have inventoried all the activities in those cities to see that we have accounted for the full spectrum of uses that ought to be accounted for to provide a full life for people who will live in Columbia.

We are doing this for profit, not for sentiment. We expect it to be a profitable venture. We are financed by a combination of the Nation's largest financial institutions—the Connecticut General Life Insurance Co., Chase Manhattan Bank, and Teachers' Annuity Insurance Association—they have committed \$50 million to our financing in order that we can build this city.

The total estimated cost of this project by 1980 is something over \$2 billion.

I would like to back off for a minute and tell you how and why we are doing this. I think they are exactly the same reasons that you should pass this legislation. I am very aware of the fact that this legislation is opposed by the U.S. Conference of Mayors, by the Home Builders' Association, and by the Mortgage Bankers' Association, of which I happen to be a member and a former member of the board of governors.

I think they are wrong, I think they misunderstand both the need for this legislation and its purposes, and I think they seriously misunderstand what the impacts would be if this legislation were passed and Federal assistance was extended to local communities in order that they could assemble land in the manner we have done privately. The country cannot rely upon the homebuilding industry or upon developers such as we to do this on the scale which is required to accommodate the growth of our cities. There are too many circumstances under which it would be absolutely impossible for a company such as ours to succeed and the need for fine communities to accommodate urban growth is too great to rely upon the whim of the homebuilding industry as we now must do in this country.

I should explain to you that my convictions on this are borne out of our actual experience and out of my whole career—my career has been in the business of mortgage banking and real estate development.

As mortgage bankers and developers we have built cities in little bits and pieces all over the United States. Our office is one of the largest in the country. We have branches in Baltimore, Washington, Pittsburgh, and Chicago and we are currently servicing more than \$500 million in mortgages for life insurance companies and banks. We are also developers of large regional shopping centers—one, Mr. Chairman, outside of your home city of Philadelphia—Cherry Hill near Camden, N.J., and we just opened the Plymouth Meeting Center in the northwestern section of the Philadelphia metropolitan area.

We have developed centers in Texas, Kentucky, North Carolina, New Jersey, and Ohio. We have seen the results of building a big regional shopping center—the interaction that occurs between the various uses that are needed to serve a community. You build a shopping center, and there is a market for offices, then for apartments, then for an inn or a hotel and gradually, by random, by accident, by unplan, a kind of business community begins to develop which creates the problems of traffic and congestion and a fractured kind of service is provided to a community.

As mortgage bankers financing residential developments, we have seen how limited they are and how much better job could be done if we were planning and developing over a larger area.

It is out of this background that we have seen our cities grow by bits and pieces. You know, this is not a matter for experts—all of us see the growth of our cities. A farm is sold and begins raising houses instead of potatoes, and over there another farm breaks out into housing, and then churches begin to come out of the basements, and the school board finds it has to provide an elementary school. Then the old road that ran through the area becomes a good spot for a gasoline station, a Tasty Freeze. Traffic builds up. The road has to be widened and comes more development and then somewhere a junior high school and somewhere a senior high school. Now the traffic has become so heavy we need an expressway, so a parkway is cut through the landscape, and we have a cloverleaf.

Mr. BARRETT. Mr. Rouse, would you be kind enough to yield to me just a minute?

Mr. ROUSE. I will indeed, sir.

Mr. BARRETT. You were talking about schools and high schools. We are happy to welcome the young men and women who are here with us in the audience this morning. They are interns of the Public Housing Administration, Department of Housing and Urban Development, who came here early last week from the PHA regional offices to attend the Department's Washington Intern Conference.

All of these young people are college graduates. They have been with the Federal Government at least 4 months and in some cases for a year, learning by on-the-job training exactly how the Federal Government supports local housing authorities through advisory and financial assistance.

They will leave Washington in a day or so and return to their home cities to continue with their careers of helping provide better homes for low-income people.

Certainly, it is a pleasure to have you fine-looking gentlemen here, and you most beautiful girls coming from various parts of this country.

We have Mr. Widnall here. He is the minority leader. He comes from that great State of New Jersey and he has been a great factor in helping our people, particularly helping this committee, to get legislation necessary to help the people who are in dire need of decent housing.

MR. WIDNALL. Thank you, Mr. Chairman.

We certainly welcome you here today. When our chairman gets through speaking to a group there is nothing left for anybody else to say.

We earnestly hope you enjoy your experience in the brief time that you are here and that you shall contribute toward your own future and the wisdom of a better housing program for all of our country. We feel we think of all Americans as part of our growth and of our economy, and what is good and decent for the people of the United States. We are trying to do a job together up here on this committee to provide the tools to work with. Glad to see you.

MR. BARRETT. Mr. Rouse, thank you very much for yielding. Of course, you know these young people learn faster and much faster than we who are over 21. In order to welcome them here this morning, I took advantage of your time to interrupt. Thank you very much.

MR. ROUSE. Happy to be interrupted.

MR. BARRETT. You may continue.

MR. ROUSE. I might just say picking up from this interruption, without even turning around to look and to see what attractive and brilliant young people these are, I can assure you of one thing, they can plan the American city better than we are building it today. Because any group could. Your committee members may not consider yourselves experts in city planning, but the knowledge of how to build a better city is a commonplace knowledge in America today. We know it doesn't make sense to build schools and churches and stores and recreation areas in unrelated positions in a community, inadequately served by roads. We know it doesn't make sense to bury the forests, to put the streams underground in storm sewers and to desecrate the landscape as we are doing. There is, throughout America, a growing wave of concern about the failures of urban growth. We have come to derisively label suburban sprawl and we need an ugly word—we need the word "slums" in order to describe what was happening at the heart of our cities. It takes some ugly words to make us aware of the fact that over the next 20 years we are going to add 70 million people to the American city. This means we are going to build a Toledo every month over the next 20 years. It means that every single year we are going to build a new Denver, a new Dallas, and a new Atlanta in America—every year.

By the end of this century, the President said in his message to Congress, and I believe it is a reliable guess, we will build the equivalent in the American city of everything that has been built since Plymouth Rock.

This is the task that we have ahead and I doubt that there is any aspect of American life in which the gap is so great between our knowledge of how to do something and our actual performance in doing it, as the building of American cities. I am not now talking about the renewal and restructuring and reorganization of the old city.

I am talking about the absolute irresponsibility with which we are adding layer on layer of unrelated housing, business, roads throughout the outlying areas of our cities.

Mrs. SULLIVAN. Mr. Chairman, may I ask the witness a question at this point?

If this legislation is enacted, do you think the unplanned and helter-skelter building now going on in suburban sections of the countryside would be stopped?

Mr. ROUSE. No; Mrs. Sullivan, I don't think it will be stopped. I think in America we just don't, all of a sudden turn direction 90° or 180°. But we have been through a process over time in the last 20 years in which we have enormously improved the standards of individual housing as such in America. And we are now becoming aware, perhaps as the next step in the ladder and also because of the pressure of enormous growth, that there is something as important or more important than housing and that is the environment in which people live, the sense of community, the processes by which people live. What we need to do now is to find a way to encourage this trend that is running. It is an important trend.

When we set out to build Columbia and to acquire this land we thought we were real front-running pioneers. But we quickly have discovered that we are part of a tide. We are not nearly as pioneering as we thought.

The Ford Foundation made a grant to the University of California of \$250,000 to make a study of the development of new communities in the United States. There are a group of us who have been meeting each month—five communities in California and our own—exchanging ideas and there are great things beginning to happen. The General Electric Co., issued a list for its own consumption, but many of us saw the list, of some several hundred developments in America today that are more than a thousand acres each. The marketplace is discovering that good environment pays. It expresses itself in tiny little ways like a tennis court and a swimming pool—in parks, schools, open spaces, and developers provides these things—they sell better when this is done.

The timeliness of this legislation is that it can then stimulate much greater initiative from two directions, from the homebuilder, who, if he could obtain financing for the purchase of land, he could undertake development on a larger scale and from the local county or township government. If loans were available, local land development agencies could proceed to acquire land and marshal large areas of land which could be planned and marketed to the homebuilding industry.

Mrs. SULLIVAN. Along that line, however, I am sure you realize there would be a limitation of funds and a long period of waiting from the time that the request is made for assistance until it is granted. Knowing that there would be a limitation of funds, and that it may be an untold number of years before they could get their own ideas or plans into the approval stage, the question I wonder about is, Do you think this helter-skelter way of building here and there in the suburbs without any real planning would be curtailed or stopped in any way?

Mr. ROUSE. Well, you get a watershed in these things and all of a sudden things begin to run—the tide begins to move in a new direction. Let me illustrate.

If we are successful in Columbia, and naturally I think we will be, we will be able to market land to builders, small builders, who would have had no opportunity to compete in the market—no opportunity to provide the quality of environment that we can provide. Of our 15,000 acres of land, 3,500 acres will be devoted to permanent open space, lakes, tennis courts, swimming pools, golf courses. This will be a part of the community.

There will be community halls in the village. The town roads will be smalltown freeways that are landscaped and not chopped up with commercial uses. Along U.S. 29, which runs through Columbia, we have acquired all the commercial frontage and will decommercialize it to create a landscaped parkway through Columbia. These are not fanciful things. These things are possible because of the size of the land area with which we are dealing. Our first two lakes are costing us \$1,500,000. That is a lot of money for a developer to spend. But we have 15,000 acres of land and this is only \$100 an acre stretched over that much land.

We are providing a public transportation system that has been carefully engineered by top engineers to provide public transportation in a suburban location. Everyone has written this off as being impossible. We will have 40 percent of the dwelling units in Columbia within a 2-minute walk of a bus stop that connects all village centers and major places of employment and downtown. Our engineering studies say that this bus system can move on a 5-minute headway at 10 cents a ride for adults and a nickel a ride for kids and be fully economical.

Think of what that means. Think of what these things mean to the little builder who comes in and buys 50 lots.

I think that if we are right; if we build the quality of environment; it will be because of large-scale land acquisition and large-scale planning. This is the fundamental bedrock of what we are doing. Other people would plan it differently, some better, some worse. There would be hundreds of different processes and a hundred different plans for a large land area. But anybody who took 15,000 acres could do a better job than on 150 acres. A class of high school seniors could take 15,000 acres of land and produce a better plan than will be produced by developing in bits and pieces. If we are right, if environment is important and our pace moves faster because of it, then think how this will accelerate the market to want to do it in other places.

But let me tell you why it is so important for local agencies to do this. We have been very lucky to have been able to do what we have done. We stumbled upon a fleeting opportunity. People will be inclined to say, what the heck, you are doing this, Reston is doing it, Irvine Ranch is doing it, there are these large developments. Why is any Federal assistance needed? But everyone of these developments, except Columbia, is the accident of a large single tract of land happening to still be available on the edge of metropolitan growth. That's too much of an accident for the country to rely upon.

In our case we happened to hit a corridor area where there was no sewer and no water—midway between Baltimore and Washington—a fantastic growth area and we got tremendous financing. We had the Connecticut General Life Insurance Co. join us in this project.

We also have had very good fortune in our relationship with the county government which has supported our planning and zoning.

But this would be a battle in parts of New Jersey and it would be a battle in parts of Long Island. It would be a battle in most metropolitan areas. This is a battle which in most places the developer would lose.

Mr. BARRETT. May I just interpose for a minute? You certainly indicate that you are very knowledgeable in this field. I was wondering if you would be desirous of submitting the balance of your statement in the record so that the other members could actually read it and know the answers.

Mr. ROUSE. I have handed in a written statement which I assume is for the record and I didn't want to bore the committee by reading it.

Mr. BARRETT. That may be submitted in the record without objection. It is so ordered.

(The complete statement of Mr. Rouse follows:)

STATEMENT OF JAMES W. ROUSE, PRESIDENT, COMMUNITY RESEARCH
& DEVELOPMENT, INC.

Mr. Chairman and members of the committee, by name is James W. Rouse. I appear before you to testify in support of title II of H.R. 12946 because I believe it is important to the sound future growth of our country. My support of the bill grows out of extensive experience in the business of financing and developing the bits and pieces of the American city: An outline of my background and experience is attached.

May I begin by saying that I am aware of the fact that this legislation is opposed by the U.S. Conference of Mayors, by the National Association of Home Builders and by the Mortgage Bankers Association of America, and, that while I have great respect for their organizations, I believe that they misunderstand the need and the purpose of this legislation and misjudge what the results will be, if it is passed. It is very much in the best interests of the cities of America, the homebuilding industry and our country as a whole for this legislation to be enacted.

The simple fact is that, with the powers and processes that now exist in local government and in the homebuilding industry, it is impossible to provide, in an orderly and intelligent way, for the metropolitan growth which we know lies just ahead.

Our cities grow by accident—by whim of the private developer and public agencies. A farm is sold and begins raising houses instead of potatoes—then another farm; forests are cut; valleys are filled; streams are buried in storm sewers; kids overflow the schools—here a new school is built—there a church. Then more schools and more churches. Traffic grows; roads are widened; service stations, Tasty Freeze, hamburger stands pockmark the highway. Traffic strangles. An expressway is cut through the landscape—brings clover leaves—which bring shopping centers, office buildings, high rise apartments. Relentlessly, the bits and pieces of a city are splattered across the landscape.

By this irrational process, noncommunities are born—formless places, without order, beauty or reason; with no visible respect for people or the land. Thousands of small, separate decisions—made with little or no relationship to one another, nor to their composite impact—produce a major decision about the future of our cities and our civilization—a decision we have come to label “suburban sprawl.”

Sprawl is dreadfully inefficient. It stretches out the distances people must travel to work, to shop, to worship, to play. It fails to relate these activities in ways that strengthen each and, thus, it suppresses values that orderly relationships and concentration of uses would stimulate.

Sprawl is ugly, oppressive, massively dull. It squanders the resources of our nature—forests, streams, hillsides—and produces vast, monotonous armies of housing and graceless, tasteless clutter. But worst of all, sprawl is inhuman. It is antihuman. The vast, formless spread of housing, pierced by the unrelated spotting of schools, churches, stores, creates areas so huge and irrational that they are out of scale with people—beyond their grasp and comprehension—too big for people to feel a part of, responsible for, important in.

The richness of real community—in both its support and its demand—is largely voided. Variety and choice are reduced to a sort of prepackaged brandname selection of recreation, culture, and education. The individual is immersed in the mass.

What nonsense this is. What reckless, irresponsible dissipation of nature's endowment and man's hopes for dignity, beauty, and growth.

This subcommittee can plan better than we are building the American city. It requires no vast program of research, no technological breakthrough, no huge subsidy, no army of technicians or crusading volunteers to build better American cities.

We know the rough measurements of our future growth—how many people we must provide for; what they will require in houses and apartments, schools and colleges, churches, hospitals, offices and factories, retail stores, lumberyards and service stations. Our task is simply to provide now for what we can calculate will be required to accommodate our future growth; to provide rationally now for what we know is going to occur; to arrange the pieces in a constructive way with a decent respect for man and nature instead of improvising frantically and impulsively with each new thrust of growth as if it were a gigantic surprise beyond our capacity to predict or to manage.

Why, in a nation with such enormous capacity for organization and production, is there such bewilderment about producing the environment in which we grow our people? The answer is easy but frightening. We simply have no machinery, no process, no organized capacity in the United States to put to work the knowledge that exists among us about planning for the future growth of our cities. Is there any other aspect of American life in which the gap is so wide between our knowledge and our performance as in the growth of the American city?

The building of the city is nobody's business—neither government nor industry. We have assigned a vague responsibility to local government to provide for orderly growth but have given it neither the power, the processes, nor the financial capacity with which it can fulfill that responsibility. The most advanced planning and zoning concepts in America today are inadequate to preserve our forests and stream valleys and maintain open spaces. They cannot produce well-formed communities with a rich variety of institutions and activities and a wide range of choice in housing density, type, price and rent. As a matter of fact, zoning has become almost a guarantee of sprawl rather than protection against it. Frightened communities, with no alternative process available, leap to the illusion that low-density zoning will preserve a way of life and protect against rising taxes. The 1- to 3-acre zoning that results simply extends a thin coat of suburban sprawl over an ever-widening area.

Nor have we developed the capacity in the homebuilding industry for producing well planned large scale urban development. Although the business of city building is the largest single industry in America, there is no large corporation engaged in it. City building has no General Motors or General Electric—no IBM, no Xerox; no big capital resources to invest in the purchase of large land areas; no big research and development program unfolding new techniques to produce a better environment. There are no large corporations engaged in the end-product production of the American city. City building—the development of houses and apartments, stores and offices—is the business of thousands of very small corporations, no one of which has within its own resources the financial capacity to invest millions of dollars in land holdings to be planned and developed over, say, 10 to 15 years.

Thus, except for the occasional accident of a large land holding remaining in single ownership on the threshold of urban growth, there is no vehicle, public or private, by which planning and development occurs on a scale sufficiently large to provide sensitively for nature or for man.

We face the addition of 70 million people to our cities over the next 20 years—a new Toledo each month or a Denver, a Dallas and an Atlanta each year. Yet, not one single metropolitan area in the United States has plans to match the growth it knows it must face; and, if it had the plans, it would lack the powers and processes to execute them. This is the state of our Nation and the prospect of our civilization as we convert over 1 million acres of land each year from agricultural to urban use; as we move forward to produce, over the next 40 years, in our urban centers, the equivalent of everything we have built in our cities and suburbs since Plymouth Rock.

Urban growth should be our opportunity, not our enemy. It invites us to correct the past; to build new places that are infused with nature and stimulating to man's creative sense of beauty; places that are in scale with people and so formed as to encourage and give strength to real community which will enrich life; build character and personality; promote concern, friendship, brotherhood. This is the purpose of our civilization—the only valid, ultimate purpose of any civilization—to grow better people; more creative, more productive, more inspired, more loving people.

Here we are, the most prosperous and powerful Nation in the world. It has been said that ours is the first Nation in all history that has the capacity to do whatever it has the will to do—replace men with computers; land men on the moon; eliminate poverty.

Is it too much for such a Nation to expect that we will substitute, for aimless sprawl, places of scale and beauty that are felicitous for the growth of our people? Certainly not, but to do it we must equip our severely under capitalized homebuilding industry to acquire, plan and develop land on a larger scale than is now possible. That is the purpose of the FHA insurance program.

Furthermore, we must equip our local governments to assemble land for large scale planning and development; to serve it with public utilities and roads; and then market it to private developers for construction of houses, apartments, stores, offices, industry and all the components of a sound community that is the purpose of the loans to local land development agencies.

May I illustrate what such a local land development agency might accomplish by sketching what we are doing in Columbia. And we are doing here what in many, if not most, metropolitan areas of the United States can only be done by local government.

We have assembled, at a cost of \$23 million, 165 farms and parcels into 15,600 acres of land lying midway between Baltimore and Washington in Howard County, Md. Here we have planned the city of Columbia, which begins development this fall and is scheduled by 1980 to have a population of over 100,000 people. It will not be just a better suburb, but a complete new city.

It will employ 30,000 people in its plants, offices, stores, and institutions; provide housing for 31,000 families ranging from high-rise apartments to 10-acre lots, and priced to serve the company janitor as well as the company president. It will have 70 schools, 50 churches, a college, a hospital, a library system. It will be a city consisting of 9 small towns of 10,000 to 15,000 each with their own schools, churches, stores, and services centered at a village green. The towns will be separated by 3,500 acres of permanent open space, 5 lakes (which we will build), stream valleys, forests, 26 miles of riding trails, parks, and recreation areas will interlace the entire city.

At the center will be a lively downtown with department stores, offices, hotels, restaurants, theaters, concert halls, galleries, central library, college, hospital. Downtown will have a 100-acre lake as its front yard and a 50-acre forest at its side. The towns will be connected to one another, to downtown, and to employment centers by a bus system running on its own right-of-way.

And will Columbia hurt the city of Baltimore? Why, of course not. Would the city of Baltimore be better off with irrational, piecemeal, inefficient sprawl reaching out from its borders than it will be if the same growth is accommodated within complete well-planned new communities? Baltimore has enormous opportunities that are not available to Columbia or any other outlying new community. It has a massive employment center at its core, strong retail facilities; the graduate schools of the University of Maryland, the Peabody Conservatory of Music, the Central Branch Library, the center of government, a magnificent harbor. The center of Baltimore is, and always will be, closer to more people in the metropolitan area than any single outlying location. Baltimore's task, and that of every other American city, is to correct its obsolescence; get rid of its slums; to address itself to the urban renewal opportunity through comprehensive planning large enough to re-form the center of the city into a beautiful, efficient, powerful economic force, and to reshape the older areas around downtown into a system of healthy, slum-free communities. Any new community developer would be off and running if he had the advantages that are now held by the central city. A city's job is to make itself work for its people and its purposes. It cannot benefit by aimless, irrational, sprawling suburbs, nor will it be hurt by the encouragement of well-planned, well-formed new communities.

The mayors have been misled and they will see that this is so. But the country cannot wait these precious years, when the growth is rolling in on our cities, and stand aimlessly wringing our hands in anguish about our inability to handle the demands of urban growth. We owe it to our country to make our civilization the best that we know, and not hold it back to something much less than the best, in order to avoid unhappy contrast with the worn-out, old inner cities which we know we must renew.

And what about the homebuilder? The homebuilding industry is one of the largest industries in America, and yet there are no large corporations engaged in it. It is a proliferation of small enterprises that, individually, lack the capital to engage in large-scale development. There are very few, if any, homebuilders in America who could have, out of their own resources, invested \$23 million to acquire the land that will be Columbia. And without such large-scale land assembly, comprehensive planning and good community development is almost impossible. Let me illustrate:

1. We were able to preserve the three major stream valleys in our area—and over 3,000 acres of forest—because our landholdings were large enough to transfer development out of these areas onto the land most suitable for development. We have thus been able to establish lakes, bridle paths and an open-space system which will serve the entire city of Columbia. Our first two lakes will cost over \$1,500,000.

A builder acquiring a few hundred acres or even a thousand acres could not possibly have absorbed this cost. But spread over 15,000 acres it adds only \$100 per acre to our land cost—less, we believe than the value added.

2. We have provided for a public transportation system in Columbia—a bus system, running on its own right-of-way separated from the roads and the pedestrian walkways; connecting all the village centers, downtown, and major employment centers. Forty percent of the population will live within a 2-minute walk of a bus stop. Buses will run every 5 minutes at 10 cents a ride for adults and a nickel a ride for kids, and, according to our engineering projections, be fully economic. But the success of this system depends upon a wide variety of uses—major employment centers, retail stores, offices, hotels, schools, etc., and a large population of prospective users. A development of a few hundred, or even a few thousand acres, could not hope to provide such a system.

3. We have been able, in Columbia, to relate the schools to the communities they serve—an elementary school at the heart of each neighborhood; a junior high school and a high school at the heart of each village. All kids will be able to walk or ride a bike to school. At the present cost of school busing in Howard County, it is possible that the county will save more than a million dollars a year in school busing alone. And the schools will be a part of the communities where the kids and their parents live. We have been able to lay out, with the approval of the school board and the local planning commission, more than 50 school sites to meet the school needs in Columbia over the next 15 years. All of this is only possible because of very large land holdings and large scale planning.

4. We were able to acquire the ugly commercial islands along U.S. 29, where it runs through the heart of Columbia, and we will be able to extinguish these commercial uses. Thus, instead of having these ugly beginnings of commercial blight extend like a cancer along the main road through our town, we have been able to establish Columbia Pike (U.S. 29) as a landscaped parkway for the 5 miles it passes through Columbia. We will strengthen the commercial use and the service to customers by concentrating business in attractive, well-planned business centers off the parkway. We paid premium prices for some of this land, as high as \$75,000 an acre in some instances, and we could afford to do it only because we could spread the excess cost over our large land holdings. A developer of a few hundred, or even a few thousand acres, could not have assumed this burden.

5. Washington's National Symphony has reached agreement with us to provide 30 concerts a season in a summer musical festival in Columbia each year for the next 20 years. Thirteen Protestant denominations have joined together to form a Religious Facilities Corporation and a cooperative ministry. The Catholic archdiocese and the Jewish faith are represented as participant observers on this Church Committee and are working closely with the Protestant churches to achieve the maximum interfaith cooperation. This is one of the most remarkable demonstrations of cooperation among the churches that we have seen in

our country. The State department of education has obtained a grant and completed a study for a library system for Columbia that contemplates resourceful use of modern technology, including computers and information storage and retrieval systems. The C. & P. Telephone Co. has made a special study of communications systems in Columbia and has proposed the most advanced system of communitywide communications that has been made available to any community in America. All of these developments and many others in which we are involved are possible only because we are planning a complete new community on a large enough scale to spread individual cost items that would otherwise be unacceptable, and to support education, cultural, health, recreation and business systems, that small, piecemeal, unplanned growth could not justify.

6. Most remarkable—and perhaps most important of all: we obtained our zoning. Howard County is essentially rural. It has resisted urbanization because it despises the bits and pieces of sprawl, as do nearly all rural counties that are perched on the edge of urban growth. Zoning was the major issue in the 1962 election for county commissioners. The winning ticket promised to protect Howard County against the ravages of urban growth. You can imagine that the announcement, 1 year later, of our assembly of 15,000 acres of land for the purpose of building a city was greeted with skepticism, anxiety, and perhaps a touch of hostility. It must be significant to you, as elected representatives of your people, to know when we completed our plans for a whole new city, presented them to the people of Howard County and requested a change in the county zoning laws to create a new zoning classification known as a new town district, not a single person in Howard County opposed this zoning request. The same people who abhorred and fought the invasion of urban sprawl, accepted, and supported the development of a whole new city that would preserve the stream valleys and the forests; provide recreation, culture, entertainment, convenient, well-planned business, and public transportation. They were willing to accept high-rise apartments, garden apartments, townhouses, the very land uses they were fighting when they were gathered together in a rational, beautiful, human, well-planned new city.

But now, surely, you are asking: "If you have been able to do this at Columbia and finance it privately, are the Federal programs proposed in title II necessary?" Clearly, I think they are, or I would not be here now.

Let me remind you that I am a private developer and a private mortgage banker. I believe in the private enterprise system. The homebuilding industry in America is the most productive in the world. But there are some things it cannot do without assistance—the very assistance it now resists. There is absolutely no means whatsoever by which the homebuilding industry, as it is now constituted in America, can develop the sensibly organized new communities that American needs to accommodate its future growth. The special vitality of the homebuilding industry derives from its enormous number of individual operators, and this very fact guarantees—unless some new form of assistance is provided—that we will continue to build our cities in little bits and pieces irrationally, unrelated to one another. The homebuilding industry lacks the capital among its individual enterprises to undertake large-scale land assembly planning, and development. It lacks the financial capacity and organization required to attract financial investment from life insurance companies and savings banks on the scale required to handle the growth of the American metropolis. Of course, there are exceptions. There is a handful—perhaps two handfuls—of developers around the country who can attract the capital to undertake a Columbia. And such new towns will unfold. But the overwhelming preponderance of American homebuilders are left to the limitations of piecemeal development.

The hope of the FHA insurance program is that small builders will be able to undertake middle-size developments, and that middle-size builders will undertake larger developments than would otherwise be possible. And we must stimulate planning and development over larger land areas if we are to preserve our natural resources and provide communities that serve and dignify a man, his wife, and family.

The FHA financing program has provided the underlying support for the growth of the homebuilding industry in America. It has raised housing and subdivision standards and pointed the way to steady improvement in the quality of new housing.

It is specially appropriate that its insurance program now be used to permit the private banking and building industries to improve the neighborhood—the

environment—in which our housing is built. The enormous growth of our cities calls for the planning and development, not just of houses, but of new communities. This FHA insurance program will be an important aid to private industry in making it possible.

But in addition to enlarging the capacity of the homebuilder, we must make it possible for local government to take the initiative in acquiring land and planning community development in the path of urban growth where but for such action, piecemeal, fractured suburban sprawl is the alternative. This is no threat to the private homebuilding industry but an asset. It means that local government by initiating planning and development over a larger area than the small builder handle on his own, can create an environment in which the small builder has a vastly improved opportunity to compete with the large community developer. We are performing exactly this role in Columbia and will make the land available to homebuilders to build individual houses for sale to the market. But we will have supplied parkways, lakes, open spaces, community halls, school sites, swimming pools, tennis courts, employment centers, stores, and offices to strengthen his environment and support his market.

The country needs to enlarge the application of the process by which a Columbia is built. It cannot afford to rely on the capacity or the whim of the private developer alone. We have a national interest in seeing better communities to accommodate our urban growth. A program of loans to local land development agencies can be an important, perhaps indispensable, stimulant to the growth of this process.

