Some of these may be caused by natural disasters such as floods or earthquakes, or sometimes it has been our experience when excavations are made for the basement and piles are driven for the new building, large timber supporting footings of adjacent buildings are endangered. Such is the case surrounding the new Foley Square Courthouse, an office building in New York City, New York. We believe it is desirable to provide sufficient flexibility in the relocation requirements of the bill to enable a distinction to be made when circumstances similar to those described above may arise.

Therefore, we recommend revision of this section to provide that the President may provide by regulations situations when such assurances may be waived. This can be accomplished by deleting the balance of Section 803(c)(2) beginning with "such assurance" on line 18, page 39, and substituting the following: "the President may prescribe by regulation situations when such assurances may be waived; . . ."

Section 803(d) would make three changes in Section 7(b)(3) of the Small Business Act. Under the current law, small businesses are eligible for long term, low interest loans if they have suffered substantial economic injury as a result of displacement by a federally aided urban renewal or highway construction program or by any other construction conducted by or with funds provided by the Federal Government. Title VIII would extend this loan program (1) to cover not only small businesses displaced, but also non-displaced small businesses which suffer economic injury, (2) to cover businesses injured not only by urban renewal and highway or other construction programs but also by ". . . any other public improvement program . . ." and (3) to cover not only businesses injured by Federal or federally aided programs but also businesses injured by wholly State-run programs.

The Bureau of the Budget is opposed to these amendments to the Small Business Act. As noted in our comments on Section 803(a), we believe it is impractical to provide assistance to other than those who are actually displaced. Further, we do not believe it is appropriate for the Federal Government to assume responsibility for relocation for displacees from other than Federal or federally assisted programs. Accordingly, we recommend that Section 803(d) be deleted.

Section 804 provides that when lands are acquired by a State agency for a Federal public improvement project, such acquisition shall be deemed to be an acquisition by the Federal agency having authority over the project for purposes of providing relocation payments, assistance and assurances. The staff report of the House Public Works Committee's Select Subcommittee on Real Property Acquisition included a bill with such a provision. That report states that the reason for this provision is to assure relocation assistance for individuals displaced when local interests provide the necessary lands for Federal projects, as in the case of flood control projects. The Corps of Engineers requires localities to furnish lands, easements, rights of way, and relocation of utilities in these and certain other water resource projects.

We agree with the intent of Section 804 to provide relocation assistance for displaced individuals in public improvement projects, as in the case of acquisitions of property by a Federal agency. However, when land is furnished incident to a Federal public improvement project, relocation should be the responsibility of the State agency as a prerequisite to the acceptance of the properties for project purposes. Relocation expenses should be considered an essential cost of the acquisition and borne by the party responsible for land acquisition.

In addition, we do not believe that the present arrangements for cost sharing should be disturbed because the study of the Water Resources Council (established by P.L. 89–80) on this subject is not complete. Pending the outcome of the Council study, present cost sharing arrangements should not be disturbed and the relocation expense should be considered part of the land acquisition cost for Federal public improvement projects and be borne by the local agencies.

Accordingly, we recommend that the following be substituted for Section 804:

> "Sec. 804. Whenever real property is acquired by a State agency for a Federal public improvement project, the Federal agency having authority over such project may only accept such property in those cases in which the acquiring State agency has made relocation payments, provided relocation assistance, and provide assurance of availability of housing as required in the case of acquisitions of real property by a Federal agency, such payments and assistance to be considered a part of the real property acquisition cost."

Section 805 would authorize the President to make such rules and regulations determined necessary to carry out the provisions of the Act and also would pre-