ADDENDUM

Outline of background and experience as relevant to the issues raised by title II of 12946:

1. President of James W. Rouse & Co., Inc., a mortgage banking firm with offices in Baltimore, Washington, Pittsburgh, and Chicago; servicing more than \$500 million in mortgages for the 45 life insurance companies and banks which it represents.

2. President of Community Research & Development, Inc., a publicly held real estate development corporation which has developed, owns, and manages nearly \$100 million in real estate in Texas, Kentucky, North Carolina, Maryland, Pennsylvania, Ohio, and New Jersey.

3. President of Howard Research & Development Corp., the developer of Columbia, a complete new city to be built on 15,000 acres of land midway between Washington and Baltimore, scheduled to have a population of 100,000 by 1980.

4. Member of President Eisenhower's Commission on Housing Programs and Policies, and chairman of the subcommittee whose recommendations formed the basis for the urban renewal program in the Housing Act of 1954.

5. Formerly president and chairman of the board of ACTION (American Council To Improve Our Neighborhoods). Formerly chairman of the Greater Baltimore Committee. In these and other public activities, extensively involved in problems of urban growth, urban renewal, and metropolitan planning.

Mr. ROUSE. Thank you, Mr. Chairman.

Mr. BARRETT. I am quite sure, with your knowledge in this field, other members would like to ask you questions.

Mr. ROUSE. Please do, sir.

Mr. BARRETT. We will continue on that basis.

Mrs. SULLIVAN. I will conclude by saying I am in agreement that there is nothing better than a real plan, and I believe in providing assistance for planning, in the hopes of avoiding or preventing haphazard suburban building. But I am concerned about how we can stop this—whether we could stop it if we developed title II of this proposed legislation—so that we can aid the areas surrounding our cities that want to plan this kind of development.

Mr. ROUSE. In Europe they only stop it by fiat. They say around London there will be a greenbelt and that's that. In America we are only going to stop it by two things, by local planning and develop-

ment processes that provide alternative solutions and by proving in the marketplace that the better environment, the whole community is what people want.

This is what you have to do to be successful. Both of those things are possible, I think. I frankly don't have fear of extending greater authority to local government in this area. I think a local land development agency in almost any metropolitan area in the United States can look forward and pretty well plot its growth over the next 20 years. It knows, for example, that it is going to add 200,000 people.

It knows what this means if it stops and thinks about it. It knows it is going to mean houses, schools, shopping areas, churches. It knows it is going to have to extend public utilities. It knows it has the tools to provide a better community. Suppose that when it was going to extend sewer and water and roads, the local land development agency would acquire land in that area and not just give the benefit of this sewer extension to the landowner on whose land it happens to be.

Suppose it said we will acquire the land under negotiation at market price, fair price to the seller. We will plan a community; put in the sewer and water and major roads and then market it. We will use the increment in land value that has been earned entirely through public action—nothing contributed by the landowner made it increase in value. It was public action that made the increase in value. We would then just use the value increment to pay for the stream valleys and forests that are going to be a deficit in the economics of community development in order that there can be real green spaces, real greenbelts to protect the community.

Financially it is all possible. There is no reason we cannot build well-planned communities to accommodate our growth. We have been able to pay for 14,000 acres of land in Columbia and to throw away 3,500 of this. You can say it is thrown away but it really adds to the value of everything else. We transferred those values to the land for development. We are able to wipe out all the Tasty-Freezes and filling stations along the highway.

We paid \$75,000 an acre for land on which we will distinguish the commercial uses to make a parkway. But this was peanuts looked at on the scale of our large landholdings.

If you pass this law—let's assume the funds are limited and they ought to be limited, because there ought to be a testing of it and if it works then the Department will come back to Congress for more money—and this need not be a subsidy. These are loans. They can be repaid out of land sale proceeds. This can be a revolving fund. It is an ideal kind of circumstance in which initiative from Congress can hold out a carrot of financial aid without ultimate cost to the taxpayer.

Mr. BARRETT. Mr. Widnall?

Mr. WIDNALL. Mr. Rouse, your statement is very interesting and I am sure that the committee itself wants to look into what you are doing and what you have done in the past and what you project in the future and this is something really creative.

Is it not a fact—is it not actually going to be necessary for you to control the governing body of that town for a long period of years in order to accomplish what you want to do?

Mr. ROUSE. That is a good question, sir, and obviously one we have had to struggle with. We have a unique and happy tradition in the

Baltimore metropolitan area in that we do not have a proliferation of local political subdivisions. Baltimore County which almost surrounds Baltimore City and has 600,000 people is one single government. There are no incorporated towns, no separate school boards, one political arm.

Howard County in which we are, which is between Baltimore and Washington similarly has one government, one county government. And Anne Arundel County has one except for Annapolis, the State capital. So that we would be flying in face of very strong tradition if we sought to incorporate and we will not. Columbia will be a community; it will be part of Howard County. In physical form it will be an identifiable city. In political form as far as the police, schools, courts, record offices, planning, zoning, the usual fundamental range of local governmental services will be provided by the county.

We are creating a kind of private government. We are creating the Columbia Park and Recreation Association which will collect an assessment through deed and agreement of 75 cents per hundred dollars of assessable base. This goes into a fund that provides the extra layer of services in the park and recreation, community halls, and so forth. That we will control. It will be a nonprofit corporation and we will control it. With each 5,000 people they will elect a member to the board and by the time Columbia is half developed the community will have a majority of the board and will control it and then year by year we will drop a member of the board until there is a complete transition so that the community takes over this kind of private government.

Mr. WIDNALL. How do you control the population? How do you control the economic and racial integration?

Mr. ROUSE. We don't propose to control. We propose it will be wide open.

Mr. WIDNALL. What provision in the 15,000 acres do you have for low-income groups?

Mr. ROUSE. Well, again, we aim to meet the lowest income level that we can economically meet in the market. We can't do better than we can.

Mr. WIDNALL. What does that mean?

Mr. ROUSE. That means in the Baltimore-Washington area you can build today a two-bedroom house to sell in the \$13,000, \$14,000, \$15,000 price range, which means you can get down to something like \$80 to \$85 a month. You can build a two-bedroom apartment under conventional financing efforts that will rent for as low as \$100 a month and if you use the nonprofit, 221(d)(3) provisions of the FHA, you can get a two-bedroom apartment down to about \$65 to \$70 a month.

Mr. WIDNALL. Would people be accepted for that housing if part of the rent was being paid by welfare the same as in the big cities?

Mr. ROUSE. As far as we are concerned they would be. I can't answer that in terms of the housing agencies. We are very serious about the fact that one of the deficits of sprawl, we think is the narrow stratification of income levels and from a marketplace standpoint—we are approaching this as a marketplace undertaking—to develop a city we ought to be approaching all of our markets. And one of our markets is the laborers who work in the community, either in construction or in service jobs, just as one of the markets is the

executives. Our plan contemplates that we will reach through the whole spectrum of housing and we will.

I think it is important that we do this. I think that it is more economic to do it than not to do it, because I think that—

Mr. WIDNALL. I just had this in mind. I think I know what you want to do. Take Washington, for instance. You have integration to a certain extent but you have economic segregation. Are you not going to have economic segregation in Columbia just as well as in Washington?

Mr. ROUSE. You can look at the word "segregation" through two ends of a telescope. It is segregation if it is compelled and it is clustering if it is voluntary. I believe—and this is a kind of pragmatic set of rules I am expressing, not a scientific one—but I believe if you could produce a truly open community in which there really were no doors closed, then I think that there would be a kind of voluntary clustering by economic level, by intellectual interests and activity, and I believe that this clustering would occur in relatively small neighborhoods.

We know perfectly well that when you attempt to market a \$50,000 house alongside a \$20,000 house you don't do very well. On the other hand, Columbia will be a system of villages of 10,000 to 15,000 people each. And each village consists of neighborhoods of 500 to 700 houses each. Within the neighborhood there might be quite a narrow economic band, but within a village there can be quite a wide band of income levels and certainly within a village there would be racial integration.

Mr. BARRETT. Mr. Reuss?

Mr. REUSS. Thank you, Mr. Chairman.

You say in your statement, Mr. Rouse, that this legislation is opposed by the U.S. Conference of Mayors. My impression is that while in the past the U.S. Conference of Mayors has opposed it, that they have not renewed their opposition and their present position is happily vague.

Mr. ROUSE. I am pleased to know that. I have been informed that it was opposed to by the U.S. Conference of Mayors and when I heard it I kind of had the feeling that if I could only talk to the mayors they wouldn't oppose it because they really shouldn't oppose it. It doesn't make any sense to oppose it.

Mr. REUSS. This is one of the best ways of relieving the pressure on our cities, is it not?

Mr. ROUSE. Well, take the city of Baltimore. The metropolitan area of Baltimore since 1945 has added a population bigger than that of Denver, Dallas, or San Diego. This is since 1945. Between 1965 and 1985 the Baltimore metropolitan area will add a city bigger than Houston.

In that same period of time Washington is going to add a city bigger than Baltimore. These are the facts of growth. This is going to occur by the hit-or-miss method that we now do it by or it is going to happen in well-planned communities. Can it be of any conceivable interest to the city of Baltimore as a political entity to see to it that the growth around it occurs in disorder? Doesn't the city of Baltimore as a political entity have every interest in seeing that the metro-

politan area of Baltimore is the best possible environment for people to live in? In the end this feeds support and strength to all of the kinds of things that ought to be at the heart of the city.

The city of Baltimore's task like any other city is to make itself work to get rid of its obsolescence, to clear its slums, create places of beauty. It has all the advantages in the world to begin with. Columbia would be off and running if we had the employment there is in the center of Baltimore, if we had the harbor that Baltimore has, if we had the graduate schools, the University of Maryland, Peabody Conservatory of Music, the central branch library—what Baltimore needs to do is a better job of comprehensive planning for urban renewal.

If the outlying communities are better done they may have the effect of causing the city to see how it ought to do a better job of environmental planning and in the creation of better new communities within the city.

Mr. REUSS. You have been shown to be enthusiastic a proponent of new town development rather than sprawl on the fringes of the city. Instead of being opposed or lukewarm, the conference of mayors ought to be out in front on this one. You have also shown in your testimony that it is puzzling that the Association of Home Builders seem to be opposed to new towns because, as you point out, new towns are a great place for homebuilders to build a lot of homes.

A third organization which you describe as being in opposition is the Mortgage Bankers' Association of America. You happen to be a very large mortgage banker yourself and if I am not mistaken that is where you made most of your money.

Mr. ROUSE. That is true.

Mr. REUSS. Actually, is not a new town a great place for a mortgage banker to make some money?

Mr. ROUSE. It is just incredibly shortsighted that the Mortgage Bankers' Association would oppose this legislation. Every aspect of real estate investment seeks long-term values, stability, solid growth, assurance against the kind of erratic, hit-and-miss, uncertain growth that occurs in the metropolitan areas today. This opposition on the part of the Home Builders and Mortgage Bankers' Association is built, I am sure—I am not really sure—I have to say I believe—is built out of a fear that it is going to become some kind of a new form of governmental control over private business.

Mr. REUSS. In fact, the people who will make the loans which would make possible the new towns would be the private mortgage bankers, would they not?

Mr. ROUSE. Of course they would. You know, there is a very unique aspect of the growth of American cities that there are no big corporations engaged in the business of city building. This is one of the largest industries in America and there is not one single large corporation engaged in the business of city building as a business. Alcoa is involved and General Electric is involved, but their main business is something else. There is no automobile manufacturer—no General Motors of city building. It is a proliferation of little corporations and none of us, the biggest of us is not capable of going out and doing this kind of thing alone.

Mr. REUSS. Just one more question which I think I can get in under my time.

Do you have a position, Mr. Rouse, on the demonstration cities program which is also before this subcommittee?

Mr. ROUSE. I do not. I am reluctant to say that I do not because I really haven't studied the legislation carefully enough to have a responsible position. But in general I would say that I think that the time has come when we need to recognize that the composite solutions in which we are now engaged in attempting to make the city work are not enough and it is imperative that the city be made to work for the people who live in it.

This is where our civilization is. So that the idea of a massive demonstration program of this kind is instinctively appealing to me. Whether the details of the legislation are right—whether I think them right I don't know. But the general idea of a special form of support that calls for a massive approach to making the city work for the people who live in it is a right idea and it needs to occur swiftly.

Mr. REUSS. Thank you.

Mr. BARRETT. Mr. Rouse, we certainly appreciate your coming here today and giving us your very fine and very informative presentation. Thank you very much.

Mr. ROUSE. Thank you, Mr. Barrett.

(The following information was submitted for the record:)

JAMES W. ROUSE & CO., INC.,
March 31, 1966.

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

DEAR MR. BARRETT: It was a great pleasure to have the opportunity to appear before your committee and to testify in behalf of the proposals for expanded FHA mortgage insurance covering land purchases and loans to local land development agencies for community development.

I understand that you have some concern over whether or not the full proposal is acceptable to Congress at this time and that you are interested in knowing whether or not a limited program to test the Federal loans to local land development agencies might be effective. I would feel that a very good way to launch this effort and to explore its effectiveness would be to make loans available on a demonstration basis to, say, a dozen local county or township governments around the country to see how effective they are in using it to produce well-planned new communities.

Best regards.

Sincerely,

JAMES W. ROUSE.

Mr. BARRETT. Our next witness will be Hon. Louis DePascale, mayor of Hoboken, N.J., accompanied by Raymond G. Clyons, coordinator of urban renewal, director of HOPEs, Inc.

We are glad to have you here this morning, Mr. Mayor. We desire to make everybody comfortable who comes here for the purpose of offering testimony and we want to extend every courtesy to you because we have learned on so many occasions from your great Congressman that you are one of the great mayors in the State of New Jersey. I certainly want you to know Hoboken has sent us one of the finest and knowledgeable and productive Congressmen who have ever come into the Halls of Congress and I would like to have him introduce you here this morning.

**STATEMENT OF HON. DOMINICK V. DANIELS, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NEW JERSEY**

Mr. DANIELS. Mr. Chairman and members of the Housing Subcommittee. I first want to thank you for your most kind remarks concerning myself.

I would also like to express to you my sincere thanks and appreciation for affording me an opportunity to appear before this honorable committee to introduce the next witness, Hon. Louis DePascale, the mayor of the city of Hoboken, N.J.

I have the honor of representing the city of Hoboken, one of the localities located in the 14th Congressional District.

Mr. Chairman, there probably is no city where there is greater interest in the concept embodied in the legislation which this subcommittee is considering than there is in Hoboken, N.J. Hoboken is an old city which lies across the river from New York City. It is often referred to as the mile-square city for the obvious reason that it is exactly 1 square mile in area. It is the second most densely populated city in the United States with a population of 48,000.

There are those who have said that Hoboken and other cities which were founded in colonial America have had their day and that there really is no future for these cities. Fortunately, there are some who do not share these sentiments and fortunately, there are some of these forward-looking people who get elected to municipal office. Hoboken, N.J. is fortunate to have in its mayor's office a man who believes that the city has a future. Further, he is willing to work to assure that future for the city which he has served well since his recent election.

Mr. Chairman, I think when this legislation is enacted into law there will be no city more deserving of the consideration than Hoboken. Its geographic location, its facilities and its great potential for restoration and renovation make it an ideal city for selection as a demonstration city.

It has one other great city asset. Hoboken is fortunate to have the enthusiasm and leadership of a very outstanding mayor. It is my great honor and privilege to present to you the mayor of Hoboken, N.J., the Honorable Louis DePascale who is accompanied by Mr. Raymond G. Clyons, coordinator of urban renewal and director of the anti-poverty program.

Mr. BARRETT. Thank you very much, Congressman Daniels.

Mr. Mayor, I am quite sure Mr. Widnall is also most anxious to welcome you here this morning.

Mr. WIDNALL. Thank you, Mr. Chairman.

As a fellow New Jerseyite I would like to welcome you before the committee. We know how effective your Congressman, Mr. Daniels, is and he is a fine Member of the House. He has told us of the many things that you have achieved in your own city and we certainly look forward to hearing your remarks today.

Mr. DePASCALE. Thank you very much.

Mr. BARRETT. Thank you, Mr. Widnall and Mr. Mayor.

You may start your testimony. If you desire to complete it before having any questions asked, you may do so. If you would like to submit your testimony it is agreeable to us.

Mr. DePASCALE. I have a very brief statement I would like to read to the committee.

Mr. BARRETT. You may proceed.

**STATEMENT OF HON. LOUIS DePASCALE, MAYOR OF HOBOKEN, N.J.;
ACCOMPANIED BY RAYMOND G. CLYONS, COORDINATOR OF
URBAN RENEWAL, DIRECTOR OF ANTIPOVERTY PROGRAM, AND
DIRECTOR OF HOPES, INC.**

Mr. DePASCALE. Mr. Chairman and members of the committee, I am pleased to have the opportunity to appear before you to speak on behalf of the Demonstration Cities Act of 1966. My name is Louis DePascale; I am the mayor of Hoboken, N.J., and I feel that in presenting our situation I represent not only our city but many of the small cities throughout the Nation. As you will see, we are a model of the current urban situation in this country.

H.R. 12341 is a particular satisfaction to me because it exemplifies the responsiveness of Congress and the administration to one of our most difficult problems. Speaking at the Vice President's Conference of Mayors on August 11, 1965, I mentioned that not only were we a needy city but that the same factors that have contributed to our need have also severely limited our financial capacity. Under the circumstances, the full rewards of urban renewal and other federally aided programs always seem to dangle just beyond our reach. In common with many other communities of our size, we find the cost of the local share almost a luxury. Even with the most careful planning and coordinated mobilization of our resources, our fiscal capacity allow us to proceed so slowly that we can only make a small impact on our problems. Certainly we cannot proceed rapidly enough to arrest in time the exodus of families and industries who have long been resident here.

Hoboken, as you doubtless know, is a self-contained square mile. We are separated from our neighbors to the north and south by railroad lines and enclosed on the east and west by the Hudson River and the Palisades, respectively. Within these sharply defined boundaries are all the components of the contemporary American urban scene. The city is, in fact, a model of all that is most hopeful and most troublesome in our country's older cities.

Located directly between the Holland and Lincoln Tunnels, we are only 10 minutes away from midtown or downtown Manhattan by bus, tube (PATH), ferry, or automobile. While not the major port that we were during World War I, when the city was the principal port of embarkation, we still have many active waterfront facilities—Bethlehem Steel Shipyards, Port of New York Authority piers, and a busy lighterage pier. We house the eastern terminal of the Erie-Lackawanna Railroad and are only minutes away from the region's major highways. One of the country's outstanding engineering schools, Stevens Institute, is located here. We still have diversified industries of national reputation—Kenfell & Essex, Standard Brands, General Foods and West Virginia Pulp & Paper, to name a few. We have a heterogeneous population which, we are told by prominent sociologists, shares a common sense of community. The city has a rich history with many "firsts" going back to the 17th century.

Visually, we are informed by the Regional Plan Association, that we are a "special place"—the only authentic river town on the lower Hudson.

Yet our problems match our assets and to date have sharply limited our ability to realize our potential. At present our population of approximately 48,000 persons makes us the second most densely populated city in the United States. Between 1910, when the population was 70,000 and 1940 we ranked first in population density. The railroads, whose early development is largely due to Colonel Stevens' pioneering work in Hoboken, were responsible for our growth and still provide 10 percent of our annual income. Yet they have declined in importance as freight carriers and are in financial trouble. Not only does this threaten our tax base, but it has contributed to a sharp decline in industrial rates and employment. Our water and sewer systems require an estimated \$25 million worth of repairs, and an anticipated new State directive requiring additional sewage treatment will add another \$5 million to our obligations. The percentage of our housing rated as sound, with all facilities, by the 1960 census is fourth lowest in the Nation for cities of 10,000 or over. The median income of Hoboken families is sixth lowest in the State, and our per capita expenditures for welfare are second highest. Against this, our effective tax rate is the highest in New Jersey.

My administration has accepted the fact that there is no choice but to make a major renewal effort. Over the past 15 years, the city has built approximately 1,000 units of low-income public housing and is proceeding with plans for 250 additional units of low-income housing for the aged. The total will approach 8 percent of our total housing supply. Construction is underway on our first urban renewal project which will supply 400 units of new moderate-income housing. A second urban renewal project, aimed at providing middle-income housing, is approaching the acquisition phase.

Our early experience with renewal and various other federally aided programs convinced me that our limited resources could be effective only if all public actions were carefully coordinated and programmed on a communitywide basis. As a result, I was responsible for initiating a community renewal program and served as its unpaid director during the 2 years prior to my election as mayor. One of the advantages of being a smaller city is that it is possible to consider the entire city in such a study. Since my election, I have created the post of coordinator in my office. As a result the code enforcement program, public works planning, urban beautification plans and the renewal projects designated by our CRP are being scheduled to reinforce each other rather than to dissipate our capacity in random fashion.

In undertaking our antipoverty program, we again chose to enter through a program development phase. As a result, a community action programs are being designed to mesh with both our renewal and education programs. We hope to use OEO funds not only to combat poverty, but to strengthen our social resources by creating new leadership at the grassroots level.

Nor have we overlooked the private sector. It was our advisory council, composed of a broad cross section of our community, that

enthusiastically endorsed the idea of the demonstration cities program. There has been strong cooperation between my administration and many of the private groups which have sponsored unassisted improvement programs. Among these groups who have demonstrated their willingness to join in the fight for a better city are the Hoboken Chamber of Commerce, the Council of Churches, Stevens Institute, and the Port of New York Authority.

This brings me to commenting on the provisions of the proposed Demonstration Cities Act.

I would like to join with those who would avoid a national competition that would raise hopes falsely and thereby increase the bitterness of disappointment. In supporting the allocation of grants on a first-come, first-served basis, knowing the urgent need for a comprehensive program of this type among many other cities of our size, I would hope that the successful demonstration made by the original cities chosen would lead to the continuation of techniques which cut the heart of the matter.

An important corollary to this approach is that funds should not be directed from other programs to pay for the demonstration cities program. The need for renewing our cities is so pressing that nothing should be done to slow down the momentum which cities have achieved even under the present aids. By the same token, the \$2.9 billion title I funds authorized by Congress for urban renewal should be released immediately, rather than spread out over the next 4 years. The fact that there are now funds for rebuilding public utilities in the Housing Act of 1965 merely adds to the necessity for this.

With regard to planning funds, we feel that planning is less of a problem in smaller cities than in larger ones. We have been able to afford the money needed for planning our projects. Raising funds needed for implementation remains our most pressing problem. It is also a problem in smaller communities, where all governmental activities make news, to avoid overplanning and underimplementing. The public tends to become discouraged by this.

Nevertheless, I believe that all cities should be encouraged to participate in the planning phase of the program. Those who are ready sooner will be able to proceed with implementation sooner. Meanwhile, this effort should release many new and important ideas.

In administering the program, we feel that other small cities will join us in welcoming the provision of a Federal coordinator. We have received valuable technical assistance from HHFA in the past, and anticipate the continuation of cordial relations with the Department of Housing and Urban Development in the future. Provision of a Federal coordinator would furnish an additional valuable resource in coordinating information and procedures outside our boundaries.

The Demonstration Cities Act, Mr. Chairman, seems to have been framed with our situation specifically in mind. Yet, because we recognize our own problems in so many other cities, we know that it answers long-felt needs in many places. We would like to state our conviction that smaller cities, as well as larger ones, must be included as demonstration cities. As manageable models, they can show greater results with smaller infusions of assistance. The solutions are a matter of scale. Like other controlled experimental situations, the results

can be converted into larger scale answers through use of the proper factors.

We heartily commend the vision shown in the Demonstration Cities Act and urge your support for it.

Thank you.

Mr. BARRETT. Thank you, Mayor DePascale. I am now certainly convinced that the comments they make about you as being a great mayor are absolutely true. I have no questions. But I do wish to thank you for your very fine and instructive statement.

Mr. DePASCALE. Thank you very much.

Mr. BARRETT. Mr. Widnall?

Mr. WIDNALL. Mr. Mayor, I would like to commend you for your statement, also.

I know, if we are going to pass the demonstrations cities program and cover medium-sized cities, that we tend to think of New York, Boston, and places like that. But I know yours would be a typical one where something effective might be done.

Do you have any estimate of what you think you would require in Hoboken to do this job?

Mr. DePASCALE. We would need a minimum of \$50 million for appropriate renewal program. We already have the communities renewal program that we have been working on for a couple of years. Our budget is \$50 million.

Mr. WIDNALL. Thank you very much.

Mr. BARRETT. Mrs. Sullivan?

Mrs. SULLIVAN. No questions, thank you, Mr. Mayor.

Mr. BARRETT. Thank you, Mr. Mayor. All time has expired and we certainly are grateful for your comments.

Our next witness this morning is Mr. Robert L. Windham, of Robert Windham & Associates, Dallas, Tex.

We are grateful for you coming here this morning and as you no doubt heard me express here on other occasions we are just hopeful we can make you feel comfortable, completely relaxed and I am quite sure we will be the beneficiaries of your very fine testimony. If you desire to read your testimony without being interrupted, you may do so. We will go along with you. You may start.

STATEMENT OF ROBERT L. WINDHAM, ROBERT WINDHAM & ASSOCIATES, DALLAS, TEX.

Mr. WINDHAM. Thank you, Mr. Chairman.

It is going to be a little difficult to follow Mr. Rouse. He well covered the integral parts of our operations. We, too, are participants who are engaged in similar projects.

I might just touch on one of them, which is practically of the same nature as his, except in a different area of the country. While Mr. Rouse is involved in some 15,000 acres in a mass populated area, ours involves 16,500 fee acres and 2,000 governmental leased acres on the shores of Lake Havasu in the lower Colorado River area which is the border between Arizona and California.

This program is different, perhaps in one aspect, that being that the development is primarily a large land development with a great

planning program. It was master planned by whom we consider the experts in the field.

The program is one which is in an area that is isolated from all great populated areas, the closest being Phoenix to the east which is approximately 150 air miles. It is below Las Vegas, about 125 miles and it is about 300 miles east of the southern California populated area. It is completely surrounded by Indians, Indian reservations. There is no industry. The only industry they have is a very, very small agricultural area.

The development has taken on the building of a new city. The program has progressed very well as a land development program and a land sales program. We have run into the normal problems in an area of this kind due to its location. We have gone into a great merchandising program which has brought primarily some 6,000 purchasers of land for future building of homes, retirement and movement to this new area of the West and the large majority of the sales are coming from the Midwest, from the northern areas—the cold country, so to speak.

Mrs. Sullivan, we have gotten quite a few customers from St. Louis—people who have gone out for health purposes and reasons of this sort.

The development is one which in time will represent a city of perhaps 30,000 to 50,000 people in population.

The testimony that I have submitted is one that I have put in the form of an article and I call it "An Eye Toward Tomorrow." I won't read it. It spells out a few factors involved in large land development programs which offer opportunities to builders that are now provided by FHA under different programs and different acts of the FHA. Our program offers all types of construction for residential—different kinds. I will say that with programs under the new legislation as being offered under the urban development, title II, the communities new cities, the new community program, ours is one development that could be classed as a prototype.

This city is being built under what I believe this legislation would be for, or include.

Mr. BARRETT. Mr. Windham, I wonder if I may interpose here. You, like Mr. Rouse, are quite knowledgeable in this field. I wonder if it would be agreeable to you if you would submit your statement in full in the record. This may be done without objection and so ordered.

(The statement referred to follows:)

AN EYE TOWARD TOMORROW

SPECIFIC MARKET APPLICATION

The homebuilding industry may produce 1,500,000 or 1,600,000 dwelling units this year, and these units will be sold or rented one at a time, to specific customers with specific likes and dislikes, and with specific needs.

The secret, of course, is to "know the market" where you plan to do business; know its characteristics, know its needs, and to understand it in depth.

Of course, we see business opportunities from a different viewpoint than that of others in this business—which is as it should be.

A minister walked by two bricklayers at work and stopped to ask each what he was making. The first replied, "a lousy \$150 a week"; the second said, "I'm building a cathedral that will rise to the heavens." The second reply more than

satisfied the minister, but the facts are that the second man was fired—he was suppose to be building a garage.

In preparing for the future, one's opportunities lie in two general areas:

1. Offering customers the unusual, that "magic something" that the competitor has overlooked. Let's quote from a survey conducted by our company among 352 families that were transferred to a new plant location:

	Percent
Purchased new homes.....	92
Bought existing homes.....	8
Were purchased directly from the builder.....	56
Were bought on conventional loans.....	76
Were bought on FHA.....	13
Were bought on VA.....	11
Purchased 3-bedroom houses.....	73
Purchased 4-bedroom houses.....	25
Complained about the followup service of the builder.....	25

Aren't we fortunate that so many of our competitors tend to forget their customers after the sale. What a great opportunity this affords us and the customer with FHA 234 condominium, and FHA 203(b) planned-unit-development programs where maintenance and management is offered.

2. The second area of opportunity is based upon the many favorable long-term growth factors which affect the demand for housing. Higher employment, higher average earnings, increased capital expenditures; continued high Government spending, gradually swinging toward State and local programs; and, of course, the much talked about population explosion.

In this great country we seem to have a number of things going for us that should spell "prosperity and opportunity unlimited."

To know that the U.S. population will reach a billion in less than 100 years is almost incomprehensible. This sort of an Amos and Andy figure, and it is difficult for us to grasp its full significance.

When we talk about who's going to be around in a hundred years, we find it interesting, but very academic. But let's look at the population explosion from a different angle; let's not forget what's going to happen, but let's look at the folks who are already here. Did you realize that—

Ten percent of the population did not exist at the time of President Kennedy's inauguration?

Twenty percent cannot recall the Korean war?

Forty percent were not here when the first atomic bomb was dropped?

Sixty percent cannot recall Pearl Harbor, because they simply did not exist then.

These are the young folks who are bulging our schools, who will increase the annual family formations by 25 percent in only 5 short years.

And this has to mean increased demand for residential construction of all kinds throughout the 1960's and 1970's.

SUMMATION AND CONCLUSION

The future is already on us—and it belongs to those who prepare for it. We have made our plans for the next 3 to 5 years—and we want to assure all that we are ready to take advantage of the tremendous growth opportunities that lie ahead in the homebuilding and land development industry—while at the same time carry out the objectives and views of the administration on better housing and urban development as is presently being proposed by the Secretary of Housing and Urban Development under title II of bills H.R. 12939 introduced by Representative William Barrett, and H.R. 12946 introduced by Representative Wright Patman—"The Urban Development Bill."

We feel that should FHA land development legislation, which was enacted in 1965, be amended by title II of these bills, would certainly fit into our operations as well as other builders and land developers, both large and small, throughout the country.

We are presently engaged in a large land development located in an area on the Arizona-California border—an area designated by the Secretary of Commerce as a redevelopment area under the new Economic Development Act of 1965. The success, thus far, of this development is primarily due to the financial stability of private enterprise, as well as the imagination and boldness charac-

teristic of private enterprise. The scale of this project is such that only a large developer could find adequate volume of favorable financing for the site preparation. This was 2 years ago.

While the development is presently experiencing a favorable lot sales program, we had to turn to the Economic Development Administration for help in financing the industrial and commercial installations in order to afford the area a solid base for its economy, and to the Federal Housing Administration for adequate, favorable financing for home construction.

The scale of this project is such that with financing cost increasing with "higher interest rates," and "tight money," the situation is becoming somewhat acute as the development continues with what would normally be considered efficiently scheduled land development operations, while attempting to keep in line with financing charges which the market is now demanding for land development and for actual house construction, along with interim and long-term financing for industrial expansion into this redevelopment area.

We are of the opinion that if title II of the proposed bills be enacted by Congress, as proposed by the administration, that this new program for FHA will tend to aid in effectively helping to hold rising financing charges in line with market sales demands, and will benefit and allow efficient, smaller scale land developments for both large and small developers, throughout the country.

ROBERT L. WINDHAM.

Lake Havasu City growth statistics—Lake Havasu City, Ariz., was founded on Feb. 1, 1964

	February 1964	February 1965	February 1966	February 1967 (projected)
Population.....	1 160	625	1,728	3,500
Miles of roadway.....	3	41.6	92.2	160
Miles of paved streets.....	0	14.1	29.9	60
Miles of waterline.....	0	19.6	53	100
Miles of powerline.....	1.2	9.2	21.4	40
Miles of sewerline 2.....	0	0	9.1	20
Single family homes.....	0	61	162	462
Total dwelling units 3.....	40	227	533	1,000
Commercial enterprises.....	41	18	74	110
Industrial employment.....	0	70	122	250
Elementary school enrollment.....	0	68	156	300
High school students 4.....	0	22	49	100
Bank deposits 5.....	0	\$331,000	\$1,315,000	(7)

¹ Engineering and planning personnel and McCulloch Corp. outboard test center employees.

² Sewerline installed by Lake Havasu Sanitary District for industrial, commercial, and multiple-residential property only.

³ Includes homes, apartment units, and mobile homes.

⁴ McCulloch Corp. outboard motor test center established in 1958.

⁵ Currently attending high school in Kingman, Ariz.

⁶ Figure for February 1966 is as of the close of banking day, Jan. 26, 1966.

⁷ Not available.

Mr. BARRETT. Maybe we could ask you one or two questions.

I just would like to ask you one question.

First, I do want to thank you for a very excellent and informative statement. As you know, this proposal for FHA insurance, of loans to establish new towns and communities has been before our committee for several years.

Last year we authorized the FHA insurance for suburban subdivisions but the Congress did not extend the FHA insurance to new towns. Frankly, there is considerable opposition about new towns on the part of homebuilders and many mayors.

What would you think if Congress were to authorize FHA insurance for a limited number of new towns, say for example, a dozen? In other words, we would set up as a demonstration program to see how it would work. Do you think this would be good strategy?

Mr. WINDHAM. Well, it would certainly be the approach that one might take, comparing it to a prototype of a new business. It would certainly give an experience factor that would offer a way for the future and I would certainly think and suggest that before completely bypassing the new communities program, that this approach should certainly be considered. I think this would be an approach that would certainly give a good experience factor before completely eliminating the communities program. It would be one that would be an approach that would at least offer a test and would give an experience factor and would be one that would be well taken or considered.

I would be very much in favor of it. I think it would be at least a solution to the program of the new communities act. Of course, we are experienced in it now. We are going along with conventional financing. We have had our problems and this would certainly provide a comparison to our program.

As I mentioned in my testimony, with tight money and high interest rates, it could eliminate and is troubling us in order to end up with a program that would allow us the means to meet the demand because of the factors.

This program started 2 years ago, so it had a different attitude and different approach to the money market then, than it has today. We called on the Economic Development Administration for help in helping with the establishment of industrial and commercial complexes in which they are now participating. We had to call on FHA in order to get our homebuilding program started, because in this new area conventional financing was not available for home construction.

We feel that with FHA in the program this will give a stronger base for the economy and consequently in a few years conventional financing will come in.

So, Mr. Chairman, yes, I would certainly think it would be wise to take the approach you have suggested.

Mr. BARRETT. Mr. Windham, I just want to say this. I do not know, I have never seen any harm come to the municipalities on whose fringes new towns have been built. I think the fears are groundless.

I am of the opinion now that if we authorize insurance of loans to build, say, a dozen new towns it would give an opportunity to show how the program would work and allay the fears that some people have. Don't you agree?

Mr. WINDHAM. I can best answer that by relating an event that happened last Tuesday. The town of Yuma, Ariz., asked if I would come by and visit with their chamber of commerce, the mayor of the town, and there they have county supervisors—a board of supervisors rather than county commissioners. They had called this meeting with their housing authority and it had all been set up in order to have 40 or 50 people attend.

They have a situation that needs the program of the new communities as it is now proposed in this new legislation. They have a problem there with the bracero situation, the legislation that has just taken place removing them from the area as laborers. The corps in this vast farmland are gradually being deteriorated by the fact that there is no one to harvest them. Consequently there are personnel that are favorable to this classification of work who are moving, migrating to

the area for employment. Literally, I saw, last Tuesday, people who have taken these braceros' places, American citizens sleeping in ditches with their families because there was no place for them to house and sleep.

This has become a serious problem there and they called us as consultants to see if we could come up with a program. Here is a municipality, a local city and county government in an area where this is happening; they have a problem which the new communities legislation, if enacted, would relieve.

Now, the New Communities Act, in my estimation, would be a perfect solution for this problem. The townspeople would be behind it, the city of Yuma would be behind it. The county board of supervisors would certainly be behind it. The local authorities on housing would support it.

As a result, I went to the capital and talked with Governor Goddard and with Mr. Miller, his aid. They assured me that State land would be made available in the area for this particular program. I have undertaken to help this city that we are now in, to alleviate this problem—FHA doesn't have a program today that will qualify for this particular situation. The new communities program would.

I could carry this further into areas of larger populated areas. I am sorry I didn't have more time to prepare a better testimony than the one that I have presented.

MR. BARRETT. I just wanted to add this to your statement and turn it to Mr. Widnall. It is true that this is no drag or drain on the Treasury. The only thing we would give to the new towns is the insurance to the private investors. It would all be private enterprise.

MR. WINDHAM. Yes.

MR. BARRETT. Mr. Windall?

MR. WIDNALL. Thank you. We welcome you to the committee and appreciate your testimony. I have not been on the ground at Lake Havasu but I have flown over it. It looked pretty good from the air.

MR. WINDHAM. Give us 10 years and you will see a city.

MR. WIDNALL. Where are you attracting your population from? Where are the people coming from who are settling there permanently? Are they coming from Arizona or outside Arizona? Where are you attracting your population from for the new city, from Arizona or outside of Arizona?

MR. WINDHAM. It is very interesting. The majority of land purchasers have come from primarily the Midwest area, the area that has just recently gone through the floods and are now getting into the late snows. The developer has four Super Constellations and the program of merchandising goes into the cities for presentations to prospective purchasers of lots. The majority of the sales have come out of the Midwest only because that is where the sales program is now concentrated.

For the amount of people that see the properties, and incidentally, no one may purchase a lot until he has inspected the property. There is no sale by mail or such. He has to inspect the lot before his money is accepted. There are some 6,000 property owners and they are selling on this basis and today's program is geared at a million and a half dollars per month in land sales. These lots will average

out about \$4,000 to \$5,000 per lot. This includes also industrial and commercial lots and parcels. A lot of people are buying on speculation, recognizing that the future will be there and they are buying on the grounds.

Mr. WIDNALL. How large are the lots?

Mr. WINDHAM. The lots would average from the minimum 7,500 square feet and the average on the golf course is 12,500—100 by 125 feet.

Mr. WIDNALL. Are many of these people buying the lot to build a home for retirement purposes or for active use—earning a living there close by? There is not anything close by.

Mr. WINDHAM. We are now underway with the development of the first industrial-commercial complex and we have our first EDA financed complex progressing, which is a 54,000-square-foot manufacturing plant which is expanding and we enticed them to expand to Lake Havasu City. EDA has the necessary programing or financing that would enable the development to offer them an enticement which would be lower rents, since the area is qualified under the EDA program.

To answer your question more specifically, it is very interesting if you flew over a year ago and fly over it now, you would see homes spotting here and there all over the development. These people who are now building those homes are arranging their own conventional financing based on their financial stability and they are primarily financing away from there, from where they come from, St. Louis, Chicago, or wherever it might be. They are paying off their lots in advance. The lot sales call for 10 percent downpayment and balance paid out over a period of time and when 50 percent of the sales price has been paid in, then the developer will subordinate the balance of his position, the first position, to home mortgage financing.

These people, as I said, are financing from their own sources so far, outside of the FHA tracts that we now have underway. A lot of them are building second homes with the idea that eventually they will move to Lake Havasu when a more solid base of economy for the development has taken place. They evidently elect to migrate to the sunny country for some reason or other.

In just one moment I will give you a brief incident that just happened recently. While at Lake Havasu City one day I got a haircut. While talking with the barber I asked him where he was from. He said he was from St. Louis. I said, "How long have you been out here?" He said "3 years." I said "the city has not been here that long." He said, "I have been in Phoenix 3 years." I said, "What brought you here?" He said, "When I left St. Louis I was in a wheelchair." I said, "What was your problem?" He said, "I had arthritis" and as he was cutting my hair, standing cutting my hair, I turned around and looked at him. I said, "This is interesting. What do you attribute this to?" He said, "The sunshine." I said, "It would be pretty hard to get you to leave the desert?" He said, "Absolutely."

Mr. BARRETT. Mrs. Sullivan?

Mrs. SULLIVAN. Just one question. I think you have made a great contribution.

Mr. WINDHAM. Thank you.

Mrs. SULLIVAN. I think you have contributed greatly to our information, Mr. Windham. You have given us lots of food for thought and some insight into problems of the future.

I want to ask you this: What is the price range of the homes being built in this particular area where the lots alone cost an average of \$5,000?

Mr. WINDHAM. The first FHA tract of 30 homes sold from \$12,000 to \$16,000, including the lots.

Mrs. SULLIVAN. Are these small homes?

Mr. WINDHAM. Two and three bedrooms, yes, madam, a little FHA, under the 203 program.

Mrs. SULLIVAN. Do you envision going into more costly homes also?

Mr. WINDHAM. The way the development has been master planned, there will be areas, naturally for higher priced homes. We have some homes, a couple of homes of individuals who moved out who built their own homes and they ran \$50,000, \$60,000. The golf course complex will definitely dictate higher priced homes. I might add, to the lower income bracket we are now just getting our first FHA, and since the city is not a municipality it can't qualify under 221(d). But with us contributing the land where there would be no land cost, we can come down pretty low in rentals under 207. We have 80 multifamily apartments started under the 207 program which will allow low, moderate rental for the factory workers. We are attempting to provide low rentals to the public. We have just had approved under the 203 planned-unit program, 17 townhouses on the golf course. These will sell for \$35,000, and will take a top \$30,000 FHA mortgage.

If it hadn't been for FHA and the economic development program we would have had an awful tough time getting the home industry started and also the commercial industry—the commercial industrial complex started.

Mrs. SULLIVAN. Is your family housing two story or higher?

Mr. WINDHAM. We are now planning two story. There are apartments that private enterprise has come in with their own conventional financing based on their financial strength—mostly individuals. They have built two apartment projects, small ones which are running 100 percent occupancy. We can't get conventional financing. When we do find conventional financing it is so high priced that it is not economically feasible.

Mrs. SULLIVAN. I wonder whether, in that area, there would be any high-rise building or whether it would be kept down to moderately low buildings.

Mr. WINDHAM. At this time it would be moderately low. But in time when the city is built it will go into high rise.

Mrs. SULLIVAN. Thank you.

Mr. BARRETT. Thank you, Mr. Windham. All time has expired and we certainly appreciate your coming and we are grateful for your testimony.

Mr. WINDHAM. Thank you.

Mr. BARRETT. Our next witness this morning will be the Honorable H. Gordon Payrow, Jr., mayor of Bethlehem, Pa.

Mr. Payrow, we are certainly very pleased to have you here this morning. You are a Pennsylvanian, and we have something splendid

in common. We are hopeful that we give you comfort and contentment and complete relaxation here this morning when you testify.

I will call on Mr. Widnall of New Jersey.

Mr. WIDNALL. Thank you, Mr. Chairman.

I would like to say Congressman Rooney who is representing your area wanted to be here, and I know he wanted expressly to do so. But he has a conflict at the present time. So he wanted to convey to you his welcome and his regrets that he couldn't be here to make a full introduction.

I have the pleasure in welcoming you here, as a member of the minority, and knowing that you are doing a fine job as the mayor of Bethlehem and that you will contribute a great deal to the hearings now in progress. We appreciate your coming here.

Mr. BARRETT. Mr. Mayor, we certainly want you to choose your own way of making your presentation here on your testimony this morning. Whatever you desire to do, the committee will be glad to go along with you. If you desire to read your statement in full you may and we may ask you one or two questions after you complete your statement. You may start.

STATEMENT OF HON. H. GORDON PAYROW, JR., MAYOR OF BETHLEHEM, PA.

Mr. PAYROW. Thank you, Mr. Chairman.

It is my regret that Congressman Rooney and I are each of different political affiliations.

If possible, I would like to present my testimony, read the complete statement, and then have questions.

Ladies and gentlemen of this distinguished subcommittee, I welcome the opportunity you have afforded the city of Bethlehem and myself to appear here today to support the demonstration cities program. I do support this program as a city dweller myself, as the mayor of one of the fastest growing cities in Pennsylvania, and as an official of the Pennsylvania League of Cities.

I heartily endorse the plan outlined by President Johnson to call a halt to urban decay and to begin today a comprehensive and dramatic rebirth of American cities.

There is no doubt that the decline of urban neighborhoods can be stopped if all of the governmental, social, educational, and welfare resources available can be united in a common effort to remove slums, wipe out poverty, make the unemployed employable, provide adequate schools and neighborhood facilities, make available respectable low-cost housing, create essential open space, and give rapidly expanding urban areas a new life.

The city of Bethlehem, Pa., is a typical American community, with a population exceeding 75,000 and consisting of an area of approximately 20 square miles, located in eastern Pennsylvania at the hub of the rapidly growing Lehigh Valley. It is a basic industrial community, deep in culture and heritage, with the average earnings in the neighborhood of \$6,000 and with an unemployment rate of 2.7 percent. We enjoy two schools of higher learning; namely, Lehigh University and Moravian College. We were founded by a group of German immigrants who settled here in 1741.

For 44 years, the city operated under the commission form of government until January 1, 1962, when Bethlehem was one of the first cities of its class to adopt the mayor-council form of government. The mayor-council form of government calls for the separation of the legislative and executive powers, similar to Federal and State Governments. This government transition has marked the start of an unprecedented period of community improvement and development.

Recognizing the need for long-range programming of local government expenditures, Bethlehem established its first capital improvements program which projects capital needs over a 5-year period and is updated annually. The current program, spanning the years 1966 through 1970, anticipates combined Federal, State, and local spending in the amount of \$48 million for capital improvements.

Our capital improvements program shows that we are making every effort within our means to improve our community and to arrest blight. These efforts are limited, however, by local inability to finance the expensive rejuvenation which still remains to be accomplished.

As evidence of Bethlehem's interest in helping itself to the maximum extent possible, let me point out that the city has committed \$29 million of its funds to the capital improvements contained in our \$48 million program.

Meanwhile, the Bethlehem area school district, a regional school system serving the city and four neighboring municipalities, is currently engaged in the largest building program in its history—updating existing educational facilities, building new elementary schools, a junior high school and a senior high school. The capital investment alone totals more than \$16 million. These combined city and school district programs are imposing a substantial tax burden on our citizens.

Bethlehem leads all of Pennsylvania's third-class cities in participation in Federal aid programs. Only the cities of Philadelphia and Pittsburgh have made more extensive use of the Federal programs available to help combat the modern city's woes. Bethlehem is engaged in, or has seen completed, a total of 17 such programs to date, and is pursuing every avenue open to make use of the new programs enacted by Congress.

This \$35 million Federal and State investment already is generating local investments approaching \$70 million. Completion of some of the projects now underway can easily double that figure within a few years' time. The investment of Federal and State funds in Bethlehem is being multiplied many times over by the local public and private expenditures these funds have stimulated.

For example, in one urban-renewal project only recently approved, Bethlehem Steel Corp. will construct twin basic oxygen furnaces at a cost exceeding \$30 million. Other facilities this industry is planning within this renewal area will result in still another multimillion-dollar expenditure. Bethlehem Steel Corp. already has announced plant expansion and improvement programs estimated to cost \$126 million. They are planning still other improvements to significantly increase that figure. This development will take place in South Bethlehem.

Lehigh University likewise is expanding its facilities in South Bethlehem and has planned the expenditure of \$15 million primarily for new laboratories and classroom and library facilities.

But despite all that is being done, Bethlehem in 1966 finds itself battling uphill against the blighting of some of its finest old neighborhoods—the wards of the south side which once were the borough of South Bethlehem and Northampton Heights, merged almost 50 years ago as part of the city of Bethlehem. Only a dynamic attack on deterioration of this old and proud residential sector by the concentrated efforts of every means at our disposal—and with a far greater expenditure of funds than has yet been possible—can halt this decay and recreate a healthy and vibrant community.

What is occurring in South Bethlehem and what needs to be done is being outlined in unmistakably clear statistics and data emerging from Bethlehem's community renewal program. These statistics show that in the 1,000-acre area of South Bethlehem, which represents about one-tenth of the area of the entire city, is concentrated one-fourth of the city's population, one-fourth of its dwelling units and two-thirds of its substandard dwellings.

In 1960, the U.S. Housing Census in Bethlehem classified one-fourth of South Bethlehem dwelling units as substandard. Surveys conducted in the city's community renewal program indicate that during the past 5 years the portion of substandard housing in South Bethlehem has increased to one-third of all dwelling units, despite the city's best efforts to halt deterioration. These efforts included 5 urban renewal projects which eliminated 400 substandard housing units. Concentrated in South Bethlehem are two-thirds of all nonwhites living in the city. Many of these citizens now occupy housing classified as substandard.

Last year, private citizens throughout Bethlehem invested \$2.5 million in maintenance and improvement of private properties. But city building records show that only 6.5 percent of that sum was spent on maintenance and improvement of South Bethlehem properties. In the past 9 years, only 37 new homes were constructed in this area. In the rest of the city, 1,580 new homes were constructed.

The Bethlehem Public Housing Authority, which recently constructed 50 new housing units for senior citizens and has 100 more units for the elderly on the South Side on the drawing board, finds that its new project will be oversubscribed before it can be completed. Already, the housing authority is studying the need for 200 to 300 additional units for senior citizens and has been asked to begin replacing a 320-unit housing project built during World War II under the Lanham Act. The project, built in 1943 to provide low-income "temporary" housing during wartime, has achieved an unintended degree of permanence, having remained in use for 23 years and occupied today by nearly 1,500 persons.

New construction proceeded at a record pace in Bethlehem during 1964 and 1965, with a total value of more than \$30 million, and we ranked third in the State behind only Philadelphia and Pittsburgh. Nevertheless, the city's market value actually declined during the past year, partly because of urban decay.

Yes, we of Bethlehem endorse the demonstration cities program as a potentially effective tool to rejuvenate declining urban areas and to do so in a 6-year period. If Bethlehem and other cities must continue at current paces, and with only existing instruments, to make

deteriorating neighborhoods decent places in which to live, this process will take decades of time and the uphill struggle we are now fighting can only be lost. But be assured that, in anticipation of favorable congressional action on this vital program, Bethlehem within a very short time will have on the desk of Secretary Weaver a proposal to demonstrate what Bethlehem is convinced it can do to combat urban decay within its limits.

We believe that there is a bright future for South Bethlehem and that the area must not be allowed to continue in the increasing spiral of decay. We have envisioned for South Bethlehem a plan nothing short of total rejuvenation incorporating all of the talents, experience, and resources that can be brought to bear. We firmly believe that the future of the entire city is wholly dependent on what we can accomplish now under this program.

Over and beyond the effect this will have on our city, we feel that the demonstration program Bethlehem is proposing has unique features incorporated in it, which will serve as new tools and new approaches to be employed in rebuilding other cities.

We of Bethlehem are here today seeking an opportunity to demonstrate the ideas, evolved from years of planning and experience but which have not, and cannot, be implemented without a program such as the proposed legislation before you.

Through the demonstration program Bethlehem will propose, we intend to show that a concerted, comprehensive attack on blighted city neighborhoods will stimulate the national economy and the gross national product by providing the incentive for reinvestment on the part of private enterprise, manifold the original outlay.

We intend to show, through effective administrative structure and machinery, that a program of this scope can function both smoothly and efficiently and accomplish the full extent of the demonstration cities program without faltering.

We intend to show that contrary to common beliefs expounded today, a desirable residential environment can exist adjacent to and in harmony with a heavy industrial complex.

We intend to show that massive participation by the affected citizenry in all facets of such a comprehensive program, from planning through construction, will result in removal of dissension and citizen protest through common motivation for a project of widespread good.

Mr. BARRETT. Mr. Mayor, I do not have any questions to ask you but I do want to say this has been a very fine and excellent statement and the committee will certainly give it every consideration.

Thank you very much.

Mr. Widnall?

Mr. WIDNALL. Thank you, Mr. Chairman.

Thank you, Mr. Mayor. We certainly welcome your statement and I think you made a very good contribution.

I would just like to ask you two questions.

What do you estimate will be the amount that will be needed by Bethlehem for the demonstration cities program?

Mr. PAYROW. Our present program which we have under capital programing is going to run \$48 million and I would say, it probably will run another \$25 million on top—so I would say \$75 million.

Mr. WIDNALL. How much of that would be devoted to residential housing of that amount?

Mr. PAYROW. I am not in a position this morning to give you an accurate figure. I referred to the rebuilding of 320 housing projects. This is a public housing, low cost, and it would be a complex of private dwellings, high rise for senior citizens. I am not in a position this morning to give you a sound figure as to what it might be.

Mr. WIDNALL. From your own testimony the most urgent need is adequate, good housing for low-income people?

Mr. PAYROW. Yes, sir. I am referring to good housing and rehabilitation in the present residential areas in this thousand-acre portion.

Mr. WIDNALL. For several years I have been personally very much worried about the direction of the urban renewal program and I have tried to bring this to the attention of all of our people, as commercial development has gobbled up more and more funds.

I have some figures right here. For January 1, 1960, to June 30, 1965, urban renewal projects approved totaled \$430,438,000. Of that amount \$212,871,000 or 49.5 percent went for residential and \$217,567,000 or 50.5 percent for commercial, nonresidential renewal.

Almost the entire appeal that is made before this committee and for the demonstration city project program is to take care of the slums, to provide some decent housing for low-income people and I am just alarmed that since 1949 when hundreds of millions of dollars that we have spent, such a large proportion has gone for commercial redevelopment and so little for residential renewal.

Let me give you an example of what I mean. The city of Atlanta, that has 20,436 deteriorated dwelling units, and 10,417 dilapidated dwellings as of 1960 census, 3 percent of the urban renewal money approved for Atlanta has gone for residential development.

We can talk all we want about trying to cure the slums and help the slums, but if we are just going to have programs where it is just going to commercial redevelopment and luxury projects I think we are wasting our time. I just hope that any city that becomes a demonstration city under this program is going to be sure they concentrate on the hard-core, cancerous spots of the city in giving decent housing to low-income people.

Mr. PAYROW. If I may just cite our own situation. This may be true and I think possibly Bethlehem has had maybe the same situation. However, this does not mean that we have not provided additional housing for low-cost units. We have under construction right now about a thousand apartment units which would range in rental from a low cost of \$70 to \$450 per month. This is a gradual escalation all over our community. Now, people who have been displaced through redevelopment have been moving to these areas and through a gradual upgrading—in other words, a person in, say a \$40,000 house and his children have gone out in the world and his wife—they are ready for this so they will go into luxury apartments and rent for \$300 a month. This provides a vacancy for somebody in the \$25,000 to move into a \$40,000 house and on up the scale.

Although we have through redevelopment eliminated some housing, substandard housing and blight and in a few cases some ghettos and

we have been able to provide relocation for these people. So we have expended money through private investment mainly and through public housing.

Mr. WIDNALL. Just one more question. If you are included in the demonstration cities program—of course there are not going to be too many cities that can be—what percentage of funds would you say would go to urban renewal roughly? About what percentage?

Mr. PAYROW. I would say about a third.

Mr. WIDNALL. That is all, thank you very much.

Mr. BARRETT. Thank you, Mr. Mayor. All the time has expired. We are certainly grateful for your coming here.

Mr. PAYROW. Thank you, Mr. Chairman.

Mr. BARRETT. Our next witness this morning will be Dr. Blue Carstenson, director of the Senior Members Council, National Farmers Union. Will the doctor come forward, please?

We are grateful for your coming here. I see you have an associate. Will you introduce him for the record?

Dr. CARSTENSON. Mr. Walter Hasty, who is the assistant director of legislation for the National Farmers Union and director of community development for the National Farmers Union is testifying jointly with me. We would like to submit the statement for the record and I would like to make a few opening remarks and ask Mr. Hasty to comment on several major items and then for me to point out the other things.

Mr. BARRETT. Your statement may be submitted; without objection it is so ordered.

(The statement referred to follows:)

STATEMENT OF WALTER A. HASTY, JR., ASSISTANT LEGISLATIVE DIRECTOR; AND BLUE CARSTENSON, DIRECTOR, SENIOR MEMBER DIVISION, NATIONAL FARMERS UNION

We appreciate the opportunity to present our testimony before your committee and wish to express our appreciation for the work of this committee on the 1965 Housing Act. We are especially grateful that despite the excellent program enacted into law last year, this committee realizes there is still much to do in creating better housing and a better America.

The National Farmers Union represents more than 600,000 people living on family farms throughout the United States. We are primarily concerned with housing for the farm family. Farmers Union is also firmly committed to the idea that rural and urban people need not be pitted one against the other, and that blight and poverty in one area affects the entire Nation.

For this reason we come before you in support of the proposed demonstration cities program. We have read the bill and feel that it can have a significant impact on the problem of poverty, slums, and blight in urban areas.

We feel the suggestions about the demonstration cities program made by Mr. Shishkin of the AFL-CIO, and Mr. Nathan Keith of the National Housing Conference to be particularly constructive. We urge your serious consideration of the ideas which they have presented, especially in regard to relocation, urban renewal, and low-income rental housing.

However good these programs may be, the recent riots in Watts points to a basic weakness in the bills currently before your committee. For rural people it is too late to start planning after they arrive in the big city and settle in the slums and blighted areas of our metropolitan cities. It is already too late—except with the most expensive and strenuous efforts. As the newspaper writers have said, "the people in Watts have no bootstraps."

Congress should not permit the destruction of the family farm and the downgrading of farm families so that they are forced out at the bottom and forced into the city slums.

Hundreds of thousands of people have streamed to our cities from our rural areas, and from all areas of our country who should have stayed in the rural areas. The Swedes from rural Minnesota coming into the Twin Cities, the Negroes and whites from the South coming into Philadelphia or Los Angeles or the people coming in from the hills of Arkansas, Missouri, Kentucky, Tennessee, and southern Illinois converging on St. Louis and Chicago. Unfortunately the rural poor reproduce as fast as they migrate to the cities. This poverty cannot be left to solve itself. It would be more humane, and much cheaper, to help people to remain in rural America rather than continue to pour into our metropolitan areas.

To prevent the decline of rural population the first step is to increase income for the family farmer. This is essential for the vitality of all rural America. The small towns thrive when the small farmers thrive. One hundred percent of parity is needed for the family farmer so that his farm and his sweat produce the wages of a factory worker plus a return on the investment in land and equipment. We feel this is as essential for the family farmer as the minimum wage is for the farmworkers. Secondly, rural America must be the kind of place which attracts and holds people. Today nearly half of the blighted housing is in rural America in the small towns, villages, and the farms. Most of our rural communities lack the basic social and public services available in the average urban community. Nearly half the poverty is in rural areas.

They have less health care. One densely populated rural county we are working on an antipoverty campaign has no doctor. We had to import one from 40 miles away for physical examinations. There are 40 more such rural counties without doctors.

The average family farmer is still having a rough time financially. One factor contributing to this situation is the high property taxes now being paid to support essential community schools and services inadequate as they are in the most rural areas. Because the small towns are not getting their share of Federal aid for community services the burdens must be borne by the property taxpayers in the county—namely the farmer. In 1964, farm real estate taxes went up in every State except Montana—for a grand total of \$1.5 billion. Average tax, according to the U.S. Department of Agriculture, was \$1.51 per acre. But the average New Jersey farmer paid \$12.10; the farmer in New Mexico 18 cents.

Nearly one-third of our population over 65 is in rural areas. Many will not benefit much from medicare because of a lack of community facilities.

In many rural areas the very old and the very young constitute the majority of the population. In another county in Arkansas, in which our antipoverty program is located, over 40 percent of the people are over 65. We need to retain the whole families and young adults in our rural areas. We can only do this by having as high quality of living in rural America as in urban America. This means community services, recreation and educational programs, jobs and income earning possibilities and all the rest. A civilization which can make life tolerable while orbiting the earth can make life tolerable in the rural areas.

A NEW RURAL RENAISSANCE PROGRAM

If there is as much substandard and blighted housing in rural areas as there is in urban areas as the census reports, then programs of equal magnitude are needed. If we are to prevent the continual flow of impoverished people from rural areas to urban slums, major new programs are needed. We need the kind of credit in rural America which the Federal Housing Authority and the housing and urban development programs have provided in urban America.

We repeat an adequate family farm income with a family farm cutoff and a minimum wage for farm labor will be the biggest help rural America can have.

Secondly, we need an adequate supply of capital at reasonable interest rates. We salute your chairman of the Banking and Currency Committee, Congressman Wright Patman for his valiant efforts to keep the cost of money at reasonable rates. We also salute the committee for last year fixing the interest rates on several of the housing programs at 3 percent. Congress should and the administration should also, set fiscal policy not the bankers on the Federal Reserve Board. There are easier ways to combat inflation than asking people to pay the bankers more for their loans. Our Farmers Union Convention stands squarely opposed to the current high interest rate policies of the Federal Reserve Board.

Third the Farmers Union Convention last week endorsed a new program for rural housing and submitted it to you for consideration.

A SPECIFIC RURAL RENAISSANCE PROGRAM

We ask for equitable treatment of people living in rural and urban areas.

1. The National Farmers Union Convention urges that the Congress authorize the Farmers Home Administration to extend credit for the construction of rental housing in rural areas for people of all ages and to provide rent supplementations where such are needed, similar to the programs available under 221(d)(3) program of the Department of Housing and Urban Development.

2. We urge Congress to give the Secretary of the Department of Housing and Urban Development authority to waive rules and regulations of housing and urban development programs in order to give very small cities and towns an equitable share of housing and urban development programs.

3. We urge the Congress give specific authorization to the Farmers Home Administration to utilize nonprofit groups for consultation, packaging, and project development for rural group housing projects in the same manner as does the Department of Housing and Urban Development.

4. We urge the Secretary of Housing and Urban Development to implement section 4(c) of the departmental act, assigning to the Director of urban program coordination specific responsibility for continuing consultation with the Secretary of Agriculture and with industry and public interest groups to the end of making Federal housing and community facility aids for rural areas equivalent to those available in cities and metropolitan areas. We look toward greater use of housing urban development's experience through exchange of technical information as much as through new executive and congressional actions.

5. Among the specific questions which must be included in such discussions between the Department of Housing and Urban Development and the Department of Agriculture are extension of new towns legislation beyond metropolitan areas; use of consulting and development corporation, either commercial or nonprofit; inducements to local effort, community facilities, sewer and water systems and others; transportation; balance among direct loans, insured loans and grants; below-market financing; and overall planning requirements.

These steps will help give equitable treatment to rural areas. We also ask that Congress request a report in 12 months from housing and urban development on the extent to which it is implementing the section of the 1965 Housing Act calling for housing and urban development to reach out and serve the very small communities and develop a plan of cooperation with the Department of Agriculture on serving the smaller towns and cities. We request \$125,000 to carry out this study and planning.

6. We feel that grant programs in rural areas for poverty level families should be given the same attention by Congress as those grants provided in urban renewal areas. We urge that the rural housing grant for emergency repairs be raised from \$1,100 to \$1,500 per family. We again urge that the House Appropriations Committee provide adequate appropriations to carry out this program.

We urge that an additional program be established providing a combined grant (similar to the one that Congress has already enacted) and loan (3 percent) for below-poverty-level families and individuals in rural areas for housing repair, rebuilding, and for self-help housing. Perhaps the Appropriations Committee might be willing to approve a combination grant and loan program where they have not been willing to approve the grant program. Such a program could handle the repairs, rebuilding, and self-help housing were the cost more than \$1,500, and go beyond emergency repairs.

The National Farmers Union at its convention also recommended that Congress amend the Housing Act to provide that on home loans made by the Farmers Home Administration, only the new farm home and the immediate lot (not exceeding 1 acre) would be encumbered in home mortgages. We also urge that Congress authorize counter signatures on 502 loans for rural housing to people of all ages. Such counter signature loans are only available for people over age 65. This will help young families and poverty level families qualify for loans. These changes would give rural slums and blight some degree of equal treatment as do urban slums and blight.

NEW PROGRAMS FOR RURAL RENAISSANCE

1. Studies of rural communities have shown that many young people leave their communities because of a lack of community facilities. Congress has provided and will be providing Federal aid for community facilities and mass transit for large urban areas. The demonstration cities program would go even further. We ask that you pay similar attention to the problems of blighted rural areas and the slum pockets in our smaller towns and cities.

While the mass transit program will provide rapid transportation in the metropolitan areas and megalopolis complex on the east coast, our public transportation systems in rural areas is figuratively in the horse and buggy era. We urge Congress establish a small experimental program of aid to rural areas and small towns to help develop experimental public, cooperative, and nonprofit transportation systems for these areas. The minibus has been developed in the metropolitan areas with Federal aid, but no similar kind of experiments are going on in rural areas. One-third of the people over age 65—6 million older people now live in rural areas and towns of less than 5,000. Many of these people cannot or should not drive their own cars for economic, physical, or other reasons. Isolation is the plague of rural old age. These older people plus the youth of rural America cry out for public transportation. The youth need it also. We urge Congress to adopt an experimental rural and small town transportation program.

2. We urge that Congress go beyond providing water and sewer facilities for rural areas. Last year I appeared before this committee urging you to take the initiative in providing a community facilities program as a part of the 1965 Housing Act. As you all know, Senator Aiken took the initiative instead, with the resulting massive congressional support, passed the bill to provide aid for rural water and sewerage. Had the Aiken bill been a part of the 1965 Housing Act, perhaps those of us who lobbied so hard would not have had the difficult time in passing the housing bill which we had. Perhaps the new bill might do with some rural support.

This year I ask that the committee add to its omnibus community demonstration bill a program for aid to rural community facilities, over and above water and sewerage facilities. This program should include new low interest loans and grants to predominantly rural areas for community facilities such as police and fire facilities, street lighting, county clinics, and community centers.

I feel certain that there would be strong rural support from among those volunteers active in volunteer fire departments working for better fire and police services, smalltown merchants seeking better street lighting, and the youth and aged, and in fact people of all ages seeking recreation, education, and community programs in rural areas. We would suggest that grant provisions might be included similar to those available for urban community facilities. This program might also include provision for other community utilities, such as gaslines, so that small towns in rural areas might form cooperatives, public or nonprofit associations for piping gas into homes. Many rural communities have major gaslines passing through or near their areas, but the gas transmission companies do not want to retail the gas. This section could be achieved by amending the 1949 housing law or amending the rural communities facilities program enacted by Congress last year, known as the Aiken law.

The National Farmers Union supports the rural areas development district bill as essential to the implementation of these proposed programs.

The National Farmers Union convention recommended a continuation of the rural housing direct loan program of the Farmers Home Administration which the Bureau of the Budget continually seeks to eliminate, despite the strong action by this committee and Congress to continue the direct-loan program. We urge that the 1966 program, instead of being decreased by \$50 million to a proposed level of \$15 million, be kept at the past rate of \$65 million per year. We urge this committee to take a position opposing the Bureau of the Budget action to erode all of the direct loan housing programs.

We feel that the Farmers Home Administration and the new Department of Housing and Urban Development basically are attempting to do—and are doing—a good job with the tools they have. We urge, however, that a closer working relationship be established at all levels so that the small cities and towns are not forgotten in the gap between these two agencies.

We also feel that both Farmers Home Administration and the Department of Housing and Urban Development have done excellent pioneering in the field of

senior citizen housing. However, I would point out to this committee that despite these excellent demonstration projects, all of the senior citizen housing produced by Housing and Urban Development since 1960 represents only enough housing to house the net increase in the senior citizen population for a month and a half. In other words, the net increase in the total number of senior citizens in 1½ months—approximately 45,000—could be handled by the total number of units of senior citizen housing built under all Federal programs. The Farmers Home Administration has built some very excellent and very low cost senior citizen housing (\$40 to \$55 a month). We cannot praise this program too highly, however, only a few hundred units have been built or are under construction—about enough to house the rural senior citizen population net increase for a day. The number of units built by Farmers Home Administration and the Department of Housing and Urban Development for senior citizens is hardly a drop in the bucket.

Farmers Union supports the group health facilities bill. Farmers Union has helped to organize many community health clinics and hospitals, especially in the Dakotas and in Oklahoma. These were organized on a cooperative basis. We feel that an even more important piece of legislation is the nursing homes construction bill introduced by Senator Harrison Williams of New Jersey, which calls for 100-percent loans for nonprofit groups to establish nursing homes. These facilities are desperately needed in rural America if any appreciable number of older people are to benefit from the medicare program. The medicare program provides almost 100 percent assurance that these loans can be paid. At the present time the 90-percent loans available under Federal programs have largely been taken up by profit motivated groups. Churches and hospitals have been hard pressed to come up with the 10 percent in order to produce enough nursing homes to meet the needs of medicare. Since the best are the nonprofit nursing homes, sponsored by churches and other charitable groups, and since medicare almost assures repayment of such loans, we urge low interest, 100-percent loans for nonprofit groups to construct nursing homes.

The National Farmers Union looks to the Banking and Currency Committee and its Subcommittee on Housing to be the people's champion in keeping the interest rates low for housing for low- and middle-income people. Loans to the average and below average income family must be kept at a reasonable level. As Congressman Wright Patman said to our national convention recently, "There are many ways to fight inflation besides loading it on the backs of the low-income people in the form of higher interest rates." These are loans which people must have if they are going to have a decent life free from poverty and blight, regardless of where they live.

We ask for parity of treatment for rural America, for the farmer, and for the city dweller, to raise the quality of life in every American community.

Mr. BARRETT. It would be remiss on my part if I did not say to you what I have said to everybody else. I should tell you that we do want you two gentlemen to feel at home here and feel completely relaxed and any way you desire to proceed here we will go along with.

Dr. CARSTENSON. Thank you, Mr. Chairman.

Mr. BARRETT. If you are prepared now, you may start right now. Whatever you desire.

STATEMENT OF WALTER A. HASTY, JR., ASSISTANT LEGISLATIVE DIRECTOR, AND DR. BLUE CARSTENSON, DIRECTOR, SENIOR MEMBER DIVISION, NATIONAL FARMERS UNION

Mr. HASTY. Mr. Chairman, I am Walter Hasty, assistant director of the National Farmers Union Legislative Division. I would like to make several points if I might.

First of all, as you know, Mr. Chairman, Farmers Union is an organization, though made up of family farm members, has a great concern for all the people of our Nation and particularly our city brothers, because it wasn't long ago that many of our city brothers

were our next door neighbors and who have now left and gone to the city.

We have great concern that they have an adequate diet, that they have a comfortable home, that they have an adequate job. And therefore, it is only fitting then that we should support the Demonstration Cities Act of 1966.

I would like to point up, however, a major cause of the poverty, lack of economic opportunity and the social unrest that is now prevalent in the cities. We believe the serious problem is the result of a lack of public concern for rural decapitalization and rural depopulation.

This has been caused by lack of economic opportunity, lack of jobs, lack of public services, doctors, medical clinics, the welfare services in the rural areas. These people have left, outmigrated, gone into the cities looking for a better life. We are happy that the Demonstration Cities Act promises to provide grants to plan and develop, provide education, consumer assistance, better homes, transportation, and in general job opportunities for the people who are there.

But, Mr. Chairman, having said we support this act, I would like to say that we need a bill of this nature for our rural areas. We need the same kind of program. If we could have this kind of assistance we could stop the outmigration. A great number of people who have already migrated to the cities would like to move back to the rural area or to the farm. And to prove my point, Mr. Chairman, I hold in my hand a news story which appeared in the Washington Post on Tuesday, March 22, 1966, 2 days ago of a Gallup poll which was taken, entitled "Rural Area Chosen as Ideal Home Spot."

You may have seen this, in which a nationwide poll by the Gallup Institute revealed that 49 percent of all the people living in the cities would prefer to live in a small town or on the farm. It said, despite the longtime population trend toward the big cities, many Americans look wistfully upon the small town and farm as the ideal place to live.

And although we have about one-third of the people living in small towns and on the farm today and they define small town as those under 10,000 population, over 49 percent said they would rather live on the farm or in the small town. The question that was asked, "If you could live anywhere in the United States that you wanted to, would you prefer a city, an urban area, small town, or farm?"

Twenty-two percent of the people said city; 28 percent said suburban; 31 percent said small town; and 18 percent farm; and 1 percent no opinion. The total of 49 percent for small town and farm.

Mr. Chairman, I might point out that this wasn't just the old folks who remember what the farm was like. Even the younger people between 21 and 29 years of age substantially had the same reply. So I would hope that not only would this committee pass this legislation to help those who are already there, but I would hope that this committee might give serious thought to the housing blight and depressed conditions in the rural areas, to the lack of economic opportunity, to those things that truly caused the Watts riot of Los Angeles where untrained, unemployed people went to look for greener pastures and didn't find them.

Mr. BARRETT. Do you desire to put that survey in the record?

Mr. HASTY. Yes, sir; I would be happy to.

Mr. BARRETT. Without objection, so ordered.

(The article referred to follows:)

[From the Washington Post, Mar. 22, 1966]

THE GALLUP POLL: RURAL AREA CHOSEN AS IDEAL HOME SPOT

PRINCETON, N.J.—Despite the longtime population trend toward the big cities, many Americans look wistfully upon the small town and farm as the ideal place to live.

Only about a third of the people of the Nation actually live in small towns (under 10,000) or in rural areas, but nearly half (49 percent) of all persons surveyed by the Gallup Poll say they would like to live in a small town or on a farm if they could live anywhere they wished.

This is the question asked in a recent Gallup survey, and the nationwide results:

"If you could live anywhere in the United States that you wanted to, would you prefer a city, suburban area, small town, or farm?"

	Percent
City.....	22
Suburban.....	28
Small town.....	31
Farm.....	18
No opinion.....	1

In terms of the future, it is interesting to note that the views of younger adults, 21 to 29, differ little from the views of older persons. The following table shows the detailed findings:

[In percent]

	City	Suburbs	Small township	Farm	No opinion
All adults.....	22	28	31	18	1
Men.....	23	29	29	18	1
Women.....	22	27	33	17	1
21 to 29 years.....	23	32	28	16	1
30 to 49 years.....	19	34	27	19	1
50 and over.....	24	23	35	17	1

CITY SIZE

	City	Suburbs	Small township	Farm	No opinion
500,000 and over.....	53	27	16	2	2
50,000 to 499,999.....	41	25	23	8	3
Suburban areas.....	14	50	27	9	(1)
2,500 to 49,999.....	6	24	60	9	1
Rural, nonfarm.....	1	20	35	38	1
Farm.....	1	7	23	69	1

¹ Less than ½ of 1 percent.

Mr. HASTY. Mr. Chairman, I would like to stress the fact that the family farmer is still having a very rough time. We have not reached parity of income as you well know. Many of the schools and social institutions in the rural areas have degenerated to the point that in many areas they are nonexistent.

As I pointed out, hundreds of thousands of people are streaming into the cities from our rural areas. We feel that it would be proper, perhaps even more humane, and even cheaper—and this is very important—if we would provide these services in the rural areas so that they might stay there if they so choose.

I would also like to point out that nearly half of the blighted housing in the Nation is in rural areas, in the small towns, villages, and on the farms.

As you know, the principal means of financing our social institutions in the rural areas is the property tax, and this has caused a great disparity on the family farmers because they are not receiving an income equal to their city brothers for the same work contribution and investment and yet they are being taxed at a higher rate.

In 1964 farm real estate taxes went up in every State except Montana for a grand total of \$1.4 billion. Average tax, according to the U.S. Department of Agriculture was \$1.51 per acre, but the average New Jersey farmer paid \$12.10. The farmer in New Mexico paid 18 cents. The point that I am making is that the present means of paying for the services and facilities that are needed is not fair to the farmer through the property tax method of raising revenue. We want to do all we can to help our neighbor in the city—and this bill is badly needed to demonstrate what can be done for them, however, I hope that this committee might also consider the cause of the present situation, the people who are streaming to the cities for lack of rural opportunity. This has caused a population buildup in the cities that exceeds the capacity of their social service agencies, police forces, housing, health services, medical facilities, and job opportunities. There are more people than the city can accommodate. I hope that you might give this some serious consideration.

I know Dr. Carstenson has more that he would like to say about the bill and the proposals we submit for rural areas. Thank you so much.

Mr. BARRETT. Dr. Carstenson?

Dr. CARSTENSON. Thank you, Mr. Chairman, Congressman Widnall.

I want to express at this time the appreciation for the work that you and the committee did last year in developing what I thought was a very excellent bill. Also, I want to commend you on the fact that despite the excellent bill passed last year, you still feel there is much more to be done to develop our cities and rural communities.

I have served on the Legislative Committee of the National Housing Conference and I have had opportunity to discuss the various bills before the committee and in general, we endorsed them. I have talked with Mr. Keith at the National Housing Conference and Boris Shiskin, and many other people who have been working on these bills.

Having said that, I do feel that there is a lack of equity of treatment of our small towns and rural areas. What I am going to propose to you this morning I have already discussed with Congressman Stephens, of Georgia, who is most interested in this proposal and with Congressman Hansen on the committee and several of the other congressional members from rural areas.

Frankly, the portion of the housing bill last year on rural housing programs helped us a great deal last summer in the heat of the effort to pass the 1965 Housing Act. We were able to gain much congressional support by the rural programs in the previous bill. Some of the lack of enthusiasm among some of the Congressmen for the 1966 bill might be increased if the small towns and rural areas were given equity treatment, fair and equal treatment with the cities. We are making such a series of proposals.

The basic proposals were discussed and passed unanimously by the executive board, unanimously, by our full board, and by our convention. We presented these proposals to the National Housing Conference and they were adopted.

Mr. WIDNALL. I was interested when Mr. Hasty was just talking—he classified small towns of under 10,000. For some time I think we have been getting a little bit brainwashed of what is a city and what is a suburban area—an urban area—and I object to this where it said this and others have said 75 or 80 percent of America is urban. This blacks out everything that is really still rural or somewhere rural and suburban. As a result of that I think you have the main difficulty in trying to get recognition for problems of the small town and rural areas.

Dr. CARSTENSON. I very much agree. It is very true in your State. I had a number of occasions in the last months to meet with many of our members in New Jersey. I hardly know whether to call parts of New Jersey rural areas or suburban areas or what.

Mr. WIDNALL. This is generally done and you try to get a lot of good legislation for the city so everything is urban.

Dr. CARSTENSON. We have some very specific recommendations to suggest to help the small cities, towns, and rural areas.

The first proposal would help the Department of HUD better serve these small towns. By small towns we mean set it at 20,000, 10,000, 5,000, 2,000—none of them are getting their fair shake. The problem in HUD is that most of the focus has been on the large metropolitan cities which have very serious problems. Again, I speak for equity treatment, not only of the towns of 250,000 and 100,000, but towns of 10,000, 5,000, 1,000, and 500.

Mr. WIDNALL. Is it not true that the greatest help to the farmer, in my mind—we can give them through real estate taxes—is not this the most help we can give them—through real estate tax relief?

Dr. CARSTENSON. That is right.

Mr. WIDNALL. This is where there has not been any comparable improvement.

Dr. CARSTENSON. This would be much better than income tax relief because the family farmer doesn't make that much income.

Mr. WIDNALL. I know we are going to try to do something in New Jersey to give some kind of tax relief for the farmers up there. You show in your figures that it is very much higher there than in the rest of the United States. I would like to see something done along that line as well as the type of program you have here.

Dr. CARSTENSON. Thank you, Mr. Congressman. We appreciate all your efforts in this area very much. I know that many of our members in New Jersey have pushed for property tax relief themselves. They have been pushed against the wall economically, pushed out of farming, and forced to retire with very low incomes or move into other kinds of jobs. They wanted to remain in farming but property taxes are such that they are unable to continue farming.

Mr. BARRETT. Let me ask you a question. The statements that you are making more or less seem to be extemporaneous. Are the statements here? Do you desire to have your statement submitted in the record in full as well?

Dr. CARSTENSON. Both.

Mr. BARRETT. Without objection, so ordered.

Dr. CARSTENSON. The specific proposal, and I would hope that the committee might consider this as a title or section in whatever omnibus bill is presented. Congressman Stephens has requested that these proposals be developed by the Farmers Home Administration into legislative language for his use and the convenience of the committee.

Mr. BARRETT. May I interpose at this point? All your farm legislation as far as this committee is concerned is going to be allocated to Mr. Stephens. He is our expert in this field and any help you can give him will be of great help to this committee.

Dr. CARSTENSON. Yes, I discussed the matter with him yesterday morning and also with Mr. Paul Nelson and Congressman Hansen of the full committee. I went over some of these more technical aspects of it with Congressmen Hansen and Stephens because there are several technical amendments which would greatly aid the Farmers Home Administration and HUD to serve the rural communities in small cities and towns. For example, we would like to urge that the Secretary of HUD be given the authority to waive the rules and regulations of HUD programs in order to give the very small towns and cities an equitable share of HUD programs.

This is similar to the authority given Sargent Shriver under the Economic Opportunity Act, in order to give a fair and equitable share to rural areas and small towns.

We would also urge that the Secretary of HUD be asked by the committee to report on how he is serving the small towns and small cities, and that a small amount of money, about \$125,000, be given to the Department to study how best they can serve these small towns and cities.

Under the bill that was enacted last year establishing the Department of HUD, there is a provision there calling for close cooperation in the assignment of an Assistant Secretary the specific responsibility for working with the Department of Agriculture to make sure there isn't a gap in the communities served. We would like to ask the committee to request as soon as possible that the Secretary do move ahead to develop this relationship with the Farmers Home Administration and Department of Agriculture to insure that the small towns are not overlooked.

We also ask that a technical amendment be proposed to allow non-profit groups to be used as consultants in group housing under the Farmers Home Administration similar to that which is now allowed in the HUD for the cities. I think this would greatly move such programs as migrant housing and senior citizens housing ahead. These have been relatively slow in moving ahead.

Specifically, we recommend, the Farmers Union, that the Congress give the Farmers Home Administration the authority to extend credit for construction of rental housing in rural areas for people of all ages and to provide the rent supplementation where such is needed and this should be in a similar manner to that which is developed under the 221(d)(3) program in HUD. This is to give a fair and equitable treatment to low-income families and to senior citizens in rural areas.

We would like to raise the level of housing grant for emergency repairs which the Congress and committee has passed and recommended and supported from \$1,000 to \$1,500, as has been done in the urban renewal areas.

We ask that the committee again request the Appropriations Committee to appropriate the money to get that program going again.

We would also recommend that a new program of combined loans and grants be provided to do more than house repair, rebuilding and perhaps construction.

We would like to recommend that there be an experimental program in the rural areas, small towns, and cities, for the private, public, nonprofit transportation systems.

Mr. BARRETT. Doctor, may I make this point? All of what you are reading now, you have been given permission to put in the record. I just want to call your attention—Mr. Widnall and I have a very important meeting and while I do not want to in any way sever your time, I just wanted to let you know that we are hoping to complete and had anticipated completing by shortly after noon.

Dr. CARSTENSON. I have only one more comment. The Congress has passed various direct loan programs.

The Bureau of the Budget has consistently tried to whittle away on these programs. I hope the committee will exercise its full weight of authority in curtailing this legislative action on the part of the Bureau of the Budget to thwart the will of Congress. We support you, Congressman Wright Patman and members of the Banking and Currency Committee, very fully in this and your efforts to keep the interest rate low.

We commend you for your efforts to keep the interest rate low.

Thank you.

Mr. BARRETT. Thank you.

Dr. Carstenson, Mr. Hasty, we want to suggest that if you have any technical suggestions or amendments, will you be kind enough to submit them to this staff? We will certainly give every consideration to you.

Mr. HASTY. Thank you.

Dr. CARSTENSON. Thank you, we will.

(The material referred to follows:)

We recommend the following proposal for adding 100-percent loans to nonprofit nursing homes of the type needed to serve people under the medicare bill: "To amend section 232 of the National Housing Act to permit mortgage insurance for nursing homes in amounts up to their full estimated value at completion.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 232(d)(2) of the National Housing Act is amended by adding 'and for nonprofit nursing homes, 100 per centum of'."

Mr. BARRETT. Thank you.

All time has expired and we appreciate very much your coming here and giving this splendid testimony.

At this point in the record, I ask unanimous consent to include a statement by Mr. John F. Bogle, chairman of the Committee on Legislation of the Chicago Property Owners Association. The subcommittee is glad to have the views of this organization and we will give them close attention.

We have now come to the end of the road for these 4 long weeks of hearings. I want to thank all of the members on both sides of the aisle for their fine record of attendance and cooperation in making this a thorough and complete hearing. On behalf of the committee, I want

to thank also all of the witnesses who furnished us with excellent statements and expert testimony so that the members could have a better understanding of the legislation before us.

(The statement of the Chicago Property Owners Association follows:)

CHICAGO PROPERTY OWNERS ASSOCIATION,
Chicago, Ill., March 22, 1966.

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

DEAR CONGRESSMAN BARRETT: We regret that your crowded schedule does not permit us to personally appear before the Subcommittee on Housing of the Committee on Banking and Currency, during the hearings in which you are now engaged.

We submit the following views and recommendations on this legislation, with your assurance that they will be brought to the attention of the Housing Subcommittee members and also incorporated in the printed record of the hearings.

At this time, we hasten to assure you that Chicago Property Owners Association does not knowingly, and will not, represent anyone who owns or manages slum property in or about the city of Chicago and, furthermore, does not condone this type of building. We want to comply with the city administration in its great effort to rehabilitate wherever necessary and to assist in this work for the good of all.

Many owners of these buildings are elderly folk who live on what is left over after paying the usual expenses which are ever increasing. All they have in the world is their building. The income from rents has not kept up with the cost of operating a building today and they are again faced with a sharp increase in real estate taxes.

During the 1965 hearings before your subcommittee, the Chicago Property Owners Association requested federally subsidized payments or liberal subsidized loans to owners of apartment buildings forced to comply with the retroactive building codes. This is necessary to prevent most owners so affected, from losing the assets which they have invested in their buildings.

Fortunately, Congress did amend the 1965 act to grant \$1,500 of federally subsidized payments to owners of single-family homes, plus liberal loans. The liberal loans were made up to 40 years with subsidized interest at 3½ percent to owners of small apartment buildings "if" they lived on the premises, and the building was owner occupied. The above applied only if the private home or apartment building was in an urban renewal project or code enforcement area and was no more than one to four units. It also applied to buildings from 5 to 11 units, investor owned, located in the 2 mentioned areas.

This is extremely inadequate because no relief is given to either investor-owned or owner-occupied apartment buildings in excess of 11 units in other parts of the city. The cities, under the Federal urban renewal program, are compelled to enforce retroactive building codes in all areas of the cities.

We recommend the above subsidies and loans be granted or made available to owners of apartment buildings, in excess of 11 units, whether the buildings be owner occupied or investor owned, in all parts of any city that has passed and is enforcing compliance to retroactive building codes.

Without the above recommended provisions, the assets of our citizens, who were unaware of the fact that our elected officials would pass retroactive laws, will continue to lose their equity and be plunged into poverty under the Federal urban renewal law as it now stands.

We know of many unfortunate cases in which these people have invested their entire life savings in buildings and are now called upon by the city to make drastic changes in the structure of their buildings in order to conform with the retroactive code requirements, as well as new code requirements.

They have had to lose their property because no lending agency will grant them a loan, due to the age and neighborhood in which the property is located. Older people like to enjoy their later years being free from debt. Now their only hope is to appeal to the Government for assistance through the Chicago Property Owners Association and they are herewith making this earnest request.

We do not wish to burden you with innumerable individual cases but we can if you request it. May we appeal to your sense of justice and equality to come forth with the necessary solution to adjust this matter? Your attention and action is sincerely requested.

Respectfully yours,

JOHN F. BOGIE,

Chairman, Committee on Legislation.

Mr. BARRETT. We will hold the record open for the submission of additional statements and material until April 6.

We will probably hold mark-up sessions of the subcommittee soon after the April recess. My thanks again to everyone concerned and the hearing is hereby adjourned.

(Whereupon, at 12:20 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.)

(The following statements and supplemental material were submitted for the record:)

BROTHERHOOD OF RAILROAD TRAINMEN,
Washington, D.C., April 5, 1966.

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

DEAR MR. CHAIRMAN: The Brotherhood of Railroad Trainmen wholeheartedly endorses the Urban Mass Transportation Act of 1964 and strongly urges that additional funds be provided for this program. Your subcommittee is well aware of the plight of the Nation's commuter rail lines and the vital role they play in their communities. Commuter transportation is not a luxury; it is a necessity without which central city and suburbs alike will seriously suffer. In spite of this, the industry is confronted with a serious economic problem which makes it impossible for rail lines to make the additional investment in equipment and facilities required to serve the community and to encourage the use of commuter lines.

Because of the special economics of commuter railroads and particularly the heavy capital investment required, a line may serve thousands and thousands of commuters every day, but still fall below the profitmaking level. Congress recognized this fact and the essential role mass transportation plays in meeting the needs of our towns and cities in the enactment of the Mass Transportation Act. That act provided funds for only 3 years and it is now necessary to continue the authorization and to do it in advance of actual expiration to take into account the leadtime required for properly planning these facilities.

The Brotherhood of Railroad Trainmen also believes there is an urgent need to increase the level of funding for this program. We believe that this is in keeping with the attitude of Congress when it passed the original act. The legislative history of that law, as well as the inescapable facts of the magnitude of the problem, strongly argue for acceleration of activity under this program. We endorse the purpose of H.R. 13732 introduced by Congressman Widnall to step up the grant authority and put the program on a permanent basis, but feel that an even greater increase is necessary. As originally proposed by the administration in 1962 and 1963, we would now be at a \$200 million a year level, and in fact, even more is needed. We hope that Congress will view the administration's original request of \$200 million annually for this program as a minimum and will give serious consideration to increases above that.

Because of the special nature of the mass transit program and the urgency of the problem, we urge the committee to act on the extension of this program as soon as possible. In view of the fact that this is an existing program and is already in operation, we feel that it should not be held back during the necessarily long consideration that must be given to entirely new proposals.

It would be appreciated if this letter could be included in the printed record of your hearings.

Kindest personal regards.

Respectfully,

AL H. CHESSEY,
National Legislative Representative.

STATEMENT OF VICTOR H. PALMIERE, PRESIDENT OF JANSSE INVESTMENT CORP., ON
TITLE II OF H.R. 12946

Mr. Chairman and members of the committee, this statement is offered to bring to your attention certain important considerations which have not been reflected in the prior testimony before the committee.

The firm which I head has been a major factor in the development of southern California for the past 60 years. Over that time the Jansse organization has developed something in excess of 100,000 acres within Los Angeles County, including Westwood Village and large parts of West Los Angeles. Currently we are involved in the development of a new town in the Conejo Valley of Ventura County, some 40 miles northwest of downtown Los Angeles. In 5 years the population of our development area has grown from 2,200 to almost 40,000 people, and during that time we have established an industrial base supplying over 4,000 jobs, together with a broad range of commercial, recreational and educational facilities. In terms of background, it may be of interest to the committee also to know that the Jansse organization is involved in recreational development with major new communities now underway at Sun Valley, Idaho, and Aspen, Colo.

Three basic points seem to have been neglected or ignored in the testimony given before the committee relative to title II, and particularly to sections 201 through 207 which deal with mortgage insurance for new communities:

First of all, it is argued that existing title X already provided everything proposed by the new bill. This is not true for a number of reasons:

(a) Title X was not designed for "new communities" and there is language in the Senate committee report indicating specifically that new towns were not within the purview of the legislation.

(b) Title X limits the maturity of insured loans to a period of 7 years, whereas the proposed bill would permit longer maturities in the case of new communities. This is most important because the 7-year limitation destroys almost completely the utility of the legislation to promote any large-scale development. Short-term financing is very little help for a long-term project.

(c) Similarly, the \$10 million limitation which is now a part of title X in effect makes the act inapplicable to new communities because the capital requirements are generally well in excess of that figure. Consequently, if it makes sense as a matter of national policy to extend mortgage insurance assistance to new community development, then title X is inadequate for this purpose and the proposed bill is necessary to obtain the objective.

The second point concerns the wisdom of the measure as a matter of national policy. Here the argument seems to be based on fear of "Federal control" and fear of discrimination against small builders. Both claims have a familiar ring. The fact is that for three decades Federal housing programs have continued to enlarge and stimulate the private housing market and have been a major support for all sectors of the industry, big and small. More importantly, however, there is no recognition in the prior testimony of the fact that this bill presents an important opportunity for smaller builders. The greatest problem facing the industry in this era of skyrocketing land and development cost is the startling decrease in the supply of building lots available at a cost which bears any relationship to the needs of the homebuying public. By making Federal insurance available for long-term financing of new community development, the proposed bill can play a strategic role in augmenting the supply of this critical commodity and thereby decrease the cost effects of the competition for lots which now exist among all builders. Small builders are obviously at the greatest disadvantage in this competition. Therefore, even if it were true that bigger developers would logically be the only ones to take advantage of this particular program, it would follow that this would be of benefit to smaller builders in their effort to assure themselves an orderly and rational supply of building lots within already urbanized areas. But it is not true that only the bigger builders would participate in this particular program. Experience in California demonstrates that large-scale land developers who undertake new community programs provide opportunities for small builders which would otherwise never be available. When the large-scale developer installs roads and utilities and builds community facilities in a previously undeveloped area, he very often looks to small builders to carry out the homebuilding and retail marketing phases of the development. In our own operations this extends to custom builders who are interested in building as few

as 5 to 10 homes per year on a contract basis for lot buyers. We have had as many as 20 to 30 of these builders working within our development at one time.

On the merits of the issue as a matter of national policy, this bill also seems useful and important simply as an additional tool in the workshop of national aids. Possibly I have overestimated its potential contribution to the solution of some of our housing and development problems; nevertheless, it is hard to see why this program should not be added to fill out the inventory of aids which the Secretary has at his disposal. If it is an objective of the Congress to provide the industry with selective access to a diverse and balanced range of development and housing assistance programs, then certainly the new communities legislation would seem to be an appropriate addition to the inventory.

Finally, nothing has been said in the prior testimony before the committee to suggest that long term insured financing and the availability of FNMA special assistance can play a role in expanding the supply of housing which is (a) rationally priced in relation to the market, and (b) part of an adequately planned development in terms of educational and recreational opportunities, as well as basic community facilities. I believe strongly that the legislation can help with respect to these problems and that it can, thereby, serve a useful and important purpose in new community development throughout the Nation.

URBAN RENEWAL AGENCY,
OF THE CITY OF CRYSTAL CITY,
Crystal City, Tex., March 28, 1966.

HON. WRIGHT PATMAN,
*Chairman, Committee on Banking and Currency,
House of Representatives,
Washington, D.C.*

DEAR CONGRESSMAN: Crystal City, Tex., is enthusiastic about the proposed new demonstration city program. The city of Crystal City has always felt that only through a program of total urban renewal could we eliminate the slum and sub-standard conditions found in all our cities, particularly the small city. The small city is always plagued, in terms of urban renewal, with the problems of credits, priority use of bond funds, inherent problems in smallness and constant individual contact and persuasion of administration officials and self-interests. By nature of the growth patterns of our cities both past and present, the small city cannot compete with the large urban areas in terms of rate of growth, bonding potential, etc., yet their existing facilities are becoming obsolete, new and modern maintenance saving devices cannot be purchased and the city cannot provide new facilities to attract new industry or make it financially attractive to developers.

In regards to the proposed demonstration city program, the neighborhood unit is essentially the same relative size in all cities, it does not reduce in size as the population decreases but the problems magnify and it is more difficult to carry out the program. The neighborhood unit in a large city is only a small portion of the total population, while this same neighborhood in a small city constitutes one-fourth to one-half of the total city or in many cases an entire city. It does not matter whether a project is located in a large or small city, there is a point where a project is not feasible in terms of administration, acquisition and engineering costs in ratio to credits received from the area.

The typical smaller city, by virtue of its economic base has a very limited tax structure and cannot afford to waste credits, yet without total urban renewal it is forced to lose credits in areas not under urban renewal where improvements must be made due to the need, voter demand, and overall political implications. Any delay of improvements in the small town in one area and construction in another for whatever purpose, may jeopardize its political stability and the urban renewal program in the community and in most cases is not good engineering practice, yet a city is forced into this position under current programs.

From the very onset of the urban renewal activities in Crystal City in 1960, the city has been trying to carry out urban renewal on a citywide basis and has been hampered by regional and central office directives which prohibit or discourage total urban renewal because of the lack of proper Federal legislation.

In an attempt to circumvent these administration decisions the city undertook the first small city community renewal plan in the Nation and intentionally

prepared a series of detailed general neighborhood renewal plans (now discouraged under the program) in hope of carrying out total renewal and capturing all the credit it could from a large, one-time bond issue that has taxed the city to its capacity, in hopes that it could finance a 15-year urban renewal program. All Crystal City urban renewal activities have been planned and executed in strict accordance with these GNRPs and to date in 6 years the city has cleared 393 substandard houses, built 201 new houses, remodeled 318 houses and relocated 745 people from slum units to standard housing, expended \$3,600,000 of Federal and local public funds and \$2 million in private expenditures, but with all the above activity, Crystal City still remains 60 percent substandard due to its inability to plan and execute on an overall basis. It must attempt to accomplish its activities on a project-by-project concept with delays, changes in directives, and Federal legislation.

The city is experiencing problems in regard to credits, increased costs, and cannot continue to delay needed improvements outside approved urban renewal areas. Without the assistance of the overall type of project activities Crystal City is confronted with tremendous urban renewal gains being jeopardized by creeping obsolescence, time-consuming delays, lack of continued enthusiasm, and general feeling of hopelessness among our poor citizens who see other areas being improved and no foreseeable change occurring in their area or no way out of their poverty.

The city feels it is essential to the future success of its program and the programs of other like communities, that it be included as one of the example cities in the massive attack on slums program. The city is an ideal size rural community of 10,000 population, it is supported by agriculture, has 63.5 percent of its inhabitants making less than \$3,000 per year through migratory work, and 79 percent having less than a fourth-grade education.

The city feels that it is prepared to undertake this type of project, probably more than any other city, either large or small, in the country, and has complete support of all local agencies and governmental units. It is and has been willing to follow good planning ideas and methods rather than political expedient or profit-motivated schemes, and will be an ideal city to be an example of proper slum elimination, rebuilding, and total coordination for other small cities with substandard conditions to be guided by. Proof of this is not based on assumptions, but past and current results even through all types of adverse political and financial problems.

Crystal City proposes to make application for this program when Congress has provided legislation. We pray that small cities are not eliminated from the program.

Yours very truly,

ROYCE G. COOK, *Chairman.*

METAL TRADES DEPARTMENT,
AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., March 30, 1966.

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

DEAR CONGRESSMAN BARRETT: (This is with regard to H.R. 13064, entitled the "Housing and Urban Development Amendments of 1966.")

On behalf of the metal trades department and its 22 affiliated international unions with several hundred thousands of members employed in Defense Department and other Federal installations throughout the country, may I take this opportunity to earnestly recommend that your subcommittee give early and favorable consideration to the recommendation of Mr. Boris Shishkin, secretary of the AFL-CIO Housing Committee as given in his testimony on March 3 and in his supplemental statement of March 11.

There is no question but that it is of utmost importance for the bill before your committee to be amended to provide for the extremely serious problem created by closure of Defense Department and other Federal installations requiring Federal employees and their families to move to another location and to abandon their homes at the location of such closing installations.

Federal workers caught in one of these closure situations find that they are not able to rent or sell their homes except at tremendous financial loss to themselves and their families.

The metal trades department, therefore, respectfully urges that your subcommittee give favorable consideration to an appropriate amendment which will provide the necessary relief to Federal workers who find themselves in this circumstance. This can be done through procedures allowing for the orderly and expeditious acquisition by the Federal Government of such homes as a part of the cost of the closing of such Federal installations.

May I express to you and the members of your subcommittee my thanks and appreciation for the consideration which I know you will give to the position we have set forth above.

With best wishes and kind regards, I remain,

Sincerely yours,

B. A. GRITTA, *President.*

NATIONAL ASSOCIATION OF SOCIAL WORKERS, INC.,
Washington, D.C., April 1, 1966.

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

DEAR MR. BARRETT: In behalf of the 46,000 members of the National Association of Social Workers, may I present these remarks in support of the three bills proposed by the President and introduced by you as the Cities Demonstration Act (H.R. 12342), the Urban Redevelopment Act (H.R. 12939), and the Urban Development Amendments of 1966 (H.R. 13065).

While our members who operate in the social work planning field such as in community welfare councils, and in such fields as housing, urban renewal, mental health, antipoverty, and juvenile delinquency are especially enthusiastic about these new approaches and resources for comprehensive community planning, those of us who daily work with individuals and families to restore and create a semblance of normal life also welcome this legislation.

In 1962, the delegate assembly which is the policymaking body of our organization, gave clear support for just this type of program. Under the major topic entitled—interestingly enough in light of future nomenclature—"Housing and Urban Development," NASW said:

Urban redevelopment or renewal should proceed within a total pattern of social, physical, and land-use planning which, in its balance of economic opportunities, desirable public and private housing, and essential public and private community facilities and services, provides a social milieu conducive to adequate individual and family functioning.

Also in 1962, we said that "adequate citizen participation of a representative nature is essential in shaping the urban renewal program."

But we would hope that when "widespread citizen participation" is carried out through the legislation before this committee, that the model will not be just the "citizen participation" feature of previous housing and urban development legislation. The "maximum feasible participation of residents of the areas and members of the groups served" as it has evolved in the Economic Opportunity Act provides dramatic evidence that disadvantaged citizens can work most constructively with traditional community leaders in planning and carrying out programs for the betterment of all.

In addition to supporting the integration of social planning into a comprehensive approach to community needs and realistic citizen involvement, we would also like to express our pleasure with the proposed urban information centers. We know about the wealth of information on social conditions that needs to be put into usable form and thence coordinated with what we are sure is an equal affluence of knowledge in the economic and physical development field.

We are pleased that Congress recently authorized funds for the rent supplement program but the paucity of the appropriation even more strongly emphasizes the need to pass those housing and urban development amendments before this committee on leasing provisions for low-rent housing. This will make some additional housing available for the many families in need.

At this point, may we also endorse H.R. 9256 which establishes a new program of mortgage insurance and direct loans to finance the provision of facilities for

group medical and dental practice. NASW sees this as an important step in more effective use of limited medical and dental personnel.

The committee might be interested that more and more persons entering graduate training for social work are choosing to prepare themselves for planning and other community organization tasks. Curriculum in this area is currently undergoing major review in a project at the Florence Heller School of Advanced Studies in Social Welfare, Brandeis University, being sponsored by our sister organization, the Council on Social Work Education.

At the same time, we must add that manpower requirements of all the Great Society programs have made ever-increasing calls on the already short supply of social workers. NASW feels that this necessitates substantial Federal funding for student aid, training of faculty, and expanded educational facilities.

Sincerely,

MELVIN A. GLASSER,
*Chairman, Commission on Social Action,
Division of Social Policy and Action.*

STATEMENT OF NATIONAL ASSOCIATION OF MANUFACTURERS ON H.R. 12341,
DEMONSTRATION CITIES ACT OF 1966

This statement on the proposed Demonstration Cities Act of 1966 is submitted by the National Association of Manufacturers, a voluntary association whose member companies—large, medium, and small in size—account for about 75 percent of the Nation's production of manufactured goods and about the same percentage of employment in manufacturing.

Because a great number of these companies are headquartered in, or carry on production or sales activities in, urban areas, the association has a natural interest in sound solutions to the problems of American cities. For a number of years, the association, through its policy statement on community leadership, has advocated that "businessmen should recognize fully community interests in the conduct of their operations. As good citizens and good neighbors, they should continue their interest in community problems and affairs, and lend their active strength and counsel to efforts designed to make our communities better places in which to live and work."

This interest is also reflected by the existence within the association of its area industrial problems committee. This committee concerns itself with the entire gamut of problems related to urban-area land utilization and facilities development. Upon the recommendation of this committee, the board of directors of the association unanimously adopted the following statement of policy on November 30, 1965:

"Cities have traditionally provided exceptional economic and cultural opportunities. At the same time, the primary failure to intelligently plan and implement the planning has historically resulted in urban problems. Postwar movements of people and industry have accentuated some of these problems for some American cities.

"American cities are possessed with sufficient vitality to cope with these problems. The most effective undertakings to solve urban problems have taken shape under creative local leadership. We should seek solutions through imaginative efforts by business and industry in cooperation with other civic groups and local and regional authorities, rather than have the community simply compete for and depend on funds available from the National Government."

We submit that the proposed Demonstration Cities Act of 1966 will greatly intensify the competition for, and dependency on, funds available from the National Government rather than promote vital, creative, and imaginative local leadership.

The proposed act appears to reflect dissatisfactions arising out of the shortcomings of federally subsidized urban renewal projects. However, the proposed act does not provide any guarantee that such shortcomings will not continue to characterize these projects. Let us examine how the provisions of the proposed act would bear upon each of the shortcomings in turn:

1. *Failure to relocate residents of urban renewal neighborhoods in an effective and acceptable manner, and failure to recognize the irreparable damage done to*

small business enterprises hitherto operating in the urban renewal neighborhood.—This is reflected in the President's message to Congress on January 26, 1966, by the statement that "Nevertheless the social and psychological effects of relocating the poor have not always been treated as what they are." The Advisory Commission on Intergovernmental Relations has stated that, from 1949 through September 1963 the urban renewal program "is estimated to have displaced 177,000 families and 39,000 businesses." Chester Hartman, in the November 1964 issue of the Journal of the American Institute of Planners, reports that a relatively large number of displaced persons moved into substandard housing or failed to improve their overall residential status despite increased rents, and concluded that "on the whole relocation has made a disappointingly small contribution to the attainment of 'a decent home in a suitable living environment for every American family.' Given the premise that one of the cardinal aims of renewal and rehousing should be the improved housing welfare of those living in substandard conditions, it is questionable whether the limited and inconsistent gains reported in most studies represent an acceptable level of achievement."

More than 35 percent of the small businesses displaced by urban renewal either liquidated or disappeared, according to the January 1965 report on "Relocation" of the Advisory Commission on Intergovernmental Relations. The Commission report also stated that the first 2 years of existence of a small business are the hardest and the firm that survives 5 years has an excellent chance of continuing, but that "small businesses that have been operating over 5 years and then are displaced, however, show a much higher discontinuance or closing rate than if left alone, indicating that they are being severely hit by displacement."

The report also stated "adding to the relocation difficulties of displaced businesses is the economic hardship they may suffer in the critical period between announcement and start of an urban renewal project. The announcement creates a 'wet blanket' effect which depresses the area. * * * Finally, adjustment to the new location requires at least 6 months and perhaps as long as the 'critical 2 years' during which survival of new businesses is most in doubt. * * * Frequently, businesses would like to return to the renewed area but face appalling obstacles * * *."

Section 9 of the proposed act deals with "relocation requirements and payments," and consequently is pertinent to the shortcomings referred to above. Section 9(a) provides as follows:

"A comprehensive city demonstration program must include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in carrying out the city demonstration program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise in order to best maintain the available supply of such housing for all such families and individuals throughout the city."

Obviously, this provision offers nothing new, but merely refers to the relocation standards of the Housing Act of 1949. There is no recognition of what the President's message referred to as "the social and psychological effects of relocating the poor." There is no recognition of the irreparable damage done to small business enterprises which have been built up to serve the needs of a neighborhood about to be obliterated.

2. *Failure to provide housing within the urban renewal neighborhood at a cost which would make it available to former residents of the neighborhood.*—This is recognized in the President's message by the statement that "Present programs are often prisoners of archaic and wasteful building practices. They have inhibited the use of modern technology. They have inflated the cost of rebuilding." In the winter, 1965 issue of Law and Contemporary Problems of Duke University School of Law, Dr. Martin Anderson also alludes to this failure, as follows:

"From 1950 through 1960, about 126,000 housing units were destroyed in urban renewal areas. Of these, 101,000 were classified as substandard by local

renewal officials; 25,000 were sound homes in good condition, some of them in excellent condition. Only about 28,000 housing units were built; 25,000 of them are privately owned, the rest are public housing units. Thus about four times as many homes were destroyed as were built. Those destroyed were predominantly low-rent homes, those built were predominantly high-rent homes.

"As of March 31, 1963, about 609,000 people had been evicted from their homes. I estimate that 1 million will have been evicted by the end of 1965. And, according to the Commissioner of Urban Renewal Administration, around 4 million will be displaced by 1972, or 1 out of every 50 persons living in the United States."

As to this shortcoming, there are a few brief pertinent references in the bill. Section 4(b) (1) would require a finding by the Secretary of Housing and Urban Development that "the program is of sufficient magnitude in both physical and social dimensions * * * (ii) to provide a substantial increase in the supply of standard housing of low and moderate cost * * *" Section 4(b) (2) would require a finding by the Secretary that "the rebuilding or restoration of sections of neighborhoods in accordance with the program will contribute to a well-balanced city with * * * housing for all income levels; * * *" Section 4(b) (7) would require a finding by the Secretary that "the program is designed to assure maximum opportunity in the choice of housing accommodations by all citizens; * * *" Section 4(c) directs the Secretary to give maximum consideration to, among other things, whether "the program is designed to make maximum use of new and improved technology and design, including cost reduction techniques" and whether "the program will encourage good community relations and counteract the segregation of housing by race or income."

The difficulty with these references is that they are all stated in rather nebulous terms and constitute no more than declarations of good intentions such as have been associated with other programs which fell short of the mark. The vagueness of the terms is exceedingly great, with the result that everything is left to the unchallengeable discretion of the Secretary. These are terms such as "sufficient magnitude in both physical and social dimensions," "substantial increase," "low and moderate cost," "well-balanced city," "housing for all income levels," "maximum use of new and improved technology and design," and "cost reduction techniques." In addition, a finding by the Secretary that a program will do such and such is no guarantee that such and such will actually happen any more than it happened under existing programs. For example, if it occurs that a trade union restrictive practice conflicts with the "maximum use of new and improved technology and design, including cost reduction techniques," it is going to take more than a finding by the Secretary to resolve the conflict.

3. *Failure to achieve benefits commensurate with the vast expenditures involved.*—This is acknowledged, in a rather negative way, in the President's message by the statement that "The size and scale of urban assistance has been too small, and too widely dispersed." Dr. Anderson also refers to the fact that "FURP (Federal urban renewal program) is very expensive. Many billions have already been spent, and the plans call for vastly increased spending." Time magazine for March 4, 1966, reports the Federal subsidy since 1949 as \$4.7 billion.

It should be noted that section 12 of the bill provides that "There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act." In other words, there would be no statutory limitation on the amount of money which could be spent under this program. The administration has called for a \$2.3 billion program over 6 years, but a number of mayors have already advocated vastly increased expenditures. Consequently, as a practical matter, there would appear to be no effective limitation as to the untold billions of dollars of expenditures to which the Congress would be committing itself by the passage of this legislation. Human Events for March 12, 1966 states that "experts say the real figure will be at least \$10 billion, and probably more." At a time when national defense requirements appear to be growing and there is need for fiscal restraint on the part of the National Government to avoid runaway inflation, the Congress should reject this type of open end, blank check, bottomless pit financial commitment. If the Congress could refrain from this type of legislation, it would be a constructive contribution toward averting a possible tax increase. Also it should be noted that there are no savings involved in this program due to eliminating other programs, functions or positions since it would be superimposed on everything that is already in existence. It is clear that this bill could cause the expenditure of billions of dollars without any more assurance of commensurate benefits than was had under prior programs.

4. *Failure to avoid delays due to "redtape" imposed by National Government intervention in the community renewal process.*—Some persons involved in urban renewal projects have expressed the view that results could have been achieved much more quickly if the National Government were not involved in the process. By way of example, the New York Times of March 13, 1966 reported that, in order to sell brownstone houses in the West Side Urban Renewal Area in New York City, it was necessary not only to supply 30 copies to the Division of Housing and Community Renewal of New York State and 30 copies to the Housing and Redevelopment Board of New York City but also to supply 30 copies to the Federal Housing Administration and 30 copies to the U.S. Department of Housing and Urban Development. The buyers have been waiting for over a year since making their cash deposits and apparently will have to wait some months more.

Dr. Anderson points out that "The process is taking a very long time. An average-size urban renewal project can easily run 10 to 12 years from the start of planning to the completion of the new construction." Ironically, the President's message does not ascribe the excessive delays to National Government intervention but to a "public dilemma" of "involving urban residents in redeveloping their own areas, hence lengthening the time and increasing the cost of the job." Despite this apparent criticism of local involvement, the message, a few sentences later, calls for a program that will "mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city freed from the constraints that have handicapped their past efforts and inflated their costs." On the same page, the message also poses a "public dilemma" of "preserving the autonomy of local agencies, thus crippling our efforts to attack regional problems on a regional basis."

The feature of the proposed act apparently designed to cope with the problem of Federal redtape and delays in section 7, entitled "Office of the Federal Coordinator." This section provides that "There shall be established for each locality having an approved comprehensive city demonstration program an office to be known as the Office of the Federal Coordinator headed by a Director who shall be designated by the Secretary."

Section 7 states that "The Director shall perform such functions as the Secretary shall from time to time prescribe with respect to helping achieve the maximum effective coordination of Federal grant-in-aid programs undertaken in connection with comprehensive city demonstration programs." But the next sentence states that "Nothing in this section shall be construed to vest in the Secretary any authority to exercise or delegate any function or duty vested by law in any department or agency of the Federal Government other than the Department of Housing and Urban Development." This latter provision points up the fact that the director would be a coordinator without any real power to compel the coordination of any Federal function or activity. Obviously, redtape, conflict, and confusion would be compounded by creating still another Federal office in each locality having an approved comprehensive city demonstration program. Imposing still another level in the Federal hierarchy spotlights the fact that the demonstration cities program adds up to a superstructure upon a superstructure. The anomaly of superimposing a special program on top of existing programs is indicated in the portion of section 2, "Findings and Declaration of Purpose," which states:

"It is further the purpose of this act to provide the additional financial aid needed to enable cities to participate more effectively in existing Federal assistance programs."

In other words, to assist cities to be assisted.

Although the Director of the Office of the Federal Coordinator in each such locality would not have the power to compel coordination of Federal activities, he undoubtedly could exercise considerable influence over the local agencies involved. The Federal hand looms large at every stage. Section 5(a) calls for the Secretary to pay 90 percent of the costs of planning and developing comprehensive city demonstration programs; and section 6(b) calls for the Secretary to pay 80 percent of the costs of administering comprehensive city demonstration programs; and section 6(c) authorizes the Secretary to make grants of not to exceed 80 percent of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs undertaken in connection with demonstration programs. The latter item would create the further anomaly of having the Federal Government contribute 80 percent of the non-Federal contribution. Section 9(b) calls

for the Secretary to make grants to cover the full cost of "relocation payments."

The placement of a Federal director in every demonstration city and the excessive amounts of Federal financial participation in every stage of this superprogram are certainly not conducive to the aim to "mobilize local leadership and private initiative" referred to in the President's message. And it is very obscure just what such a superprogram really would demonstrate.

5. *Failure to avoid preferential treatment.*—It is enough to note that this is a special program, participation in which would be determined by the unreviewable discretion of the Secretary. Less than 10 percent of the cities participating in present Federal programs would be allowed to participate in this superprogram. It would require a veritable Solomon to insure that subjective considerations did not enter into the choice of these select cities. This is especially true under a bill such as this where the criteria for selection laid down by the Congress would be vague, general, and highly subjective in nature.

In addition, it appears that certain sections and neighborhoods within a city will be preferred over other sections and neighborhoods within the same city. Thus, instead of shutting the door to preferential treatment, this superprogram will provide greatly expanded opportunities for it.

6. *Failure to avoid the bulldozer approach.*—The purported aim of the proposed act is to "rebuild America." This is a noble and lofty aim. However, urban renewal under Federal legislation has become associated in the public's mind with the bulldozer demolition approach by which much good is destroyed along with the bad. Will this proposed program be any more discriminatory in its approach? There is no sure-fire guarantee that it will.

As recently as March 20, 1966, a New York Times news story in regard to private urban renewal efforts in the Boerum Hill area of Brooklyn reflected this concern, as follows:

"In a sense the battle of Boerum Hill epitomizes in miniature the nationwide tug-of-war between two principal schools of urban-renewal thought.

"Ranged on one side are those * * * who envision renewal in the broad terms of clearance and complete rebuilding, even if it means sacrificing some sound old buildings.

"And on the other side are those, like Jane Jacobs, the author and caustic critic of many city planners, who see vitality even in slums and seek to renew by preserving existing sound structures and building around a community's heritage and people.

"We are highly suspicious of renewal," said Robert A. Snyder, a 33-year-old, Columbia-educated labor lawyer who is president of the Boerum Hill Association. The association is comprised of about 50 families that are dedicated to reclaiming the heritage of the area.

"We want to preserve, not to tear down. The buildings are sound structurally," said Mr. Snyder. * * *

The bill does pay lipservice to the fact that prior programs have not adequately protected historical and cultural features by the provision in section 4(c) (2) that the Secretary shall give maximum consideration to, among other things, whether "the program will enhance neighborhoods by applying a high standard of design and will, as appropriate, maintain distinctive natural, historical and cultural characteristics; * * *". The bill is perhaps deserving of a small "plus" in this regard, but this is far outweighed by the lack of "plusses" in regard to any other matter at issue.

THE PRIVATE ALTERNATIVE

Communities without Federal urban renewal aid are not abandoning their cities; they are "doing it themselves" through local public financing, or private enterprise. Although privately financed improvements usually require some increase in local public facilities, this public cost is a lower proportion of the total than is found when a public project tries to attract private investment. Some cities have had experience with both types of renewal. In a variety of cities across the country—Houston, Pittsburgh, and Rochester to name just a few—private enterprise redevelopment in business areas has been quicker than federally sponsored redevelopment. Local tax revenues have been increased sooner, and without imposing a burden on people in other communities.

Midtown Plaza, in Rochester, N.Y., has gained wide attention as an approach to commercial rehabilitation of a downtown area. It was planned by two competing department stores. After 30 years without a single new commercial

structure, \$34 million worth of new construction was in process or being planned in the immediate vicinity within 2 years of the Plaza's opening—in addition to modernization and expansion projects. Private investment totaled \$25 million. The city of Rochester invested \$9 million in parking facilities and expects this to be amortized in 30 years. From announcement to dedication, the development took 3½ years; actual construction took 38 months. And the property never left the tax rolls during that period.

Of the four federally aided urban renewal projects in Rochester, none had been completed by early spring of 1964. One of these, Genesee Crossroads, is supposed to redevelop a commercial property not far from Midtown Plaza. A Federal planning grant was awarded in 1961, but it has been estimated that 10 years may pass before the project is completed. A motel chain, interested in the location, has gone elsewhere. However, there does seem to be assurance of a Federal office building and courthouse in the project.¹

In Pittsburgh, the redevelopment of the "Golden Triangle" area was privately financed. There have been eight renewal projects, with a private investment of \$256 million, which cost the local government only \$2 million and increased tax revenues. Five federally aided projects have, to date, involved a public cost of \$77 million.

The breakdown for Federal and local public cost, as well as private investment, in Pittsburgh was presented in the fall of 1963.² The following tabulation presents some of the most pertinent data:

	5 federally aided projects	8 private projects
Federal cost.....	\$52,200,000	-----
Local public cost.....	\$24,900,000	\$2,000,000
Estimated private investment (actual and pending in 1963).....	\$211,500,000	\$256,900,000
Number of acres.....	439	236
Per acre:		
Federal cost.....	\$118,907	-----
Local public cost.....	\$56,720	\$8,475
Private investment.....	\$481,776	\$1,064,322

It is obvious that nonpassage of the proposed Demonstration Cities Act of 1966 would not leave a vacuum of inaction. Although federally subsidized urban renewal projects can involve billions of dollars of taxpayers' money, the amount of construction and rehabilitation that results is very small compared with that achieved through private effort unrelated to Federal projects. As Dr. Martin Anderson stated in the winter 1965 issue of *Law and Contemporary Problems* of Duke University School of Law:

"The economic system of free enterprise has moved powerfully and swiftly toward achieving better housing conditions for all Americans. From 1950 to 1960, over 18 million standard homes were added to the housing supply. The total number of standard homes increased from 29.1 to 47.7 million, an overall increase of 64 percent.

"And these gains were possible to all Americans. For example, the non-white population of the United States enjoyed a substantial increase in the quality of its housing. From 1950 to 1960 there was an increase of 1,813,000 standard units occupied by nonwhites, accompanied by a decrease of 537,000 substandard units.

"Virtually all of this was accomplished by private construction, rehabilitation, and demolition efforts financed by massive amounts of private funds. These activities were in no way connected with the FURP."

CONCLUSION

It is concluded that, although the proposed act reflects recognition of the shortcomings and failures of previous and present programs, it contains nothing desirable that would insure against a repetition of those same failures. As a superprogram to be superimposed upon existing programs, a superstructure to be erected upon a superstructure, it must be viewed as highly unnecessary.

¹ Nation's Business, May 1964.

² From data presented at the hearings on urban renewal before the Subcommittee on Housing, Committee on Banking and Currency, U.S. House of Representatives, 88th Cong., 1st sess., October 1963, pp. 45-46, pt. I of printed hearings.

extremely costly with no assurance of commensurate benefits, and with positive undesirable features such as local Federal coordinators or directors and excessive National Government participation in local responsibilities.

We respectfully urge the distinguished subcommittee not to report the proposed act for the following reasons:

1. The proposed demonstration cities program would cost billions of dollars with no assurance of curing the failures of present Federal urban programs.

2. The placement of a Federal coordinator or director in each demonstration city would result in the exercise of considerable influence over local agencies.

3. The program would be highly preferential in nature, with sections of 60 or 70 cities picked out by the Secretary of Housing and Urban Development for special benefits.

4. The program will greatly intensify the competition for, and dependency on, funds available from the National Government rather than promote vital, creative, and imaginative local leadership.

5. Nonpassage of the proposed act would not leave a vacuum of inaction. The improvement in housing conditions in recent years has virtually all been accomplished by private construction, rehabilitation, and demolition efforts financed by massive amounts of private funds and in no way connected with the Federal urban renewal program.

STATEMENT OF T. BROOKS BRADEMAS, PRESIDENT, CITY PLANNING ASSOCIATES, INC., PLANNING, URBAN RENEWAL, DEVELOPMENT CONSULTANTS, ON DEMONSTRATION CITIES ACT OF 1966 (H.R. 12341 AND H.R. 12342)

The experiences gained in taking part in the development of urban renewal and community planning programs in some 100 American communities over the past 10 years, has convinced me of the basic soundness of President Johnson's demonstration cities proposal. We have been hindered in our ability to successfully solve the myriad problems of our urban areas by a number of factors. Not the least of these has been our seeming inability to properly utilize and coordinate the physical, social welfare, educational, economic opportunity, and other action programs that are presently available to us.

President Johnson, in his message to the Congress on the cities in March of last year brought into sharp focus the magnitude of the problems besetting urban America. But, it is not enough to point out the problems that face urban America and call for dedication and commitment on the part of all of us concerned with these problems without offering us the weapons to wage the battle. The President has offered the weapons. In fact, he has offered an arsenal in his demonstration cities proposal.

FUNDS ARE INSUFFICIENT

It is apparent that the demonstration cities proposal, which is clearly the most significant and far-reaching proposal for the solution to America's urban problems since the Housing Act of 1949, will not be effective unless sufficient "ammunition" is provided. Although the \$2.3 billion proposed to be appropriated over the initial 6-year period of the demonstration cities program may sound like a substantial sum, divided among some 60 or so communities, it would amount to an average of some \$38 million per community.

A recently completed study for the city of Buffalo, N.Y., revealed that to undertake the half dozen most pressing urban renewal projects would require a Federal grant of some \$48 million. This would account for only a small portion of the renewal needs of the community. To carry out the second and third priority renewal efforts in Buffalo would require in excess of \$100 million of Federal aid on the basis of the present one-half/two-thirds grant formula. These cost estimates include only the undertaking of specific renewal projects and do not include the many other public activities that must be undertaken if the city is to regain its physical, economic, and social health.

Taking the considerably smaller community of Springfield, Ohio, with a population of some 85,000 which has also completed the development of a community

renewal program, we find the net cost of the renewal program developed as a result of the community renewal program studies would be in excess of \$60 million with a Federal grant requirement in excess of \$40 million. Here again, the \$40 million assistance required by this city does not include the cost of the important related social and educational programs without which we cannot have a truly effective renewal effort. The needs of these two communities can be multiplied by literally hundreds of other cities throughout the country. Secretary Weaver stated that the assistance provided by the demonstration cities bill would help cities of all sizes to plan, develop, and carry out programs to rebuild or revitalize large slum or blighted areas and to expand and improve public programs and services available to the people who live in these areas.

If the demonstration cities program is to be more than a token, then it should not be limited to 60 cities, but should be available to any city that needs the program and can meet the requirements established for participation. We clearly cannot make a massive attack on the problems of our cities as envisioned by the demonstration cities concept unless we are willing to make the necessary financial commitment.

TRAINING OF URBAN SPECIALISTS

While dollars are an important part of making the weapons of the demonstration cities proposal effective, they will, by no means, be the only factor that must be considered. We do not have today, and will not have in the foreseeable future, the necessary supply of trained, experienced, and dedicated professionals who must be available to develop and carry out the programs embodied in the demonstration cities concept. The report of the Municipal Manpower Commission, completed in 1962, revealed that the shortages of administrative, professional, and technical (APT) people at the local government level is critical. By 1980, local governments will have to recruit more than 300,000 such APT people. On top of this, the report found that the overall quality of today's APT personnel is inadequate to cope with city and metropolitan problems and the quality of "backup" strength is weak. Too many APT personnel are not well trained in breadth or depth and are not trained to deal with ever broader problems of public policy.

The training and fellowship programs established by the Housing Act of 1964 were to assist and encourage the States, in cooperation with public and/or private universities and colleges, to undertake the badly needed training programs. The objective of this legislation was to provide financial assistance to enable the organization, initiation, development, and expansion of programs which would provide special training in skills needed for economical and efficient community development.

This program, although approved by the Congress, was never funded and, therefore, has been of no benefit in meeting the problem of expanding the supply of trained technical and professional manpower. The fellowship program of the Housing Act of 1964 which authorized \$1.5 million for graduate training of professional city planning and urban and housing technicians and specialists was not funded either and neither of these retaining programs were included in the Housing and Community Development Act of 1965.

The demonstration cities program offers us a splendid opportunity to not only rebuild and restore entire sections of our cities and to improve the general welfare of the people living or working in the areas but also gives us a unique opportunity to utilize the program as a logical research and training vehicle. This research and training could be of type we have too little of today. The demonstration cities program could provide for the training of a new breed of professionals—a breed that concerns itself with the full range of urban problem solving, not merely the physical or the social; or the financial or the administrative.

It is recommended that, to the fullest extent possible, demonstration cities be required to develop their programs in conjunction with the active participation of colleges and universities that have, or are able and willing to support, research and training programs.

PRESENT PROFESSIONAL GROUPS NOT READY

President Johnson has stated that we must concentrate our available resources—in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education—to improve the conditions

of life in urban areas, and that we must join together all available talent and skills in a coordinated effort if we are to be successful. Such an undertaking will be a new and unfamiliar approach to the professional groups working today with the multitude of urban problems. This concept of the joining together of all available talent and skills in a coordinated effort will require the architects to know of the areas of concern of the social worker and share these concerns; it will require the social worker to understand and appreciate the role of the engineer; the engineer the administrator; the administrator the planner; the planner the educator, etc.

For the most part, the planner, the architect, the engineer, the social worker, the economists, the educator, the administrator and others concerned with various facets of our urban problems have shown an inability to visualize the total range of problems that confront our cities.

The demonstration cities program will force the groups working with our urban problems to coordinate their efforts. This in itself will be a tremendous dividend. The demonstration cities program gives us a unique opportunity to combine physical reconstruction and rehabilitation with effective social programs and at the same time develop new, flexible, administrative procedures.

COMMUNITY RENEWAL PROGRAM SOUND BASIS FOR DEMONSTRATION CITIES PROGRAM

Unfortunately, the requirements that all cities of over 50,000 population must develop a community renewal program as a prerequisite to undertaking renewal and related programs was eliminated from the Housing and Community Development Act of 1965. The CRP, however, provides the most logical approach to the effective utilization of the demonstration cities concept.

Speaking before the National Housing Conference annual meeting on March 14, 1965, Dr. Robert C. Weaver, our Secretary of the Department of Housing and Urban Development, stated, "A key provision of the new act (Housing and Community Development Act of 1965) is that requiring cities of over 50,000 population to prepare a community renewal program as a requisite for continued urban renewal aid. One-third of all the cities of this size with renewal programs are already preparing CRP's. Our experience with CRP indicates that it is tremendously valuable not only for delineating the dimensions and nature of a city's difficulties, but also for scheduling and coordinating renewal action to cope with them. It can be used to focus attention on the social and economic needs of a community's residents, and weigh the capacity of the city's resources to meet those needs.

"Perhaps the most important function of CRP is its coordinating function. Now we have opportunities, through expanded rehabilitation programs and through the community action programs of the Office of Economic Opportunity, for effectuating a higher order of urban renewal. Actions under these programs should be carefully correlated to city planning, municipal public works, housing programs, and a wide range of other activities. The CRP offers such an opportunity, and we feel that it is vital, particularly at this point in the redevelopment of the American city, to get the most out of this technique."

Dr. Weaver's comments on the CRP and his particular reference to the community action program of the Office of Economic Opportunity giving us new methods for effectuating a higher order of urban renewal were particularly gratifying.

Jack T. Conway, then Director of the Community Action Programs of the Office of Economic Opportunity, followed Dr. Weaver's remarks at the 1965 National Housing Conference by stating: "This Conference can take great satisfaction from the President's recommendation that every city of 50,000 or more must develop a community renewal program to be eligible for Federal renewal assistance. This long-range social planning, consistent with human, as well as physical needs, represents the best kind of democratic planning since all urban renewal programs involve popular participation. It is the kind of planning that will strengthen freedom and local initiative."

The remarks of Dr. Weaver and Jack Conway gave us real hope that at last we had the basis for truly merging the physical reconstruction of our urban areas with the social and economical rebirth of our citizens living in slums and poverty.

Unfortunately to date there is little evidence that this splendid concept set forth by Dr. Weaver and Jack Conway a year ago has been realized. This is indeed tragic. If, through the demonstration cities program, the Office of Economic Opportunity community action program can be made a positive instru-

ment of social and economic renewal, that in itself will make the demonstration cities program worthwhile.

Whether or not a city formally takes part in the demonstration cities program, the development of a CRP could be of substantial assistance to the city. Urban Renewal Commissioner Slayton in his remarks in June of last year at the University of Cambridge, noted a shift in the basic concept of the urban renewal program in terms of both its rapid development and its portent for the future. The emphasis on individual and unrelated projects that clear a small area and make a piece of land available for private development are yielding to the concept of urban renewal as a program that can shape the development of the city and restructure it. Those of us concerned with urban problems are coming to find that in the aggregate, urban renewal projects can change the economic activities and social institution of the city and its inhabitants. This concept of urban renewal as a program that changes existing land uses for new ones and in the process alters the character of the city has come to be recognized by some of the more sophisticated cities as a program with the kind of leverage that can be utilized to achieve basic development objectives.

Mr. Slayton noted that the computerized studies of the CRP can analyze the city's existing physical, social, economic and financial situation, examine the effects of alternate development decisions and forge a comprehensive development program. Such an approach could provide the foundations for the development of an effective demonstration cities effort.

If a city can bring together in a coordinated manner, its urban renewal program, its public improvements program, its major highway program, its public housing program, its housing code enforcement program, its fiscal program, its social welfare program, and its economic opportunity program, into one comprehensive approach it can exercise a consistent leverage over its development and redevelopment.

The combining of positive programs to achieve development goals can replace the attitude of the past that the city was without effective control over its own development. The carrying out of this concept rests upon the use of sophisticated and, at times, computerized techniques to provide better understanding of the development and redevelopment process and upon the important relationship between physical, economic, social, and financial factors that must be considered in solving our urban problems. This concept is also greatly strengthened with the recognition by local officials that they have the tools to direct and control development and redevelopment. This process is a powerful tool, it is a physical tool with strong social implications—developed and properly used, it can program housing for various income groups, it can encourage in-migration and out-migration, it can use the quality of a school to attract families to a particular neighborhood. It can, in fact, result in some social restructuring of the community.

While the Congress was reluctant to require a CRP for all cities of over 50,000 population as a prerequisite to undertaking and carrying forward urban renewal and related programs, it is recommended that consideration be given to requiring that all cities who wish to take part in the demonstration cities program either have developed, or as a prerequisite, develop a well-thought-out CRP as a foundation for an effective demonstration cities effort.

SUMMARY

1. The demonstration cities proposal is the most significant and far-reaching proposal for the solution to America's urban problems since the Housing Act of 1949 and should be adopted.

2. Comparing the magnitude of the need with the funds proposed for the program, it is clear that the program can only provide a limited demonstration. With a 1965 Agriculture Department budget of \$7.3 billion to assist the 1 million American farmers, a \$380 million yearly budget for the demonstration cities program does seem to be out of proportion.

3. We must give more concern and financial support to the recruiting and training of the administrative, professional, and technical people needed today and in the future in carrying out the program embodied in the demonstration cities concept.

4. The community renewal program gives us the most logical approach to the effective utilization of the demonstration cities program and should be made a prerequisite to undertaking such a program.

NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS,
 Washington, D.C., April 5, 1966.

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

DEAR MR. CHAIRMAN: The National League of Insured Savings Associations would like to submit for the consideration of your committee several amendments to pending housing legislation dealing with the investment powers of the savings and loan business.

As you know, savings and loan associations in recent months have experienced a tremendous squeeze on earnings which has curtailed their ability to attract new savings funds and consequently reduced the availability of home financing throughout the United States. The squeeze on earnings has been produced by rising interest rates on savings funds and reduced rates on mortgage loans with which I am sure you are familiar.

The National League believes that the primary function of the savings and loan business is to provide funds to finance homeownership—year in and year out, regardless of the vagaries of the money market. The earnings squeeze of the past 2 years demonstrates the necessity for broader investment opportunities for savings and loan associations so that they may secure the earnings necessary to attract and hold savings money for home financing purposes over long periods of time.

Frequently, home mortgage loans are written for more than 20 years duration and this fact of business life means that savings institutions must remain competitive in the savings market throughout this period to finance such mortgage loans until they are paid off. If savings rates rise sharply, the earnings from long-term mortgages may not be sufficient to absorb these additional costs and thus efforts to acquire new savings funds or indeed to hold funds which have already formed the basis for loans will be adversely affected. In addition, as we have seen recently, reduced mortgage rates on new mortgages may not be sufficient to justify the cost of acquiring new savings funds.

In part the problem can be alleviated by broadening the lending operations of the savings and loan business into areas where earnings can be enlarged to meet higher savings costs. In this way, the supply of money for home financing can be maintained—particularly during those periods of money market stress which have characterized the post-World War II period.

The proposals advocated by the league have been discussed in previous meetings of the Subcommittee on Housing and by the full Committee on Banking and Currency.

Thank you for this opportunity to submit the league's recommendations for amendments to the housing bills now pending. If we can be of any further assistance to you, please let us know.

Sincerely,

WILLIAM J. KERWIN, Assistant Executive Director.

DIGEST OF FEDERAL SAVINGS & LOAN ASSOCIATION AMENDMENTS OF 1966

Section 1 gives the bill the short title of "Federal Savings & Loan Association Amendments of 1966."

Section 2 would permit the board of directors of a federally chartered association to designate it either as a Federal savings and loan association or a Federal savings association.

Section 3 would permit Federal savings and loan associations to act as custodian of deposits of self-employed persons under the Keogh-Smathers Act.

Section 4 would enable Federal associations to invest in revenue obligations of Federal and State agencies and in stock of the Federal National Mortgage Association in addition to their present authority to invest in certain Federal, State, and local obligations.

Section 5 would extend the educational loan authority of Federal associations to include loans to students at vocational schools.

Section 6 would authorize Federal associations to lend funds for the acquisition of durable household goods and mobile dwellings. It would also authorize Federal associations to make secured or unsecured loans for any purpose up to \$5,000 under board regulations to any person except a private business corporation for profit.

Section 7 would enable Federal associations to act as trustees of domestic trusts forming part of the stock bonus, pension, or profit-sharing plan.

Section 8 would allow U.S. agency obligations to count toward liquidity, in addition to cash and U.S. obligations.

A BILL To amend section 5 of the Home Owners' Loan Act of 1933 as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Savings and Loan Association Amendments of 1966".

SEC. 2. Subsection (a) of section 5 of the Home Owners' Loan Act of 1933 is hereby amended by inserting the words "or 'Federal Savings Associations', at the discretion of their respective boards of directors" immediately following the words "Federal Savings and Loan Associations'".

SEC. 3. The second sentence of subsection (b) of said section 5 is hereby amended to read as follows:

"Excepting savings accounts authorized by the Board for contributions made under pension or retirement trusts, no deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board."

SEC. 4. The second proviso of the first sentence of subsection (c) of said section 5 is hereby amended to read as follows:

"And provided further, That any portion of the assets of such associations may be invested in general or special obligations of or guaranteed or insured by the United States, any State, any county, municipality or political subdivision of any State, any district, public body, public instrumentality, or public authority of any one or more of the foregoing, or the Federal National Mortgage Association, a Federal Home Loan Bank or any agency of the United States, or in the stock of the Federal National Mortgage Association or a Federal Home Loan Bank, and as used in this section the word "State" shall include the District of Columbia, the Commonwealth of Puerto Rico and the territories and possessions of the United States."

SEC. 5. The third paragraph of said subsection (c) is hereby amended by deleting the words "college or university" and by inserting in lieu thereof the words "college, university or vocational".

SEC. 6. Said subsection (c) is hereby further amended by adding at the end thereof the following new paragraphs:

"Without regard to any other provision of this subsection, any such association is authorized to invest in loans, obligations and advances of credit made for the acquisition of household durable goods or furnishings or for the acquisition of mobile dwellings.

"Without regard to any other provision of this subsection, any such association is authorized to make unsecured or secured loans, but only to such extent as the Board may by regulation permit, and subject to such limitations and conditions as the Board shall by regulation impose. No such loan shall be made by any association if the effect of such loan would be to increase the outstanding principal of such loans by such association to any principal obligor (as defined by the Board) to an amount which exceeds \$5,000. No loan may be made under authority of this paragraph if any obligor on such loan is a private business corporation for profit."

SEC. 7. Said section 5 is hereby further amended by adding at the end thereof the following new subsection:

"(1) Notwithstanding any other provision of law, any association shall have authority to be and to serve as trustee of any trust which, within the meaning of section 401(a) of the Internal Revenue Code of 1954 or any similar provision of any statute of the United States hereafter in effect (and without regard to whether such trust is a qualified trust or is otherwise qualified under such section or provision), is a trust created or organized in the United States and forming part of a stock bonus, pension or profit-sharing plan. An arrangement which would otherwise be such a trust, having an association as trustee thereof, shall not, for the purposes of this subsection or of said section 401(a) or any such similar provision, be considered to be not such a trust because all or part of the subject of such arrangement consists or has consisted of one or more shares or deposits in or obligations of such association, or any combination thereof. An association shall not, by reason of any service or business under any

one or more of such trusts or arrangements, be considered not to be entitled to any tax treatment under the Internal Revenue Code of 1954 or any tax statute of the United States now or hereafter in effect to which it would be entitled in the absence of such service or business. For the purposes of the last sentence of paragraph (1) of section 401(d) of the Internal Revenue Code of 1954, the term 'domestic building and loan association' as used in section 581 of said code shall have the meaning which it would have if paragraph (19) of section 7701(a) of said code did not contain the provisions following subparagraph (A) thereof."

SEC. 8. Section 5(A) of the Federal Home Loan Bank Act is hereby amended by inserting the words "or of any agency of the United States" immediately following the words "United States".

THE AMERICAN BANKERS ASSOCIATION,
Washington, D.C., April 7, 1966.

HON. WILLIAM A. BARRETT,
Chairman, Subcommittee on Housing,
Rayburn House Office Building,
Washington, D.C.

DEAR MR. BARRETT: You will find enclosed a copy of a statement setting forth the views of the American Bankers Association with regard to the housing bills on which your committee has been holding hearings.

It would be appreciated if you would make this statement a part of the hearing record.

Sincerely yours,

CHARLES R. MCNEILL,
Director, Washington Office.

STATEMENT OF THE AMERICAN BANKERS ASSOCIATION ON HOUSING LEGISLATION

INTEREST RATE—FHA INSURED MULTIFAMILY PROJECTS

Under present law the Secretary of HUD has authority to increase the maximum interest rate that can be charged on single family homes insured through FHA to 6 percent. In our opinion, the Secretary should be given comparable discretionary authority to adjust the interest rate on FHA-insured multifamily mortgages. If FHA-insured mortgages are to remain competitive and avoid the stigma of heavy discounts, and if an even flow of money into FHA mortgages is to be maintained, the Secretary must have authority to adjust interest rates on all future FHA mortgages so as to reflect the true cost of money.

In today's market, it is important that decisions as to rate be made quickly and that the public not have to wait for legislation.

INSURED AND DIRECT LOANS FOR MEDICAL AND DENTAL FACILITIES

H.R. 9256 authorizes FHA to insure and HUD to make loans to help finance the cost of constructing and equipping facilities for the group practice of medicine and dentistry. FHA would insure 90 percent of the value of the facilities upon completion. The term of these loans could not exceed 25 years. If an insured loan is not available to an applicant, the Government would make a direct loan upon terms and conditions as favorable as those provided for insured loans.

Our members advise us that they are willing and able to finance facilities for physicians and dentists, and we find no evidence of any lack of credit through conventional loans for the type of facilities covered in this legislation. The American Bankers Association is opposed to this legislation. It is well recognized that medical doctors are among the highest paid profession in America today with average incomes approaching \$25,000 per year. Evidence at these hearings indicates that the type of facilities provided for in this legislation have grown without Federal assistance from 400 in 1946 to more than 5,000 today. This would indicate that conventional credit is available for this type financing. FHA is primarily geared to insuring loans on residential housing and development projects. It has performed a very fine service in this field. Although it does provide insurance of nursing homes under an existing specified program, we feel it would be inadvisable for FHA to further extend its facilities into the commercial field. We believe this field is being amply served by other sources. This legislation provides financing for equipment as well as more permanent facilities. Possibly long before 25 years the equipment would be obsolete or destroyed and of course undesirable as security.

The American Bankers Association is particularly concerned with the direct loan provisions in this legislation. In other Government lending programs, direct loans have been reserved for those who are unable to secure credit from other sources and therefore have a real need for assistance. It seems inappropriate to expand the direct loan program to affluent groups. The direct loan program should not be extended in this manner as no professional group should expect to construct and equip its offices with Government money.

VETERANS BENEFITS UNDER FHA

H.R. 11857 and H.R. 11858 provide that FHA's mortgage financing program for veterans will be available to qualified veterans even if they have previously used their VA home-loan entitlement. These bills would correct an unfair provision in the Housing Act enacted last year and permit veterans who have used their GI home-loan benefits the same rights as other veterans under the FHA program for veterans. The ABA supports this legislation.

DEMONSTRATION CITIES ACT

H.R. 12341 and H.R. 12342 would establish the Demonstration Cities Act. Under the demonstration cities plan, entire sections of cities and neighborhoods of slums and blighted areas will be restored through comprehensive city demonstration programs. The Federal Government will contribute (1) 90 percent of the cost of planning and developing these programs and (2) 80 percent of the local or State share of the cost of all projects or activities which are a part of the demonstration program and which are financed under existing grant-in-aid programs. A Federal coordinator would be appointed. Cities will be selected to participate.

The American Bankers Association cannot support this program although it is aware that urban areas have problems which are in need of correction. This program will impose significant additional Federal controls over local activities and actions largely through the vaguely defined authority given to the Federal local coordinator who would be designated by the Secretary of HUD. The bill would not seem to encourage local governments to help themselves but on the contrary would encourage them to rely to an even greater extent on the Federal Government.

The bill contains no ceiling on authorized appropriations, and it is believed that the \$2.3 billion estimate of expenditure under the program over the next 5 years made by Secretary Weaver will not be adequate to cover the 60 or 70 cities mentioned for initial inclusion in the program. Since this is a demonstration program, presumably if it is successful, it will be expanded and may eventually absorb funds that would normally go to urban redevelopment programs now in existence. Some have estimated the program might eventually involve an expenditure of as much as \$20 billion. This will mean heavy taxes must be collected from the whole United States to give additional assistance to sections of various cities that are already heavily subsidized by the Federal Treasury.

URBAN DEVELOPMENT BILL: H.R. 12946 AND H.R. 12939

Title I would authorize the Secretary of HUD to make supplementary grants of up to 20 percent of a project's cost to the State and local public bodies carrying out federally assisted development projects for transportation facilities, water and sewer facilities, recreation purposes, and for acquisition and development of open space areas. These grants could not be made for a project unless it was demonstrated, to the satisfaction of the Secretary of HUD, that metropolitan comprehensive planning and programing are being carried on effectively in the area. For the first year the administration is recommending \$25 million to cover about 12 areas. The administration expects over 75 areas to qualify for these supplementary grants by the end of 5 years.

Title III would increase by \$95 million the authorization for grants under the Urban Mass Transportation Act of 1964 and would maintain a \$150 million program for 1968.

Title IV would establish a program of Federal grants to States and metropolitan area agencies to help finance demonstration programs for the assembly, correlation, and dissemination of information needed for utilizing governmental and other programs for the solution of local urban problems. Grants could be

made up to 50 percent of the costs of the programs with the qualification that total grants could not exceed \$5 million before July 1, 1967, nor \$10 million before July 1, 1968.

The American Bankers Association supports titles I, III, and IV of H.R. 12946 in view of the inability of the many public bodies to cope with these situations without Federal help in the way of funds, talent, and coordination study. There is a widespread need for better information and easier access to information. It is noted that transportation, sewers, water, recreation, and development of open space areas are to be included. These are the elements that knit a region together and should receive every encouragement. These elements are essential to proper urban development and for the protection of real estate values.

Title II would broaden the program of FHA mortgage insurance of privately financed land development for "new subdivisions" to include "new towns." The amount permitted for a single land development project would be increased from \$10 million (the present maximum amount available for new subdivisions) to \$25 million. The ABA reaffirms its opposition to this "new town" program which not only involves excessive Federal planning but is also unnecessary since large developments can be handled within present authorization or private financing. To date, FHA has approved a loan for only one subdivision under its existing authority. After more extensive use has been made of the present authorization for new subdivisions, the Congress will be in a better position to judge the feasibility of this much more extensive program. There are many examples of "new towns" that have been developed with private financing.

Title II would also authorize Federal loans to State or local land development agencies to finance the acquisition of land (to be used in later development of new subdivisions and new towns) at rates based on the cost of money to the Treasury (currently about 4 percent). The proposal would make it possible for governmental bodies to acquire raw land at low interest rates with direct Government loans and would restrict use of acquired land to uses spelled out in a development plan.

The ABA is opposed to title II as we feel a better method for acquiring land for development purposes would be to finance the acquisition with private capital insured by the FHA similar to the loans which finance new subdivisions.

HOUSING AND URBAN DEVELOPMENT AMENDMENTS—H.R. 13064 AND H.R. 13065

Section 101 would permit premiums charged for FHA title I property improvements loans, made or refinanced within 1 year after the date of enactment, to be paid by the borrower rather than the lender.

The ABA supports this change as it will permit the FHA title I program to compete on a more equal basis with other forms of consumer lending. This may encourage lenders to use the title I program and help counteract the recent fall off in volume of title I loans. However, we recommend that this change should be made permanent rather than limiting it to 1 year.

The ABA supports section 103 which would increase the maximum mortgage limitations on single family dwellings financed under FHA's section 221(d)(2) home mortgage insurance program for low and moderate income and displaced families from \$11,000 to \$12,500 and on two-family dwellings from \$18,000 to \$20,000. Present economic conditions and costs make this increase desirable.

Section 104 would permit local housing authorities to lease dwellings for low-income families for more than the present 3-year limit when such families are displaced by urban renewal, highway construction or other governmental action. The ABA is opposed to this section as a long-term lease would make a fundamental change in this program which was intended to make privately owned (not publicly owned) housing available for low-income families as a supplement to the public housing program. We believe that an optional renewal clause would afford relief in such cases. The intent of the present law is to provide temporary housing for those displaced. Three years should suffice to enable displaced persons to locate permanent housing elsewhere. If the lease is made for too long a period, the property would take on many of the characteristics of public ownership.

The ABA supports section 106 which would establish a program designed to encourage and assist the housing industry in reducing the cost and improving the quality of housing through the application of technological advances.

WASHINGTON, D.C., March 3, 1966.

Hon. WRIGHT PATMAN,
Chairman, Banking and Currency Committee,
U.S. House of Representatives,
Washington, D.C.:

In behalf of National Parking Association, representing parking operators in 49 States, we urgently request your committee to include in H.R. 13064 the substance of section 310 of last year's H.R. 7984. This section you will recall was lost in conference after its approval by both your committee and by the House.

Nearly all "small business" by a common definition our members in large part face tremendous competition from municipally operated parking. To have this competition unfairly financed at least in part, by the Federal Government is a policy which should be corrected by law.

Both Secretary Weaver and the Comptroller General endorsed section 310 last year, as your report 365 (p. 31) shows.

Along with favorable action, we would appreciate inclusion of this telegram in the record of the Barrett subcommittee's current hearings.

LOUIS H. GROENE,
President, National Parking Association.

U.S. SAVINGS & LOAN LEAGUE,
Washington, D.C., April 6, 1966.

Hon. WILLIAM A. BARRETT,
Chairman, Subcommittee on Housing,
Rayburn House Office Building,
Washington, D.C.

DEAR CHAIRMAN BARRETT: On behalf of the U.S. Savings & Loan League, I would like to recommend consideration be given to including savings and loan amendments in connection with pending housing legislation. I have enclosed a covering explanatory memorandum, a suggested language draft, and a section-by-section analysis.

These amendments would permit Federal savings and loan associations to better meet today's housing needs by making limited investments in loans on mobile homes, loans on household furniture and equipment, and loans and investments in sites to be developed for housing.

Although these will be important to thousands of individual families and many associations, they do not constitute any major revision of savings and loan law. They are all closely related to our traditional function of financing the housing needs of the American family.

Sincerely,

STEPHEN SLIPHER,
Legislative Director.

SAVINGS AND LOAN AMENDMENTS

GENERAL

The purpose of these savings and loan amendments is to make modernizing changes in the lending powers of Federal savings and loan associations so as to enable these institutions to better meet today's particular housing needs. Essentially, they provide for limited investment in loans on mobile homes, loans on household equipment and improved powers to finance the acquisition and development of housing sites.

Like the limited authority to make college education loans granted associations by Congress in 1964, these amendments recognize the changing needs of the American family. They are modern extensions of existing powers and all are closely related to the American home. They would not result in a change in the basic character or purpose of savings and loan associations.

MOBILE HOMES

It is proposed that Federal associations be authorized to invest up to 5 percent of their assets in loans on mobile homes. The modern mobile home is increasingly important to the housing market with a total of 282,000 units sold in 1964.

Of these, 191,000 were strictly in the mobile home category as contrasted to the so-called travel trailer. These mobile homes provide economical housing for many young couples, transient people, and retired persons. However, under existing law, they are classified as "personal property" and savings and loan associations are currently restricted to loans secured by real estate.

The entrance of savings and loan associations into this field would provide additional available capital which could result in loan terms more favorable to the borrower. This authority has the endorsement of the Federal Home Loan Bank Board was approved by the House Banking and Currency Subcommittee on Housing in 1964.

HOUSEHOLD FURNITURE AND EQUIPMENT

It is proposed that Federal associations be authorized to invest up to 5 percent of their assets in home furnishings and equipment. Such equipment is a major part of the cost in the acquisition of a home and its financing should be coordinated with the mortgage on the home itself. The savings and loan association, having already made the necessary credit check on the home buyer, would be in a position to extend credit for home furnishings on favorable terms.

Whereas 20 years ago equipment was a very incidental part of the house, it now represents as much as 15 to 25 percent of the cost. This is because of the advent of such items as dishwashers, clothes washers and dryers, deep freezers, air conditioning, draw drapes, wall-to-wall carpeting, disposals and other pieces of modern equipment. This provision was also approved by your Housing Subcommittee in 1964.

ACQUISITION AND DEVELOPMENT OF HOUSING SITES

One of the major obstacles to homebuilding today, particularly in the low- and medium-price classes, is the lack of properly developed housing sites. More and more it is necessary to go far into the suburbs to obtain tracts and then it is necessary to install appropriate utilities, sewers, streets, parks, etc. It is proposed that Federal savings and loan associations be given greater freedom in developing land sites, including the right to own the property. This would be limited to 5 percent of assets so that no association would be engaged in any major way in the homebuilding business. A number of States have permitted this activity for State-chartered associations over the years.

SUMMER-HOME LOANS

One of the latest developments in housing is the emergence of the two-home family. Growing numbers of families are seeking vacation homes at the beach, the mountains, or "just away from it all." As many as 100,000 such homes were built in 1963. It is proposed that Federal associations be authorized to loan up to \$5,000 on such homes within the present restrictions on property improvement loans. A summer-home loan would be treated in much the same manner as the addition of a room or a garage on existing property. No increase in the 20 percent of assets that restricts this general category is requested.

AUTHORIZING ABBREVIATION TO FEDERAL SAVINGS ASSOCIATION

In the interest of simplicity in advertising and brevity in check writing, many Federal savings and loan associations have become informally known as Federal savings associations. It is proposed that the words "Federal savings association" be made a legally optional name for these associations. Those associations who wish to continue the name Federal savings and loan association (some have large investments in signs, building fronts, etc.) could continue to do so. For years commercial banks have used the popular name such as "Bank of America" instead of the legal corporate title.

Substitute in the place of the first sentence of the second paragraph of subsection 5(c) the following:

"Without regard to any other provisions of this subsection except the area restriction any such association is authorized to invest:

"(1) not in excess of 20 per centum of the assets of such association in loans insured under title I of the National Housing Act, in home improve-

ment loans insured under title II of the National Housing Act, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, or chapter 37 of title 38 of the United States Code, and in other loans for the alteration, repair, or improvement of existing structures on real property or the construction of new structures thereon, or for home furnishings and equipment: *Provided*, That no such loan, unless so insured or guaranteed, shall be made in excess of \$5,000: *And provided further*, That the amount of loans for home furnishings and equipment outstanding at any time shall not exceed 5 per centum of the assets of such association; and

"(2) in the purchase, development and improvement of real property for primarily residential purposes, and may hold, sell, lease or otherwise exercise the rights of an owner of any such property: *Provided*, That the investments of any such association in such real property outstanding at any time, exclusive of any property acquired under any other authority exercised pursuant to this section, shall not exceed 5 per centum of its assets."

Add at the end of subsection 5(d) the following new paragraph:

"Without regard to any other provision of this subsection, any such association may invest in loans, obligations, and advances of credit (all of which are hereinafter referred to as loans) for the acquisition of mobile dwellings, but no association shall make any investment under this sentence if the principal amount of its investment in such loans, exclusive of any investment which is or which at the time of its making was otherwise authorized, would thereupon exceed 5 per centum of its assets."

* * * * *

SIMPLIFICATION OF TITLES

Add at the end of subsection 5(a) of the Home Owners' Loan Act (12 U.S.C 1464(a)), a new sentence reading:

"Any Federal savings and loan association may at its option omit the words 'and loan' from its prescribed title."

SECTION-BY-SECTION ANALYSIS

Section 1 would add to existing authority the authority to finance as a property improvement loan a new structure on real property and authorize unsecured loans for the purchase of home furnishings and equipment. These loans could not exceed \$5,000 and the amount in loans for home furnishings could not exceed 5 percent of the association's assets.

Section 2 would authorize Federal associations to invest 5 percent of assets in the purchase, development, and improvement of land and exercise the rights of an owner of such property.

Section 3 would authorize an association to invest up to 5 percent of assets in loans on mobile dwellings.

Section — would authorize a "Federal savings and loans association" to adopt at its option the legal title "Federal savings association."

NATIONAL RECREATION & PARK ASSOCIATION,
Washington, D.C., April 5, 1966.

Hon. WILLIAM A. BARRETT,
Chairman, Housing Subcommittee, Room 2129, Rayburn Building,
Washington, D.C.

MY DEAR CONGRESSMAN: Enclosed is testimony by Joseph Prendergast, executive vice president of the National Recreation and Park Association, relating to H.R. 13790 and H.R. 13792.

We would appreciate it very much if his statement could be included in the official record.

Thank you.

Sincerely,

KENNETH J. SMITHEE,
Washington Representative.

STATEMENT OF JOSEPH PRENDERGAST, EXECUTIVE VICE PRESIDENT, NATIONAL RECREATION AND PARK ASSOCIATION

Honorable chairman and members of the subcommittee, my name is Joseph Prendergast, and I am executive vice president of the National Recreation and Park Association. This organization came into being on January 1, 1966, after six national recreation and park organizations merged into a single organization to serve the people of the United States in their pursuit of better park and recreation facilities and programs and to help provide more wholesome and meaningful leisure time activities for the American people. The organizations that now comprise the National Recreation and Park Association formerly were the National Recreation Association, American Institute of Park Executives, American Recreation Society, National Conference on State Parks, National Association of State Park Directors, and the American Association for Zoological Parks and Aquariums.

Laurance S. Rockefeller is president of this organization and its board of trustees is made up of distinguished lay and professional leaders from all parts of the Nation. Over 600 outstanding parks and recreation leaders serve on its various national and district advisory committees. Some 2,500 national, State, and local parks and recreation agencies, both public and private, are service affiliates of the association and over 7,000 professional recreation leaders are members of its professional division.

We would like to testify today on behalf of H.R. 13790 (on financial and other aid to encourage and assist in the preservation and maintenance of historic structures) and H.R. 13792 (on the promotion and coordination of historic preservation activities of the Federal, State, and local governments, other public bodies, and private organizations and individuals).

The National Recreation and Park Association is pleased that the Federal Government is showing concern and is seeking legislation to preserve one of our Nation's richest heritages—the perpetuation of our historic structures and landmarks. It is our moral obligation to insure that future generations can be inspired and stimulated by being able to identify with the lives of our famous personages and the great moments in history.

Our historical structures are being destroyed at an alarming rate. They are either being razed or abandoned through sheer neglect. We must not allow this trend to continue. It is imperative that we act now before it is too late.

H.R. 13790, by providing financial assistance for acquisition and rehabilitation of historic structures, will provide the impetus to get this worthwhile movement into high gear. This bill also provides for the establishment of a National Advisory Council on Historic Preservation to carry out the policies of the act. We are pleased to see that representation on the council will include elected officials at the local and State levels by the appointment of two mayors, one county official, and a representative of each State's Governor. This action will generate interest at the grass roots level where programs to be successful must receive their support.

H.R. 13792 provides for assistance and cooperation with State and local governments for historic preservation of activities. The compilation of a national register of historical sites with pertinent inventories prepared for State and local governments will be of infinite value in accounting for and instituting the action necessary to safeguard our historical legacies.

The National Recreation and Park Association enthusiastically supports both of these bills, and urges their prompt enactment.

STATEMENT BY JOHN W. EDELMAN, PRESIDENT, NATIONAL COUNCIL OF SENIOR CITIZENS, IN SUPPORT OF H.R. 9256

Mr. Chairman and members of the committee, the National Council of Senior Citizens is a nonprofit, nonpartisan organization of independent senior citizen clubs and individuals located in all States.

In the few years since it was first set up in August 1961 to spearhead widespread public support for medicare, it has become the largest—and perhaps one of the most effective—national organizations for older people ever seen in America. Our more than 2,000 affiliated clubs include a combined membership of over 2 million elderly people linked through statewide and area or community councils.

In supporting vital legislation such as the nuclear test ban treaty, civil rights and voting rights, tax and excise bills, the Housing and Urban Development Act of 1965, the antipoverty programs, etc., the National Council of Senior Citizens has not merely sought special favors for older people. It has promoted the interest of senior citizens in harmony with the national interest.

And we have asked to make this statement today to support H.R. 9256 and the identical bill introduced by Mr. Gonzalez, because we believe this legislation is another much-needed step along the road to achieving a better life for all Americans—of all ages.

We believe that it is the duty of government to assist its citizens to secure and enjoy those rights to which they are entitled in a free society but which they cannot procure and possess unaided.

We also believe that health is a right and that a state of health is in the public interest. A healthy population is a vigorous, dynamic and creative population and therefore, for its own sake, a government should take appropriate steps to assure the healthiest possible citizenry.

It was a natural development that legislation for hospital development came into being. Because the construction of health facilities was financed with public money, the quality of services in them was a concern to all interested citizens, and there was increasing demand that these services be of high quality.

The enactment of the social security amendments of 1965 which have become popularly known as medicare is, of course, a giant step in the direction of providing many of our citizens with an opportunity to achieve the right of health.

The National Council of Senior Citizens is convinced it may take many years to develop the best kind of comprehensive programs to meet the health rights of all our people, but the programs which begin on July 1, 1966, represent perhaps lifegiving benefits to millions of older people who are unable to carry the burden of serious illness unassisted.

But we cannot totally ignore the health rights of those Americans who are neither aged nor indigent. Government must continually seek to close the gaps in availability and accessibility of quality health services for all citizens.

A program to assist voluntary associations in the construction and equipping of facilities for comprehensive group practice of medicine, such as provided for in H.R. 9256, can importantly help in bringing good medical care to all our people.

No one today denies the efficiency and effectiveness of group practice in delivering high quality health care. More than 2,000 group practice organizations exist in all States—plus nearly 60 dental group practices. Some offer comprehensive prepayment plans, others are on a fee-for-service basis.

But one of the chief obstacles to the development of these plans has been the difficulty of securing financing on reasonable terms to meet the high cost of constructing facilities and providing needed equipment for essential health services. When such financing is granted under the terms of this bill, more prepayment plans will find it possible to open up in communities which desperately need more readily accessible high quality health care.

The expansion of group practice facilities will importantly help to direct emphasis on prevention in the health programs of the future—and eventually help us turn back the tide of rising health care costs.

The ready availability of group practice facilitates the education of citizens to the advantages of preventive measures, early diagnosis and treatment. More and more will come under treatment in the early course of their illness.

ON SENIOR CITIZEN HOUSING

While addressing itself to this Housing Subcommittee the National Council of Senior Citizens would also like to express its views on what it considers serious limitations in the Housing Act of 1965. We would also like to make further suggestions concerning housing for the elderly.

First, we support wholeheartedly, the President's request for appropriation of the full \$30 million authorized for this fiscal year to implement the rent supplement program. We earnestly request this subcommittee to support the President with all the strength it can muster in this crucial program.

We urge removal of the limit imposed by the experimental portion of the rent supplement program in the Housing Act providing that only up to 5 percent of the funds appropriated for rent supplements can be used for section 202 and section 231 housing.

The limited funds available if appropriated under current authorizations would meet only a small part of the need among elderly residents of "202" projects who

would be eligible in projects financed even before the 1965 Housing Act was passed.

Nor would these funds meet the need in new projects under this direct loan program which will continue to increase rapidly as the new 3 percent interest rate enables more and more potential sponsors to participate in this program which serves the needs of the lower middle income older people so well.

We urge your committee to support S. 2520 which would enable the Department of Housing and Urban Development to make direct loans covering 100 percent of development cost for new or rehabilitated nursing homes to nonprofit groups, limited dividend corporations and public bodies.

Provisions of S. 2520 which has been introduced by Senator Harrison J. Williams of New Jersey would permit loans to be made at a maximum interest rate of 3 percent and for 50-year terms. It has been estimated that this bill would permit nursing home charges to be reduced by as much as \$30 a month in comparison with nursing homes financed with FHA 232 mortgage insurance.

It is the experience of the leaders of our clubs across America that older Americans require built-in access to health facilities and social services. Good planning of housing developments should include common space for senior activities—including craft shops, meeting rooms, and lounges. Space should also be available for a health center, dining room and other facilities to reduce isolation, provide meaningful activity and stimulate good health, in the retirement years.

But the members of the Housing Subcommittee know that the installation of these vital common spaces tremendously increases the cost of construction and requires the elderly residents of the project to bear higher rental charges to meet these costs.

It is therefore our hope that the committee will provide these much-needed facilities under the existing nonprofit, consumer cooperative and public programs in the Department of Housing and Urban Development by instituting a program of grants for the capital cost of necessary related facilities such as these. These facilities might be used by elderly persons in the entire community—not limited only to residents of the project.

Frankly, the rapid growth of the elderly population calls for a serious research and evaluation program into all aspects of senior citizens housing. We must learn more about the types of housing needed and must provide adequate funds to research such a program. We must also seek to provide a program of grants to States—preferably administered by the Department of Housing and Urban Development—to provide communities with the necessary technical assistance to evaluate and review needs and plans for housing needs for the elderly.

We also urge the Federal Government to make grants to States, communities and national nonprofit organizations for initial working capital and "seed money" for the necessary working capital required for elderly housing—despite the availability of 100 percent development loans or mortgage insurance loans.

We urge that low interest direct loans and grants for rehabilitation in urban renewal areas be made available to low-income elderly homeowners who live in substandard housing anywhere. It will benefit the health, safety, and comfort of the elderly and help to upgrade neighborhoods.

The Federal Government should also make grants to low-income elderly homeowners forced to relocate because of government action, such as urban renewal, etc., to assist them to purchase another home if they wish. Many elderly forced to relocate in this way now own their homes mortgage free and wish to continue homeownership. However, the cost of a modest and suitable replacement home is generally greater than the proceeds received in the sale of their existing home. It should not be difficult to work out a grant to cover the difference with proper safeguards with respect to resale, maximum cost and maximum income limits, etc.

PALO ALTO MEDICAL CLINIC,
Palo Alto, Calif., March 22, 1966.

HON. WRIGHT PATMAN,
Chairman, Banking and Currency Committee,
House of Representatives,
Washington, D.C.

DEAR MR. PATMAN: I am writing you with some suggestions as to the pending legislation in regard to group practice.

I have been associated with group practice for 40 years and have been the head of one of the largest community oriented groups in the country, the

Palo Alto Medical Clinic. I am certain that the only way in which medical services can be delivered efficiently to those who need them, in these days of marked shortages of medical and paramedical personnel, is by the utilization of the device of group practice, and I believe it is important to help it in every way.

There are two things which I think would aid this. The first is to have funds available on some sort of FHA basis to be loaned at regular interest but for long periods so that clinics could build their own establishments. These loans should be made without demanding any equity from the group because when a group of young doctors wants to start a clinic, they ordinarily have no savings to draw upon. All this money would be returned in time and there would be a minimum of risk of losing any of the mortgages. The second is to qualify groups in the same way as corporations so they, too, could withhold retirement and disability funds. If the group could be sure it could have a tax-exempt retirement plan, this would encourage group practice greatly. The limitations imposed by the Keogh amendments are so close that it does not permit a group of doctors to set up a really adequate retirement plan. Legislation should permit the group to put as much money as it thinks desirable into the retirement plan they set up. It is only fair to give the professional man the same opportunity as the businessman and would, in itself, be a considerable boost to group practice.

In the long run, the encouragement of group practice will solve many of the problems of the supply and demand of medical practice.

Sincerely,

RUSSEL V. LEE, M.D.,
Consultant.

MONTEFIORE HOSPITAL & MEDICAL CENTER,
Bronx, N.Y., March 25, 1966.

HON. WRIGHT PATMAN,
*Banking and Currency Committee,
House of Representatives,
Washington, D.C.*

DEAR REPRESENTATIVE PATMAN: I understand that your committee has under consideration at this time the matter of the development of group practices in the United States and the need for further encouraging such activities by the provision of Federal funds.

Experience elsewhere in the United States as well as our own experience at Montefiore Hospital over the past 15 to 20 years with medical practices both on the solo fee-for-service basis as well as group practice leads us to the conclusion that in the interest of the public's health and in the interest of the economy of our health system, it is urgent that every conceivable method of encouraging the development of group practice should be undertaken. I shall address myself to the professional and health aspects of group practice as well as to the economic considerations.

In the past 35 years, the growth of new knowledge in the health field has inevitably produced specialization, and this trend, if anything, is being accelerated as a torrent of new knowledge and new techniques become available to the medical profession. Eighty-five percent of the graduates of American medical schools are now going into specialty practice. This, of course, is a most wholesome and welcomed development, for it is this extraordinary infusion of science into medicine which extends such hope to the American people for longer and healthier life.

Despite its promise of far superior medical care, specialty practice has the serious disadvantage that it tends to fragment the patient so that instead of receiving all of his care at the hands of one physician, today his proper care may involve two, three, or even more specialists. To overcome this fragmentation and make easily available to the patient all of the specialty services and to bring all the specialists in contact with one another, the best organizational device has been group practice, where in one place the patient can receive all the varieties of medical care which he requires, where the specialists, working with one another and sharing a single record, can provide for the patient all the benefits of specialty care without its disadvantage.

While we don't usually think in these terms, all the great hospitals are in fact group practice activities, and certainly famous clinics such as the Mayo and Lahey clinics are demonstrations of the effectiveness of bringing various special-

ties of medicine together in one location using one set of resources and facilities and producing a single patient record.

Another factor about which we are all becoming increasingly concerned is the matter of health care cost. Despite the enormous increase in our country's productivity, the cost of medical care services—and particularly the cost of hospital services—has outstripped any other item in the consumer index and is accounting for an ever-greater percentage of the gross national product. Again, this is a development of which we can be proud. It is the explosion of science in medicine—with new drugs, new machines, the involvement of physics, chemistry, electronic engineers, computer specialists, and other newly developed skills—which has produced the medical miracles of which we are so justly proud. But miracles are expensive. For in addition to these new developments, the modern general hospital which is the site where all these wonders are located has also been affected by the need for ever more personnel to operate the more complex facilities, and the pay scales of hospital employees which were long at the bottom of the heap have now begun to approximate comparable labor costs in other industries. The result has been that this combination of new techniques and new capacities in medicine plus more and higher paid hospital personnel has seen annual increase in per diem hospital costs which, in our part of the country has averaged from 8 to 10 percent, and I believe this to be true in varying degree throughout the country. Furthermore, there is no letup in sight.

This upward spiral of hospital costs has become of concern to those who pay their own hospital bill as well as to every third-party insurer, whether Blue Cross, commercial insurance companies, or local, State, and Federal Governments. This concern with the matter of increasing cost of health services, and particularly hospital costs, is heightened at this time because of the implications as medicare and title XIX go into operation.

Because of this growing preoccupation with hospital costs, a great deal of appropriate concern has been directed to insuring that hospital operations are as efficient as is possible, and at the same time increasingly effective steps are being taken to make sure that communities do not build more hospital beds than they need and that duplication of hospital facilities is avoided. There is developing, and should be encouraged, every opportunity for hospitals to operate cooperatively in such economies as centralized accounting, centralized use of computers, centralized laundries, and laboratories and purchasing.

Despite the appropriateness and obvious effectiveness of these activities in streamlining the hospital operation, the single most important factor having to do with total hospital cost is hospital utilization, and hospital utilization depends in significant measure on the method by which the doctor carries on his practice.

The decision to hospitalize the patient varies in individual instances from being obvious and essential to other situations where it represents a doctor's judgment which can be readily affected by the capabilities available to him for consultation, diagnosis, and treatment on an ambulatory basis. It has been repeatedly demonstrated that when a doctor and patient have readily available to them extensive ambulatory diagnostic and treatment services in a group practice unit, hospital utilization is significantly diminished, with some hospitalizations rendered unnecessary and many hospitalizations being of shorter duration. In the extensive group practice activity represented by the hospital insurance program of Greater New York, hospitalization is at least 20-percent less than comparable hospitalization for a matched population.

At Montefiore Hospital, we have a medical group practice unit which has been in operation for more than 17 years. At this time, we have approximately 50 salaried physicians, full time or part time, providing total medical care in the home, office, and hospital for more than 32,000 people. The inpatient hospital use of the people who are cared for by the group is 20-percent less than would be expected for the same group if it were cared for by other methods of doctors' practice. A 20-percent—or even a 10-percent—cut in hospital days in New York City alone represents tens of millions of dollars in payment for hospital care.

While the annual hospital operating costs which communities could save by cutting down inpatient hospital utilization by 10 to 20 percent is reason enough to push the development of group practice, there are, of course, other positive consequences of such a development. The growth of our population and increasing demand for hospital services will surely require additional construction of hospital beds. The broad institution of group practice clearly makes the number

of hospital beds which a community needs smaller than is the case otherwise, and there would, therefore, be a great saving in the very expensive capital funding involved in the creation of new hospital beds. A new hospital, once it is in operation—whether fully occupied or not—becomes a fiscal drain on the community, and what may be even more serious, it creates a demand for those health professionals who are already in desperately short supply, primarily physicians and nurses.

Group practice is a much more economical method of practice for physicians. Instead of each of the 18 or 20 internists in our medical group having an inefficiently operated office with an individual laboratory, X-ray and fluoroscopic machine in each office used part time, an inefficiently utilized secretary and receptionist, etc., by working together in one area, 2 fluoroscopic machines can serve not only the 18 or 20 internists, but the other doctors within the group as well.

These virtues of group practice are not newly discovered, but with the advent of medicare, where 19 million older Americans, who have a greater medical need than the rest of the population, will now be able to have their hospital care and doctor's care financed, it is incumbent upon us to examine and encourage every device which will assure patients the services they require with the minimum use of the expensive inpatient hospital service and by the most effective methods of providing doctor services.

It is clear that the hospital will more and more be the center of medical care—it will become more complex and costly. If we are to have a health system high in quality and economical in operation, we must, therefore, use the hospital bed more carefully than we have heretofore, always, of course, the patient's needs being primary.

To insure quality and economy, we must figuratively narrow the entrance to the hospital and broaden the exit. Since the hospital entrance lies in medical practice, group practice must be encouraged because it is the sound way to integrate specialty services, it produces high-quality care, and minimizes hospital use. The hospital exit can be broadened by extensive use or organized home care and by an adequate nursing home establishment in this country.

There is no question that in addition to the fiscal considerations, the patient is much better served by the arrangements suggested rather than by occupying a hospital bed he really doesn't need.

I would be pleased to meet with you and your committee if you would deem that to be of use to you in your deliberations.

Sincerely,

MARTIN CHERKASKEY, M.D., *Director.*

AMERICAN OSTEOPATHIC ASSOCIATION,
COUNCIL ON FEDERAL HEALTH PROGRAMS,
Washington, D.C., April 5, 1966.

Hon. WILLIAM A. BARRETT,
Chairman, Subcommittee on Housing, House Committee on Banking and Currency, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The American Osteopathic Association respectfully requests that H.R. 9256, a bill to amend the National Housing Act to provide mortgage insurance and authorize direct loans by the Housing and Home Finance Administrator, to help finance the cost of constructing and equipping facilities for the group practice of medicine or dentistry, be amended by inserting the words "or surgery" after the word "medicine" in line 3, page 10, so that the definition of group practice facility will read as follows:

"(2) The term 'group practice facility' means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine *or surgery* in the State or, in the case of dental diagnosis or treatment, under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group." (*Italic supplied.*)

The purpose of the amendment is to assure eligibility for participation of group practice facilities in which patient care is under the professional supervision of doctors of osteopathy whose license to practice includes surgery. Doctors of osteopathy are so licensed in 39 States and the District of Columbia.

The proposed amendment comports with the language employed in the definition of medical or dental group on page 10 as follows:

"(3) The term 'medical or dental group' means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice dentistry in the State, or of both, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs, and which partnership or association or group is composed of at least such professional personnel and make available at least such health services as may be provided in regulations prescribed under this title." (Italic supplied.)

The attached extract from Health Manpower Source Book, Section 14, Medical Specialists, Public Health Service Publication No. 263, which refers to doctors of osteopathy as physicians (D.O.), shows as of 1962 the type of practice and type of specialty of physicians (M.D.) and physicians (D.O.), and summarizes the number of full- and part-time specialists for medical and for osteopathic physicians.

Incomplete returns reported in a Statistical Study of the Osteopathic Profession, compiled by the American Osteopathic Association, show that, as of December 31, 1964, there were 1,261 in small partnership and 470 in group practice. The number is increasing and the benefits of H.R. 9256 should provide additional stimulus.

Sincerely yours,

LAWRENCE L. GOURLEY,
Legal Counsel.

PHYSICIANS (M.D. AND D.O.)

The total supply of physician manpower in the United States, Puerto Rico, and other U.S. outlying areas numbered almost 274,000 physicians (M.D. and D.O.) in mid-1962. Included in this total were about 259,000 physicians (M.D.) and some 14,700 physicians (D.O.). These numbers are based on individual physician punchcards supplied by the American Medical Association and the American Osteopathic Association to the Public Health Service. All interns and residents in training programs are included whether United States, Canadian, or foreign doctors.

The 1962 ratio is 144.7 physicians (M.D. and D.O.) per 100,000 population, about the same as in 1940. This ratio is above the 1931 level of 136 and below the 1949 level of 146.8 (table 17).

TABLE 17.—Number of physicians (M.D. and D.O.) and physician-population ratios, 1931-62

Item	48 States and District of Columbia			50 States, District of Columbia, Puerto Rico, and outlying areas	
	1931	1940	1949	1960	1962
Population, including Armed Forces abroad (in thousands, as of July 1).....	124,149	132,122	149,188	183,239	189,209
Number of physicians.....	168,906	191,043	218,977	264,193	273,770
Physicians (M.D.) ¹	158,406	178,643	206,277	249,989	259,105
Physicians (D.O.) ²	10,500	12,400	12,700	14,204	14,665
Physicians per 100,000 population.....	136.0	144.6	146.8	144.2	144.7
Physicians (M.D.).....	127.6	135.2	138.3	136.4	136.9
Physicians (D.O.).....	8.4	9.4	8.5	7.8	7.8

¹ Includes all interns and residents in training programs; see tables 1 to 3 for adjustment.

² Estimates for 1931-49 based on numbers surviving from all D.O.'s graduated from U.S. schools; later data based on individual physician punchcards provided by the American Osteopathic Association to the Public Health Service as of Dec. 31, 1959, and 1961.

TYPE OF PRACTICE

Two-thirds (66 percent) of the physicians were in private practice. For medical doctors the proportion in private practice was two-thirds; for osteopathic doctors, more than three-fourths.

About 14 percent of the physicians were in other full-time practice in hospitals, teaching, administration, research, preventive medicine, or Federal service. Relatively more of the medical than of the osteopathic physicians were in these other forms of practice.

About 14 percent of the physicians were in training programs, as interns or residents. Relatively more of the medical than of the osteopathic physicians were in training programs.

About 5 percent of the physicians were retired or not in practice. For medical doctors the proportion was 5 percent, although there are large numbers in the older age groups who see few patients. For osteopathic physicians the proportion was higher, 7 percent (table 18).

TABLE 18.—*Type of practice of physicians (M.D. and D.O.), 1962*

Type of practice	Number of physicians			Percent of physicians		
	Total	M.D.	D.O.	Total	M.D.	D.O.
Estimated total.....	273,770	259,105	14,665	100.0	100.0	100.0
Private practice:						
Full-time specialists.....	100,845	90,595	1,250	36.8	38.4	8.5
Part-time specialists.....	14,851	12,682	2,169	5.4	4.9	14.8
General practitioners.....	64,548	57,789	6,759	23.6	22.3	46.1
Full-time manipulative therapy.....	1,192	0	1,192	.4	0	8.1
Other full-time practice ¹	39,521	38,989	532	14.5	15.1	3.6
Training programs ²	38,625	37,810	815	14.1	14.6	5.6
Retired, not in practice.....	13,321	12,240	1,081	4.9	4.7	7.4
Practice not reported.....	867	0	867	.3	0	5.9

¹ Includes non-Federal physicians in hospital, teaching, administration, research and preventive medicine and Federal physicians in all types of practice other than training programs.

² Includes all interns and residents in training programs; see tables 1-3 for adjustment.

TYPE OF SPECIALTY

About 131,000 or 48 percent of the physicians were classified as full-time specialists. For medical doctors the proportion was 50 percent, including specialists in clinical practice and other forms. For osteopathic doctors the proportion was only 9 percent, limited to those in private practice.

The largest numbers of specialists (nearly 60,000) were in surgical specialties. Those in the medical specialties numbered 42,000. The group of "other specialties," including pathology, psychiatrics, preventive medicine, and radiology had 17,000 full-time specialists, while psychiatry and neurology had the remaining 12,000 (table 19).

TABLE 19.—*Type of specialty of physicians (M.D. and D.O.), 1962*

Type of specialty	Number of physicians			Percent of physicians		
	Total	M.D.	D.O.	Total	M.D.	D.O.
Estimated total.....	273,770	259,105	14,665	100.0	100.0	100.0
Full-time specialists:						
Medical specialties.....	42,008	41,710	293	15.4	16.1	2.0
Surgical specialties.....	59,607	58,813	794	21.8	22.7	5.4
Psychiatry and neurology.....	12,415	12,378	37	4.5	4.8	.2
Other specialties.....	17,068	16,937	126	6.2	6.5	.9
Part-time specialists:	15,068	12,899	2,169	5.5	5.0	14.8
General practitioners ¹	112,234	104,128	8,106	41.0	40.2	55.3
Full-time manipulative therapy.....	1,192	0	1,192	.4	0	8.1
Retired, not in practice.....	13,821	12,240	1,081	4.9	4.7	7.4
Practice not reported.....	867	0	867	.3	0	5.9

¹ Specialists are those in private practice only.² Includes all interns and residents in training programs.

PHYSICIANS (M.D. AND D.O.)

The number of full- and part-time specialists in each type of specialty is summarized in table 20 for medical and for osteopathic physicians. Osteopathic physicians accounted for 1 percent of the 131,000 full-time specialists but as much as 14 percent of the 15,000 part-time specialists.

The choice of specialty is somewhat different between the two, as shown by the proportion in each specialty field:

[Percent]

Type of specialty	Full-time specialists		Part-time specialists	
	M.D.	D.O.	M.D.	D.O.
All specialties.....	100.0	100.0	100.0	100.0
Medical specialties.....	32.1	23.4	23.6	21.3
Dermatology.....	2.0	2.1	1.9	1.0
Internal medicine.....	22.0	17.6	14.9	16.2
Pediatrics.....	8.1	3.7	6.8	4.1
Surgical specialties.....	45.2	63.5	64.4	68.0
Anesthesiology.....	4.3	10.9	6.3	9.6
Obstetrics-gynecology.....	9.0	6.9	14.5	16.0
Ophthalmology-otolaryngology.....	8.4	13.7	4.2	4.8
Surgery ¹	20.8	29.5	37.7	36.4
Urology.....	2.8	2.5	1.7	1.2
Psychiatry-neurology.....	9.5	3.0	3.8	2.6
Other specialties.....	13.1	10.1	8.2	8.1

¹ And related specialties.

Among the full-time specialists, relatively more of the osteopathic physicians were in the surgical specialties, particularly in anesthesiology and in ophthalmology-otolaryngology. Relatively more of the medical physicians were in the medical specialties, primarily in internal medicine.

TABLE 20.—Number of full-time and part-time specialists, by type of specialty, 1962

Type of specialty	Full-time specialists			Part-time specialists		
	Total	M.D.	D.O.	Total	M.D.	D.O.
All specialists.....	131,088	129,838	1,250	15,068	12,899	2,169
Medical specialties.....	42,003	41,710	293	3,507	3,044	463
Dermatology.....	2,687	2,660	27	270	247	23
Internal medicine and subspecialties:						
Allergy.....	709	707	2	231	224	7
Cardiovascular disease.....	947	937	10	457	403	54
Gastroenterology.....	411	411	0	95	90	5
Internal medicine.....	25,532	25,324	208	1,241	958	283
Pulmonary diseases.....	1,164	1,164	0	251	249	2
Pediatrics.....	10,553	10,507	46	962	873	89
Surgical specialties.....	59,607	58,813	794	9,786	8,312	1,474
Anesthesiology.....	5,691	5,555	136	1,015	806	209
Colon and rectal surgery (proctology).....	714	654	60	514	174	340
General surgery.....	18,913	18,679	234	4,886	4,456	430
Neurological surgery.....	1,228	1,222	6	14	13	1
Obstetrics and gynecology.....	11,766	11,680	86	2,219	1,873	346
Ophthalmology.....	11,043	6,248	172	653	236	105
Otolaryngology.....	4,941	4,623	318	312	190	16
Orthopedic surgery.....	4,941	4,881	60	206	18	2
Plastic surgery.....	707	702	5	20	12	0
Thoracic surgery.....	926	922	4	12	12	0
Urology.....	3,678	3,647	31	247	222	25
Psychiatry and neurology.....	12,415	12,378	37	548	492	56
Psychiatry.....	11,466	11,440	26	486	443	43
Neurology.....	949	938	11	62	49	13
Other specialties.....	17,063	16,937	126	1,227	1,051	176
Administrative medicine.....	979	979	0	11	11	0
Pathology.....	4,520	4,501	19	88	79	9
Physical medicine and rehabilitation.....	644	632	12	121	59	62
Preventive medicine:						
Aviation medicine.....	510	510	0	75	75	0
General preventive medicine.....	304	304	0	8	8	0
Occupational medicine.....	1,758	1,751	7	633	589	44
Public health.....	1,850	1,850	0	24	24	0
Radiology.....	6,498	6,410	88	267	206	61

¹ Includes 99,595 in private practice and 30,243 in other forms of practice (except training programs).

² In clinical practice only.

CITY AND COUNTY OF DENVER,
OFFICE OF THE MAYOR,
Denver, Colo., April 22, 1966.

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

DEAR CONGRESSMAN BARRETT: In response to the question asked by Mrs. Dwyer
at line 17, page 1080, of the transcript taken at the Barrett subcommittee hear-
ing on March 15, 1966, the following is submitted:

Total cost of financing 10 square miles of Platte Valley as city demonstration project over 20 years-----	\$635, 250, 000
Divided as follows:	
Local private investment-----	\$190, 000, 000
Local city investment-----	85, 600, 000
State investment-----	9, 750, 000
Federal investment-----	149, 500, 000
Miscellaneous (including Metropolitan College, sports center, channel improve- ment)-----	228, 400, 000
5-year program cost-----	¹ 51, 720, 996
Divided as follows:	
City-----	12, 189, 726
State-----	228, 418
Federal-----	25, 466, 386
Metropolitan College (1st phase)-----	13, 836, 466

¹ Does not include private investment.

NOTE.—These figures are based on existing ratios for Federal-local matching
funds, including urban renewal, highways, open space and beautification.

The city demonstration program I propose is in the area of the June 16, 1965,
flood, which caused more than \$300 million damage. My estimated figures are
predicated on the installation of adequate flood control, including the Chatfield
and Mount Carbon Dams, but construction costs for those projects are not in-
cluded.

I appreciate the opportunity to add this information to the record of the sub-
committee's hearing.

Cordially yours,

TOM CURRIGAN, Mayor.

CITY AND COUNTY OF DENVER,
Denver, Colo., April 21, 1966.

HON. WILLIAM B. WIDNALL,
House of Representatives,
Subcommittee on Housing of the Banking and Currency Committee,
Washington, D.C.

DEAR CONGRESSMAN WIDNALL: Thank you for your letter of April 12. At the
time of the Housing Subcommittee hearing you indicated that you would submit
further questions concerning Denver's urban renewal program for answer and
insertion in the record. I am happy to answer the questions which you have
submitted, and I sincerely hope they will be of help to you and other members of
the Housing Subcommittee in their deliberations on the important housing and
urban development legislation now before Congress.

I will set forth your questions and my answers in the same order as you have
presented them to me.

1. Question.—Concerning the 1964 Denver bond election, was the urban renewal
proposal defeated? What was the vote?

Answer.—Yes, the urban renewal bond issue proposal was defeated. The vote
was—for, 29,344; against, 34,300.

2. Question.—It is my understanding that the bond issue before the voters
offered them the opportunity to raise funds for the local one-third share of the
Denver skyline project. Why has the skyline project been continued in face of
the refusal of the bond issue funds?

Answer.—To give a complete answer to this question you should have the com-
plete information concerning the wording contained in the ordinance which
authorized the bond issue election. Section 3 of Ordinance No. 130, Series of

1964, as adopted by the City Council of Denver read as follows for the issues to be voted upon:

"SECTION 3. That the official ballot on the automatic voting machines shall show the nature of the questions to be voted on, as aforesaid, and the voting machines used at said election shall carry the following designation clauses, which clauses shall be the submission clauses, and each qualified elector voting at said election and desirous of voting for or against the following questions shall indicate his choice by depressing the appropriate counter of the voting machine which indicates the word 'For' or the word 'Against':

<i>"First Question</i>		
"For the Bonds	"City Hall \$3,000,000.00	Against the Bonds
<i>"Second Question</i>		
"For the Bonds	"City Shops System \$2,000,000.00	Against the Bonds
<i>"Third Question</i>		
"For the Bonds	"Community and Convention Center \$11,450,000.00	Against the Bonds
<i>"Fourth Question</i>		
"For the Bonds	"General and Emergency Hospital \$9,000,000.00	Against the Bonds
<i>"Fifth Question</i>		
"For the Bonds	"Hall of Justice Complex \$7,800,000.00	Against the Bonds
<i>"Sixth Question</i>		
"For the Bonds	"Harvard Gulch Flood Control \$2,800,000.00	Against the Bonds
<i>"Seventh Question</i>		
"For the Bonds	"Juvenile Hall Improvements and Additions \$750,000.00	Against the Bonds
<i>"Eighth Question</i>		
"For the Bonds	"Parks and Recreational Facilities \$1,000,000.00	Against the Bonds
<i>"Ninth Question</i>		
"For the Bonds	"Street Reconstruction \$600,000.00	Against the Bonds
<i>"Tenth Question</i>		
"For the Bonds	"Urban Renewal \$8,000,000.00"	Against the Bonds

Section 7 of the ordinance set forth how the notice of bond election should be worded. The portion of the notice pertaining to urban renewal read as follows:

"SECTION 7. That the Election Commission and the Clerk and Recorder of the City and County of Denver shall give public notice of the submission of such questions at said election, which notice shall be published in the same manner and for the same time as required by law for the giving of notice of regular elections, and shall be in substantially the following form:

"NOTICE OF BOND ELECTION TO BE HELD ON TUESDAY, JUNE 30, 1964

"NOTICE IS HEREBY GIVEN that pursuant to Ordinance No. 130, Series of 1964, of the City and County of Denver, approved the 4th day of May, 1964, at a special election to be held in each election precinct in the City and County of Denver on Tuesday, the 30th day of June, 1964, there shall be submitted to the vote of such of the qualified electors of the City and County of Denver as shall, in the year next preceding such election, have paid a property tax therein, the following questions:"

* * * * *

*"Tenth Question"***"URBAN RENEWAL"**

"Shall the Council of the City and County of Denver, by virtue of the authority vested in it by the Constitution of the State of Colorado and the Charter of the City and County of Denver, authorize the issuance of the general obligation bonds of the City and County of Denver in the principal amount of \$8,000,000.00 (to be supplemented by federal funds in the estimated amount of \$18,000,000.00), or so much thereof as may be necessary, to be payable from general ad valorem taxes which may be levied without limitation of rate or amount on all the taxable property within the City and County of Denver for the purpose of providing funds to defray in whole or in part the cost of municipal urban renewal, all as set forth and in accordance with the recitals of Ordinance No. 130, Series of 1964, such bonds to bear interest at a rate not exceeding four per centum (4%) per annum, to be subject to prior redemption at the option of the City and County of Denver at or above par and accrued interest to the redemption date, on and after a date not later than ten years from the date thereof, and to mature serially over a period of not exceeding thirty years?"

You will note that this ordinance did not name specific urban renewal projects nor did it indicate the skyline project by name.

Through studies conducted as a part of our community renewal program we had determined a number of areas which were in need of urban renewal action. A business and civic leader organization known as the Downtown Denver Master Plan Committee, financed chiefly by private funds donated by downtown businessmen, prepared a report entitled "Development Guide for Downtown Denver." This report strongly recommended that an urban renewal project be carried out in the area subsequently designated as the skyline project.

On January 23, 1964, the Board of Commissioners of the Denver Urban Renewal Authority adopted a resolution designating the skyline project area and authorizing an application to the Housing and Home Finance Agency (now Housing and Urban Development) for a survey and planning advance. The city council approved the application on February 23, 1964.

When the bond issue ordinance was being prepared prior to the June 30 election, the board of commissioners of the authority was asked if it wished to have urban renewal included as one of the 10 proposals. The board indicated its concern that no specific urban renewal plans had been completed for additional areas and that it would be difficult to relate specific costs to special projects. However, the board recommended to the mayor and city council that urban renewal be placed on the bond issue ballot.

The urban renewal authority, the Downtown Denver Master Plan Committee, the Downtown Denver Improvement Association, city council, and other groups concerned with the blighted condition of Denver's lower downtown area recognized the need for proceeding with the survey and planning for the skyline project. When the people failed to support the issuance of bonds for urban renewal as well as a new city hall, a city shops system, and the hall of justice complex, these same groups supported the recommendation that the authority proceed with planning.

I did not regard the rejection of the bond issue as a vote against the principles of urban renewal. It is my understanding that Congress authorized urban renewal survey and planning funds to permit cities to prepare plans for urban renewal projects where the elimination of physical and economic blight is necessary. The urban renewal authority, city council, and I have a responsibility to bring about redevelopment of the blighted areas. I do not believe the rejection of the bond issue for urban renewal was an indication by the people that they did not wish to improve their city and make it a better place in which to live. It is for this reason we continued with the planning of the skyline project as well as other urban renewal projects.

3. Question.—Is it your position that the voters did not reject the concept of urban renewal but only the method of paying for it? Why?

Answer.—The results of the election indicate the majority of the voters did not want to issue bonds to defray in whole or in part the cost of a city hall, a city shop system, a hall of justice complex, and urban renewal. The people of Denver, as a whole, are proud of their city and have supported programs for its improvement. They have also shown their astuteness in financial matters. It is my opinion they were reluctant to authorize the expenditure of funds for projects for which there were no definite plans.

4. *Question.*—Of the 10 proposals on Denver bond issues, was urban renewal the only one defeated that involved Federal help?

Answer.—Yes. All of the 10 questions set forth in the bond issue election ordinance used the term “* * *” for the purpose of providing funds in whole or in part the costs of “* * *”

It was anticipated that some of the programs would involve Federal help. We expect to use Hill-Harris Act assistance in the development of the general and emergency hospital. Where possible, we also expect to use appropriate Federal assistance in the parks and recreation facilities development program. We are not aware of any Federal help which would have been available to assist in the construction of city hall, city shops system, and the hall of justice.

5. *Question.*—Is your position one that the people of Denver are going to have urban renewal projects whether they approve of them or not?

Answer.—As mayor of Denver I have a sworn responsibility to work for the constant improvement of the city of Denver. Slums and blight can be prevented through coordinated programs of planning, improved public services, code enforcement and neighborhood conservation. The best way to eliminate existing slums and blight is through well-planned and executed urban renewal programs. As mayor of Denver I have a major responsibility for the planning and execution of programs for community improvement using the most effective tools at my disposal. Urban renewal has already proven to be a very effective tool for this purpose.

6. *Question.*—Do you plan to put the matter of approval of urban renewal projects to a vote of the people of Denver in the future? Of the proposed urban renewal projects up to this time, were any of these submitted to a vote of the people? If not, how were they approved?

Answer.—Under the Colorado urban renewal law the responsibility for designating and approving urban renewal projects rests with the Board of Commissioners of the Denver Urban Renewal Authority, the elected city council, and the mayor. If it is necessary to finance future urban renewal projects by the issuance of bonds, the question will undoubtedly be put to a vote of the people. The only election held on urban renewal matters has been the bond issue of June 1964. The projects were approved by majority vote of city council and by the mayor in accordance with the requirements of the Colorado urban renewal law.

7. *Question.*—Are you against all referenda on urban renewal projects?

Answer.—No. The June 1964 bond issue covering 10 items, one of which included urban renewal, was formulated by me and placed before the people with the strong support of my administration. As I have stated in my answer to question 6 above, I believe that some future urban renewal projects will require a bond election.

8. *Question.*—What is the current status of your operating urban renewal projects? For how many have you obtained private developers to the point of formalizing their operations by contract?

Answer.—Denver has 4 projects in execution, i.e., under loan and grant contracts with the Urban Renewal Administration. In one of these we are in the process of acquiring property and have not offered any land for sale. In the other 3 projects we have awarded and are negotiating redevelopment contracts with 17 firms or individuals comprising a total private construction cost of \$10,098,000.

9. *Question.*—If Denver's chances of obtaining future urban renewal aid in the form of new projects are jeopardized by the priorities established by the city demonstration program, would you still advocate the establishment of the latter program?

Answer.—No. As I stated at the time of my testimony before the Housing Subcommittee, I am well aware of the demands against the Federal Government's resources in light of the Vietnam situation. I believe we have primary responsibilities to carry out those projects which are now in planning and execution. I am hopeful that some funds will be made available for the cities demonstration program without jeopardizing the existing urban renewal program.

I hope that these answers will be satisfactory for your purpose.

Sincerely yours,

TOM CURRIGAN, Mayor.

